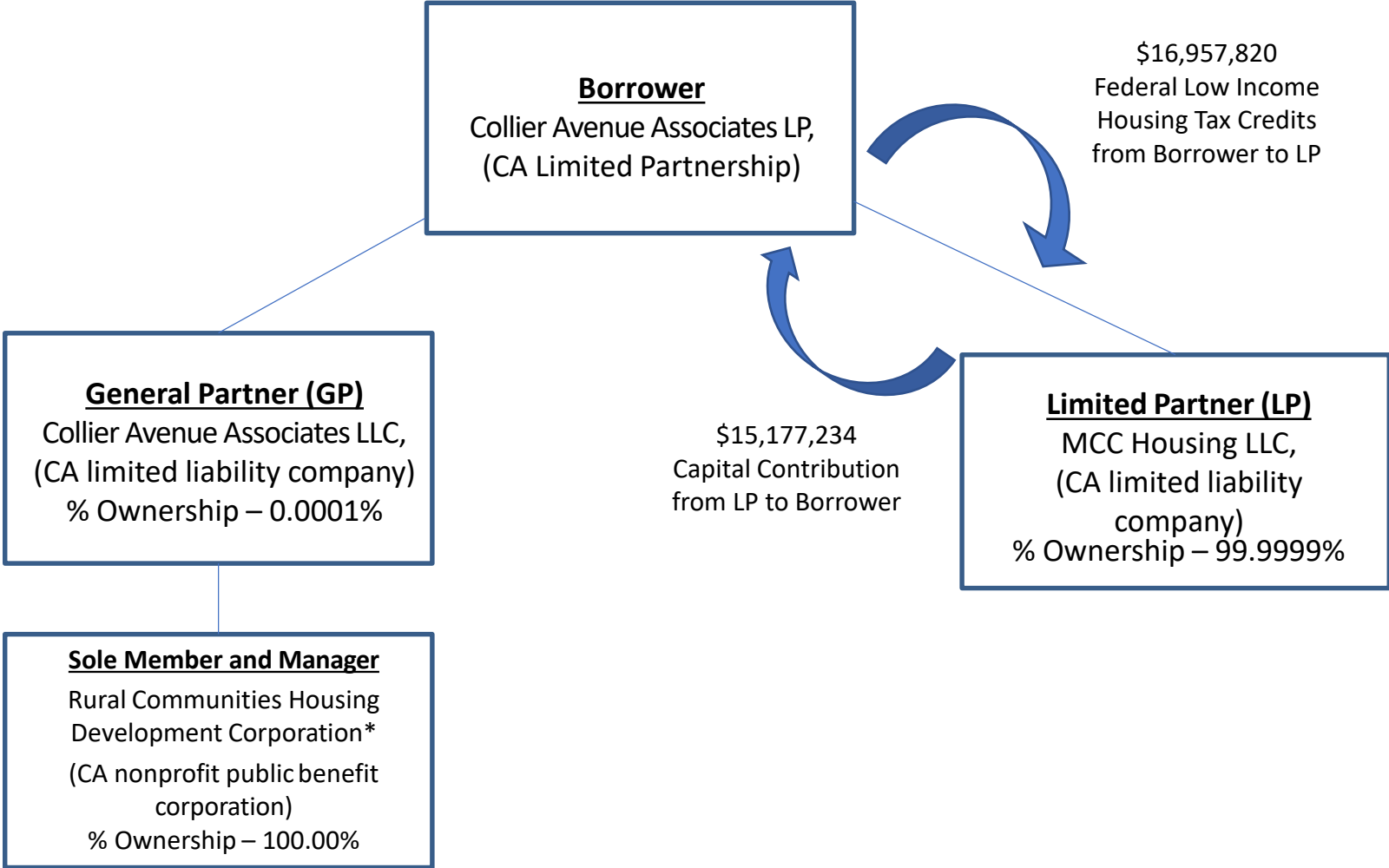


Collier Avenue Apartments - Overview

- Collier Avenue Apartments is a new construction affordable housing development consisting of 40 units (including 1 manager's unit) (the "Project").
- It is financed through Low Income Housing Tax Credits ("LIHTCs"), JPMorgan Chase Bank (construction loan), Lake County Housing Commission, Department of Developmental Services, Tri Counties Bank, and the California Department of Housing and Community Development (No Place Like Home program).
- LIHTCs are the predominant form of financing affordable housing in the United States. Rural Communities Housing Development Corporation ("RCHDC") is an experienced developer with a successful history of structuring, financing, constructing, and operating affordable housing projects using LIHTCs.
- To maximize the benefits of LIHTCs, the Project will be owned by a limited partnership, Collier Avenue Associates LP.

Organizational Chart



*RCHDC is Project Sponsor, Developer, and Property Manager

Construction Financing

Collier Avenue Apartments

JPMorgan Chase

- \$14,965,665
- Private Construction Funds, Senior Lender
- To be repaid with limited partner capital contributions
- Recourse Loan

Lake County Housing Commission

- \$1,449,144.13 total comprised of MHSA and HHAP funds
 - Mental Health Services Act (MHSA) \$976,094
 - Homeless Housing Assistance and Prevention (HHAP) \$473,050.13
- Public Construction/Permanent Funds
- Non-recourse Loan

Lake County Housing Commission

- \$602,469 comprised of Permanent Local Housing Allocation (PLHA)
- Public Construction/Permanent Funds
- Non-recourse Loan

Department of Developmental Services and Redwood Coast Regional Center \$550,000

- Public Construction/Permanent Funds
- Non-recourse Loan

Tri Counties Bank – Affordable Housing Program (AHP)

- \$585,000
- Private Construction/Permanent Funds
- Non-recourse Loan
- Funds are granted to RCHDC, which then loans amount to Borrower

MHSA-HHAP Loan Documents

- Loan Agreement
- Deed of Trust
- Promissory Note

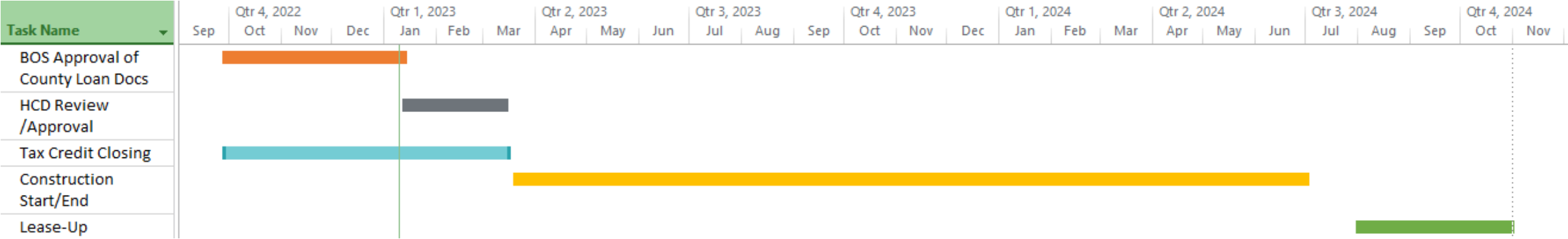
PLHA Loan Documents

- Regulatory Agreement
- Loan Agreement
- Deed of Trust
- Promissory Note

Permanent Financing

- At the conversion to permanent financing, the JPMorgan construction loan will be paid off.
- The California Department of Housing and Community Development (“HCD”) has awarded the Project funds from the No Place Like Home program in the total amount of \$7,004,777
 - Competitive Allocation: \$6,446,932 (comprised of \$2,890,019 for capital improvements and \$3,556,913 for Capital Operative Subsidy Reserve funds); and
 - Non-competitive allocation amount of \$557,845 for capital improvements.
- HCD will also record deeds of trust and regulatory agreements restricting the use of the property in connection with its permanent financing.

Development Timeline



****Failure to close by March 27, 2023 will result in rescission of the Tax Credit Reservation****

After the Board of Supervisors’ approval of the PLHA Loan Documents, the PLHA Loan Documents will be sent to the Department of Housing and Community Development for review and approval. Their process may take up to **60 days** (60 days from today’s meeting is **March 17, 2023**). The current target closing deadline is **March 1, 2023**. The California Tax Credit Allocation Committee, which awarded the LIHTCs to RCHDC for the Project, requires that the construction financing for the Project to close by **March 27, 2023**. The Project will lose the LIHTCs if closing does not occur by March 27, 2023. Typically, Project funders desire closing to occur well in advance of TCAC’s deadline given the consequences for failing to close by the deadline and the need to allow time for transaction closing delays that often occur.

Project Monitoring and Risk Management

- The Project funders impose rigorous standards for underwriting the deal and developing the Project. They require the Borrower to satisfy certain standards for expenditures, building construction, housing condition, and occupancy of the units.
- The two main state agencies that will monitor compliance are California Tax Credit Allocation Committee (“TCAC”) and the California Department of Housing and Community Development (“HCD”).
- TCAC conducted a highly competitive application process before awarding the LIHTCs to RCHDC for the Project. TCAC imposes certain cost limitations and ensures only high quality, shovel-ready projects with long-term financial viability receive awards of public funds.
- TCAC and HCD will each record regulatory agreements on the property to ensure it is used for affordable housing and in compliance with income restrictions, maintenance, and reporting obligations.

Project Monitoring and Risk Management

- Merritt Community Capital is the tax credit investor in the Project and the limited partner of the Borrower. Merritt is an experienced investor in affordable housing transactions and will work closely with RCHDC to monitor the Project through construction, conversion to permanent financing, lease-up, and property management operations to ensure funding is used appropriately and target populations are served.
- JPMorgan Chase Bank is the construction lender and has partnered with RCHDC on numerous affordable projects. Likewise, the Bank has strict underwriting standards to ensure it is lending to responsible developers for successful projects and that the Borrower complies with strict reporting and operating standards.

RCHDC Experience - Tax Credit Deals

- RCHDC is an experienced affordable housing developer with over 45 years of experience managing highly regulated affordable housing projects.
- RCHDC is an expert at ensuring regulations and compliance obligations are satisfied for a multitude of federal, state, and local regulations.
- 17 Low Income Tax Credit Communities
- 682 Total Units
- Most Recent Special Needs Deals:
 - Siskiyou Crossroads, Yreka – 50 units
 - Orr Creek Commons Phase II, Ukiah – 40 Units
 - Olive Grove, Corning – 31 Units
 - Pine Hill Village, Eureka – 30 Units
 - Orr Creek Commons Phase I, Ukiah – 40 Units
 - Willow Terrace, Ukiah – 38 Units
 - Arcata Bay Crossing, Arcata – 32 Units

Construction Financing Compared to Similar RCHDC Deals

Collier Avenue Apartments

JPMorgan Chase

- \$14,965,665
- Private Construction Funds, Senior Lender
- To be repaid with limited partner capital contributions
- Recourse Loan

Lake County Housing Commission

- \$1,449,144.13 total comprised of:
 - Mental Health Services Act (MHSA) \$976,094
 - Homeless Housing Assistance and Prevention (HHAP) \$473,050.13
- Public Construction/Permanent Funds
- Non-recourse Loan

Lake County Housing Commission

- \$602,469
- Public Construction/Permanent Funds
- Permanent Local Housing Allocation (PLHA)
- Non-recourse Loan

Department of Developmental Services (DDS) with Redwood Coast Regional Center (RCRC)

- \$550,000
- Public Construction/Permanent Funds
- Non-recourse Loan

Tri Counties Bank – Affordable Housing Program (AHP)

- \$585,000
- Private Construction/Permanent Funds
- Non-recourse Loan
- For tax credit purposes, the funds are granted to RCHDC, which then loans the amount to Borrower

Siskiyou Crossroads

JPMorgan Chase

- \$16,374,004
- Private Construction Funds, Senior Lender
- To be repaid with limited partner capital contributions
- Recourse Loan

Siskiyou County

- \$1,581,003 total comprised of:
 - Mental Health Services Act (MHSA)
 - Homeless Housing Assistance and Prevention (HHAP)
 - Partnership Health
- Public Construction/Permanent Funds
- Non-recourse Loan

Siskiyou County

- \$142,120
- Public Construction/Permanent Funds
- Permanent Local Housing Allocation (PLHA)
- Non-recourse Loan

Tri Counties Bank – Affordable Housing Program (AHP)

- \$717,497
- Private Construction/Permanent Funds
- Non-recourse Loan
- For tax credit purposes, the funds are granted to RCHDC, which then loans the amount to Borrower

Orr Creek Commons Phase II

JPMorgan Chase

- \$12,375,777
- Private Construction Funds, Senior Lender
- To be repaid with limited partner capital contributions
- Recourse Loan

Mendocino County

- \$983,415
- Public Construction/Permanent Funds
- Homeless Emergency Aid Program (HEAP)
- Non-recourse Loan

DDS with RCRC

- \$500,000
- Public Construction/Permanent Funds
- Non-recourse Loan

Orr Creek Commons Phase I

U.S. Bank

- \$10,155,843
- Private Construction Funds, Senior Lender
- Repaid with limited partner capital contributions
- Recourse Loan

CA Department of Housing and Community Development HOME Investment Partnerships

- \$3,676,821
- Public Construction/Permanent Funds
- Non-recourse Loan

County of Mendocino

- \$580,990
- Public Construction/Permanent Funds
- Non-recourse Loan