Boulder Housing Partners
Providing Homes, Creating Community, Changing Lives

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Canopy / Canyon Pointe / Glen Willow Equity Investor Clarifications

1. What is your preferred pay-in schedule and percentages?
   a. We prefer a minimum of 20% at closing and are open to a variety of scenarios.

2. What is your preferred developer fee pay-out?
   a. We prefer a minimum of 20% at closing and are open to a variety of scenarios.

3. Will Canyon Pointe and Glen Willow be selecting 100% at 60% AMI as their restriction? The AMIs shown in the model are above 60%.
   a. Yes, CP and GW will be 100% at 60% AMI. The rents listed in the proforma for Glen Willow are the HAP contract rents, which supersede CHFA rents. This has been confirmed with CHFA. HAP contracts are attached for your reference.

4. Has CHFA approved including the State credit award for Canopy into a larger project?
   a. CHFA is aware that BHP may combine all three projects into one partnership. However, from their perspectives, all three projects will be kept separately. The State tax credit will only be used for Canopy at Red Oak Park.

5. Are Canyon Pointe and Glen Willow resyndications? Who were the former investors and have they been fully exited?
   a. Canyon Pointe and Glen Willow are not resyndications. Both properties have had HAP contracts attached to all units since the 1980's and are wholly owned by BHP. HAP contracts attached for your reference.

6. Will BHP act as the bond issuer or will it be CHFA?
   a. We are planning for CHFA to be the bond issuer if all three projects are combined. If we do not combine the projects, BHP will issue the bonds for Canopy at Red Oak Park and CHFA will issue the bonds for Canyon Pointe and Glen Willow.

7. Is the source 'Addtl GP Contribution' a cash contribution at closing? Could you explain why the GP contribution of $2,691,999 is shown as a source and a use?
   a. Under the combined scenario, the 'Addtl GP Contribution' is gap funding from Canyon Pointe (use) for Canopy and Glen Willow (Source).

8. What is the sub-debt Construction Interest source? Is this NOI during construction? If not, is there NOI during construction?
    a. The sub debt interest is coming from the following sources:
       Canopy – City of Boulder Funds: $3.2MM, Worthy Cause Funds: $700k.
       Canyon Pointe – Seller note from the sale of the building and land: $9.5M
       Glen Willow – Seller note from the sale of the building and land: $7.6M
    b. Canyon Pointe and Glen Willow will be maintaining NOI throughout construction. Both properties will remain occupied.
    c. The source of the interest rates and amortizations of the sub debt is 40 year amortization schedules with a 3.31% interest rate. This is the December 2018 applicable federal rate from the Novogradac site. https://www.novoco.com/resource-centers/affordable-housing-tax-credits/data-tools/applicable-federal-rates-2018

9. Will CHFA allow for mixed Utility Allowances if the projects were to be combined?
    a. CHFA has allowed BHP to combine properties that utilize mixed utility allowances in the past. All three properties will utilize the same utility allowances, however, Canopy at Red Oak Park's residents will pay electricity and heat charges. BHP will pay for water, sewer and trash. For CPGW, utilities are included in the rent and that won't change.

    Below is the utility allowance schedule. This will apply to Canopy depending on how it is metered.

Actual Number of Bedrooms in Unit	0	1	2	3	4	5
Participant pays some utilities but not water/sewer	$20	$55	$65	$80	$100	$130
Participant pays utilities including water/sewer	$95	$110	$135	$175	$205	$245

10. Could you provide some color around the size of the relocation budget? What is included?
    a. The relocation budget includes funding for a relocation consultant as well as packing and moving assistance. We anticipate that Glen Willow residents will be temporarily relocated from their homes for six to eight weeks at a time. While Canyon Pointe residents will not be temporarily relocated, movers will be required to move furniture and other items in and out of each apartment for flooring replacements to occur. This budget was based directly on actuals from a recent, very similar project we completed.

11. Are there existing appraisals for any of the properties that you can share?
    a. Yes, attached.

b. BHP does not have an appraisal for the two front parcels at Red Oak Park, 2637 Valmont. The property was subdivided after it was purchased as a whole in the 90s. We included an appraisal for 2625 Valmont, which BHP acquired in 2012.

12. What interest rates and amortizations should we assume for the soft debt?
    a. The interest rates and amortizations of the sub debt, we used 40 year amortization schedules with a 3.31% interest rate. This is the December 2018 applicable federal rate from the Novogradac site. https://www.novoco.com/resource-centers/affordable-housing-tax-credits/data-tools/applicable-federal-rates-2018

13. What lease-up / tax credit delivery should we assume for pricing purposes?
    a. Canyon Point – About 10 units coming online per month
        a. All units online by February 2020
    b. Glen Willow – About 3 units coming online per month
        a. All units online by June 2020
    c. Canopy – All units coming online in August 2020

14. Will you allow for a second round of questions after the first round of answers are posted?
    a. We are not anticipating a second clarification round, but if there is a major issue that arises after clarifications are first issued, we would certainly address that with all potential respondents.

15. Please confirm how you would like us to look at the transaction.
    a. We would like to see the following proposals:
        1. Proposal on just the new construction project.
        2. Proposal on just the rehab deals (both rehab projects together).
        3. Proposal on the combination of the new construction deal and the rehab deal.

16. From the schedule, it looks like the first year of state credits would be in 2020—I just want to confirm that this is accurate?
    a. We anticipate the first year of State Credits to be 2020. The project is expected to receive a CO in Q3 of 2020.

17. Please confirm CP and GW will be tenant in place rehabs with lease up completed by August 2020.
    a. Confirmed. At Glen Willow, we will temporarily relocate residents in phases, and at Canyon Pointe, residents will remain in place throughout the renovation.

18. Are there any environmental issues with the sites?
    a. Canyon Pointe and Glen Willow both have asbestos present and BHP maintains an O&M plan for both properties. Please see attached reports for more information.
    b. Canopy at Red Oak Park is a clean site. Please see attached Phase I ESA.

19. What is the size and interest rate of the construction loan?
    a. The model has a 4.95% interest rate
    b. The combined project has a construction loan of $32,059,300
    c. Canyon Point/Glen Willow have a construction loan of $23,993,504
    d. Canopy has a construction loan of $9,593,568

20. Are the soft loans still at 3.04%? Are they paid from a certain portion of cash?
    a. The interest rates and amortizations of the sub debt, we used 40-year amortization schedules with a 3.31% interest rate. This is the December 2018 applicable federal rate from the Novogradac site. https://www.novoco.com/resource-centers/affordable-housing-tax-credits/data-tools/applicable-federal-rates-2018
    b. The soft debt is being paid down by the cash flow from the related property from what remains after hard debt, investor fees and any deferred developer fees have been paid.

21. Timing of the two soft loans $3.2M and $700k, and will these be available at closing?
    a. Yes, the soft loans will be available at closing.

22. For the combined project, I assume everything will close under one bond issuance?
    a. Yes, confirmed.

23. Canyon Pointe and Glen Willow are both Section 8, correct? Date of original construction? Do you have any historical financials for these properties? Or at least an idea of historical and current occupancy?

    a. Yes, Canyon Pointe and Glen Willow are both Section 8 properties with project-based vouchers. Glen Willow was built in 1976 and Canyon Pointe was built in 1982. Historical occupancy is about 99%. 2017 Income Statements for both properties is attached.

24. What is the source of the additional GP contribution for Canopy and will this be paid at closing? I see it is $2.07MM on the Canopy S&U, but it is $2.7MM in the combined projects S&U.

    a. The GP Contribution is surplus from Canyon Pointe to cover gaps at Glen Willow and Canopy. In the combined cash flow this is shown a source (for Glen Willow/Canopy) and a use (Canyon Pointe). If the deals are separate, the GP contribution to Canopy will be a lump sum from BHP.

    b. The difference between the $2.07MM and the $2.7MM is a contribution going to cover the gap at Glen Willow.

25. How many buildings are in Canopy at Red Oak Park 2?

a. There are 4 duplexes and 4 multifamily buildings for a total of 8 buildings.

26. What are the total PAB loan amounts for just Canopy at Red Oak Park 2 and then for Canyon Pointe and Glen Willow combined?

a. Canopy: $9.25MM

b. Canyon Point/Glen Willow: $22.8MM

27. What will the Canopy building completion schedule look like? When will the 1st building be completed? Does developer project any credit delivery or buildings PIS in 2019?

a. We do not yet have a building completion schedule, however, all buildings will be PIS in 2020.

28. Please provide additional information on the hard loan and the seller's notes.

- What's the interest rate, amort, and term?
- Is the interest rate simple or compounding?
- Which of them is/are tax exempted?

- For Sub-Debt: The interest rates and amortizations of the sub debt, we used 40-year amortization schedules with a 3.31% interest rate. This is the December 2018 applicable federal rate from the Novogradac site. https://www.novoco.com/resource-centers/affordable-housing-tax-credits/data-tools/applicable-federal-rates-2018

- For Hard Debt:

Permanent Debt Calculations				
Per Debt Service Coverage	Year	Year	Per Loan To Value Ratio	
	First Stabilized Year	15	LTV	80.00%
Net Operating Income	$ 1,427,417	$ 1,659,454	Cap Rate	5.00%
Interest Rate	4.95%	4.95%	Year 1 NOI	$ 1,427,417
Amortization	420	420	Appraisal Amount	$ 30,889,631
DS Constant	6.07%	6.07%		
DSC Ratio	1.15	1.15		
Loan Amount per DSC in Year 1		**$ 20,453,057**	**Loan per LTV based on Appraisal**	**$ 24,711,705**
Loan Amount per DSC in Year 15		**$ 23,777,847**	**Loan per LTV based on Year 1 NOI**	**$ 22,838,677**
Loan Amount (Lessor of Two Calculations)				**$ 20,453,057**
			Loan DCR	**1.15**
			Loan LTV	**66.21%**

- Interest rates are simple
- BHP is a tax-exempt entity and the LIHTC partnership will be tax-exempt as well.

29. Will the Seller Notes will be treated as non-affiliated debt?

a. The lender will be Boulder Housing Partners. BHP will own 100% of the GP entity LLC. This is the structure we have used many times.

30. In the event of Section 8 subsidy loss – are there any restrictions that would not allow rents to float to 60% AMI?

a. No.

31. Are you doing income averaging?
    a. We do not anticipate utilizing the new income averaging rule.

32. Please advise on the cash out at closing paid to the Housing Authority.
    a. BHP intends to reimburse predevelopment fees like in any deal. We anticipate the ability to pull some cash out of the Canyon Pointe deal in an amount to be determined after we review debt and equity terms.