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BOND/TAX CREDIT STANDARD DEAL TERMS

STANDARD TERMS APPLICABLE TO ALL	
TERM	**TYPICAL TERMS**
Partnership Structure	• The deal structure must comply with Chapter 394 of the Texas Local Government Code, which regulates Housing Finance Corporations. • Strategic HFC (or wholly owned affiliate) serves as the General Partner of the tax credit partnership (generally referred to as the "Borrower"). Limited Partners typically consist of a tax credit investor and an entity associated with the developer. • Strategic HFC (or wholly owned affiliate) serves as Co-Developer. • Strategic HFC (or wholly owned affiliate) may serve as the General Contractor to facilitate tax exemption on construction materials. • Strategic HFC (or wholly owned LLC) is a deeded fee title to land on which the apartment project is built and operated to facilitate tax exemption on property and improvements. • The primary debt instrument is a Private Activity Bond issue. • Equity is provided in the form of capital contributions to the Borrower, including 4% Housing Tax Credits. All Strategic HFC's reasonable expenses are to be paid by the Borrower.
Mixed Use Design	• Considered on a case-by-case basis
Annual Ground Lease Rent	• Initial annual lease payment amount = 15% of the underwritten year-1 ad valorem tax abatement (see underwriting criteria below for calculation) • 3% annual escalator • Payments begin after the first year of stabilization.

	• Prefer it paid as the first item in the cash flow distribution waterfall
Partnership Application Fee	• $5,000 non-refundable fee • Due at submission of formal partnership application
Bond Application Retainer	• $5,000 at time of bond application to cover legal counsel Bond Review Board inducement and submission
Bond Issuance Fee	• Closing fee equal to 0.40% of bond amount • Annual fee equal to 0.10% of bond amount • First 3 years of annual fees are also paid at closing
Short-Term Bond Issuance Fee (3 Years or Less)	• Closing fee equal to 0.50% of bond amount • Annual fee equal to 0.10% of bond amount • First 5 years of annual fees also paid at closing • Additional 5 years of annual fees paid upon sale or refinance
General Contractor Fee	• Fixed payment based on the number of units at $1,200 per door. • 50% paid at construction closing • 50% paid when the last Certificate of Occupancy is received
3rd Party Construction Monitoring Fee	• Not to Exceed $3500/month
Developer Fee Sharing	• Strategic HFC receives 25% of the Developer Fee at the same payout schedule as the Developer Partner. • If developer fee is deferred, deferred amounts will be paid as the first or second item in the cash flow distribution waterfall.
Refinance/Sale Fee	• 1.5% of Gross Proceeds
AMI Set Asides	• Minimum of 10% of units at 50% AMI or below • If income averaging, lower AMI units must be distributed proportionally throughout the various unit sizes and floor plans.

Underwriting Criteria	• **$300/unit/year replacement reserves** • **Assumed annual revenue escalator: 2%** • **Assumed annual expenses escalator: 3%** • **Assumed capitalization rate: Current Travis County Appraisal District Tax-Exempt Low-Income Housing Cap Rate** • **Ad Valorem Tax Abatement = Taxable Value x Property Mill Rate** • **No more than 80% of Developer Fee may be deferred**

Tenant Protections	In addition to LIHTC required tenant protections the following state statutory requirements and organizational requirements also apply and generally exceed LIHTC requirements:
	• Future property owners/managers will not refuse to rent a residential unit to a qualifying tenant that participates in the housing choice voucher program under Section 8, United States Housing Act of 1937 ("HCV Tenant"), nor will they permit the use of a financial or minimum income standard that requires an HCV Tenant to have a monthly income of more than 250% of the HCV Tenant's share of the total monthly rent payable for such residential unit.
	• Properties must affirmatively market their property to voucher holders AND notify the local Public Housing Authorities.
	• Future property owners/managers will attach the Strategic HFC Lease Addendum to all residential leases signed or renewed during the term of the Development's Regulatory Agreement.
	• No qualifying tenant will be denied continued occupancy of a unit in the Development because such tenant's income increases to exceed the qualifying limit for a qualifying unit
	• All leases must contain provisions that:
	  ○ Prohibit retaliation for participating in tenant organizing
	  ○ That are only non-renewable for cause
	  ○ Contain a 30-day notice of non-renewal
	• Properties must disclose all recurring optional and mandatory fees collected from tenants at the time of application for residency
	• Fees collected for accepting, reviewing, and processing applications for residency are limited to actual, reasonable, and customary costs incurred, but not to exceed $100 per household, to be reviewed annually
	• Late fees, or other penalty payments collected for non-payment of rent, are limited to 5% of the tenant's portion of the rent, or 5% of the outstanding non-rent balance

BOND ISSUER ONLY TERMS (NO PARTNERSHIP OR PROPERTY TAX EXEMPTION)	
Application Fee	A non-refundable payment of $5,000 is due before the board inducement. This will be credited to the closing bond issuance fee.
Issuance Fee	• Closing fee equal to 0.75% of bond amount • Annual fee equal to 0.10% of bond amount • First 3 years of annual fees are also paid at closing