

MacDonald Ladd Development LLC
1911 65th Ave W
Tacoma, WA 98466

Request for Proposals
Proposed Country Club Apartments



November 25, 2020

MacDonald Ladd Development LLC
1911 65th Ave W
Tacoma, WA 98466

November 25, 2020

State of Hawaii
Department of Natural Resources
Land Division

Re: Proposed Country Club Apartments

To Whom It May Concern:

MacDonald Ladd Development LLC, an affiliate of Southport Financial Services, and its principals appreciate the opportunity to submit this proposal to redevelop the former Country Club Condominium Hotel.

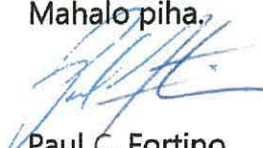
Our plan is to rehab the existing improvements and convert its use from commercial to affordable housing for seniors. We believe this approach is the best use of the property while providing the greatest benefit to the State and Banyan Drive community.

As long-term owners of affordable housing in Hilo and throughout the State of Hawaii, our team is uniquely qualified to successfully execute this complicated transition from commercial to residential use.

Enclosed please find further details and responses.

Thank you for your consideration. We look forward to working with you to achieve our shared goals.

Mahalo piha.



Paul C. Fortino
Manager

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DEPT. OF LAND &
NATURAL RESOURCES
STATE OF HAWAII

Executive Summary

There is a dire need in Hawaii for new, permanent affordable housing for seniors, a demographic that is rapidly growing and perpetually rent burdened.

We plan to submit an application to the Hawaii Housing Finance & Development Corporation (HHFDC) for 4% Low-Income Housing Tax Credits (LIHTCs) and Rental Housing Revolving Funds (RHRF) to acquire and rehab the Country Club Condominium Hotel and convert its use from commercial to affordable housing for seniors.

Our plans call for 65 total units, inclusive of sixty (60) one bedrooms (1 x 1) and five (5) two bedrooms (2 x 1).

We will set aside 95% of the units (60) for households earning at or below 60% of the Area Medium Income (AMI), 5% of the units (4) at 30% AMI leaving the remaining Common Area Unit (CAU) for an employee or qualified household. Additional set asides will include 100% units set aside for seniors.

Property amenities will include a resident business center, fitness room, bicycle storage, pool, community garden, library, storage lockers and community rooms.

The development schedule assumes a due diligence period of six (6) months and a financing / closing period of approximately eighteen months (18). Following closing, there will be a construction and break even period of approximately eighteen (18) to twenty-four (24) months during which time the building will be Placed-in-Service with a LIHTC compliance and affordability period of sixty-one (61) years.

The benefit to the community of the above plan will be multifold: millions of dollars in construction improvements, construction jobs, permanent jobs, rejuvenation of a blighted commercial building and new, affordable housing for seniors.

Proposed Country Club Apartments

1. **REPAIR, RENOVATION AND OPERATION PLAN**

a. Site Plan

Please see enclosed site plan and floor plan

b. Narrative

The plan is to acquire and rehabilitate the former Country Club Condominium Hotel and convert its use into 65 permanent, affordable apartments for seniors. Financing will include Low-Income Housing Tax Credits (LIHTCs) and permanent and soft debt.

We estimate it will take four (4) years to complete the redevelopment of the property, from predevelopment to closing; construction to fully leased-up.

Our plan would invest millions of dollars into the Hilo economy and generate numerous construction and long-term jobs.

Repositioning Country Club for affordable housing offers practical, holistic benefits to the State and Banyan Drive community.

c. Special Management Area

As the proposed use and operation will change from commercial to residential, the project will be subject to a SMA Use Permit Assessment. We will engage a permit expediter familiar with the Planning Department's SMA Use Permit Process.

d. Design Standards

The redevelopment of Country Club will include design features targeted at improving the life-safety needs of the project's population. Life-safety features will include, but not be limited to, installation of fire alarm system and electrical measures such as installation of GFCI outlets. Finishes and

green measures like photovoltaic panels, recycling stations, low flow plumbing fixtures and energy efficient appliances will reduce resident's overall cost of utilities.

e. Phasing Plan

Due Diligence - 6 months

Secure Financing & Close - 18 Months

Construction & Break Even - 18-24 Months

Initial Restrictive Covenants - 15 years

Extended Affordability Use - 46 Years

f. Protection of Shoreline and Coastal Waters

The Assessment Report notes the shoreline to be in fair condition with some erosion noted. We will work with their engineer to ensure shoreline reinforcement and protection for the duration of the lease.

g. Illustrations & Other Info

Please see enclosed proposed elevation

h. Community Benefits

With funding of the requested LIHTCs and RHRFs, Country Club Apartments will meet the following objectives and provide numerous benefits to the state, city and to Hawaii's low-income residents:

- Add 65 new affordable housing units to Hawaii's affordable housing stock, and aid in achieving the state's legislative goal of adding 22,500 new affordable units by 2026;

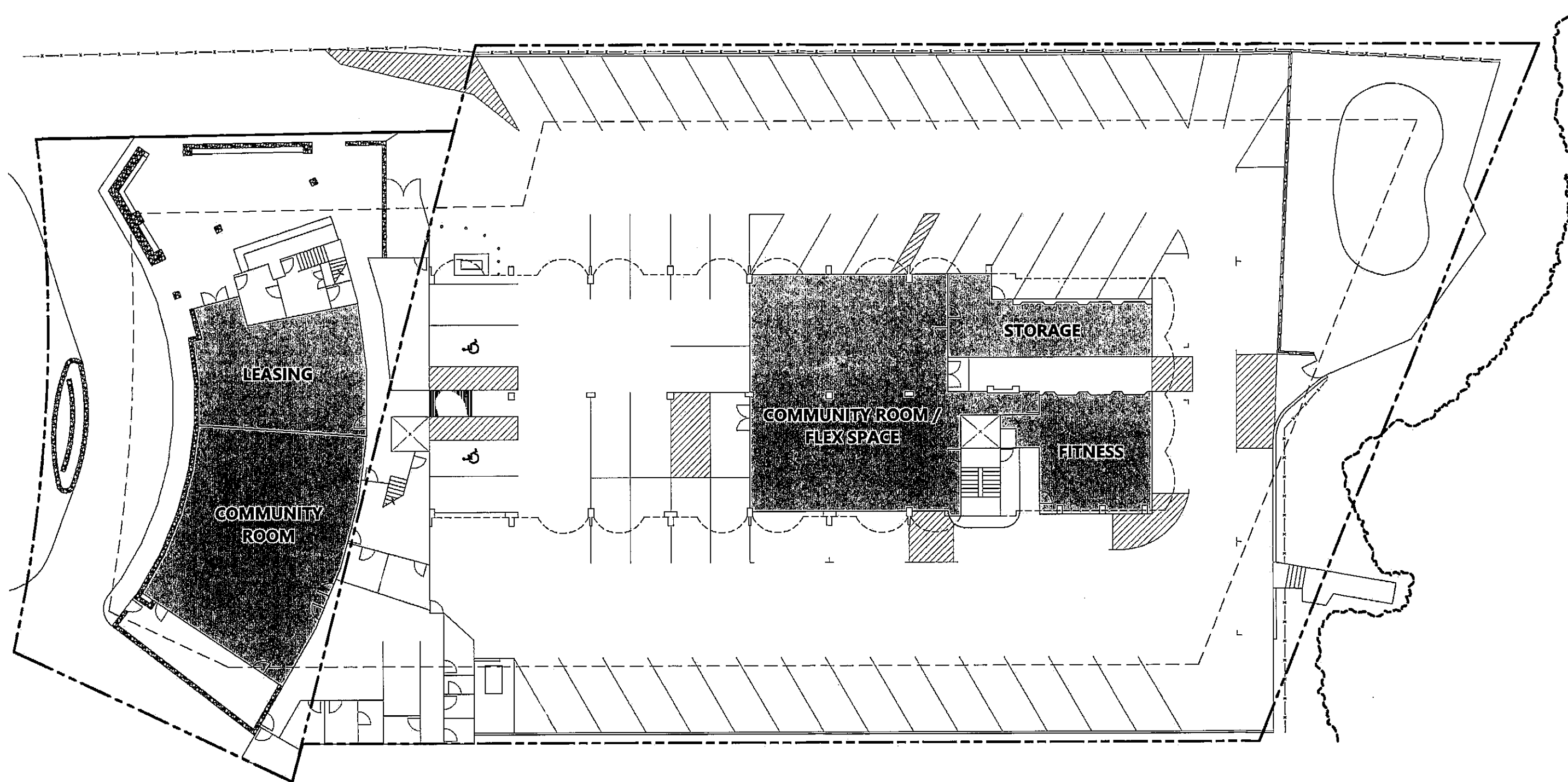
- Complete the adaptive reuse of a difficult to develop commercial building from an eyesore into a vibrant, affordable housing community.

While the creation of new affordable housing is the primary objective of Country Club Apartments, the adaptive reuse of the project will meet numerous other needs of the community. The project's existing structure was built in 1969 and is rapidly deteriorating. By transforming the site into a functional, operating residential property the community will benefit from the elimination of blight. The redevelopment of the site will also address key strategic objectives per the County of Hawaii's Consolidated Plan and Area Plan on Aging.

Country Club is a dynamic project that will create 65 new affordable housing units in Hilo and revitalize a long-deteriorating site to the benefit of the community at large.

i. Changes/differences from SOQ Response

We are not pursuing the acquisition and redevelopment of Uncle Billy's as adding elevators was deemed cost prohibitive.

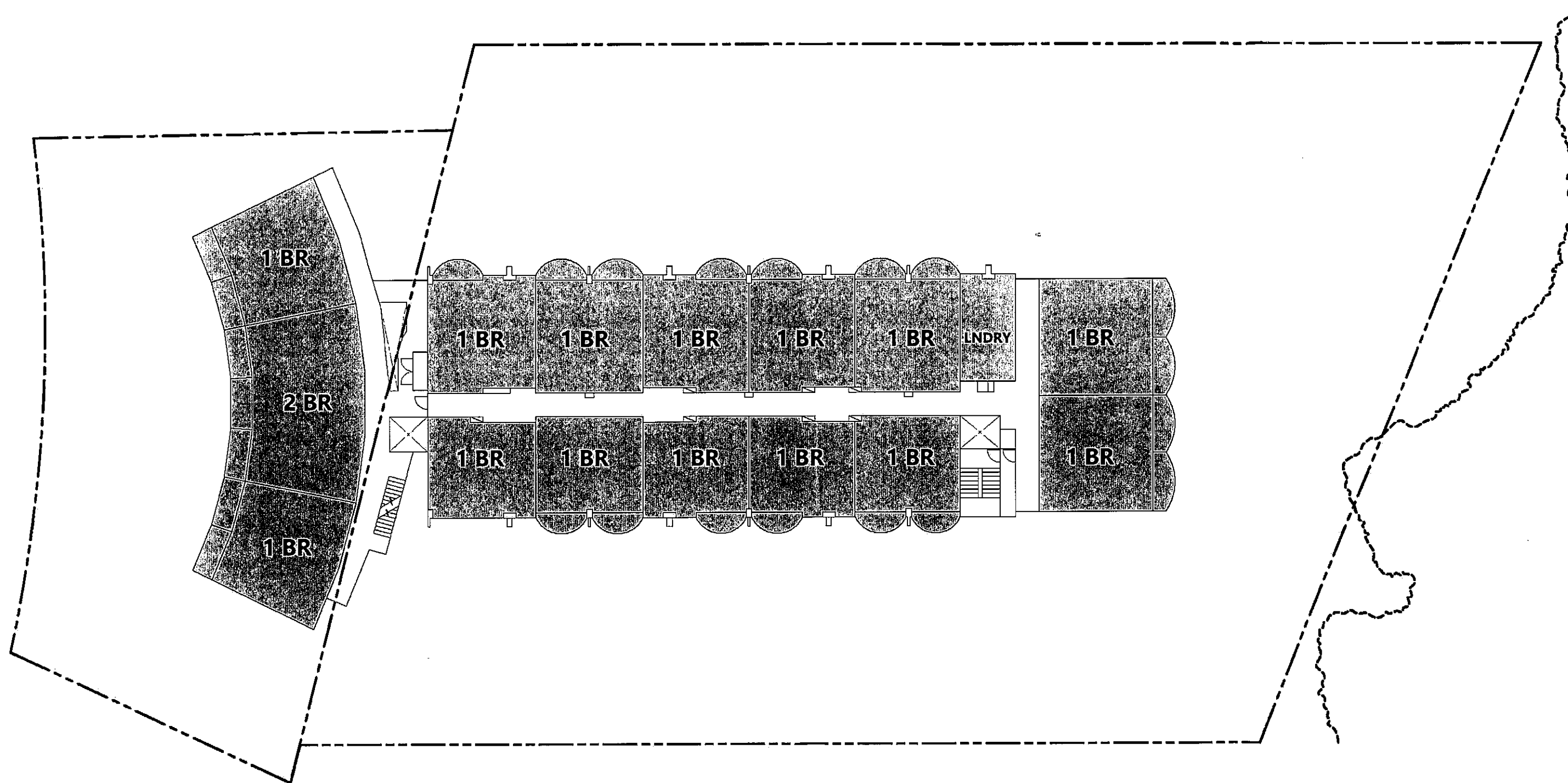


PROPOSED GROUND FLOOR PLAN




Prepared by:
ERKINE
ARCHITECTS, INC.

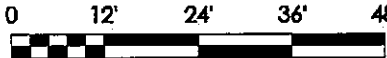





PROPOSED TYPICAL UPPER FLOOR PLAN



NORTH



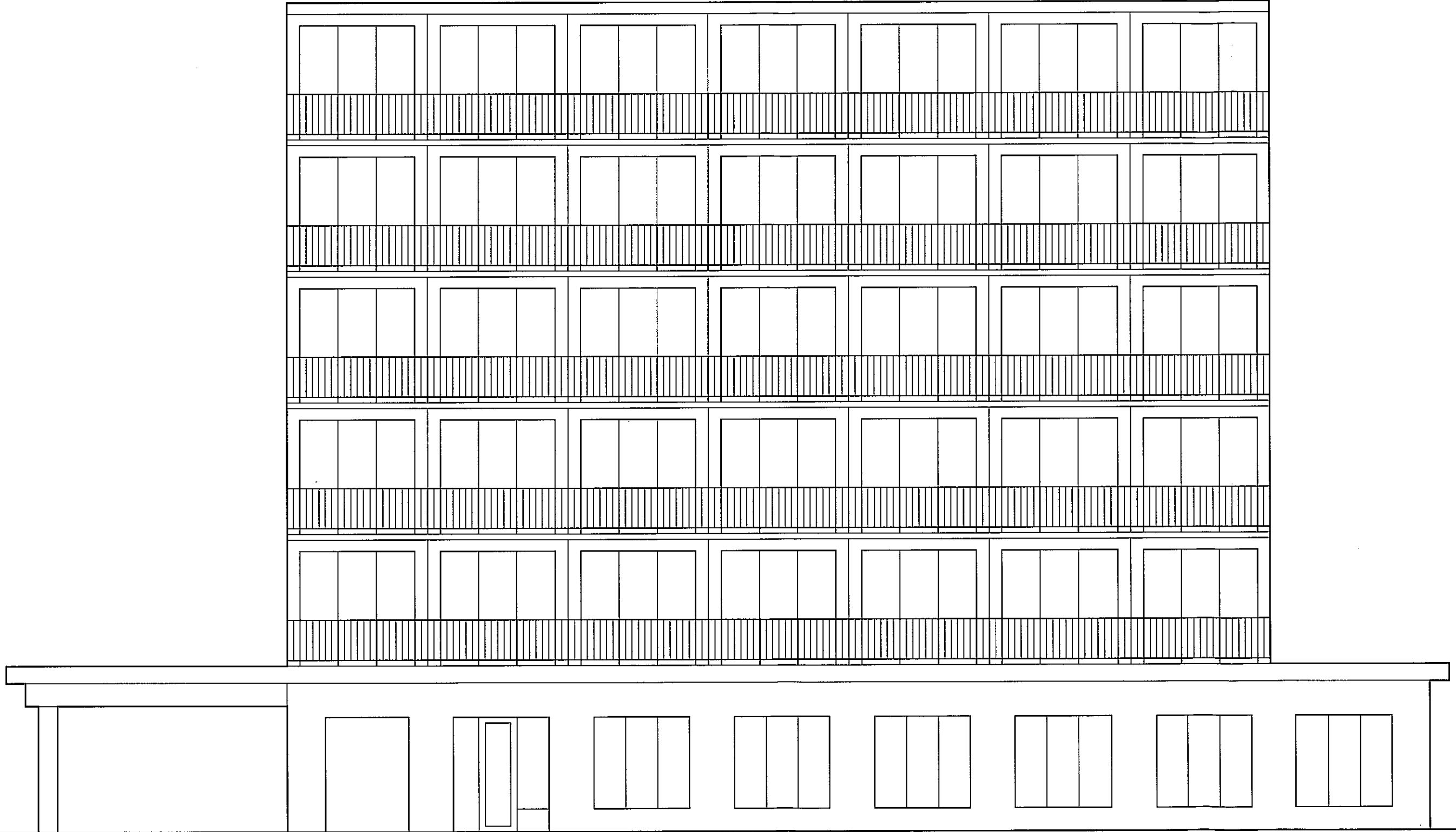
0 12' 24' 36' 48'



Prepared by:
ERSKINE
ARCHITECTS, INC.

SCALE: 1/24" = 1'-0"

Proposed Country Club Apartments
Hilo, HI



Proposed New Elevation

Proposed Country Club Apartments

2. **ECONOMIC PROPOSAL**

a. Annual Minimum Lease Rent

<u>Annual Minimum Rents</u>	<u>Period</u>
\$650,000	Closing
\$0 per Annum	Years 1-17
5% Assessed Land Value per Annum	Years 18-30
To be Negotiated	Years 31-65

b. Lease Terms and Conditions

TMK No. (3) 2-1-005: 020 - A fee interest in the improvements, personal property and appurtenant rights described in the RFP and a ground lease interest in the land on which such improvements are located

Term - 65 years

Price - Six Hundred Fifteen Thousand Dollars (\$650,000) payable in cash at closing

c. Lease Rent Waiver

NA

d. Other

NA

Proposed Country Club Apartments

3. BUSINESS PLAN

a. Repair, Renovation and Operation Schedule

Please see enclosed Draw Schedule and Operating Proforma

b. Land Use Entitlements and Approvals / Permits

We will enter into a Regulatory Agreement and Declaration of Restrictive Covenants with HHFDC along with other Mortgage, Security, Financing and Subordination Agreements.

We will engage a permit expediter familiar with the Planning Department's permit process.

c. Project Cost Estimates

Please see enclosed Construction Budget

d. Financial Proforma

Please see enclosed Development Proforma

e. Market and Financial Feasibility Analysis

Please see enclosed Comparable Market Analysis

f. Financing Strategy and Preliminary Commitments

As with past LIHTC developments, we plan to reach out to our many contacts in the equity and debt financing markets to obtain the best pricing for Country Club Apartments. No preliminary commitments are available at this time but we would be happy to provide soft Letters of Interest upon request.

g. Marketing and Leasing Plan

Please see enclosed draft Marketing and Leasing Plan

h. Method of Operation

Please see enclosed draft Management Agreement

Proposed Country Club Apartments Hilo, Hi

**65 Permanent Apartment
Homes for Seniors**

Proposed Country Club Apartments **Hilo, Hi**

RENT & INCOME LIMITS

Program and Location Information	
Affordable Housing Program	IRS Section 142 Tax-Exempt Bond
Year ⁽¹⁾⁽²⁾	2020 (effective 04/01/20)
State	HI
County	Hawaii County
MSA	Hawaii County, HI
Rent Calculation Based on ⁽³⁾	MTSP
Persons / Bedroom ⁽⁴⁾	1 Person / Bedroom + 1
4-person AMI ⁽⁵⁾	\$75,200
National Non-Metropolitan Median Income	\$62,300
Hold Harmless ⁽⁶⁾	You have indicated that your project was placed in service on or after 04/01/2020 and is therefore eligible to have its income and rent limit held harmless beginning with the 2020 limits.
Placed in Service Date ⁽⁷⁾	On or after 04/01/2020.

Income Limits for 2020 (Based on 2020 MTSP Income Limits)				
	Charts	60.00%	30.00%	140.00%
1 Person	▲	35,040	17,520	49,056
2 Person	▲	40,020	20,010	56,028
3 Person	▲	45,000	22,500	63,000
4 Person	▲	49,980	24,990	69,972
5 Person	▲	54,000	27,000	75,600
6 Person	▲	58,020	29,010	81,228
7 Person	▲	61,980	30,990	86,772
8 Person	▲	66,000	33,000	92,400
9 Person	▲	69,960	34,980	97,944
10 Person	▲	73,980	36,990	103,572
11 Person	▲	77,940	38,970	109,116
12 Person	▲	81,960	40,980	114,744

Rent Limits for 2020 (Based on 2020 MTSP Income Limits)				
	Bedrooms (People)	Charts	60.00%	30.00%
	1 Bedroom (2.0)	▲	1,000	500
	2 Bedrooms (3.0)	▲	1,125	562

1
2

60%	30%
\$1,000	\$500
\$1,125	\$562

Proposed Country Club Apartments Hilo, Hi

UTILITY ALLOWANCES

Utility Allowance Schedule		U.S. Department of Housing and Urban Development		OMB Approval No. 2577-0169			
See Public Reporting and Instructions on back.		Office of Public and Indian Housing		exp. 7/31/2022			
The following allowances are used to determine the total cost of tenant-furnished utilities and appliances.							
Locality/PHA		Unit Type		Date (mm/dd/yyyy)			
COUNTY OF HAWAII		Apartment Building (5+)		01/01/2020			
Utility or Service	Fuel Type	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	Natural Gas						
	Bottled Gas						
	Electric						
	Electric – Heat Pump						
	Fuel Oil						
	Other						
Cooking	Natural Gas	15	17	21	25	30	34
	Bottled Gas						
	Electric	26	28	37	46	55	63
	Other						
Other Electric		54	63	88	114	141	168
Air Conditioning							
Water Heating	Natural Gas	33	39	55	68	79	87
	Bottled Gas						
	Electric	32	39	52	64	75	87
	Fuel Oil						
Water		22	22	25	28	31	34
Sewer		27	27	27	27	27	27
Trash Collection							
Other – specify							
Range/Microwave		25	25	25	25	25	25
Refrigerator		25	25	25	25	25	25
Actual Family Allowances – May be used by the family to compute allowance while searching for a unit.				Utility/Service/Appliance		Allowance	
Head of Household Name				Heating			
				Cooking			
Unit Address				Other Electric			
				Air Conditioning			
Number of Bedrooms				Water Heating			
				Water			
				Sewer			
				Trash Collection			
				Other			
				Range/Microwave			
				Refrigerator			
				Total			

1

2

\$28 \$37

\$63 \$88

\$39 \$52

\$130 \$177

Proposed Country Club Apartments
Hilo, HI

UNIT MIX SUMMARY																	
Unit Type	Sq Ft	Total Units by Size	% Units AMI	% AMI	No. Units by AMI	Max TC Rent 2019	Rent Schedule					Proforma					Total Square Feet
							Max TC Rent 4/1/2020	Utility Allowance 1/1/2020	Net TC Rent	Total Monthly Rent	Total Annual Rent	Net TC Rent	Market Rent 60% AMI	Proforma Rent	Total Monthly Rent	Total Annual Rent	
1 x 1	800	59	0%	30%	4		\$500	\$130	\$370	\$1,480	\$17,760	\$370	\$870	\$370	\$1,480	\$17,760	3,200
			100%	60%	55		\$1,000	\$130	\$870	\$47,850	\$574,200	\$870	\$0	\$870	\$47,850	\$574,200	44,000
2 x 1	1,200	5	100%	60%	5		\$1,125	\$177	\$948	\$4,740	\$56,880	\$948	\$0	\$948	\$4,740	\$56,880	6,000
Subtotals / Avgs		64			64	\$0	\$979	\$134	\$845	\$54,070	\$648,840	\$845	\$54	\$845	\$54,070	\$648,840	53,200
1 x 1 CAU	0	1	100%	CAU / 60%	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
Totals / Avgs		65			65	\$0	\$963	\$132	\$832	\$54,070	\$648,840	\$832	\$54	\$832	\$54,070	\$648,840	53,200

95% Units (60) @ 60% AMI

5% Units (4) @ 30% AMI

OPERATING ASSUMPTIONS		
Rental Income	\$648,840	
Other Income	\$25,000	
Vacancy -7.00%	-\$47,169	
Total Revenues	\$626,671	
PUPA		
Advertising & Marketing	\$1,000	\$15
Ground Lease Rent	\$100	\$2
Insurance	\$50,000	\$769
Mgt Fee 4.00%	\$25,067	\$386
Payroll	\$107,500	\$1,654
Professional Fees	\$15,000	\$231
Maintenance	\$45,000	\$692
Administrative	\$17,500	\$269
Taxes	\$0	\$0
Utilities	\$130,500	\$2,008
LIHTC / Loan Fees	\$8,900	\$137
Replacement Reserves	\$22,750	\$350
Operating Reserves	\$0	\$0
Services	\$0	\$0
Total Expenses	\$423,317	\$6,513
NOI after RR & Services	\$203,354	

LOAN CALC - LTV		
NOI		\$203,354
Yr 0 CAP Rate		
Value		
LTV		
Allowable Loan		

PERM LOAN CALCULATION		
NOI		\$203,354
DCR	1.15	
Permitted DS	\$176,830	
Interest Rate	3.50%	
Term	35	
Amortization Period	35	
Permitted Debt	\$3,565,486	
Cash Flow	\$26,524	
Proposed Loan Amount	\$3,560,000	
Annual Payment	\$176,558	
Cash Flow	\$26,797	

CONSTRUCTION LOAN		
Interest Rate	3.50%	
Term	2	
Loan Amount	\$15,000,000	
Annual Payment	\$525,000	
Construction Period Interest - 18 Months	\$787,500	

PERMANENT SOURCES		
Federal LIHTC Equity	100.00%	\$10,060,150
State LIHTC Equity	100.00%	\$2,794,485
Permanent Loan		\$3,560,000
Rental Housing Revolving Fund		\$12,500,000
Deferred Fee		\$100,038
Total Sources		\$29,014,673
		\$0.00

CONSTRUCTION SOURCES		
Federal LIHTC Equity	20.00%	\$2,012,030
State LIHTC Equity	20.00%	\$558,897
Construction Loan - Bonds		\$15,000,000
Rental Housing Revolving Fund		\$11,055,996
Deferred Costs		\$387,750
Total Sources		\$29,014,673
		\$0.00

LIHTC EQUITY PAY IN		
Closing	20.00%	\$2,570,927
Completion	55.00%	\$7,070,049
Cost Cert	0.00%	\$0
Stabilization	20.00%	\$2,570,927
8609s	5.00%	\$642,732
Total Equity	100.00%	\$12,854,635
		\$0.00

DEVELOPER FEE PAY IN		
Closing	25.00%	\$891,990
Completion	25.00%	\$891,990
Cost Cert	0.00%	\$0
Stabilization	30.00%	\$1,070,388
8609s	20.00%	\$713,592
Deferred		\$100,038
Total Fee	100.00%	\$3,668,000
		\$0.00

USES & CREDIT CALCULATION				
	Total Cost	Acq Basis	Eligible Basis	Per Unit
Acquisition	\$650,000	\$650,000	\$0	\$10,000
Construction Contract	\$18,983,583	\$0	\$18,983,583	\$292,055
Contingency	\$2,497,840	\$0	\$2,497,840	\$38,428
Interim and Soft Costs	\$1,257,500	\$0	\$1,257,500	\$19,346
Financing and Syndication Costs	\$1,570,000	\$0	\$922,500	\$24,154
Developer Fee	\$3,668,000	\$0	\$3,668,000	\$56,431
Project Reserves	\$387,750	\$0	\$0	\$5,965
Total Development Costs	\$29,014,673	\$650,000	\$27,329,423	\$446,380
DDA or QCT	No	100.00%	130.00%	
Adjusted Eligible Basis		\$650,000	\$35,528,250	
Tax Credit Percentage	Dec 2020	3.09%	3.09%	
Annual Credits based on Eligible Basis		\$20,085	\$1,097,822	\$17,153
Total Credits			\$1,117,907	\$17,467
Credits Qualified For	Per Unit	Credits	Pricing	
Federal Credits	\$17,467	\$1,117,907	\$0.90	\$15,719
State Credits 5 Years	\$17,467	\$1,117,907	\$0.50	\$8,733
Total LIHTC Equity			\$12,854,635	\$197,764

TAX CREDITS & LEASE UP							
No.	Month	Year	Bldgs Complete	Units Complete	Units Placed In-Service	Acquisition Credits	First Year Credits
0	Jan	2022	0	0	0	\$0	\$0
1	Feb	2022	0	0	0	\$0	\$0
2	Mar	2022	0	0	0	\$0	\$0
3	Apr	2022	0	0	0	\$0	\$0
4	May	2022	0	0	0	\$0	\$0
5	Jun	2022	0	0	0	\$0	\$0
6	Jul	2022	0	3	3	\$78	\$4,288
7	Aug	2022	0	5	8	\$209	\$11,436
8	Sep	2022	0	8	16	\$418	\$22,871
9	Oct	2022	0	10	26	\$680	\$37,166
10	Nov	2022	0	10	36	\$941	\$51,460
11	Dec	2022	0	14	50	\$1,308	\$71,473
12	Jan	2023	0	14	64	\$1,674	\$91,485
13	Feb	2023	1	0	64	\$1,674	\$91,485
14	Mar	2023	0	0	64	\$1,674	\$91,485
15	Apr	2023	0	0	64	\$1,674	\$91,485
16	May	2023	0	0	64	\$1,674	\$91,485
17	Jun	2023	0	0	64	\$1,674	\$91,485
18	Jul	2023	0	0	64	\$1,674	\$91,485

Close

NTP

PIS

Completion

Conversion

Proposed Country Club Apartments
Hilo, HI

PROJECT COSTS							
	As of 11/24/2020 Closing Budget	No. Units 65 Cost Per Unit	Total SF 89,401 Cost Per SF	As of 11/24/2020 Projected Cost	% of Total Cost	Acquisition Basis	Rehab / New Construction Basis
Acquisition							
01 Land							
02 Building / Improvements	\$650,000.00	\$10,000.00	\$7.27	\$650,000.00	2.24%	\$650,000.00	
Subtotal Acquisition	\$650,000.00	\$10,000.00	\$7.27	\$650,000.00	2.24%	\$650,000.00	\$0.00
Construction / Rehabilitation Work							
03 Site Work - Off Site							
04 Site Work - On Site							
05 Rehabilitation (Exhibit Bravo-1)	\$16,652,266.21	\$256,188.71	\$186.26	\$16,652,266.21	57.39%		\$16,652,266.21
06 New Construction - Residential							
07 New Construction - Commercial							
08 New Construction - Community Svc Facility							
09 Parking							
10 Contractor Profit	6.00%	\$999,135.97	\$15,371.32	\$11.18	\$999,135.97	3.44%	\$999,135.97
11 Contractor Overhead	2.00%	\$333,045.32	\$5,123.77	\$3.73	\$333,045.32	1.15%	\$333,045.32
12 Contractor General Requirements	6.00%	\$999,135.97	\$15,371.32	\$11.18	\$999,135.97	3.44%	\$999,135.97
Subtotal Construction / Rehabilitation	GC Contract	\$18,983,583.48	\$292,055.13	\$212.34	\$18,983,583.48	65.43%	\$0.00
Contingency							
52 Contingency	\$2,497,839.93	\$38,428.31	\$27.94	\$2,497,839.93	8.61%		\$2,497,839.93
Subtotal Contingency	\$2,497,839.93	\$38,428.31	\$27.94	\$2,497,839.93	8.61%	\$0.00	\$2,497,839.93
Interim and Soft Costs							
13 Accounting / Cost Certification	\$15,000.00	\$230.77	\$0.17	\$15,000.00	0.05%		\$15,000.00
14 Advertising / Marketing	\$32,500.00	\$500.00	\$0.36	\$32,500.00	0.11%		\$32,500.00
15 Appraisal	\$15,000.00	\$230.77	\$0.17	\$15,000.00	0.05%		\$15,000.00
16 Architect Fee - Design	% of Hard Costs 1.80%	\$300,000.00	\$4,615.38	\$3.36	\$300,000.00	1.03%	\$300,000.00
17 Architect Fee - Supervision	% of Hard Costs 0.60%	\$100,000.00	\$1,538.46	\$1.12	\$100,000.00	0.34%	\$100,000.00
18 Building Permits		\$100,000.00	\$1,538.46	\$1.12	\$100,000.00	0.34%	\$100,000.00
19 Consulting		\$150,000.00	\$2,307.69	\$1.68	\$150,000.00	0.52%	\$150,000.00
20 Engineering	% of Hard Costs 0.60%	\$100,000.00	\$1,538.46	\$1.12	\$100,000.00	0.34%	\$100,000.00
21 Environmental Report		\$25,000.00	\$384.62	\$0.28	\$25,000.00	0.09%	\$25,000.00
22 Insurance		\$60,000.00	\$923.08	\$0.67	\$60,000.00	0.21%	\$60,000.00
23 Legal Fee		\$50,000.00	\$769.23	\$0.56	\$50,000.00	0.17%	\$50,000.00
24 Market Study		\$10,000.00	\$153.85	\$0.11	\$10,000.00	0.03%	\$10,000.00
25 Organizational Expenses		\$10,000.00	\$153.85	\$0.11	\$10,000.00	0.03%	\$10,000.00
26 Payment & Performance Bond - Owner Paid		\$125,000.00	\$1,923.08	\$1.40	\$125,000.00	0.43%	\$125,000.00
27 Taxes - Other							
28 Taxes - Real Property							
29 Other: FF&E	\$65,000.00	\$1,000.00	\$0.73	\$65,000.00	0.22%		\$65,000.00
30 Other: Soft Cost Contingency	\$100,000.00	\$1,538.46	\$1.12	\$100,000.00	0.34%		\$100,000.00
Subtotal Interim & Soft Costs	\$1,257,500.00	\$19,346.15	\$14.07	\$1,257,500.00	4.33%	\$0.00	\$1,257,500.00
Financing and Syndication Costs							
31 Bond Financing Costs (Exhibit Bravo-2)	\$340,000.00	\$5,230.77	\$3.80	\$340,000.00	1.17%		
32 Construction Loan - Fees	\$75,000.00	\$1,153.85	\$0.84	\$75,000.00	0.26%		\$75,000.00
33 Construction Loan - Interest	\$790,000.00	\$12,153.85	\$8.84	\$790,000.00	2.72%		\$592,500.00
34 Credit Report							
35 HHFDC LIHTC Fee	\$110,000.00	\$1,692.31	\$1.23	\$110,000.00	0.38%		
36 Legal Fee - Financing	\$100,000.00	\$1,538.46	\$1.12	\$100,000.00	0.34%		\$100,000.00
37 Lender / Investor Inspection Fee	\$25,000.00	\$384.62	\$0.28	\$25,000.00	0.09%		\$25,000.00
38 Permanent Loan - Enhancement Fee							
39 Permanent Loan - Fee							

Proposed Country Club Apartments
Hilo, HI

PROJECT COSTS									
		As of 11/24/2020 Closing Budget	No. Units 65 Cost Per Unit	Total SF 89,401 Cost Per SF	As of 11/24/2020 Projected Cost	% of Total Cost	Acquisition Basis	Rehab / New Construction Basis	
40 Tax Opinion									
41 Title, Escrow & Recording		\$80,000.00	\$1,230.77	\$0.89	\$80,000.00	0.28%			\$80,000.00
42 Other: Syndicator Fee		\$25,000.00	\$384.62	\$0.28	\$25,000.00	0.09%			\$25,000.00
43 Other: Annual Servicing Fee		\$25,000.00	\$384.62	\$0.28	\$25,000.00	0.09%			\$25,000.00
Subtotal Financing & Syndication		\$1,570,000.00	\$24,153.85	\$17.56	\$1,570,000.00	5.41%	\$0.00		\$922,500.00
Developer Fee (Exhibit Bravo-3)									
44 Developer - Fee	15.00% 75.00%	\$2,751,000.00	\$42,323.08	\$30.77	\$2,751,000.00	9.48%			\$2,751,000.00
45 Developer - Overhead	25.00%	\$917,000.00	\$14,107.69	\$10.26	\$917,000.00	3.16%			\$917,000.00
	Total Dev Fee \$3,668,000.00								
46 Developer - Consulting Fee									
47 Developer - Management Fee									
Subtotal Developer Fee		\$3,668,000.00	\$56,430.77	\$41.03	\$3,668,000.00	12.64%	\$0.00		\$3,668,000.00
Project Reserves									
48 Replacement / Capital Reserve	\$350	\$22,750.00	\$350.00	\$0.25	\$22,750.00	0.08%			
49 Operating Reserve	6 Months	\$300,000.00	\$4,615.38	\$3.36	\$300,000.00	1.03%			
50 Rent-Up Reserve		\$65,000.00	\$1,000.00	\$0.73	\$65,000.00	0.22%			
51 Other:									
Subtotal Reserves		\$387,750.00	\$5,965.38	\$4.34	\$387,750.00	1.34%	\$0.00		\$0.00
Total		\$29,014,673.41	\$446,379.59	\$324.55	\$29,014,673.41	100.00%	\$650,000.00		\$27,329,423.41

Proposed Country Club Apartments
Hilo, HI

DRAW SCHEDULE																												
	Permanent Period			Construction Period		Closing Pending	Construction Period (est.)												Completion	100% Leased	Break-Even Period (est.)				Conversion	Math Check	Variance	
	As of: 11/24/2020		As of: 11/24/2020			Draw 0 Jan-22	Draw 1 Feb-22	Draw 2 Mar-22	Draw 3 Apr-22	Draw 4 May-22	Draw 5 Jun-22	Draw 6 Jul-22	Draw 7 Aug-22	Draw 8 Sep-22	Draw 9 Oct-22	Draw 10 Nov-22	Draw 11 Dec-22	Draw 12 Jan-23	Draw 13 Feb-23	Draw 14 Mar-23	Draw 15 Apr-23	Draw 16 May-23	Draw 17 Jun-23	Draw 18 Jul-23				
	Closing Budget	Adjust-ments	Revised Costs	Deferred Costs	Construction Costs																							
Uses																										\$650,000.00	\$0.00	
01-02 Acquisition	\$650,000.00		\$650,000.00		\$650,000.00	\$650,000.00																					\$650,000.00	\$0.00
Construction this Month					% Complete	0.0%	5.0%	7.5%	7.5%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	100.0%		
Running Total Construction						0.0%	5.0%	12.5%	20.0%	30.0%	40.0%	50.0%	60.0%	70.0%	80.0%	87.5%	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			
03-12 Construction	\$18,983,583.48		\$18,983,583.48		\$18,983,583.48		\$949,179.17	\$1,423,768.76	\$1,423,768.76	\$1,898,358.35	\$1,898,358.35	\$1,898,358.35	\$1,898,358.35	\$1,898,358.35	\$1,898,358.35	\$1,423,768.76	\$1,423,768.76	\$949,179.17								\$18,983,583.48	\$0.00	
52 Contingency	\$2,497,839.93		\$2,497,839.93		\$2,497,839.93		\$124,892.00	\$187,337.99	\$187,337.99	\$249,783.99	\$249,783.99	\$249,783.99	\$249,783.99	\$249,783.99	\$249,783.99	\$187,337.99	\$187,337.99	\$124,892.00								\$2,497,839.93	\$0.00	
13 Accounting / Cost Certification	\$15,000.00		\$15,000.00	-\$15,000.00	\$0.00																				\$15,000.00	\$15,000.00	\$0.00	
14 Advertising / Marketing	\$32,500.00		\$32,500.00		\$32,500.00								\$5,416.67	\$5,416.67	\$5,416.67	\$5,416.67	\$5,416.67	\$5,416.67								\$32,500.00	\$0.00	
15 Appraisal	\$15,000.00		\$15,000.00		\$15,000.00	\$15,000.00																				\$15,000.00	\$0.00	
16-17 Architect	\$400,000.00		\$400,000.00		\$400,000.00	\$300,000.00	\$8,333.33	\$8,333.33	\$8,333.33	\$8,333.33	\$8,333.33	\$8,333.33	\$8,333.33	\$8,333.33	\$8,333.33	\$8,333.33	\$8,333.33	\$8,333.33								\$400,000.00	\$0.00	
18 Building Permits	\$100,000.00		\$100,000.00		\$100,000.00	\$100,000.00																				\$100,000.00	\$0.00	
19 Consulting	\$150,000.00		\$150,000.00		\$150,000.00	\$112,500.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00								\$150,000.00	\$0.00	
20 Engineering	\$100,000.00		\$100,000.00		\$100,000.00	\$75,000.00	\$2,083.33	\$2,083.33	\$2,083.33	\$2,083.33	\$2,083.33	\$2,083.33	\$2,083.33	\$2,083.33	\$2,083.33	\$2,083.33	\$2,083.33	\$2,083.33								\$100,000.00	\$0.00	
21 Environmental Report	\$25,000.00		\$25,000.00		\$25,000.00	\$25,000.00																				\$25,000.00	\$0.00	
22 Insurance	\$60,000.00		\$60,000.00		\$60,000.00	\$60,000.00																				\$60,000.00	\$0.00	
23 Legal Fee	\$50,000.00		\$50,000.00		\$50,000.00	\$50,000.00																				\$50,000.00	\$0.00	
24 Market Study	\$10,000.00		\$10,000.00		\$10,000.00	\$10,000.00																				\$10,000.00	\$0.00	
25 Organizational Expenses	\$10,000.00		\$10,000.00		\$10,000.00	\$10,000.00																				\$10,000.00	\$0.00	
26 Payment & Performance Bond - Owner Paid	\$125,000.00		\$125,000.00		\$125,000.00	\$125,000.00																				\$125,000.00	\$0.00	
27-28 Taxes	\$0.00		\$0.00		\$0.00																					\$0.00	\$0.00	
29 Other: FF&E	\$65,000.00		\$65,000.00		\$65,000.00													\$65,000.00								\$65,000.00	\$0.00	
30 Other: Soft Cost Contingency	\$100,000.00		\$100,000.00		\$100,000.00		\$5,000.00	\$7,500.00	\$7,500.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$7,500.00	\$7,500.00	\$5,000.00							\$100,000.00	\$0.00	
31 Bond Financing Costs (Exhibit Bravo-2)	\$340,000.00		\$340,000.00		\$340,000.00	\$340,000.00																				\$340,000.00	\$0.00	
32 Construction Loan - Fees	\$75,000.00		\$75,000.00		\$75,000.00	\$75,000.00																				\$75,000.00	\$0.00	
33 Construction Loan - Interest	\$790,000.00		\$790,000.00		\$790,000.00	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$41,578.95	\$790,000.00	\$0.00	
34 Credit Report	\$0.00		\$0.00		\$0.00																					\$0.00	\$0.00	
35 HHFDC LIHTC Fee	\$110,000.00		\$110,000.00		\$110,000.00	\$110,000.00																				\$110,000.00	\$0.00	
36 Legal Fee - Financing	\$100,000.00		\$100,000.00		\$100,000.00	\$100,000.00																				\$100,000.00	\$0.00	
37 Lender / Investor Inspection Fee	\$25,000.00		\$25,000.00		\$25,000.00	\$25,000.00																				\$25,000.00	\$0.00	
38-39 Permanent Loan Fees	\$0.00		\$0.00		\$0.00																					\$0.00	\$0.00	
40 Tax Opinion	\$0.00		\$0.00		\$0.00																					\$0.00	\$0.00	
41 Title, Escrow & Recording	\$80,000.00		\$80,000.00		\$80,000.00	\$80,000.00																				\$80,000.00	\$0.00	
42 Other: Syndicator Fee	\$25,000.00		\$25,000.00		\$25,000.00	\$25,000.00																				\$25,000.00	\$0.00	
43 Other: Annual Servicing Fee	\$25,000.00		\$25,000.00		\$25,000.00	\$25,000.00																				\$25,000.00	\$0.00	
Developer Fee Pay In						25.00%												25.00%							50.00%	100.00%		
Developer Fee	\$3,668,000.00		\$3,668,000.00		\$3,668,000.00	\$288,070.75												\$283,168.00							\$3,096,761.25	\$3,668,000.00	\$0.00	
44-47 Developer Fees	\$3,668,000.00		\$3,668,000.00	-\$3,096,761.25	\$571,238.75	\$288,070.75												\$283,168.00							\$3,096,761.25	\$3,668,000.00	\$0.00	
48 Replacement / Capital Reserve	\$22,750.00		\$22,750.00	-\$22,750.00	\$0.00																				\$22,750.00	\$22,750.00	\$0.00	
49 Operating Reserve	\$300,000.00		\$300,000.00	-\$300,000.00	\$0.00																				\$300,000.00	\$300,000.00	\$0.00	
50 Rent-Up Reserve	\$65,000.00		\$65,000.00		\$65,000.00								\$10,833.33	\$10,833.33	\$10,833.33	\$10,833.33	\$10,833.33	\$10,833.33										

OPERATING PROFORMA

No. Units 65

Revenues

Rent Income - Tenant
 Rent Income - Local Hsg. Asst.
 Rent - Section 8 Addl.
 Gain (Loss) to Lease
Total Rent Potential

Year 9 2030	Year 10 2031	Year 11 2032	Year 12 2033	Year 13 2034	Year 14 2035	Year 15 2036	Year 16 2037
\$790,549	\$810,312	\$830,570	\$851,334	\$872,618	\$894,433	\$916,794	\$939,714
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$790,549	\$810,312	\$830,570	\$851,334	\$872,618	\$894,433	\$916,794	\$939,714

Other Income: W/D Rental / Laundry & Vending

Other Income:

Total Residential Income

\$18,276	\$18,733	\$19,201	\$19,681	\$20,173	\$20,678	\$21,195	\$21,724
\$12,184	\$12,489	\$12,801	\$13,121	\$13,449	\$13,785	\$14,130	\$14,483
\$821,009	\$841,534	\$862,572	\$884,136	\$906,240	\$928,896	\$952,118	\$975,921

Less Vacancy

Less Concessions

Less Bad Debt

Effective Gross Income

-\$57,471	-\$58,907	-\$60,380	-\$61,890	-\$63,437	-\$65,023	-\$66,648	-\$68,314
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$763,538	\$782,626	\$802,192	\$822,247	\$842,803	\$863,873	\$885,470	\$907,607

Expenses

Advertising & Marketing
 Ground Lease Rent
 Insurance
 Management Fee
 Payroll
 Payroll - Taxes
 Professional Fees - Accounting
 Professional Fees - Legal
 Repairs & Maintenance
 Repairs & Maintenance - Staff
 Repairs & Maintenance - Supplies
 Security
 Supplies: Office
 Taxes - Income
 Taxes - Real Property
 Taxes - Other
 Utilities - Electric
 Utilities - Water & Sewer
 Utilities - Other
 Other: Administrative
 Other:

\$1,317	\$1,363	\$1,411	\$1,460	\$1,511	\$1,564	\$1,619	\$1,675
\$132	\$136	\$141	\$146	\$151	\$156	\$162	\$168
\$65,840	\$68,145	\$70,530	\$72,998	\$75,553	\$78,198	\$80,935	\$83,767
\$33,008	\$34,164	\$35,359	\$36,597	\$37,878	\$39,203	\$40,576	\$41,996
\$72,424	\$74,959	\$77,583	\$80,298	\$83,109	\$86,018	\$89,028	\$92,144
\$9,876	\$10,222	\$10,579	\$10,950	\$11,333	\$11,730	\$12,140	\$12,565
\$13,168	\$13,629	\$14,106	\$14,600	\$15,111	\$15,640	\$16,187	\$16,753
\$6,584	\$6,814	\$7,053	\$7,300	\$7,555	\$7,820	\$8,093	\$8,377
\$52,672	\$54,516	\$56,424	\$58,399	\$60,443	\$62,558	\$64,748	\$67,014
\$59,256	\$61,330	\$63,477	\$65,699	\$67,998	\$70,378	\$72,841	\$75,391
\$6,584	\$6,814	\$7,053	\$7,300	\$7,555	\$7,820	\$8,093	\$8,377
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$3,292	\$3,407	\$3,526	\$3,650	\$3,778	\$3,910	\$4,047	\$4,188
\$6,584	\$6,814	\$7,053	\$7,300	\$7,555	\$7,820	\$8,093	\$8,377
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$86,909	\$89,951	\$93,100	\$96,358	\$99,731	\$103,221	\$106,834	\$110,573
\$69,791	\$72,234	\$74,762	\$77,378	\$80,087	\$82,890	\$85,791	\$88,793
\$15,143	\$15,673	\$16,222	\$16,790	\$17,377	\$17,985	\$18,615	\$19,267
\$13,168	\$13,629	\$14,106	\$14,600	\$15,111	\$15,640	\$16,187	\$16,753
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ 515,750	\$ 533,802	\$ 552,485	\$ 571,822	\$ 591,835	\$ 612,550	\$ 633,989	\$ 656,179

Subtotal Operating Expenses

Asset Management Fee
 Compliance Fee - HHFDC
 HMMF Admin. Fee - HHFDC
 Reserves - Cap Ex/Replacement
 Reserves - Other
 Other:
 Other:

\$6,584	\$6,814	\$7,053	\$7,300	\$7,555	\$7,820	\$8,093	\$8,377
\$2,140	\$2,215	\$2,292	\$2,372	\$2,455	\$2,541	\$2,630	\$2,722
\$2,996	\$3,101	\$3,209	\$3,321	\$3,438	\$3,558	\$3,683	\$3,811
\$29,957	\$31,006	\$32,091	\$33,214	\$34,377	\$35,580	\$36,825	\$38,114
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ 41,677	\$ 43,136	\$ 44,645	\$ 46,208	\$ 47,825	\$ 49,499	\$ 51,232	\$ 53,025

Subtotal Other Expenses**Total Expenses**

\$ 557,427	\$ 576,937	\$ 597,130	\$ 618,030	\$ 639,661	\$ 662,049	\$ 685,221	\$ 709,203
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NOI after RR

\$ 206,111	\$ 205,689	\$ 205,062	\$ 204,217	\$ 203,142	\$ 201,824	\$ 200,249	\$ 198,403
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100% of Cash Flow
 0% of Cash Flow
Total Debt Service

\$176,558	\$176,558	\$176,558	\$176,558	\$176,558	\$176,558	\$176,558	\$176,558
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$14,776	\$14,566	\$14,252	\$13,830	\$13,292	\$12,633	\$11,846	\$10,923
\$191,334	\$191,123	\$190,810	\$190,387	\$189,850	\$189,191	\$188,404	\$187,481

Projected Net Cash Flow

Debt Coverage Ratio (DCR) w/o Deferred Fee

Debt Coverage Ratio (DCR) with Deferred Fee

\$14,776	\$14,566	\$14,252	\$13,830	\$13,292	\$12,633	\$11,846	\$10,923
1.17	1.16	1.16	1.16	1.15	1.14	1.13	1.12
1.17	1.16	1.16	1.16	1.15	1.14	1.13	1.12

Balance of Deferred Fee

Other:

\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$12,434,780	\$12,420,214	\$12,405,962	\$12,392,132	\$12,378,840	\$12,366,207	\$12,354,361	\$12,343,438



**Proposed Country Club Apartments
Hilo, HI**

CONSTRUCTION BUDGET			
CSI Code	Division	Description	Cost
1000	DIVISION 01	GENERAL REQUIREMENTS	\$838,775
		General Requirements	\$838,775
2000	DIVISION 02	EXISTING CONDITIONS	\$1,256,789
		Selective Site Demolition	\$1,256,789
3000	DIVISION 03	CONCRETE	\$573,230
		Concrete and Masonry Repair	\$573,230
4000	DIVISION 04	MASONRY	\$28,838
		Masonry	\$28,838
5000	DIVISION 05	METALS	\$347,295
		Structural Steel & Misc Metals	\$195,406
		Decorative Metal Railings	\$151,889
6000	DIVISION 06	WOODS AND PLASTICS	\$1,075,626
		Carpentry	\$843,678
		Millwork	\$231,948
7000	DIVISION 07	THERMAL / MOISTURE	\$210,563
		Fluid Applied Roofing & Insulation	\$161,901
		Flashing and Sheet Metal	See Roofing
		Firestopping	\$48,887
8000	DIVISION 08	OPENINGS	\$1,800,337
		Metal Doors and Frames	\$93,811
		Wood Doors	\$140,003
		Access Doors and Panels	\$2,505
		Door Finish Hardware	\$99,125
		Glazing	\$1,465,105
9000	DIVISION 09	FINISHES	\$3,179,838
		Gypsum Board Assemblies and EIFS	\$2,006,761
		Solid Surface	\$273,128
		Flooring	\$410,367
		Painting	\$489,583
10000	DIVISION 10	SPECIALTIES	\$250,706
		Signage	\$18,661.30
		Toilet Accessories	\$44,541
		Fire Extinguishers	\$23,890.28
		Postal Specialties	\$10,258.68
		Smoke Curtains	\$119,847
11000	DIVISION 11	EQUIPMENT	\$98,242
		Residential Appliances	\$92,749
		Building Maintenance Equipment	\$6,360
12000	DIVISION 12	FURNISHING	\$27,836
		Window Treatments	\$26,366
		Site Furnishing	\$1,702
14000	DIVISION 14	CONVEYING EQUIPMENT	\$576,596
		Elevator	\$576,596
21000	DIVISION 21	FIRE SUPPRESSION	\$0
		Fire Suppression	See HVAC



**Proposed Country Club Apartments
Hilo, HI**

CONSTRUCTION BUDGET			
22000	DIVISION 22	PLUMBING	\$0
		Plumbing	See HVAC
23000	DIVISION 23	HVAC	\$2,925,573
		HVAC	\$2,925,573
26000	DIVISION 26	ELECTRICAL	\$2,881,230
		Electrical	\$2,881,230
31000	DIVISION 31	EARTHWORK	\$329,075
		Earthwork and Utilities	\$303,475
		Soil Treatment and Vegetation Control	\$25,600
32000	DIVISION 32	EXTERIOR IMPROVEMENTS	\$251,716
		Paving	\$191,716
		Striping	See Painting
		Landscape and Irrigation	\$60,000
Total Hard Costs			\$16,652,266
Total Profit, Overhead and General Requirements			14% \$2,331,317
Exempt	Total General Excise and Use Tax		\$0
Total Construction Budget			\$18,983,583

Hale Hoaloha

Rental Market Survey

Date: 10/25/2020

Property Name
Location
Phone Number
Property Type
Total Units
Year Built
Current Occupancy

Hale Hoaloha	Bayview Banyan	Hale Hinano	Central Apartments		
Hilo	Hilo	Hilo	Hilo		
935-9101	747-7034	844-281-5338	935-4152		
HUD/TIC	Private	Private	Private		
81	98	24	34		
1973	1978	1975	1963		
99%	100%	96%	97%		

Unit Type
Total Units This Type
Rent (Low/High)
Square Feet
Rent per Square Foot

1x1												Averages
12	50		0		11							
\$938	\$938	\$1,150	\$1,350	N/A	N/A	\$840	\$840	N/A	N/A	N/A	N/A	\$1,009
620	620	500	500	N/A	N/A	650	650	N/A	N/A	N/A	N/A	590
\$1.51	\$1.51	\$2.30	\$2.70	N/A	N/A	\$1.29	\$1.29	N/A	N/A	N/A	N/A	\$1.77

Unit Type
Total Units This Type
Rent (Low/High)
Square Feet
Rent per Square Foot

2x1												Averages
30	47		21		23							
\$1,104	\$1,104	\$1,700	\$1,950	\$975	\$975	\$975	\$975	N/A	N/A	N/A	N/A	\$1,220
653	653	1000	1000	720	720	792	792	N/A	N/A	N/A	N/A	791
\$1.69	\$1.69	\$1.70	\$1.95	\$1.35	\$1.35	\$1.23	\$1.23	N/A	N/A	N/A	N/A	\$1.53

Unit Type
Total Units This Type
Rent (Low/High)
Square Feet
Rent per Square Foot

3x1												Averages
30	0		3		0							
\$1,379	\$1,379	N/A	N/A	\$900	\$900	N/A	N/A	N/A	N/A	N/A	N/A	\$1,140
739	739	N/A	N/A	840	840	N/A	N/A	N/A	N/A	N/A	N/A	790
\$1.87	\$1.87	N/A	N/A	\$1.07	\$1.07	N/A	N/A	N/A	N/A	N/A	N/A	\$1.47

Unit Type
Total Units This Type
Rent (Low/High)
Square Feet
Rent per Square Foot

4x1												Averages
9	0		0		0							
\$1,658	\$1,658	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$1,658
959	959	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	959
\$1.73	\$1.73	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$1.73

Hale Hoaloha

Rental Market Survey

Current Specials

Total Value of	1x1
Concession or	2x1
Special Over	3x1
Term of Lease	4x1
Required Lease Term	
Screening Fee	
Non-Refundable Fees	
Refundable Deposit	
Pet Deposit	

Hale Hoaloha	Bayview Banyan	Hale Hinano	Central Apartments	0	0
None/MTM	6 Months	6 Months	None/MTM		
\$0	\$30	\$20	\$20		
N/A	N/A	N/A	N/A		
On move out	On move out	On move out	On move out		
None	\$100	N/A	N/A		

Adjustments for Amenities Included with Rent												
Value												
Water & Sewer	\$131	Yes	Yes	\$0	Yes	\$0	Yes	\$0	No	\$131	No	\$131
Trash Removal	\$15	Yes	Yes	\$0	Yes	\$0	Yes	\$0	No	\$15	No	\$15
Heat	\$0	N/A	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Covered Parking	\$0	N/A	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Washer & Dryer	\$26	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Dishwasher	\$15	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Air Conditioning	\$65	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Fitness Center	\$40	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Pool or Spa	\$30	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Playground	\$50	Yes	No	\$50	No	\$50	No	\$50	No	\$50	No	\$50
Business Center	\$25	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Community Room	\$50	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Electricity	\$152	Yes	Yes	\$0	No	\$152	No	\$152	No	\$152	No	\$152
Other	\$0	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Other	\$0	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0
Other	\$0	No	No	\$0	No	\$0	No	\$0	No	\$0	No	\$0

Total Adjustments for Amenities by Property: \$50 \$202 \$202 \$348 \$348

Monthly Value of Current Special or Concession						
1x1	\$0	\$0	\$0	\$0	\$0	\$0
2x1	\$0	\$0	\$0	\$0	\$0	\$0
3x1	\$0	\$0	\$0	\$0	\$0	\$0
4x1	\$0	\$0	\$0	\$0	\$0	\$0

	Net Adjusted Rents by Unit Type												Averages
1x1	\$938	\$938	\$1,200	\$1,400	N/A	N/A	\$1,042	\$1,042	N/A	N/A	N/A	N/A	\$1,093
2x1	\$1,104	\$1,104	\$1,750	\$2,000	\$1,177	\$1,177	\$1,177	\$1,177	N/A	N/A	N/A	N/A	\$1,333
3x1	\$1,379	\$1,379	N/A	N/A	\$1,102	\$1,102	N/A	N/A	N/A	N/A	N/A	N/A	\$1,241
4x1	\$1,658	\$1,658	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$1,658

**MARKETING AND MANAGEMENT PLAN
COUNTRY CLUB APARTMENTS
HILO, HI**

INTRODUCTION: A management plan provides the basis for successful leasing and operations of a multi-family housing community. The following is a management plan designed specifically for Country Club Apartments in Hilo, HI (THE COMMUNITY). **The Community** has been developed under the regulations of Hawaii Housing Finance and Development Corporation and received **low income housing tax credits**. This plan will describe and analyze the following characteristics that affect the operational success of The Community.

- A. The relationship existing between **CAMBRIDGE MANAGEMENT, INC.** the management agent (MANAGING AGENT) DPSP COUNTRY CLUB LLC the owner (OWNER).
- B. Personnel policy and staffing requirements for THE COMMUNITY.
- C. The procedures to be followed to assure publicizing and achievement of continued occupancy in accordance with all applicable Fair Housing Policies and Laws.
- D. Procedures to be followed relative to RESIDENT eligibility and certifying and recertifying incomes.
- E. Procedures to be followed to assure maximum maintenance and repair of the improvements.
- F. Rent Collection policies and procedures to be utilized.
- G. The procedures to be followed to assure proper accounting and reporting information.
- H. Plan for RESIDENT management relations.

PROPOSAL: The introduction of a management plan for this project will provide the basis for successful management and marketing for the OWNER and RESIDENTS.

OBJECTIVES: Any intelligent management effort has at its roots a series of objectives that must be understood conceptually and ultimately implemented through a staff of personnel capable of achieving those objectives. The objectives that the MANAGING AGENT will consider relevant are the following:

- A. Sound management principles will be established to provide services related to marketing, finance, accounting, personnel and administration of the above.
- B. Implement and maintain an atmosphere of understanding and participation with all RESIDENTS.
- C. Create goodwill within THE COMMUNITY by intelligent screening of applicants, maintaining the grounds in a workmanlike manner and maintaining interior and exterior of buildings to assure the highest standards of excellence.
- D. The management plan will provide for the highest levels of occupancy possible and a low turnover rate to assure a strong financial base.

IMPLEMENTATION: In order to properly satisfy the mentioned objectives the MANAGING AGENT, through consultation with the OWNER, has evaluated THE COMMUNITY to determine the interrelationships existing between the objectives. Those interrelationships include the adequacy and reasonableness of the site, physical structure, unit composition and rent roll, estimated operating expenses, market demand, on and off-site facilities, security arrangements,

debt services requirements, tenant eligibility criteria, sponsorship, facilities for tenants, services, physical hardware and demographic composition of THE COMMUNITY. The site is well located with respect to its proximity to forms of transportation. THE COMMUNITY has easy access to nearby city streets and state highways. Shopping of a neighborhood and community nature are within a moderate distance from THE COMMUNITY. There is ample open space and the developer has done a credible job of planning and design.

ROLE OF OWNER AND MANAGING AGENT: The successful operation of this project has at its roots specific relationships existing between the OWNER and AGENT. This relationship is an understanding of the two functions with respect to the extent of authority the MANAGING AGENT will have over the operations. The MANAGING AGENT will have the authority to handle day-to-day operations and report to the OWNER on a weekly and monthly basis. The MANAGING AGENT will carry out the following functions.

- A. Rent available apartment units to satisfactory RESIDENTS, after completion of credit checks and all LIHTC required forms.
- B. Collect monies from the RESIDENTS according to the stated rent schedule provided by the OWNER and deposit in the partnership account those monies. Collect security deposits and deposit in a separate interest bearing trust account. Negotiate and collect funds from laundry and concession income sources.
- C. Maintain the interior and exterior of THE COMMUNITY in a workmanlike manner including the grounds, parking areas, garbage enclosures, etc.
- D. Distribute a set of rules and regulations to all tenants that have been supplied and/or approved by OWNER.
- E. Create a hierarchy of management staff that may include but is not limited to the following:
 - a. The President of the Company
 - b. A Director of Property Management for the West Coast
 - c. A Director of Property Management for the East Coast
 - d. Regional Managers (REGIONAL MANAGER) who serve under the Directors to provide direction, instruction and support to the COMMUNITY MANAGERS
 - e. COMMUNITY MANAGERS, who work in the offices at THE COMMUNITY to perform and supervise the leasing of the units, collection of the rents, and completion of the compliance paperwork and maintenance of THE COMMUNITY
 - f. MAINTENANCE SUPERINTENDENTS, who work on site at THE COMMUNITY to perform and supervise the maintenance of THE COMMUNITY
- F. Hire on-site personnel which will be paid by THE COMMUNITY from allowable expenses and MANAGING AGENT will direct those employees.
- G. Inspect and report to the OWNER general conditions of THE COMMUNITY and if any defects exist, the MANAGING AGENT will establish liaison with a general contractor to repair any defects.
- H. Move-in and move-out RESIDENTS with a minimum of inconvenience to RESIDENTS.
- I. Receive, record and respond to RESIDENTS' complaints within a 24-hour period from the receipt of the complaint.

- J. Contract for the use of water, electricity, gas, fuel, oil, telephone and other services subject to approval by OWNER.
- K. Obtain prices from at least two insurance companies and place and keep enforced all forms of insurance needed to protect the OWNER as provided by law.
- L. Prepare an annual operating budget for approval by the OWNER at least 60-days prior to the beginning of the fiscal year.
- M. Make all deposits and disbursements and will report to the OWNER the extent and type of income and disbursements on a monthly basis measured against the budget.
- N. Keep a comprehensive system of accounts consistent with GAAP and provide the OWNER a trial balance, profit and loss statement, balance sheet, bank reconciliation, and a list of accounts receivable and payable on a monthly basis.
- O. Report to OWNER on a monthly basis any budget deviations and will respond to the OWNER directions.
- P. Use its best efforts to ensure that RESIDENTS comply with the lease and RESIDENTS will be informed at the time of their rental of the rules and regulations governing THE COMMUNITY.
- Q. Submit to the OWNER each week a report which documents the occupancy, rental move-ins, move-outs and traffic.
- R. Secure OWNER approval for all repairs or contractual obligations in excess of \$1,000.00.
- S. Effect emergency repairs which may endanger life or property, irrespective of the cost limitation imposed by this statement after making a good faith effort to receive OWNER approval.

PERSONNEL POLICY AND BENEFITS: MANAGING AGENT's hiring will be consistent with the Equal Opportunity provisions and compensate employees not less than the provisions of the Fair Labor Standards Act.

THE COMMUNITY staffing needs for this housing complex is to hire two (2) employees whose time will be divided between the maintenance and managerial duties. At least one (1) employee will reside on the premises in order to insure proper services to the RESIDENTS.

One full-time employee, acting as COMMUNITY MANAGER, will perform the managerial duties, such as rental promotion, screening and processing, rent collection and working closely with the RESIDENTS to assist them.

One full-time employee acting as the MAINTENANCE SUPERINTENDENT for this project, and will perform and/or oversee all required maintenance functions, including public area clean-up, grounds maintenance, unit repairs, decoration, maintenance repair trouble calls, and quarterly preventative maintenance inspections.

Other Full time and Part time employees may be employed in accordance with the needs of THE COMMUNITY.

Compensation payable to THE COMMUNITY employees will be paid from the Operating Account, and will be treated as project expenses. Such expenses will not exceed that, which normally is paid for the service performed. All bookkeeping, clerical, and other managerial personnel, plus all local, state and federal taxes incident to the employment of such personnel will be borne

solely by the MANAGING AGENT, and will not be paid out of the OWNER'S funds, or treated as project expenses.

All personnel will receive annual training in Fair Housing Laws and Policies and are required to comply with the policies of the MANAGING AGENT. A copy of Fair Housing policy and instructions are attached.

The ability of the management company to compensate its employees are dependent solely on the generation of a management fee. The management fee for this project includes administrative operations, supervision, accounting and over-all supervision from the MANAGING AGENT. All project employees are paid from THE COMMUNITY rental income. Employees working on THE COMMUNITY on a full-time and part-time basis are expenses of THE COMMUNITY.

The following Affirmative Marketing Plan is to be implemented and followed.

Objectives:

- A. THE COMMUNITY will be operated, maintained and rented in a manner, which is consistent with federal housing policy governing nondiscrimination and accessibility, as determined under the Americans with Disabilities Act; the Fair Housing Amendments Act of 1988; the Architectural Barriers Act of 1968; Housing and Community Development Act of 1974; Civil Rights Act of 1964; Civil Rights Act of 1968; and Age Discrimination Act of 1975.

The Low-Income Housing Units and the Market Rate Housing Units in THE COMMUNITY, plus the Housing Units included in any Special-Needs Housing Set-Aside(s), will be rented to eligible RESIDENTS.

THE COMMUNITY will, as amended, comply with the Housing and Urban Development Fair Housing Act of 1968; the Uniform Relocation and Real Property Acquisition Act of 1970; and the Stewart B. McKinney Homeless Assistance Act.

THE COMMUNITY will be operated, maintained and rented in a manner which does not discriminate in making Housing Units in The Community available for occupancy on the basis of race, creed, color, sex, national origin, familial status, religion, marital status, age or disability.

THE COMMUNITY will be operated, maintained and rented in a manner, which does not discriminate against any RESIDENT or potential RESIDENT on the basis of that RESIDENT'S or potential RESIDENT'S sources of income provided such sources of income are not in contravention of any federal, state or local law.

THE COMMUNITY will seek to obtain a RESIDENTS population, which represents the diversity of the community where each Building(s) in THE COMMUNITY is located.

- B. Generate traffic to produce lease levels necessary to meet production flow.
- C. Produce desired lease levels at the most economical possible Marketing and Operational expenses.
- Create a continuing positive image for the OWNER and the AGENT.
- D. Follow-up on results and adjust marketing resources as necessary.

General Description: THE COMMUNITY consists of 62-units in one (1) apartment building including a common area unit. The units are well designed and constructed with large

kitchens and baths, dishwashers, microwaves, self-cleaning ovens and private patios or decks with storage.

Pricing: Units are priced to attract eligible applicants with incomes at or below **60% of median income** adjusted for family size. Additionally, **6%** of the units will be set aside at **30% AMI**.

Target Market: The target market is limited in that income restrictions are imposed. Income targeting will be as shown above under Pricing.

Product Positioning

The primary benefits of a THE COMMUNITY are:

- * Convenience of location - close to neighborhood shopping and employment centers.
- * Quality construction.
- * Attractive design.
- * Large kitchens.
- * Washer/dryer hook-ups in all units.
- * Frost free refrigerator.
- * Self-cleaning oven.
- * Dishwasher and garbage disposal.
- * Quality management.
- * Community building with kitchen for private use
- * On Site Play Area

Advertising Plan

The concept for developing the advertisement program takes into account some key issues.

- * Families
- * Income restrictions
- * Primary benefits listed under "Product Positioning"
- * Value for the Quality
- * Special Needs Housing Set-Asides

All the advertising will include the Fair Housing logo and Fair Housing posters in English and Spanish will be posted at the rental office. Interpreters and bilingual leases are available to applicants.

On an on-going basis the rental program will be as follows:

- A. Rentals on turnover will be accomplished through classified advertising and contact with community contacts, or names from a waiting list.
- B. THE COMMUNITY staff will include those positions previously described.
- C. All RESIDENTS will be instructed as to the use of the household equipment. The MANAGING AGENT will supply the RESIDENTS with written information regarding the proper use of refrigerators, ranges, disposals and fans, if necessary. Each type of equipment will be explained verbally by the COMMUNITY MANAGER to the RESIDENTS at the time of move-in.
- D. The MANAGING AGENT will establish and implement final and complete accounting records and procedures for invoice, purchase order, supply control and equipment utilization.
- E. The COMMUNITY MANAGER will submit to each new RESIDENT a work order form that they will fill out and return which will indicate any defects that have arisen since their move-in.

The COMMUNITY MANAGER will contact immediately the involved sub-contractors in order to satisfy any defect problems.

- F. Thirty-days after each RESIDENT has moved into the apartment the COMMUNITY MANAGER will contact each RESIDENT individually to determine that he/she is fully aware of the proper operation of equipment and is implementing good housekeeping habits.
- G. The on-site office will be open Monday through Saturday from 9:00 a.m. to 6:00 p.m. and Sundays as needed. An emergency number will be posted on the office door in the manager's absence.

RESIDENT ELIGIBILITY AND CERTIFICATION: The importance of selecting the proper RESIDENT within eligibility guidelines cannot be overemphasized. The REGIONAL MANAGER works alongside the COMMUNITY MANAGER to assure screening for responsible RESIDENTS through the interview process taking place during the applicant's appointment to rent. All applicants fill out an application which the COMMUNITY MANAGER verifies for its veracity. Credit checks and contacting the former landlord is done for all prospective RESIDENT prior to initial acceptance.

The COMMUNITY MANAGER must complete all required certification documents required by the applicable monitoring agencies for all RESIDENTS, which indicates income, dependents, etc. The income information is verified prior to occupancy by mailing income verification to the applicable sources. A re-certification must be completed annually to determine whether continued eligibility is appropriate. All managers are aware of family size and composition as it relates to unit size.

MAINTENANCE AND REPAIR PROCEDURES: Recognizing a long term mortgage obligation exists, the necessity for excellent maintenance standards at The Community is apparent. The image of THE COMMUNITY and comfort of the RESIDENT, guests and visitors makes it mandatory that management implements a thorough maintenance program including repairs, decorating, landscape maintenance and capital improvement programs, when necessary. The maintenance program is supervised by the REGIONAL MANAGER. Supplies and inventories are purchased and maintained through the REGIONAL MANAGER except for petty cash items and emergency repairs. Spot audits are conducted quarterly to verify inventory balances.

As previously mentioned in the rent-up section of this management plan, units are thoroughly inspected prior to move-in. During move-out the COMMUNITY MANAGER inspects the unit and calculates the cost, if any of the necessary repairs which are the responsibility of the vacating RESIDENT. A deposit refund report is generated and submitted to the REGIONAL MANAGER for approval detailing the repair cost as well as any credits or charges for rent or other fees still pending. This report is then submitted to the main where it is mailed, along with a check for the return the security deposit, if applicable, to the RESIDENT no more than 14 days after unit has been vacated.

The program for maintenance and repair will include but not be limited to the following:

- A. All public lights and clocks are to be operational at all times.
- B. All walks, drives, steps or outside areas are to be kept clean at all times. Pick-up of common areas is to be done daily.
- C. All recreation rooms, laundry rooms, lobbies, halls or interior public or private areas are to be kept clean at all times.
- D. All landscaping is to be kept in a healthy condition at all times.

- E. All vacant apartments are to be vented regularly - preferable weekly. Flushing of toilets and running tap faucets is accomplished every two weeks.
- F. Cleaning.
 - 1. Immediately upon vacating by a RESIDENT each apartment is to be thoroughly cleaned, including but not limited to, all floors, walls, drawers, cabinets, closets, sinks, shower stalls, toilets, counter tops, appliances, windows and drapes.
 - 2. All electrical appliances, bulbs and mechanical devices are to be tested for proper operation and malfunctions corrected immediately.
 - 3. Vinyl and tile floors are to be cleaned and polished and carpets are to be cleaned or vacuumed depending on need.
 - 4. Painting must be approved by the maintenance coordinator. Complete or touch-up painting will be done as needed.
- G. Landscaping will be mowed and trimmed, fertilized and watered as needed.
- H. Signs, mail box names, displays, etc. are to be maintained regularly.
- I. Periodic inspections of vacant and occupied units will be done annually unless poor housekeeping habits are suspected. The latter will be checked as needed.
- J. Major repairs excluding appliances will be contracted. The COMMUNITY MANAGER will check the sub-contractor/vendor list provided by office and contact the REGIONAL MANAGER for direction.
- K. Prior to occupancy of a new RESIDENT, the COMMUNITY MANAGER will enter and walk through the renovated unit with the new RESIDENT and after inspection the COMMUNITY MANAGER will require the RESIDENT to sign the move-in form indicating the apartment is satisfactory in all respects and any defects are noted.
- L. Garbage removal is contracted on twice a week pick up basis; however, project maintenance must pick up all debris daily and clean garbage enclosures weekly.
- M. RESIDENTS are encouraged at move-in to report maintenance problems immediately. Quarterly inspections reveal latent maintenance problems and they are corrected.

RENT COLLECTION POLICIES AND PROCEDURES: All RESIDENTS will pay rent to the MANAGING AGENT by the first day of each month and the rent is considered delinquent by the second day of each month. Late fees will be charged to the RESIDENTS who have not paid their rent in full by close of business (6:00 pm) on the fifth of each month. If the RESIDENT has not paid by the sixth of the month, the MANAGING AGENT will issue a three-day pay or vacate notice. If the RESIDENT does not pay within the specified period, he/she must vacate by midnight of the third day following the notice. If a RESIDENT fails to vacate, the MANAGING AGENT institutes an unlawful detainer action. Normally this takes approximately 30-45 days to successfully accomplish; however it is rare that this type of legal action is necessary.

If the RESIDENT is abusing property or causing undue noise or nuisance to neighbors, the MANAGING AGENT issues a 10 day notice to vacate for nuisance. If the RESIDENT fails to vacate within that time, an unlawful detainer action is issued. Normally, after the complaint regarding nuisance has been brought to the attention of the COMMUNITY MANAGER, he/she will discuss the complaint with the particular RESIDENT and resolve the issue. Again, it is rare to resort to unlawful detainer action. The pay or vacate and important notice forms are delivered personally and mailed to the tenant by the COMMUNITY MANAGER. The unlawful detainer action, if necessary, is served by the Sheriff with the COMMUNITY MANAGER in attendance, normally.

A system of collection recording has been established. THE COMMUNITY MANAGER deposits all monies on a daily basis or uses a night depository bag and for each payment activity renders each RESIDENT a receipt. The receipt is tendered to the RESIDENT, at which time it is simultaneously recorded on the RESIDENT ledger card and the daily cash received sheet. Along with the bank deposit receipt the daily cash received sheet, which total must equal the total of the bank deposit, are transmitted to the MANAGING AGENT'S office daily. THE COMMUNITY MANAGER deposits rent in the operating bank account and security deposits in a separate bank trust account. The COMMUNITY MANAGER prepares and submits a report at the end of each month on all monies received, which must balance to all deposits made during the month. Daily cash sheets and month end reports are closely reviewed. Cash is not accepted.

ACCOUNTING RECORDS: To properly project the future success of this project, the MANAGING AGENT will keep a comprehensive system of forms and accounts. One cannot project where "he is going" until he determines where "he has been." The accounting serves the purpose of recording the past successes of THE COMMUNITY, which reflect the management capability that has been exerted. The accounting responsibilities are well understood by the MANAGING AGENT and the timing of report submissions. The following is our approach in order to assure the best possible accounting information.

- A. A rental budget is developed yearly and actual results are measured against the budget.
- B. Prior to acceptance of a tenant lease, a verification of income will be completed. Annually, a recertification of income from all RESIDENTS will be completed.
- C. The MANAGING AGENT will deposit all appropriate payroll taxes, including the employees share, by the required due dates.
- D. On or before January 31 of each year the MANAGING AGENT will prepare a Federal Unemployment Tax Return, a W-2 form and a reconciliation of previous year's withholding taxes.
- E. Within 15 days after the end of each month the MANAGING AGENT will furnish a statement of rental operations on a cash basis. The statement will be accompanied by a rental income analysis, rental expense report, aged accounts receivable and a list of accounts payable.
- F. The MANAGING AGENT will pro-rate move-ins and move-outs on a thirty-day base period and all rents are pro-rated to the first of each month.
- G. The MANAGING AGENT agrees to establish and retain records involving books of original entry, general ledger and subsidiaries, canceled checks and bank statements, rental and expense statements, legal documents and joint venture agreements.
- H. The OWNER will select the independent public accountant for year-end audits. The expense of the audit will be paid from project monies.

All certifications and recertifications are kept on file in The Community office for easy audit verification by the MANAGING AGENT and auditors. Internal controls are extensive and have as their objective proper recording, collecting and retrieving of cash collected. A series of cross classification checks are implemented to assure a series of audit trails including occupancy reports by unit, income verifications, master tenant logs indicating actual rent paid and any difference from market rent indicated, project income ledger by unit, bank deposit slips, bank statements and payment received sheets. These various forms of documentation provide a basis upon which cash controls are highly integrated.

EVICTIIONS FOR CAUSE AND DISPUTE RESOLUTION: If the RESIDENT is abusing property, causing undue noise or nuisance to neighbors or violating some other lease provision, the COMMUNITY MANAGER will take a series of actions. Normally, after the complaint regarding the violation has been brought to the attention of the COMMUNITY MANAGER, he/she will discuss the complaint with the particular RESIDENT and attempt to resolve the issue. If the issue is not resolved through this informal process, the COMMUNITY MANAGER issues the appropriate notice to vacate for lease violation. If the RESIDENT fails to vacate within that time, an unlawful detainer action is filed. It is rare to resort to unlawful detainer action for lease violations; management is usually successful in resolving the issue through warnings or voluntary termination of the lease. All legal and important notice forms are delivered personally and mailed to the RESIDENT by the COMMUNITY MANAGER. Normally, the unlawful detainer action, if necessary, is served by the Sheriff with the COMMUNITY MANAGER in attendance.

A uniform procedure for handling and reviewing RESIDENT grievances has been established. This procedure assures that all RESIDENTS are treated fairly and equitably and are provided an avenue for reasonable review of grievances. Any grievance must first be presented in writing or verbally to the office of the MANAGING AGENT, Cambridge Management Inc. (CMI) whose address and phone number are 1916 64th Ave. W. Tacoma, WA 98466, 253-564-2619. MANAGING AGENT will make every reasonable effort to set a time for discussion within seven (7) business days of receipt of said grievance, but in any event not later the fourteen (14) business days of receipt of said grievance. Following the discussion, MANAGING AGENT's corporate staff including, but not limited to the DIRECTOR OF PROPERTY MANAGEMENT will make a prompt investigation of all facts and interview the relevant parties to obtain statements.

A summary of such informal discussion and investigation will be prepared with a reasonable time. One copy will be given to the RESIDENT, one copy retained in the RESIDENT file and one copy retained at MANAGING AGENT's corporate office. The summary will specify the names of the participants, dates of meetings, nature of the proposed disposition and the specific reasons therefore.

MANAGEMENT AGREEMENT: The Management Agreement to be used will be in substance and content consistent with industry standards.