

Additional Underwriting Appeal

REAL ESTATE ANALYSIS

BOARD ACTION REQUEST

July 30, 2009

Item

Presentation, discussion and possible action on a timely filed appeal regarding the underwriting recommendation of a development under the 2009 Competitive Housing Tax Credit program, #09101 Hampton Villages, Pampa, Texas.

Required Action

Approve, deny or approve with amendments a determination on the appeal.

Background

Hampton Villages was previously underwritten and approved for a tax credit award during the 2007 Competitive Housing Tax Credit program under application #07137. The development received a 2007 allocation of tax credits in the annual amount of \$1,038,857. In November of 2008 the TDHCA Board approved an additional 10% cushion in construction costs for all 2007 and 2008 9% HTC developments to offset rising costs and declining credit prices. As a result of this policy Hampton Villages became eligible for an additional \$148,556 in annual credits, however the Applicant's appeal letter references only \$94,442 in additional credits. In December 2008 the Applicant returned all of the previously awarded tax credits for Hampton Villages due to the Applicant's inability to secure an investor in the credits. The Applicant re-applied during the 2009 application cycle for \$1,336,962 (a 29% increase from the original 2007 application) and is currently appealing staff's underwriting recommendation \$1,156,723 (which reflects an 11% increase from the original 2007 application).

Mr. Tim Lang, the contact for the General Partner of Hampton Villages submitted an application for funding under the 2009 application cycle to construct 76 units of affordable housing targeting 30%, 50% and 60% households in Pampa, Texas. The application as re-submitted in the 2009 cycle remains generally the same as that proposed and approved during the 2007 competitive round except for cost and financing differences. Notably the Applicant's acquisition cost is now \$265K less than it was in 2007 and while this would have the effect of reducing total development costs the Applicant's total development cost budget rose to \$11,758,677. The Applicant's appeal provides an amended development cost estimate of \$11,124,884 and provided new application exhibits as well as a revised equity commitment in order for staff to re-underwrite this development based on the new information presented. The Applicant does not contest an error in the underwriting analysis itself, but rather appeals the fact that the total development costs underwritten by staff in 2009 are less than the total development costs underwritten in 2007, by \$36K (not accounting for the changes in the acquisition costs). The Applicant's new costs are within 5% of the Underwriter's now published estimate and if

accepted would result in a negotiated underwriting conclusion heretofore not allowed by the Department.

Staff reviewed the current underwritten costs as a result of the Applicant's appeal and determined that a clarifying adjustment could be made to the current cost estimation in order to more accurately reflect the development with the number of bathrooms proposed. Specifically, an adjustment for additional plumbing fixtures was inadvertently omitted from staff's current cost estimation, though it was included in the original 2007 underwriting. This adjustment adds an additional \$26K in the Department's direct construction cost estimate that was not previously accounted for.

While the Applicant's contention that the 2009 underwritten total development costs should not be less than the 2007 costs seems reasonable, the Applicant fails to consider the reduction in the land acquisition cost mentioned previously. During the review process of the current application, staff recognized that an identity of interest existed with the sale of the property. This fact was not identified during review of the 2007 application. Staff discussed this issue with the Applicant and the Applicant has acknowledged that an identity of interest exists between the seller of the land and a member of the development team. In order to address the identity of interest issues in accordance with the Department's rules the Applicant revised the total development cost schedule prior to the completion of the underwriting report to exclude any cost for the acquisition since an appraisal was not submitted with the 2009 application. As a result, staff's total underwritten development costs in 2007 included \$265K in acquisition costs that are not included in the underwritten costs for 2009.

Finally, staff acknowledges that the clarifying adjustment mentioned previously in this action item changes the underwriting conclusions and has attached a revised underwriting analysis with a new recommendation for an annual tax credit allocation of \$1,176,642. Staff recommends that the appeal be granted only in part to account for this increase but not to the level of award sought by the Applicant since the Applicant has not identified any error in the Underwriting and the additional ad hoc adjustments made by the Applicant with the appeal information was not provided during the application acceptance period. Pursuant to §49.17(b)(3) of the 2009 Qualified Allocation Plan staff is not allowed to consider new information presented in the Applicant's appeal.

Recommendation

Staff recommends the Board accept an increase of award from \$1,156,723 to \$1,176,642 but deny the remainder of the increase requested in the appeal.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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May 1, 2009

Mr. Tim Lang
Hampton Villages LP
8455 Lyndon Lane
Austin, TX 78729
Telephone: (512) 249-6240
Facsimile: (512) 249-6660
Via Email: tlangtejas@austin.rr.com

Re: Underwriting Appeal for Hampton Villages, HTC #09101

Dear Mr. Lang:

Appeal Review

I have reviewed your appeal that was received on July 25, 2009 regarding the underwriting recommendation. You have appealed the amount of the tax credit award and have provided new information with your appeal.

Your appeal does not contest an error in the underwriting analysis itself, but rather appeals the fact that the total development costs underwritten by staff in 2009 are less than the total development costs underwritten in 2007, by \$36K (not accounting for the changes in the acquisition costs). Your new costs are within 5% of the Underwriter's now published estimate and if accepted would result in a negotiated underwriting conclusion heretofore not allowed by the Department. In addition you've provided no justification for the sudden reduction in costs which allow your total development costs to be within 5% of the Underwriter's published cost estimate.

Staff reviewed the current underwritten costs as a result of your appeal, however and determined that a clarifying adjustment could be made to the current cost estimation in order to more accurately reflect the development with the number of bathrooms proposed. Specifically, an adjustment for additional plumbing fixtures was inadvertently omitted from staff's current cost estimation, though it was included in the original 2007 underwriting. This adjustment adds an additional \$26K in the Underwriter's direct construction cost estimate that was not previously accounted for.

The clarifying adjustment changes the underwriting conclusions and staff recommends an annual tax credit allocation of \$1,176,642. Therefore your appeal is granted only in part to account for this increase but not to the level of award sought since you have not identified any error in the Underwriting and the additional ad hoc adjustments made in the appeal information was not provided during the application acceptance period. Pursuant to §49.17(b)(3) of the 2009 Qualified Allocation Plan staff is not allowed to consider new information presented in the Applicant's appeal.

I have determined that the Department's rules and guidelines were applied evenly, fairly, and as originally intended during the course of the underwriting analysis and in making the recommendation.

Appeal Determination:

Your appeal is granted in part to increase the award from \$1,156,723 to \$1,176,642 but the remainder of your appeal is denied.

Sincerely,

Michael Gerber
Executive Director

RBS



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 Real Estate Analysis Division
 Underwriting Report- Second Addendum

REPORT DATE: 07/24/09 PROGRAM: 9% HTC FILE NUMBER: 09101

DEVELOPMENT																					
Hampton Villages																					
Location: <u>1517 W. Alcock Street</u>				Region: <u>1</u>																	
City: <u>Pampa</u>		County: <u>Gray</u>		Zip: <u>79065</u>		<input checked="" type="checkbox"/> QCT <input type="checkbox"/> DDA															
Key Attributes: <u>Multifamily, Family, New Construction, Rural</u>																					
ALLOCATION																					
	REQUEST			RECOMMENDATION																	
TDHCA Program	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term															
Housing Tax Credit (Annual)	\$1,336,962			\$1,176,642																	
CONDITIONS																					
1 Receipt, review and acceptance of documentation of approval by USDA of the proposed section 538 loan and interest rate subsidy. 2 Receipt, review and acceptance prior to commencement of construction of proof of removal of all household and commercial debris and plastic insulated pipe material from the development site. 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.																					
SALIENT ISSUES																					
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3">TDHCA SET-ASIDES for LURA</th> </tr> <tr> <th>Income Limit</th> <th>Rent Limit</th> <th>Number of Units</th> </tr> </thead> <tbody> <tr> <td>30% of AMI</td> <td>30% of AMI</td> <td style="text-align: center;">4</td> </tr> <tr> <td>50% of AMI</td> <td>50% of AMI</td> <td style="text-align: center;">38</td> </tr> <tr> <td>60% of AMI</td> <td>60% of AMI</td> <td style="text-align: center;">34</td> </tr> </tbody> </table>							TDHCA SET-ASIDES for LURA			Income Limit	Rent Limit	Number of Units	30% of AMI	30% of AMI	4	50% of AMI	50% of AMI	38	60% of AMI	60% of AMI	34
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<u>STRENGTHS/MITIGATING FACTORS</u>				<u>WEAKNESSES/RISKS</u>																	
<ul style="list-style-type: none"> ◦ Financed with USDA 538 Guarantee Program which offers some additional oversight of property operations. ◦ Overall capture rate is 45% and the sub-market occupancy reported at the time of the market study was 98%. Overall underwritten rents are 26% less than market rents. ◦ Single-family product type should compete well against typical garden-style properties. ◦ Principal of Applicant has LIHTC development and operations experience. 				<ul style="list-style-type: none"> ◦ Syndication price of \$.72 is at the high end of the range currently seen by the Underwriter. ◦ 50% and 60% AMI units have individual capture rates ranging from 149% to 322%. 																	

ADDENDUM

The underwriting analysis has been revised to reflect corrections to the underwriting report dated July 22, 2009; specifically, with regard to the Underwriter's direct construction cost estimate and the financial structure. The Underwriter's direct construction cost estimate was clarified to include an adjustment in the cost estimation that was not previously included as well as updated to reflect a recommended financing structure that more accurately structures the Lancaster Pollard permanent mortgage. These adjustments are discussed in more detail in the "Construction Cost" and "Financing Structure" sections below.

The Underwriter has evaluated the impact of these changes on the financial viability of the transaction based on the revised documentation provided. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report for a full evaluation of the originally proposed development plan and structure.

CONSTRUCTION COST ESTIMATE EVALUATION

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$770K or 13% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate. The Underwriter made a clarification to the one of the adjustment factors in the Department's cost estimating tool. Specifically, an adjustment for plumbing fixtures was inadvertently omitted from the Underwriter's original direct cost estimate. This adjustment adds an additional \$26K to the Underwriter's direct construction cost estimate as reflected in the analysis.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Stearns Bank Type: Interim Financing

Principal: \$4,500,000 Interest Rate: 7.5% Fixed Term: 18 months

Comments:

Rate is stated to be Wall Street Journal Prime plus 1.00% with floor rate of 7.5%

Source: Lancaster Pollard Mortgage Company Type: Permanent Financing

Principal (Interest Subsidy): \$1,500,000 Interest Rate: 5.96% Fixed Amort: 480 months

Principal (Market Rate): \$291,409 Interest Rate: 9.00% Fixed Amort: 480 months

Comments:

The interest rate for the first \$1.5M is AFR plus a maximum of 2.5%. This loan has a 90% USDA Section 538 guarantee. Any additional amount is not subject to the USDA subsidy and will be at market rate.

Source: Charter Contractors LP Type: Permanent Financing

Principal: \$400,000 Interest Rate: 4.60% Fixed Amort: 480 months

Comments:

Loan is secured by a second lien deed of trust and must close by February 2011

Source: Pampa Economic Development Corp. Type: Interim Financing

Principal: \$525,000 Conditions: 2 Year term, 4.50 % Interest Rate

Comments:

Accrued interest payable monthly, principal due at maturity

Source: Raymond James Type: Syndication

Proceeds: \$9,692,005 Syndication Rate: 73% Anticipated HTC: \$ 1,336,962

Comments:

Due to the recent volatility in credit pricing, it should be noted, any increase in rate could warrant further adjustment to the credit amount.

Amount: \$432,450 Type: Deferred Developer Fees

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The underwriting analysis assumes an increase in the permanent loan amount to total \$1,791,409. The first \$1.5M will carry the USDA subsidized rate described above. The remaining \$291,409 will be at market rate. As a result the development's gap in financing will decrease.

The Underwriter's total development cost estimate less the adjusted permanent loan of \$1,791,409 and \$400K private loan indicates the need for \$8,504,273 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,173,121 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,336,962), the gap-driven amount (\$1,173,121), and eligible basis-derived estimate (\$1,215,896), the gap-driven amount of \$1,173,121 is recommended resulting in proceeds of \$8,504,273 based on a syndication rate of 73%.

The Underwriter's recommended financing structure indicates no need for deferred developer fees.

Underwriter:	_____	Date:	July 24, 2009
	Thomas Kincaid/Diamond Unique Thompson		
Reviewing Underwriter:	_____	Date:	July 24, 2009
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	July 24, 2009
	<i>Brent Stewart</i>		

MULTIFAMILY COMPARATIVE ANALYSIS

Hampton Villages, Pampa, 9% HTC #09101

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	T only
TC 30%	2	2	2	1,020	\$346	\$232	\$464	\$0.23	\$114.00	\$16.00
TC 50%	6	2	2	1,020	\$577	\$463	\$2,778	\$0.45	\$114.00	\$16.00
TC 60%	6	2	2	1,020	\$693	\$579	\$3,474	\$0.57	\$114.00	\$16.00
TC 30%	2	3	2	1,260	\$400	\$263	\$526	\$0.21	\$137.00	\$18.00
TC 50%	18	3	2	1,260	\$666	\$529	\$9,522	\$0.42	\$137.00	\$18.00
TC 60%	20	3	2	1,260	\$800	\$663	\$13,260	\$0.53	\$137.00	\$18.00
TC 50%	14	4	2	1,400	\$743	\$571	\$7,994	\$0.41	\$172.00	\$22.00
TC 60%	8	4	2	1,400	\$892	\$720	\$5,760	\$0.51	\$172.00	\$22.00
TOTAL:	76		AVERAGE:	1,256		\$576	\$43,778	\$0.46	\$142.89	\$18.79

INCOME

Total Net Rentable Sq Ft: **95,480**

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$15.00

Other Support Income:

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.53%	\$363	0.29	\$27,588	\$29,875	\$0.31	\$393	6.29%
Management	5.00%	328	0.26	24,929	23,817	0.25	313	5.01%
Payroll & Payroll Tax	15.90%	1,043	0.83	79,284	76,140	0.80	1,002	16.03%
Repairs & Maintenance	7.77%	510	0.41	38,740	34,552	0.36	455	7.27%
Utilities	2.15%	141	0.11	10,718	8,650	0.09	114	1.82%
Water, Sewer, & Trash	3.90%	256	0.20	19,450	15,025	0.16	198	3.16%
Property Insurance	3.83%	251	0.20	19,096	21,900	0.23	288	4.61%
Property Tax 2.49562	9.51%	624	0.50	47,417	56,088	0.59	738	11.81%
Reserve for Replacements	3.81%	250	0.20	19,000	19,000	0.20	250	4.00%
TDHCA Compliance Fees	0.61%	40	0.03	3,040	3,040	0.03	40	0.64%
Other: Supp Serv Contract Fees	2.08%	136	0.11	10,360	10,360	0.11	136	2.18%
TOTAL EXPENSES	60.09%	\$3,942	\$3.14	\$299,622	\$298,447	\$3.13	\$3,927	62.83%
NET OPERATING INC	39.91%	\$2,618	\$2.08	\$198,967	\$176,561	\$1.85	\$2,323	37.17%

DEBT SERVICE

Lancaster Pollard (Interest Subsidy)	16.81%	\$1,103	\$0.88	\$83,836	\$83,836	\$0.88	\$1,103	17.65%
Charter Contractors, LP	4.39%	\$288	\$0.23	21,889	24,607	\$0.26	\$324	5.18%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
NET CASH FLOW	18.70%	\$1,227	\$0.98	\$93,242	\$68,118	\$0.71	\$896	14.34%

AGGREGATE DEBT COVERAGE RATIO

1.88 1.63

RECOMMENDED DEBT COVERAGE RATIO

1.35

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	\$0	\$0.00	\$0	\$0	\$0.00	\$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.38%	9,000	7.16	684,000	684,000	7.16	9,000	5.82%
Direct Construction		57.48%	81,085	64.54	6,162,427	6,932,760	72.61	91,221	58.96%
Contingency	5.00%	3.19%	4,504	3.59	342,321	380,988	3.99	5,013	3.24%
Contractor's Fees	14.00%	8.94%	12,612	10.04	958,500	1,066,767	11.17	14,036	9.07%
Indirect Construction		5.77%	8,141	6.48	618,680	618,680	6.48	8,141	5.26%
Ineligible Costs		1.21%	1,703	1.36	129,401	129,401	1.36	1,703	1.10%
Developer's Fees	15.00%	12.67%	17,880	14.23	1,358,844	1,450,801	15.19	19,089	12.34%
Interim Financing		2.73%	3,856	3.07	293,030	293,030	3.07	3,856	2.49%
Reserves		1.62%	2,290	1.82	174,009	202,250	2.12	2,661	1.72%
TOTAL COST	100.00%	\$141,069	\$112.29	\$10,721,212	\$11,758,677	\$123.15	\$154,719	100.00%	
Construction Cost Recap	75.99%	\$107,201	\$85.33	\$8,147,248	\$9,064,515	\$94.94	\$119,270	77.09%	

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
Lancaster Pollard (Interest Subsidy)	13.99%	\$19,737	\$15.71	\$1,500,000	\$1,500,000	\$1,500,000	Developer Fee Available
Lancaster Pollard (Market Rate)						\$291,409	
Charter Contractors, LP	3.73%	\$5,263	\$4.19	400,000	400,000	400,000	\$1,450,801
Donco Grant							
HTC Syndication Proceeds	90.40%	\$127,526	\$101.51	9,692,007	9,692,007	8,529,803	% of Dev. Fee Deferred
Deferred Developer Fees	4.03%	\$5,690	\$4.53	432,450	432,450		0%
Additional (Excess) Funds Req'd	-12.16%	(\$17,148)	(\$13.65)	(1,303,245)	(265,780)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$10,721,212	\$11,758,677	\$10,721,212	\$866,413

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Hampton Villages, Pampa, 9% HTC #09101

DIRECT CONSTRUCTION COST ESTIMATE

*Marshall & Swift Residential Cost Handbook
Average Quality Single Family Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$84.91	\$8,107,067
Adjustments				
Exterior Wall Finish			\$0.00	\$0
Subdivision Discount	-10.00%		(8.49)	(810,707)
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.55)	(243,474)
Floor Cover			3.73	355,854
Patios	\$5.92	6,080	0.38	35,994
Covered Entries	\$22.29	2,264	0.53	50,460
Plumbing Fixtures	\$1,200	22	0.28	26,400
Rough-ins	\$475	76	0.38	36,100
Built-In Appliances	\$2,775	76	2.21	210,900
Exterior Stairs	\$1,875		0.00	0
Enclosed Corridors	\$74.99		0.00	0
Heating/Cooling			1.92	183,322
Garages/Carports	\$28.02	19,253	5.65	539,478
Comm &/or Aux Bldgs	\$74.25	3,086	2.40	229,136
Other: fire sprinkler	\$2.15	0	0.00	0
SUBTOTAL			91.33	8,720,529
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.87		(11.87)	(1,133,669)
TOTAL DIRECT CONSTRUCTION COSTS			\$79.46	\$7,586,860
Plans, specs, survy, bld prm	3.90%		(3.10)	(295,888)
Interim Construction Interest	3.38%		(2.68)	(256,057)
Contractor's OH & Profit	11.50%		(9.14)	(872,489)
NET DIRECT CONSTRUCTION COSTS			\$64.54	\$6,162,427

PAYMENT COMPUTATION

Primary	\$1,500,000	Amort	480
Int Rate	4.75%	DCR	2.37

Secondary	\$400,000	Amort	480
Int Rate	4.60%	Subtotal DCR	1.88

Additional	\$9,692,007	Amort	
Int Rate		Aggregate DCR	1.88

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$98,537
Secondary Debt Service	26,974
Additional Debt Service	21,889
NET CASH FLOW	\$51,568

Primary	\$1,500,000	Amort	480
Int Rate	5.96%	DCR	2.02

Secondary	\$291,409	Amort	480
Int Rate	9.00%	Subtotal DCR	1.59

Additional	\$400,000	Amort	480
Int Rate	4.60%	Aggregate DCR	1.35

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$525,336	\$535,843	\$546,560	\$557,491	\$568,641	\$627,825	\$693,170	\$765,315	\$932,915
Secondary Income	13,680	13,954	14,233	14,517	14,808	16,349	18,050	19,929	24,294
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	539,016	549,796	560,792	572,008	583,448	644,174	711,220	785,245	957,209
Vacancy & Collection Loss	(40,426)	(41,235)	(42,059)	(42,901)	(43,759)	(48,313)	(53,342)	(58,893)	(71,791)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$498,590	\$508,562	\$518,733	\$529,107	\$539,690	\$595,861	\$657,879	\$726,351	\$885,418
EXPENSES at 3.00%									
General & Administrative	\$27,588	\$28,416	\$29,268	\$30,146	\$31,050	\$35,996	\$41,729	\$48,376	\$65,013
Management	24,929	25,428	25,937	26,455	26,984	29,793	32,894	36,318	44,271
Payroll & Payroll Tax	79,284	81,663	84,112	86,636	89,235	103,448	119,924	139,025	186,838
Repairs & Maintenance	38,740	39,902	41,099	42,332	43,602	50,547	58,598	67,931	91,294
Utilities	10,718	11,040	11,371	11,712	12,064	13,985	16,213	18,795	25,259
Water, Sewer & Trash	19,450	20,033	20,634	21,253	21,891	25,377	29,419	34,105	45,834
Insurance	19,096	19,669	20,259	20,867	21,493	24,916	28,884	33,485	45,001
Property Tax	47,417	48,839	50,304	51,814	53,368	61,868	71,722	83,146	111,741
Reserve for Replacements	19,000	19,570	20,157	20,762	21,385	24,791	28,739	33,317	44,775
Other	13,400	13,802	14,216	14,643	15,082	17,484	20,269	23,497	31,578
TOTAL EXPENSES	\$299,622	\$308,362	\$317,358	\$326,620	\$336,154	\$388,205	\$448,392	\$517,993	\$691,603
NET OPERATING INCOME	\$198,967	\$200,200	\$201,375	\$202,488	\$203,536	\$207,656	\$209,487	\$208,358	\$193,815
DEBT SERVICE									
First Lien Financing	\$98,537	\$98,537	\$98,537	\$98,537	\$98,537	\$98,537	\$98,537	\$98,537	\$98,537
Second Lien	26,974	26,974	26,974	26,974	26,974	26,974	26,974	26,974	26,974
Other Financing	21,889	21,889	21,889	21,889	21,889	21,889	21,889	21,889	21,889
NET CASH FLOW	\$51,568	\$52,801	\$53,975	\$55,088	\$56,137	\$60,257	\$62,088	\$60,959	\$46,416
DEBT COVERAGE RATIO	1.35	1.36	1.37	1.37	1.38	1.41	1.42	1.41	1.31

HTC ALLOCATION ANALYSIS -Hampton Villages, Pampa, 9% HTC #09101

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land				
Purchase of buildings				
Off-Site Improvements				
Sitework	\$684,000	\$684,000	\$684,000	\$684,000
Construction Hard Costs	\$6,932,760	\$6,162,427	\$6,932,760	\$6,162,427
Contractor Fees	\$1,066,767	\$958,500	\$1,066,346	\$958,500
Contingencies	\$380,988	\$342,321	\$380,838	\$342,321
Eligible Indirect Fees	\$618,680	\$618,680	\$618,680	\$618,680
Eligible Financing Fees	\$293,030	\$293,030	\$293,030	\$293,030
All Ineligible Costs	\$129,401	\$129,401		
Developer Fees				
Developer Fees	\$1,450,801	\$1,358,844	\$1,450,801	\$1,358,844
Development Reserves	\$202,250	\$174,009		
TOTAL DEVELOPMENT COSTS	\$11,758,677	\$10,721,212	\$11,426,455	\$10,417,802

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$11,426,455	\$10,417,802
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$14,854,392	\$13,543,143
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$14,854,392	\$13,543,143
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		\$1,336,895	\$1,218,883

Syndication Proceeds	0.7249	\$9,691,521	\$8,836,017
Total Tax Credits (Eligible Basis Method)		\$1,336,895	\$1,218,883
Syndication Proceeds		\$9,691,521	\$8,836,017
Requested Tax Credits		\$1,336,962	
Syndication Proceeds		\$9,692,005	
Gap of Syndication Proceeds Needed		\$9,567,268	\$8,529,803
Total Tax Credits (Gap Method)		\$1,319,755	\$1,176,642



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS
Housing Tax Credit Program – 2009 Application Cycle
Underwriting Report Notice

Appeal Election Form: 09101 Hampton Villages

Date Sent: 7/22/09

I am in receipt of my 2009 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 49.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site. I understand that my appeal must identify my specific grounds for appeal.

If my appeal is denied by the Executive Director, I

- Do wish to have my appeal to the Board of Directors and request that my appeal be added to the next available Board of Directors' meeting agenda. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., seven days prior to the next Board meeting or three days prior if the Executive Director has not responded to my appeal in order to be included in the Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.
- Wish to wait to hear the Executive Director's response before deciding on my appeal to the Board of Directors.
- Do **not** wish to appeal to the Board of Directors or Executive Director.

Signed

Tom Lay

Title

SOLE MEMBER OF G.P.

Date

7/25/09

Please fax or e-mail to the attention of:
Pam Cloyde: (fax) 512.475.4420
(e-mail) pamela.cloyde@tdhca.state.tx.us

Hampton Villages LP

8455 Lyndon Lane
Austin, TX 78729
Office (512) 249-6240 Fax (512) 249-6660

July 25, 2009

Michael Gerber
Executive Director - TDHCA
221 E. 11th St
Austin, TX 78701

RE: Appeal of underwriting on TDHCA #09101, Hampton Villages

Mr. Gerber,

Eagles Nest Enterprises LLC, the developer for the Hampton Villages development, is appealing the underwriting of TDHCA #09101 based on the fact that the total development costs underwritten by the Real Estate Analysis Department in 2009 are less than the total development costs underwritten for the exact same development in 2007, when Hampton Villages was originally awarded an allocation of tax credits.

In detailing the basis of our appeal, the total development cost as underwritten by TDHCA in 2007 was \$10,732,242, and the 2009 total development cost as underwritten by TDHCA in 2009 is \$10,695,682. That amounts to a difference of \$36,560 less costs allowed in 2009 for the exact same development.

Our appeal is requesting that Staff amend the development cost to a total of \$11,124,884 based on two primary factors; increased construction costs from 2007 to present including additional 2009 QAP requirements that were not present in 2007 (price per square foot allowances and newly introduced items such as green energy features), and the requirement by syndicators that we provide a Payment and Performance Bond for the total cost of construction. Our General Contractor, Charter Contractor LP, has completed 16 tax credit developments and has never been required to furnish a P&P Bond until now. The increased development costs we are seeking amount to only a \$392,624 increase from 2007 to 2009, which is less than 3%.

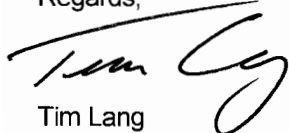
In our conversations with Staff it was discovered that Staff had underwritten the development using 2009 rents, but also using 2008 utility allowances, which further depressed the total amount of recommended credits. The documentation and recommendation of this appeal uses both 2009 rents and utility allowances and we would like to respectfully request that Staff use 2009 utility allowances should re-underwriting be recommended.

This Development was awarded a \$1,038,857 allocation of tax credits in 2007, and received an additional award of \$94,442 in 2008 to offset increasing construction costs, for a total of \$1,133,299 in tax credits. Hampton Villages LP met Carryover requirements for each allocation, however was forced to turn the credits back in to the Department in December of 2008 due to the lack of investors for rural properties.

In summary, Hampton Villages LP is asking that the recommended tax credit allocation for TDHCA #09101 Hampton Villages be increased to \$1,268,980, an increase of only \$95,859 over Staff recommendation, based on the Development Cost Schedule attached.

Thank you for your time and consideration.

Regards,



Tim Lang
G. P. of Hampton Villages LP

Attachments:

Updated Charter Loan Agreement
Updated Raymond James Syndication Letter
Updated Sources and Uses
Updated Rent Schedule
Updated Utility Allowance
Updated Annual Operating Expenses
Updated 30-Year Proforma
Updated Building / Unit Type Configuration
Updated Development Cost Schedule
Updated Financing Participants
Updated Financing Narrative

Charter Contractors LP

8455 LYNDON LANE
AUSTIN, TEXAS 78729
(512) 249-6240

July 24, 2009

Tim Lang
8455 Lyndon Lane
Austin, Texas 78729

RE: Permanent loan financing to Hampton Villages, LP (“Borrower”) for a 76 – unit Section 42 LIHTC single-family rental community to be located in Pampa, Texas (the “project”)

Dear Tim,

Eastern Marketing, Inc. (“Lender”) is pleased to extend the following financing proposal with regards to the above referenced project.

Loan Amount: \$700,000.00

Interest Rate: Fixed Rate of 8%, if loan closing occurs on or before 24 months.

Maturity: 18 years

Repayment / Amortization: The loan will have a maturity in 18 years, with principal and interest payable monthly, beginning the first day of the preceding the closing of said loan, based on a 40-year amortization.

Closing Costs: Closing costs include, but are not limited to: a) Origination fee of 1% paid upon permanent loan closing; b) out-of-pocket costs, such as title insurance, legal fees for permanent loan documentation, appraisal, filing fees, etc.

Collateral: Collateral will include the following:

- a) A second real estate mortgage on the proposed real estate project located in Pampa, Texas (legal to govern)
- b) Assignment of rents on the proposed real estate project located in Pampa, Texas (legal to govern)
- c) A security Agreement / Financing Statement covering fixtures, personal property, and general intangibles.

Hampton Villages, LP
July 24, 2009
Page 2

Guarantees: This loan is non-recourse. The borrower and guarantor(s) shall have no personal liability, except for standard carve-outs.

Required Documentation: All documents deemed necessary by Lender to be properly executed, including a Loan Agreement, Promissory Note, Mortgage / Deed of Trust, Security Agreement, Assignment of Rents and other collateral documents.

Prepayment Premium: The loan may be prepaid only in full at any time during the 15-year time frame.

Escrows: Escrow accounts must be maintained with the first lender for: 1) real estate taxes, 2) hazard and liability insurance premiums, 3) business income insurance premiums, 4) replacement reserves, 5) operating reserves.

Insurance: Evidence of hazard insurance, liability insurance, business income insurance, and any other insurance deemed necessary by the Lender, will be required at the time of loan closing, with Lender and/or its assigns named as Mortgagee and Lender's Loss Payee.

Appraisal: Lender shall be furnished with an appraisal that is satisfactory to the Lender in which the appraised value must be a minimum 90% Loan to Value.

Expenses: The undersigned acceptance of this proposal shall constitute its unconditional agreement to pay all costs, expenses and fees charged by or incurred by the Lender in connection with the issuance of this proposal and in the making of the loan contemplated hereby, whether or not the loan is closed or funded, which costs, fees and expenses shall include, but not limited to, all origination fees, outside counsel fees and costs, appraisal fees, recording costs, abstracting, title insurance and taxes of any nature. Such costs, fees, and expenses shall be payable, whether or not the loan closes or is funded, and be immediately due and payable to Lender upon delivery of a statement rendered therefore to the undersigned by the Lender.

Financial Information: The following financial information will be required: a) compiled year-end financial statements of Borrower, prepared by an independent CPA firm, to be submitted annually, along with annual tax returns, including all supporting schedules, and b) monthly operating statements and rent rolls.

Hampton Villages, LP
July 24, 2009
Page 3

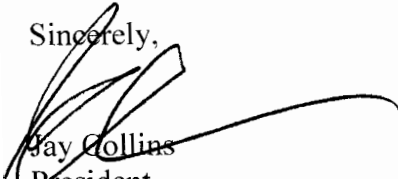
Condition to Closing: The permanent loan described in this proposal must close within 18 months of execution hereof. Lender shall have no obligation to close the permanent loan until each of the following conditions have occurred: (1) all amounts due under the construction loan contract have been paid in full (or will be paid at closing from permanent loan proceeds); (2) construction of the Project shall have been completed in accordance with the plans and specifications approved at construction loan closing, and the project shall be free of all liens and encumbrances other than standard title exceptions approved by the Lender; (3) the project shall have operated at 90% economic occupancy for (3) consecutive months at proforma rents no less than those represented by the Borrower to Lender during construction loan underwriting; (5) during the three (3) month period referenced in (3) above, the Project shall have maintained a debt service coverage ratio of no less than 1.15. Lender may waive any closing condition in its sole discretion.

This proposal to provide financing is good through December 31, 2008 and supersedes any and all previous proposals extended by the Lender regarding your project. **The specific loan must be closed within the 18 month rate lock period or the proposal may, at the Lender's option, expire.**

If the proposal is acceptable, please sign below and return.

Thank you for the opportunity to provide financing for your project.

Sincerely,


Jay Collins
President

I hereby accept the terms and conditions of the above-described proposal to provide financing.

Hampton Village, LP

X

By: Tim Lang

Its: President of General Partner

Date:

7/25/09

RAYMOND JAMES

July 24, 2009

Tim Lang
502 W. 17th St. Unit 1
Austin, TX 78701

Re: Partnership: Hampton Villages, LP
Property Name: Hampton Villages
City/State: Pampa, TX

Dear Tim:

Please consider this letter an offer by an affiliate of Raymond James Tax Credit Funds, Inc. ("RJTCF") to pursue its due diligence review and consideration of investing in the above-named partnership on a reasonable efforts basis, subject to the terms, conditions, and assumptions mutually agreed upon subsequent to an allocation of credits.

I. DESCRIPTION OF THE PROJECT AND THE INVESTMENT.

This offer is based on the following assumptions:

A. Project:

1. New Construction
2. Units: 76.
3. Estimated Construction Start Date: January 2010
4. Estimated Construction Completion Date: January 2011
5. Estimated 100% Occupancy Date: July 2011
6. Set-aside Requirements: 4 units at 30% AMI, and 38 units at 50% AMI, and 34 units at 60% AMI.
7. Rental Assistance: N/A

B. Tax Credit Information:

1. Assumed Partnership Annual Credits: \$1,268,980.
2. RJTCF's Share of Partnership Annual Credits: 99.99%
3. Assumed RJTCF's Annual Credits: \$1,268,853
4. Applicable Fraction: 100%.
5. Applicable Percentage: 9% Floating
6. First Credit Year: 2011

C. Equity Investment:

1. \$.66 per dollar of RJTCF's Credits, subject to then current market conditions and availability of funds at the time of partnership closing.
2. RJTCF's Estimated Total Capital: \$8,375,268.
Note that RJTCF's actual contributions are based on actual credits delivered, subject to a cap of 110% of the Estimated Total Capital.
3. Installment Payment of Capital Contributions

Raymond James Tax Credit Funds, Inc.
A Subsidiary of Raymond James Financial, Inc.
880 Carillon Parkway • St. Petersburg, FL 33716
800-438-8088 • 727-567-8455 Fax
Visit our Web Site at www.RJTCF.com

- a. \$5,125,151 (60%) during Construction, subject to a mutually agreeable construction funds disbursement agreement.
- b. \$2,093,817 (25%) at Completion of Construction
- c. \$1,156,290 (15%) at stabilization and issuance of 8609's

II. CONDITIONS TO CLOSING

If the Closing has not occurred by December 31, 2009, this Agreement shall automatically terminate and no party to this Agreement shall have any further obligation or liability hereunder unless, prior to such date, RJTCF has provided written notice that it has agreed to extend the Closing to a later date and the General Partners have agreed, in writing, to the extension. If due diligence activities and negotiation of definitive documents continue beyond termination of this Agreement, the parties shall not be bound hereunder, but only to the extent provided in definitive documents or other written agreements that are actually executed and delivered.

This offer is subject to RJTCF's review and approval in its sole discretion of all due diligence materials, including the construction and permanent loan commitments, proposed extended use agreement, real estate, plans and specifications, market study (including any additional market studies determined by RJTCF to be necessary - at RJTCF's expense), basis for the Credits, operating budgets, construction and lease-up budgets, current financial statements of the General Partners, other guarantors and their affiliates, verification of background information to be provided by the General Partners and their affiliates, and references to be provided by the General Partners. This offer is also subject to a satisfactory inspection of the property by RJTCF and the prior approval of all of the terms, conditions, and assumptions contained in this letter (or otherwise agreed to by you, us, and such investor) by a ready, willing, and able investor who has committed to, and is bound to, invest in the Project in accordance with such terms, conditions, and assumptions.

This offer is subject to the condition that, prior to closing with RJTCF, there shall have been no changes in tax laws or Treasury pronouncements, or changes in interpretations of existing tax issues that would materially and adversely affect this investment. This offer is also subject to the approval by the Investment Committee of RJTCF of the terms and conditions of the investment in its sole discretion based on then current market conditions, including availability of investment funds and pricing for tax credits.

The General Partner shall guarantee a lien-free completion of construction and furnish a payment and performance bond for the total cost of construction.

This offer is subject to the negotiation of definitive documents as described herein and this Agreement shall terminate as described above if all such documents are not executed and delivered by all parties by the date provided above.

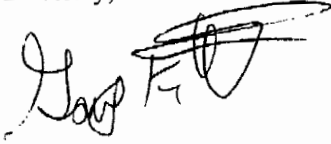
In the event that investment in the Partnership requires HUD Previous Participation Certification (HUD Form 2530), this offer is further conditioned on the ability of RJTCF and its investor members to request and obtain HUD 2530 approval in accordance with the electronic filing requirements promulgated by HUD.

III. ACCEPTANCE

If these terms and conditions are acceptable to you, please sign and return one copy of this memorandum. If not accepted by July 30, 2009, this offer shall terminate.

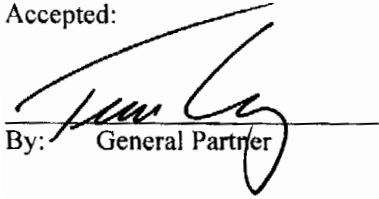
For more than 25 years Raymond James Tax Credit Funds and our affiliates have been involved with the development of affordable housing. We have provided equity for more than 1,200 properties nationwide. We look forward to working with you.

Sincerely,



Gary K. Robinson
Vice President - Director of Acquisitions
Raymond James Tax Credit Funds, Inc.

Accepted:


By: General Partner

7/24/09
Date

Volume 1, Tab 4. Funding Request

PART A. Summary Sources and Uses of Funds

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Participants and Development Cost Schedule forms). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

Applicants must attach a written narrative to this form that describes the financing plan for the Development. The narrative shall include: (a) any non-traditional financing arrangements; (b) the use of funds with respect to the Development; (c) the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and (d) the commitment status of the funding sources

Development Name: **Hampton Villages LP**

Source #	Funding Description	Priority of Lien	Construction or Rehab. Loan Stage Amt.	Permanent Loan Stage Amount	Financing Participants
1	Conventional Loan	1st	\$ 4,500,000		Stearns Bank
2	Conventional Loan/FHA				
3	Conventional Loan/Letter of Credit				
4	HOME				
5	Housing Trust Fund				
6	CDBG				
7	Mortgage Revenue Bonds				
8	HTC Syndication Proceeds	Equity	\$ 5,481,993	\$ 8,375,268	Raymond James
9	Historic Tax Credit Syndication Proceeds				
10	USDA Loan			\$ 1,500,000	Lancaster Pollard
11	Other Federal Loan or Grant				
12	Other State Loan or Grant				
13	Local Government Loan	2nd	\$ 525,000		Pampa EDC
14	Private Loan	2nd		\$ 700,000	Charter Contractors LP
15	Cash Equity				
16	Deferred Developer Fee		\$ 617,891	\$ 549,615	Eagle Nest Enterprise LLC
TOTAL SOURCES OF FUNDS			\$ 11,124,884	\$ 11,124,883	
TOTAL USES OF FUNDS				\$ 11,124,884	

⁽¹⁾ Indicate Exclusive Use Financing Participant only where funds from that source are dedicated only for a specific purpose, i.e. CDBG infrastructure funds used only for off-site construction

Volume 1, Tab 2. Populations Served

Part B. Rent Schedule (Required for All Rental Developments)

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rental Income/Unit".

Type of Unit designation should be one or more of the following based on the unit's rent restrictions:

Tax Credit: (TC30%), (TC40%), (TC50%), (TC60%), Employee Occupied (EO), Market Rate (MR), as allowed by Sec. 42.

501(c)(3) Mortgage Revenue Bond: (MRB), (MRB30%), (MRB40%), (MRB50%), (MRB60%), Market Rate (MRBMR).

HOME: High (HH), Low (LH), Employee Occupied non LI unit (MR/EO), Market Rate (MR)

Other: describe any "Other" rental assistance or rent restrictions in the space provided; documentation supporting the rental assistance or restrictions must be provided

Housing Trust Fund: (HTF30%), (HTF40%), (HTF50%), (HTF60%), (HTF80%), Market Rate (MR)

Units funded under more than one program, the "Program Rent Limit" should be the most restrictive - for example, a LH and TC60% unit would use the "LH" Program rent limit.

The rent and utility limits available at the time the Application Packet is submitted should be used to complete this form. Gross Rent cannot exceed the HUD maximum rent limits unless documentation of project-based rental assistance is provided. The unit mix and net rentable square footages must be consistent with the site plan and architectural drawings.

Development Name: **Hampton Villages**

City: **Pampa**

HTC Unit Designation	HOME Unit Designation	HTF Unit Designation	MRB Unit Designation	Other Designation/S subsidy	# of Units (A)	# of Bedrooms	# of Baths	Unit Size (Net Rentable Sq. Ft.) (B)	Total Net Rentable Sq. Ft. (A) x (B)	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit (E)	Total Monthly Rent (A) x (E)
TC30%					2	2	2.00	1,020	2,040	346	118	228	456
TC50%					6	2	2.00	1,020	6,120	577	118	459	2,754
TC60%					6	2	2.00	1,020	6,120	693	118	575	3,450
TC30%					2	3	2.00	1,260	2,520	400	145	255	510
TC50%					18	3	2.00	1,260	22,680	666	145	521	9,378
TC60%					20	3	2.00	1,260	25,200	800	145	655	13,100
TC50%					14	4	2.00	1,400	19,600	743	183	560	7,840
TC60%					8	4	2.00	1,400	11,200	892	183	709	5,672
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TOTAL					76				95,480				43,160
								\$15.00 per unit/month for:	Late, keys, pets fees & etc				1,140
								0.00 per unit/month for:	describe source here				
								0.00 per unit/month for:	describe source here				
								+ TOTAL NONRENTAL INCOME	\$15.00 per unit/month				1,140
								= POTENTIAL GROSS MONTHLY INCOME					44,300
								- Provision for Vacancy & Collection Loss	% of Potential Gross Income:	7.50%			3,323
								- Rental Concessions					
								= EFFECTIVE GROSS MONTHLY INCOME					40,978
								x 12 = EFFECTIVE GROSS ANNUAL INCOME					491,730

Volume 1, Tab 2. Populations Served

Part B. Rent Schedule (Cont.)

HOUSING	TC30%	4
	TC40%	0
	TC50%	38
	TC60%	34
	HTC LI Total	76
TAX	TCEO	0
	MR	0
CREDITS	MR Total	0
	TC Total	76
MORTGAGE	MRB30%	0
	MRB40%	0
	MRB50%	0
	MRB60%	0
REVENUE	MRB LI Total	0
	MRBMR	0
BOND	MRBMR Total	0
	MRB Total	0

HOUSING	HTF30%	0
	HTF40%	0
	HTF50%	0
	HTF60%	0
	HTF80%	0
TRUST	HTF LI Total	0
	MR	0
FUND	MR Total	0
	HTF Total	0
HOME	HOME HH	0
	HOME LH	0
	HOME LI Total	0
	MR/EO	0
	MR	0
	MR Total	0
OTHER	HOME Total	0
	Total OT Units	0

Note: Pursuant to 49.9(h)(7)(C), any local, state or federal financing identified in this section which restricts household incomes at any AMGI lower than restrictions required pursuant to the Rules must be identified in the Rent Schedule and the local, state or federal income restrictions must include corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. The income and corresponding rent restrictions will be continuously maintained over the compliance and extended use period as specified in the LURA.

Volume 1, Tab 2. Populations Served

Part C. Utility Allowances

Applicant must attach to this form documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application Packet. This exhibit must clearly indicate which utility costs are included in the estimate.

NOTE:

If more than one entity (Sec. 8 administrator, public housing authority) is responsible for setting the utility allowance(s) in the area of the development location, then the selected utility allowance must be the one which most closely reflects the actual expenses.

If an independent utility cost evaluation is conducted it must include confirming documentation from all the relevant utility providers.

If other reductions to the tenant rent is required such as the cost of flood insurance for the tenant's contents, documentation for these reductions to gross rent should also be attached.

Development Name: **Hampton Villages**

City: **Pampa**

Utility(1)	Energy Source (2)	Source of Utility Allowance	Effective Date
<input checked="" type="checkbox"/> Heating	E	Panhandle Community Services	2/2/2008
<input checked="" type="checkbox"/> Cooling	E	Panhandle Community Services	2/2/2008
<input checked="" type="checkbox"/> Water Heater	E	Panhandle Community Services	2/2/2008
<input checked="" type="checkbox"/> Cooking	E	Panhandle Community Services	2/2/2008
<input checked="" type="checkbox"/> Water		Panhandle Community Services	2/2/2008
<input checked="" type="checkbox"/> Sewer		Panhandle Community Services	2/2/2008
<input type="checkbox"/> Trash		Panhandle Community Services	2/2/2008
<input checked="" type="checkbox"/> General Electricity		Panhandle Community Services	2/2/2008

Other (Describe)

(1) Check the box if the TENANT will have to pay for this utility directly or will have to pay an extra fee for the appliances listed.

(2) Indicate the type of energy source used where applicable as follows: **N**= Natural Gas, **P**= Propane, **E**= Electric, **L**= Oil, **O**= Other

**Allowance for
Tenant-Furnished Utilities
and Other Services**

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0166
(exp 9/30/2007)

PanPA

Locality		Gray - Single Family					Unit Type	Effective
Utility or Service		Monthly Dollar Allowances					Single family detached Older Home Converted, Single Family Detached	02/01/2009
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Heating	a. Natural Gas	22	27	28	33	36	41	
	b. Electric	23	32	40	49	61	70	
	c. Bottle Gas							
	d. Oil							
Cooking	a. Natural Gas	3	3	3	4	4	5	
	b. Electric	2	3	4	5	6	6	
	c. Bottle Gas							
Other Electricity		13	18	21	27	33	39	
Air Conditioning		6	8	10	12	16	18	
Water Heating	a. Natural Gas	9	11	12	14	15	17	
	b. Electric	10	13	17	20	26	29	
	c. Bottle Gas							
	d. Oil							
Water		9	12	15	19	24	27	
Sewer		6	9	11	13	17	20	
Trash Collection		18	18	18	18	18	18	
Range/Microwave		9	9	9	9	9	9	
Refrigerator		15	15	15	15	15	15	
Other -- specify				118	145	183		
Actual Family Allowances To be used by the family to compute allowance.								
Complete below for actual unit rented.								
Name of Family								
Address of Unit								
Number of Bedrooms								
		Utility or Service per month cost Heating _____ Cooking _____ Other Electric _____ Air Conditioning _____ Water Heating _____ Water _____ Sewer _____ Trash Collection _____ Range/Microwave _____ Refrigerator _____ Other _____ Total \$						

Volume 1, Tab 2. ACTIVITY OVERVIEW

Development Name: **Hampton Villages** City: **Pampa**

Part D. Annual Operating Expenses

General & Administrative Expenses			
Accounting	\$	7,500.00	
Advertising	\$	4,560.00	
Legal fees	\$	4,500.00	
Leased equipment	\$		
Postage & office supplies	\$	7,825.00	
Telephone	\$	5,490.00	
Other <i>Describe</i>	\$		
Total General & Administrative Expenses:			\$ 29,875.00
Management Fee:	Percent of Effective Gross Income:	5.00%	\$ 23,817.00
Payroll, Payroll Tax & Employee Benefits			
Management	\$	40,560.00	
Maintenance	\$	35,580.00	
Other <i>Describe</i>	\$		
Total Payroll, Payroll Tax & Employee Benefits:			\$ 76,140.00
Repairs & Maintenance			
Elevator	\$		
Exterminating	\$	4,625.00	
Grounds	\$	8,652.00	
Make-ready	\$	8,575.00	
Repairs	\$	10,250.00	
Pool	\$	2,450.00	
Other <i>Describe</i>	\$		
Total Repairs & Maintenance:			\$ 34,552.00
Utilities (Enter development owner expense)			
Electric	\$	8,650.00	
Natural gas	\$		
Trash	\$	7,820.00	
Water & sewer	\$	7,205.00	
Other <i>Describe</i>	\$		
Total Utilities:			\$ 23,675.00
Annual Property Insurance:	Rate per net rentable square foot:	\$ 23.00	\$ 21,900.00
Property Taxes:			
Published Capitalization Rate: _____	Source: _____		
Annual Property Taxes:	\$	56,088.00	
Payments in Lieu of Taxes:	\$		
Other Taxes <i>Describe</i>	\$		
Total Property Taxes:			\$ 56,088.00
Reserve for Replacements:	Annual reserves per unit:	\$ 250	\$ 19,000.00
Other Expenses			
Cable TV	\$		
Supportive service contract fees	\$	10,360.00	
TDHCA Compliance fees	\$	3,040.00	
Security	\$		
Other <i>Describe</i>	\$		
Total Other Expenses:			\$ 13,400.00
TOTAL ANNUAL EXPENSES	Expense per unit:	\$ 3926.93	\$ 298,447.00
	Expense to Income Ratio:	60.69%	
NET OPERATING INCOME (before debt service)			\$ 193,283.00
Annual Debt Service			
USDA	\$	89400	
Charter Contractors LP	\$	56000	
<i>Describe Source</i>	\$		
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:	1.33	\$ 145,400.00
NET CASH FLOW			\$ 47,883.00

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Five Year Rental Housing Operating Proforma

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 3% for income and 4% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit. While the 30-year proforma projects 30 years of data, the Department's standard for financial feasibility is 15 years.

Development Name: Hampton Villages		City: Pampa									
	LEASE-UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30
INCOME											
POTENTIAL GROSS ANNUAL RENTAL INCOME	\$257,480	\$517,920	\$528,278	\$538,844	\$549,621	\$560,613	\$618,962	\$683,384	\$754,512	\$833,042	\$919,745
Secondary Income	6,360	13,680	13,954	14,233	14,517	14,808	16,349	18,050	19,929	22,003	24,294
POTENTIAL GROSS ANNUAL INCOME	\$263,840	\$531,600	\$542,232	\$553,077	\$564,138	\$575,421	\$635,311	\$701,435	\$774,441	\$855,045	\$944,039
Provision for Vacancy & Collection Loss	8,625	39,870	40,667	41,481	42,310	43,157	47,648	52,608	58,083	64,128	70,803
Rental Concessions											
EFFECTIVE GROSS ANNUAL INCOME	\$272,465	\$491,730	\$501,565	\$511,596	\$521,828	\$532,264	\$587,663	\$648,827	\$716,358	\$790,917	\$873,236
EXPENSES											
General & Administrative Expenses	\$20,125	\$29,875.00	\$30,771	\$31,694	\$32,645	\$33,625	\$38,980	\$45,189	\$52,386	\$60,730	\$70,402
Management Fee	18,192	23,817	24,532	25,267	26,025	26,806	31,076	36,025	41,763	48,415	56,126
Payroll, Payroll Tax & Employee Benefits	65,230	76,140	78,424	80,777	83,200	85,696	99,345	115,169	133,512	154,777	179,429
Repairs & Maintenance	10,320	34,552	35,689	36,866	37,756	38,889	45,083	52,263	60,587	70,237	81,424
Electric & Gas Utilities	10,755	8,650	8,910	9,177	9,452	9,736	11,286	13,084	15,168	17,584	20,384
Water, Sewer & Trash Utilities	11,230	15,025	15,476	15,940	16,416	16,911	19,604	22,727	26,346	30,543	35,407
Annual Property Insurance Premiums	14,560	21,900	22,557	23,234	23,931	24,649	28,575	33,126	38,402	44,518	51,609
Property Tax	5,235	56,088	57,771	59,504	61,289	63,128	73,182	84,838	98,351	114,015	132,175
Reserve for Replacements	8,755	19,000	19,570	20,157	20,762	21,385	24,791	28,739	33,317	38,623	44,775
Other Expenses - Lease up Expense	78,566	13,400	13,802	14,216	14,643	15,082	17,484	20,269	23,497	27,239	31,578
TOTAL ANNUAL EXPENSES	\$242,958	\$298,447	\$307,400	\$316,622	\$326,121	\$335,905	\$389,406	\$451,428	\$523,329	\$606,681	\$703,310
NET OPERATING INCOME	\$29,507	\$193,283	\$194,164	\$194,973	\$195,707	\$196,360	\$198,257	\$197,399	\$193,029	\$184,236	\$169,926
DEBT SERVICE											
First Deed of Trust Annual Loan Payment	\$8,517	\$89,400	\$89,400	\$89,400	\$89,400	\$89,400	\$89,400	\$89,400	\$89,400	\$89,400	\$89,400
Second Deed of Trust Annual Loan Payment	2,272	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Third Deed of Trust Annual Loan Payment											
Other Annual Required Payment:											
NET CASH FLOW	\$18,718	\$47,883	\$48,764	\$49,573	\$50,307	\$50,960	\$52,857	\$51,999	\$47,629	\$38,836	\$24,526
Debt Coverage Ratio	2.73	1.33	1.34	1.34	1.35	1.35	1.36	1.36	1.33	1.27	1.17

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Part F. Building/Unit Type Configuration (Required for All Rental Developments)

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by unhiding the columns between J and Z in Excel.

Development Name: **Hampton Villages** City: **Pampa**

Unit Label	# of Bedrooms	# of Baths	Sq. Ft. Per Unit	Building Configuration			Total # of Buildings	Total # of Units	Total Sq Ft for Unit Type
				A1	B1	C1			
A1	2	2	1,020	14	40	22	76	14,280	
B1	3	2	1,260	1			1	50,400	
C1	4	2	1,400		1		1	30,800	
Totals				14	40	22	76	95,480	

Net Rentable Square Footage from Rent Schedule **95,480**

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Part A. Development Cost Schedule

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the eligible basis columns and the Requested Credit calculation below.

DEVELOPMENT NAME:

Hampton Villages

TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN) (and % of cost if item involves multiple payees)
Total Cost	Eligible Basis (If Applicable)		
	Acquisition	New/Rehab.	

ACQUISITION

- Site acquisition cost
- Existing building acquisition cost
- Closing costs & acq. legal fees
- Other (specify)

0		
\$0	\$0	\$0

OFF-SITES³

- Off-site concrete
- Storm drains & devices
- Water & fire hydrants
- Off-site utilities
- Sewer lateral(s)
- Off-site paving
- Off-site electrical
- Other (specify)

\$0	\$0	\$0

SITE WORK*

- Demolition
- Rough grading
- Fine grading
- On-site concrete
- On-site electrical
- On-site paving
- On-site utilities
- Decorative masonry
- Bumper stops, striping & signs
- Landscaping
- Pool and decking
- Athletic court(s), playground(s)
- Fencing
- Other (specify)

0			
54,700		54,700	20-3965583
22,800		22,800	20-3965583
39,220		39,220	20-3965583
91,200		91,200	20-3965583
131,330		131,330	20-3965583
125,850		125,850	20-3965583
0		0	20-3965583
16,240		16,240	20-3965583
65,660		65,660	20-3965583
0		0	20-3965583
61,800		61,800	20-3965583
75,200		75,200	20-3965583
0		0	20-3965583
\$684,000	\$0	\$684,000	

DIRECT CONSTRUCTION COSTS*:

- Concrete
- Masonry
- Metals
- Woods and Plastics
- Thermal and Moisture Protection
- Roof Covering
- Doors and Windows
- Finishes
- Specialties
- Equipment

892,620		892,620	20-3965583
518,213		518,213	20-3965583
27,450		27,450	20-3965583
1,385,115		1,385,115	20-3965583
88,750		88,750	20-3965583
263,780		263,780	20-3965583
207,960		207,960	20-3965583
669,708		669,708	20-3965583
92,310		92,310	20-3965583
147,590		147,590	20-3965583

TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN) (and % of cost if item involves multiple payees)
Total Cost	Eligible Basis (If Applicable)		
	Acquisition	New/Rehab.	

DIRECT CONSTRUCTION COSTS (Continued):

Furnishings	10,000		10,000	20-3965583
Special Construction	0		0	20-3965583
Conveying Systems (Elevators)	0		0	20-3965583
Mechanical (HVAC; Plumbing)	890,205		890,205	20-3965583
Electrical	518,159		518,159	20-3965583

327170

Accessory Buildings	327,170		327,170	20-3965583
Carports and/or Garages	312,690		312,690	20-3965583
Lead-Based Paint Abatement	0		0	20-3965583
Asbestos Abatement	0		0	20-3965583
Other (Specify)	0		0	20-3965583
Subtotal Direct Const. Costs	\$6,351,720	\$0	\$6,351,720	

TOTAL DIRECT CONST. & SITE WORK

\$7,035,720	\$0	\$7,035,720
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OTHER CONSTRUCTION COSTS

General requirements (<6%)	6.00%	422,140		422,140	20-3965583
Field supervision (within GR limit)		0		0	20-3965583
Contractor overhead (<2%)	2.00%	140,714		140,714	20-3965583
G & A Field (within overhead limit)		0		0	20-3965583
Contractor profit (<6%)	5.30%	373,115		373,115	20-3965583
Contingency (<5%)	5.00%	351,786		351,786	20-3965583
Subtotal Ancillary Hard Costs		\$1,287,755	\$0	\$1,287,755	

TOTAL DIRECT HARD COSTS

\$8,323,475	\$0	\$8,323,475
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INDIRECT CONSTRUCTION COSTS⁴

Architectural - Design fees		99,600		99,600	03-0519517
Architectural - Supervision fees		23,500		23,500	03-0519517
Engineering fees		102,500		102,500	TBD
Real estate attorney/other legal fees		95,000		95,000	TBD
Accounting fees		15,000		15,000	TBD
Impact Fees		0		0	
Building permits & related costs		95,000		95,000	20-3965583
Appraisal		8,500		8,500	TBD
Market analysis		6,500		6,500	TBD
Environmental assessment		6,000		6,000	TBD
Soils report		8,500		8,500	TBD
Survey		15,860		15,860	TBD
Marketing		35,000			
Course of construction insurance		18,000		18,000	TBD
Hazard & liability insurance		18,560		18,560	TBD
Real property taxes		18,600		18,600	TBD
Personal property taxes		0		0	
Tenant relocation expenses		0		0	
Furniture, computers, office equipment & etc.		87,560		87,560	TBD
Subtotal Indirect Const. Cost		\$653,680	\$0	\$618,680	

DEVELOPER FEES⁴

Housing consultant fees ²		0		0	
General & administrative		387,525		397,462	81-0622081
Profit or fee		1,010,523		1,053,339	81-0622081
Subtotal Developer's Fees	15.44%	\$1,398,048	\$0	\$1,450,801	

TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN) (and % of cost if item involves multiple payees)
Total Cost	Eligible Basis (If Applicable)		
	Acquisition	New/Rehab.	

FINANCING:

CONSTRUCTION LOAN(S)⁴

Interest	184,650		184,650	59-2869297
Loan origination fees	45,000		45,000	59-2869297
Title & recording fees	53,930		53,930	TBD
Closing costs & legal fees	9,450		9,450	TBD
Inspection fees	0		0	
Credit Report	0		0	
Discount Points	0		0	
Other ^c (specify)	0		0	

PERMANENT LOAN(S)

Loan origination fees	32,750			TBD
Title & recording fees	0			
Closing costs & legal	0			
Bond premium	0			
Credit report	0			
Discount points	0			
Credit enhancement fees	0			
Prepaid MIP	0			
Other ^c (specify)	0			

BRIDGE LOAN(S)

Interest	0			
Loan origination fees	0			
Title & recording fees	0			
Closing costs & legal fees	0			
Other ^c (specify)	0			

OTHER FINANCING COSTS⁴

Tax credit fees	61,651			TDHCA
Tax and/or bond counsel	0			
Payment bonds	0			
Performance bonds	160,000		160,000	
Credit enhancement fees	0			
Mortgage insurance premiums	0			
Cost of underwriting & issuance	0			
Syndication organizational cost	0			
Tax opinion	0			
Contractor Guarantee Fee	0			
Developer Guarantee Fee	0			
Other ^c (specify)	0			
Subtotal Financing Cost	\$547,431	\$0	\$453,030	

RESERVES

Rent-up	102,250			
Operating	100,000			
Replacement	0			
Escrows	0			
Subtotal Reserves	\$202,250	\$0	\$0	

TOTAL HOUSING DEVELOPMENT COSTS⁵

- Commercial Space Costs⁶	\$11,124,884	\$0	\$10,845,986	
TOTAL RESIDENTIAL DEVELOPMENT COSTS	\$11,124,884			

TOTAL DEVELOPMENT SUMMARY		
Total	Eligible Basis (If Applicable)	
Cost	Acquisition	New/Rehab.

Expected Payee Taxpayer Identification Number (TIN)
 (and % of cost if item involves multiple payees)

The following calculations are for HTC Applications only.

Deduct From Basis:

Fed. grant proceeds used to finance costs in eligible basis
 Fed. B.M.R. loans used to finance costs in eligible basis
 Non-qualified non-recourse financing
 Non-qualified portion of higher quality units (42.(d)(5))
 Historic Credits (residential portion only)

Total Eligible Basis	\$0	\$10,845,986
**High Cost Area Adjustment (100% or 130%)		130%
Total Adjusted Basis	\$0	\$14,099,782
Applicable Fraction		9%
Total Qualified Basis	\$1,268,980	\$0
Applicable Percentage		
Owner's Requested Credits	\$1,268,980	\$1,268,980

Applicant and contractor certify that, to the best of their knowledge, the provided costs and supporting information represent an accurate, uninflated estimate of the costs associated with this development. They also certify that no fees, other than for activities identified in this form, will be paid to the contractor.

Hampton Villages LP

Charter Contractors LP

By: _____
 Tim Lang
 Its: Member

 Date

By: _____
 Jay Collins
 Its: President

 Date

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Part A. Development Cost Schedule (Continued)

Based on the Development Cost Schedule as completed, the proposed development's total taxpayer's reasonably expected basis (TREB) is estimated. The TREB may be used at carryover, if the proposed development receives a commitment for Low Income Housing Tax Credits. The TREB is not equivalent to the estimated eligible basis used to determine tax credit eligibility and is generally not relied upon until carryover. The TREB generally includes the direct and indirect costs of acquiring, constructing, and rehabilitating a property. It may also include any commercial or non-residential space being constructed as part of the project. Also, for proposed developments located within a QCT or DDA, the 30% boost that may be applicable for eligible basis is not included as part of the TREB calculation.

Development Name: **Hampton Villages LP**

TAXPAYER'S REASONABLY EXPECTED BASIS (TREB)

Interim financing costs associated with development of commercial space:

The estimated total taxpayer's reasonably expected basis derived from the costs as presented is:

\$10,793,233

PART B. FINANCING PARTICIPANTS (additional participants)

All current and proposed non-TDHCA financing sources should be identified below. Use additional sheets if necessary and/or attach a written narrative to further describe any funding source other than grants, loans or equity described herein. A copy of the commitment letter for each funding source confirming the elements below should be attached, if applicable. The "Source #" should correspond to those listed on the "Summary Sources and Uses of Funds" form. Subsequent changes to the proposed financing participants require TDHCA written consent.

Source #: <u>1</u>	Amount: \$ <u>4,500,000</u>	<input checked="" type="checkbox"/> Interim	<input type="checkbox"/> Permanent	<input type="checkbox"/> Equity	Commitment Date <u>1/28/09</u>
Source Name: <u>Stearns Bank</u>		Contact Name: <u>Dave Feriancek</u>			
Address: <u>4191 2nd St. S.</u>		City: <u>St. Cloud</u>		State: <u>MN</u> ZIP: <u>56301</u>	
Phone: <u>(320) 253-6607</u>		Fax: <u>(320) 253-3051</u>			
Level of Commitment: <input type="checkbox"/> Closed <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional <input type="checkbox"/> Letter of Interest <input type="checkbox"/> Other: <u>(Describe)</u>					
<input type="checkbox"/> Grant Terms:					
<input checked="" type="checkbox"/> Loan <input checked="" type="checkbox"/> Recourse <input type="checkbox"/> Non-Recourse Amortization Term: <u>40</u> yrs Repayment Term: <u>2</u> yrs					
Interest Rate: <u>7.5</u> % <input type="checkbox"/> Fixed <input type="checkbox"/> Adjustable <input checked="" type="checkbox"/> Floating					
Rate Index: _____ Annual Payment \$ _____ Lien Priority <u>1</u>					
<input type="checkbox"/> Syndication Tax Credits Estimate: \$ _____ Syndication Factor: \$ _____ Per Credit Dollar					

Source #: <u>10</u>	Amount: \$ <u>1,500,000</u>	<input type="checkbox"/> Interim	<input checked="" type="checkbox"/> Permanent	<input type="checkbox"/> Equity	Commitment Date <u>7/22/08</u>
Source Name: <u>Lancaster Pollard Mortgage Company</u>		Contact Name: <u>Ginger McGuire</u>			
Address: <u>1301 S. Capital of Texas Hwy. Suite A-130</u>		City: <u>Austin</u>		State: <u>TX</u> ZIP: <u>78746</u>	
Phone: <u>(512) 327-7400</u>		Fax: <u>(512) 327-7403</u>			
Level of Commitment: <input type="checkbox"/> Closed <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional <input type="checkbox"/> Letter of Interest <input type="checkbox"/> Other: <u>(Describe)</u>					
<input type="checkbox"/> Grant Terms:					
<input checked="" type="checkbox"/> Loan <input type="checkbox"/> Recourse <input checked="" type="checkbox"/> Non-Recourse Amortization Term: <u>40</u> yrs Repayment Term: <u>40</u> yrs					
Interest Rate: <u>AFR +2.5</u> % <input type="checkbox"/> Fixed <input checked="" type="checkbox"/> Adjustable <input type="checkbox"/> Floating					
Rate Index: _____ Annual Payment \$ _____ Lien Priority <u>1</u>					
<input type="checkbox"/> Syndication Tax Credits Estimate: \$ _____ Syndication Factor: \$ _____ Per Credit Dollar					

Source #: <u>8</u>	Amount: \$ <u>8,375,268</u>	<input type="checkbox"/> Interim	<input type="checkbox"/> Permanent	<input checked="" type="checkbox"/> Equity	Commitment Date <u>7/24/09</u>
Source Name: <u>Raymond James</u>		Contact Name: <u>Gary Robinson</u>			
Address: <u>880 Carillon Pkwy.</u>		City: <u>St. Petersburg</u>		State: <u>FL</u> ZIP: <u>33716</u>	
Phone: <u>(800) 438-8088</u>		Fax: <u>(727) 567-8455</u>			
Level of Commitment: <input type="checkbox"/> Closed <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional <input type="checkbox"/> Letter of Interest <input type="checkbox"/> Other: <u>(Describe)</u>					
<input type="checkbox"/> Grant Terms:					
<input type="checkbox"/> Loan <input type="checkbox"/> Recourse <input type="checkbox"/> Non-Recourse Amortization Term: _____ yrs Repayment Term: _____ yrs					
Interest Rate: _____ % <input type="checkbox"/> Fixed <input type="checkbox"/> Adjustable <input type="checkbox"/> Floating					
Rate Index: _____ Annual Payment \$ _____ Lien Priority _____					
<input checked="" type="checkbox"/> Syndication Tax Credits Estimate: \$ <u>1,268,853</u> Syndication Factor: \$ <u>.66</u> Per Credit Dollar					

PART B. FINANCING PARTICIPANTS (additional participants)

All current and proposed non-TDHCA financing sources should be identified below. Use additional sheets if necessary and/or attach a written narrative to further describe any funding source other than grants, loans or equity described herein. A copy of the commitment letter for each funding source confirming the elements below should be attached, if applicable. The "Source #" should correspond to those listed on the "Summary Sources and Uses of Funds" form. Subsequent changes to the proposed financing participants require TDHCA written consent.

Source #: <u>13</u>	Amount: <u>\$ 525,000</u>	<input checked="" type="checkbox"/> Interim	<input type="checkbox"/> Permanent	<input type="checkbox"/> Equity	Commitment Date <u>8/13/07</u>
Source Name: <u>Pampa EDC</u>		Contact Name: <u>Dwight Fiveash</u>			
Address: <u>200 N. Ballard</u>		City: <u>Pampa</u>	State: <u>TX</u>	ZIP: <u>79065</u>	
Phone: <u>(806) 665-0800</u>		Fax: <u>() -</u>			
Level of Commitment: <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Firm <input type="checkbox"/> Conditional <input type="checkbox"/> Letter of Interest <input type="checkbox"/> Other: <u>(Describe)</u>					
<input type="checkbox"/> Grant Terms:					
<input checked="" type="checkbox"/> Loan <input checked="" type="checkbox"/> Recourse <input type="checkbox"/> Non-Recourse Amortization Term: <u> </u> yrs Repayment Term: <u>2</u> yrs					
Interest Rate: <u>4.5 %</u> <input checked="" type="checkbox"/> Fixed <input type="checkbox"/> Adjustable <input type="checkbox"/> Floating					
Rate Index: <u> </u> Annual Payment \$ <u> </u> Lien Priority <u>2</u>					
<input type="checkbox"/> Syndication Tax Credits Estimate: \$ <u> </u> Syndication Factor: \$ <u> </u> Per Credit Dollar					

Source #: <u>14</u>	Amount: <u>\$ 700,000</u>	<input type="checkbox"/> Interim	<input checked="" type="checkbox"/> Permanent	<input type="checkbox"/> Equity	Commitment Date <u>7/24/09</u>
Source Name: <u>Charter Contractors LP</u>		Contact Name: <u>Jay Collins</u>			
Address: <u>8455 Lyndon Lane</u>		City: <u>Austin</u>	State: <u>TX</u>	ZIP: <u>78729</u>	
Phone: <u>(512) 249-6240</u>		Fax: <u>(512) 249-6660</u>			
Level of Commitment: <input type="checkbox"/> Closed <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional <input type="checkbox"/> Letter of Interest <input type="checkbox"/> Other: <u>(Describe)</u>					
<input type="checkbox"/> Grant Terms:					
<input checked="" type="checkbox"/> Loan <input type="checkbox"/> Recourse <input checked="" type="checkbox"/> Non-Recourse Amortization Term: <u>40</u> yrs Repayment Term: <u>18</u> yrs					
Interest Rate: <u>8 %</u> <input checked="" type="checkbox"/> Fixed <input type="checkbox"/> Adjustable <input type="checkbox"/> Floating					
Rate Index: <u> </u> Annual Payment \$ <u> </u> Lien Priority <u>2</u>					
<input type="checkbox"/> Syndication Tax Credits Estimate: \$ <u> </u> Syndication Factor: \$ <u> </u> Per Credit Dollar					

Source #: <u>16</u>	Amount: <u>\$ 549,615</u>	<input type="checkbox"/> Interim	<input checked="" type="checkbox"/> Permanent	<input type="checkbox"/> Equity	Commitment Date <u>1/26/09</u>
Source Name: <u>Eagles Nest Enterprises, LLC</u>		Contact Name: <u>Tim Lang</u>			
Address: <u>502 W. 17th St.</u>		City: <u>Austin</u>	State: <u>TX</u>	ZIP: <u>78701</u>	
Phone: <u>(512) 249-9095</u>		Fax: <u>(512) 249-6660</u>			
Level of Commitment: <input type="checkbox"/> Closed <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional <input type="checkbox"/> Letter of Interest <input type="checkbox"/> Other: <u>(Describe)</u>					
<input type="checkbox"/> Grant Terms:					
<input checked="" type="checkbox"/> Loan <input type="checkbox"/> Recourse <input checked="" type="checkbox"/> Non-Recourse Amortization Term: <u> </u> yrs Repayment Term: <u> </u> yrs					
Interest Rate: <u> </u> % <input type="checkbox"/> Fixed <input type="checkbox"/> Adjustable <input type="checkbox"/> Floating					
Rate Index: <u> </u> Annual Payment \$ <u>cash flow</u> Lien Priority <u> </u>					
<input type="checkbox"/> Syndication Tax Credits Estimate: \$ <u> </u> Syndication Factor: \$ <u> </u> Per Credit Dollar					

Hampton Villages Financing Narrative

Construction Phase

1. Stearns Bank shall make a construction loan in the amount of \$4,500,000. The proceeds will be funded into the project monthly on a construction draw basis. Lender's obligation to close the loan is subject to Lender's verification and approval of all customary reports and information supplied by Borrower and Lender's approval and satisfaction of customary due diligence.
2. Raymond James Tax Credit Funds, Inc. (RJTCF) shall enter into a partnership agreement whereby RJTCF shall become a limited partner in the Applicant. RJTCF shall own 99.99% of the Applicant, and shall pay total equity into the Applicant of \$8,375,268, payable in installments. The first installment (60%) is paid at construction loan closing. The second installment (25%) is paid during construction. RJTCF's obligation to close the equity is subject to their verification and approval of all customary reports and information supplied by Borrower and their approval and satisfaction of customary due diligence.
3. Developer shall defer a portion of the development fee, \$617,891, during the construction phase. This is a firm commitment.
4. The Pampa Economic Development Corporation is providing a \$525,000 loan to be used for onsite development costs and will be funded at 80% construction completion. This loan has been closed.
5. These traditional financing sources provide sufficient dollars to complete the development.

Permanent Phase

1. USDA shall make a term loan in the amount of \$1,500,000. Conversion shall occur when the development maintains 90% occupancy for ninety days and achieves 1.15 debt service coverage. A loan commitment is in place.
2. Raymond James Tax Credit Funds, Inc. shall enter into a partnership agreement whereby RJTCF shall become a limited partner in the Applicant. RJTCF shall own 99.99% of the Applicant, and shall pay total equity into the Applicant of \$8,375,268, payable in installments. RJTCF's obligation to fund their equity is subject to their approval and satisfaction that the payment benchmarks have been met.
3. Developer shall defer the payment of \$549,615 of the development fee during the permanent phase. This is a firm commitment.
4. Charter Contractors LP shall defer fees in the amount of \$700,000 to be secured by a second lien deed of trust. Repayment terms are 18 years at an interest rate of 8%. The commitment is firm.
5. These traditional financing sources provide sufficient dollars to complete the development.