

RENTAL HOUSING DEVELOPMENT ASSISTANCE (RHDA)
Application for Rental Development Financing

PLEASE NOTE: AHFC Reserves the right to fund projects at a lower amount than requested, and the right to deny applications that do not coincide with the City's FY 2011-12 Action Plan goals and policy direction from the Austin City Council.

Project Name: The Waters at Willow Run

Project Address: 15515 FM 1325, Austin, TX **Zip Code:** 78728

Total # units in project/property: 243
Total # units to be assisted with RHDA Funding: 243

Project type: ☐ Acquisition ☐ Rehabilitation ☒ New construction ☐ Refinance ☐ Rent Buy-Down

Amount of funds requested: \$2,000,000.00 **Terms Requested:** 17 years, 0% interest to be repaid upon sale or refinance.

Role of applicant in Project (check all that apply): ☒ Owner ☒ Developer ☐ Sponsor

1. Applicant Information (If applicant is not acting as the developer, please provide all of the information below for the developer as well as for the applicant. If the developer involves multiple entities, is a partnership or joint venture, please provide duplicative information for each, and identify the entity that will serve as the "lead" organization).

Atlantic Housing Foundation, Inc.
Name

1310 N. White Chapel Blvd. Suite 100
Street Address

Southlake
City

TX 76092
State, Zip

817/410-7712
Telephone #

Michael Nguyen
Contact Person

817/410-7712 Ext. 103
Contact Telephone #

Mnguyen@atlantichousing.org
E-mail address


Federal Tax ID Number or SS#

The applicant/developer certifies that the data included in this application and the exhibits attached hereto are true and correct. **Unsigned/undated submissions will not be considered.**

Atlantic Housing Foundation, Inc.
Legal Name of Developer/Entity


Signature of Authorized Officer

Dec 7, 2011
Date

PRESIDENT
Title

2. **For non-profit applicants/developers only, include copies of the following located under Exhibit A:**

- a. Articles of Incorporation
- b. Certificate of Incorporation filed with the State of Texas
- c. Federal IRS certification granting non-profit status
- d. Names, addresses and phone numbers of current board members
- e. Certified financial audit for most recent year which include the auditor's opinion and management letters.
- f. Board resolution approving the proposed project and authorizing the request for funding

3. **Project Type (Please check any that apply.)** This project is considered:

- ✓ **Traditional Rental Housing** (serving low-income households, and resident services may or may not be provided)
- ✓ **Transitional Housing** (case management services provided and residency limited to a certain length of time, usually no more than 24 months)
- ✓ **Permanent Supportive Housing** (Considered long-term rental housing for very low-income families and individuals who are among the hardest to serve and who are most vulnerable to homelessness. This type of housing provides case management services to residents as needed).

If you checked Permanent Supportive Housing, please complete the information below.

A. Types of proposed PSH Units: Multi-family _____ Single-family (1-4 units) _____

B. Numbers of proposed PSH Units:

243 _____ Total Number of Units in project

_____ Total Number of RHDA-assisted Units Proposed (include PSH units and non-PSH units)

_____ Total Number of Permanent Supportive Housing (PSH) Units Proposed

C. Check the population or sub-population(s) proposed to be served and indicate the number of units dedicated to that population or sub-population.

Individuals or families headed by individuals that are:

1. _____ **Chronically homeless** as established in the HEARTH Act (Homeless Emergency and Rapid Transition to Housing Act of 2009) found at 24 CFR Part 577.

NUMBER OF UNITS _____

2. _____ Households that would otherwise meet the HUD definition of chronically homeless per the HEARTH Act, but **have been in an institution for over 90 days**, including a jail, prison, substance abuse facility, mental health treatment facility, hospital or other similar facility.

NUMBER OF UNITS _____

3. ☒ _____ Unaccompanied youth or families with children **defined as homeless under other federal statutes** who:

- a. have experienced a long-term period without living independently in permanent housing;
- b. have experienced persistent instability as measured by frequent moves over such period; and
- c. can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse, the presence of a child or youth with a disability, or multiple barriers to employment.

NUMBER OF UNITS 2

4. ☒ _____ A single adult or household led by an adult **'aging out' of state custody of the foster care or juvenile probation system**, where the head of household is homeless or at-risk of homelessness.

NUMBER OF UNITS 2

5. X Any other population **not defined above** but who would otherwise be eligible for or need permanent supportive housing services.

NUMBER OF UNITS 1

NOTE: APPLICANTS CHECKING C.1, C.2, C.3, or C.4 ABOVE MUST COLLECT AND REPORT INFORMATION INTO THE HOMELESS MANAGEMENT INFORMATION SERVICE (HMIS)

- 4. Project Description.** Provide a brief project description that addresses items "A" through "L" below. Please refer to Exhibit B, the "Section 4" addendum attached hereto that addresses items "A through L" below.

- a. Describe the tenant population, income levels, and services, if any, to be provided to or made available to residents.
- b. Include the type of structure (multi-family or single-family), number and size of units in square feet.
- c. Indicate whether the property is occupied at the time this application is being submitted.
- d. Indicate whether the project meets the requirements of the City's Vertical Mixed-Use (VMU) Ordinance, or is in a Planned-Unit Development (PUD) or Transit Oriented Development (TOD).
- e. Indicate whether the project will preserve existing affordable rental units.
- f. If there are existing structures, provide documentation from the taxing authority or another third-party source indicating the year the structure was built.
- g. Indicate the number of units reserved for Housing Choice Voucher holders (Section 8).
- h. Indicate the number of units that are or will be made accessible and adaptable for persons with mobility, sight or hearing disabilities.
- i. Demonstrate the Project's compatibility with current Neighborhood Plan (if applicable).
- j. In addition to providing an Itemized Development Budget through your response to Question 12 below, summarize the key financials of the project, clearly indicating the total project cost, the amount and intended use of AHFC funds being requested, and the amount(s) and provider(s) of other funding and the stage of those funding commitments.

Please attach the following to the description of the above items:

- k. A map (8 1/2" x 11") indicating the property location and the distance to the nearest Capital Metro Transit Stop to which residents will have access.
- l. Locate on the "Opportunity Map of Austin" the census tract in which the property lies. The map is attached to the Program Guidelines.

5. Site Control and Demonstration of Value

Include evidence of site control such as a warranty deed or an current earnest money contract, and provide a real estate appraisal or current tax documentation that substantiates the value of the project. A copy of the land purchase contract currently in escrow with Fidelity Title Company is attached. Atlantic is purchasing the undeveloped land from the current owner, Mike McCarthy. The effective date of the contract is July 19, 2011. Due diligence is underway and MF-3 zoning using MF-1 density is expected to be confirmed prior to closing on the property which is expected to take place by 12/31/11. The purchase price of \$1,100,000 is substantiated by the current tax value of \$1,679,027 for the 14.21-acre site. To further substantiate the current land value, an appraisal will be prepared prior to expiration of the due diligence period. We are confident the appraisal will produce a valuation of at least \$1.5MM.

6. Zoning

Include a letter from the City of Austin's Planning and Development Review Department (PDRD) verifying that the current zoning of the site for the proposed project is compatible with the anticipated use, or include documentation verifying that a request to change current zoning has been submitted to PDRD. Should the project be approved for funding, the appropriate zoning must be in place prior to execution of loan documents.

This zoning designation being secured for this site is appropriate for multifamily development. While there is no zoning currently in place, we have confirmed through our consultants that multi-family residential zoning for the entire 14.21-acre site fully annexed in the Austin city limits can be reasonably obtained. Application for MF-3 zoning using MF-1 density has been filed. Ms. Sherri Sirwaitis, the case manager with the City of Austin Planning Commission has confirmed that our case is on the agenda and awaiting recommendation by the City Council to grant this zoning. This decision is expected to be finalized December 8, 2011.

7. S.M.A.R.T. Housing™. Include a copy of the letter that indicates the project has been reviewed and meets S.M.A.R.T. Housing™ requirements. Atlantic Housing is working with the City of Austin to secure a SMART Housing Certification letter.

8. Development Team. Identify below the persons or entities anticipated to be involved in the project, such as lenders, attorneys, accountants, architects, engineers, general contractor, sub-contractors, property managers and consultants. Also, indicate if any person or entity involved is certified by the City of Austin as a minority or women-owned business enterprise (**MBE/WBE**), or if any of the entities are also **non-profit** organizations.

	Name(s) & Any Comments on Role	MBE? (Mark X if Yes)	WBE? (Mark X if Yes)	Non- profit? (Mark X if Yes)
Owner	Atlantic Housing Foundation, Inc.			X
Developer	Atlantic Housing Foundation, Inc.			X
Architect	Hatch + Ulland, Owen Architects			
Engineer	Vickery & Associates		X	
Construction Lender	Chase or Regions, TBD (if required)			
Other Lenders				
Attorney	Cynthia Bast - Locke Lord, LLP			
Accountant	The M Group LLC (Michael Martin - experienced with tax credit and HUD financed projects).			
General Contractor	Galaxy Builders	X		
Consultant (if Applicable)				
Property Management Provider	Atlantic Housing Management			
Other:				

9. **Development Schedule.** Complete the grid below. You may re-order the steps according to the appropriate sequence for your project and to add in any other significant steps integral to your project's development. If the multiple properties are involved, provide a development schedule for each property.

	DATE(S)
Acquisition and/or holding	August, 2011
Environmental and/or historic review (AHFC)	December, 2011
Construction Specifications and Cost estimates	January, 2012
Construction Bids	February, 2012
Securing and packaging project financing	March, 2012
Construction Start	May, 2012
Anticipated Draws (list all) TDHCA, Bond Issuance - AHFC and Bond Credit Enhancement	June, 2012
Start of Rent-up	September, 2012
End Construction	March, 2013
Completion & Operation	November, 2013

10. **Accessible and Adaptable Units.** Indicate the number of units proposed to be **accessible and adaptable** for persons with mobility, sight and hearing disabilities as required by RHDA Program Guidelines.

___**___ Units adaptable for persons with mobility disabilities

___25___ Units accessible for persons with mobility disabilities

___**___ Units adaptable for persons with sight and hearing disabilities

___1___ Units accessible for persons with sight and hearing disabilities

**** All ground floor units will be adaptable for mobility, sight and hearing disabilities.**

11. Experience and Qualifications – Rental Development and Property Management

a. Is this the developer's first housing project? ☐ Yes ☒ No

b. Completed projects (please list below):

COMPLETED PROJECTS				
Address	Number of Units	New or Rehab	Type of Property (apartments, SF units, etc.)	Year Completed
Southpark Apts- Austin, TX	192	New	Apartments	2008
Navigation Points – Corpus Christi, TX	136	New	Apartments	2007
Meadowlands – Houston, TX	236	New	Apartments	2007
Vista Verde – San Antonio, TX	192	Rehab.	Apartments	2007
Bayview – Baytown, TX	240	New	Apartments	2007
5005 Galleria Road, Dallas, TX	330	New	Apartments	2006

c. Describe the **experience and qualifications** and the developer's ability and capacity to implement the proposed project. As outlined in the table above, Atlantic and Galaxy Builders have extensive multifamily development experience. In the past five years the two companies have developed 1,326 multifamily units in Texas.

Atlantic has selected Galaxy Builders ("Galaxy") as it's builder and general contractor. Founded in 1991, Galaxy is one of Texas' leading general contracting firms. Having completed more than 30,000 multifamily units collectively throughout the United States with a wide range of finish levels, they have developed a consistent track record for completing projects on time and within budget. Atlantic is particularly drawn to Galaxy's focus on accurate planning, competitive bidding, project management, and cost control disciplines.

The Texas Department of Housing and Community Affairs awards a significant amount of projects each year through their tax credit program, a primary means of directing private capital toward the creation of affordable rental housing. Each year, Galaxy remains actively involved in the affordable housing marketplace having completed multiple projects throughout Texas for applications submitted for competition in each sub-region of the state as well as "at-risk" set-asides." Over the past five years, Galaxy has completed the development of 28 multifamily projects of new garden-style and townhome communities. This represents approximately 5,700 new apartment homes. Galaxy also has extensive experience in satisfying the Davis Bacon and other Federal Labor Standards, a critical component where HUD financing is involved. Galaxy recently completed development of the Southpark Ranch Apartments located in South Austin, a 4% Tax Credit/Bond development.

d. Indicate who will provide **property management** services. Provide documentation to demonstrate the entity's level of experience and track record in operating properties of similar size, particularly income-restricted properties.

Atlantic Housing Management

Atlantic Housing Management Company ("AHM") will provide property management services. AHM is a wholly-owned subsidiary of Atlantic. With more than 100 combined years of successful property management experience, AHM brings significant knowledge and understanding of the markets in which it operates. With that depth of understanding, AHM utilizes this experience and employs a professional,

operates. With that depth of understanding, AHM utilizes this experience and employs a professional, strategic and disciplined approach to management as well as incorporating the mission of Atlantic Housing Foundation.

AHM was formed in 2010 to provide multifamily real estate investment and management services and to properly articulate Atlantic Housing's unique mission. Based in Southlake, Texas, AHM currently manages approximately 5,000 units in 18 cities throughout Texas, South Carolina and North Carolina. AHM offers a full range of multi-family real estate management services including property management, acquisition, repositioning/rehabilitation, and due diligence services. For more information, please refer to the leadership resumes attached and Atlantic Housing Management's website at: www.ahmanagement.org.

12. Detailed Project Budget. Use the following table, or comparable format, to provide a complete project budget. Add line-items as necessary. If this project has already received funding from AHFC, indicate by line item the amounts from the prior award. Please see the attached Project Development Budget (Exhibit C).

DETAILED PROJECT BUDGET				
	Cost	Prior award of RHDA Funds (if any)	RHDA Funds Requested	Description or Comments
PREDEVELOPMENT				
Appraisal				
Environmental Review				
Engineering				
Survey				
Architectural				
TOTAL PREDEVELOPMENT				
ACQUISITION				
Site and/or Land				
Structures				
Other (specify)				
TOTAL ACQUISITION				
CONSTRUCTION				
Infrastructure				
Site work				
Demolition				
Concrete				
Masonry				
Rough carpentry				
Finish carpentry				
Waterproofing & Insulation				
Roofing & Sheet Metal				
Plumbing/Hot Water				
HVAC				
Electrical				
Doors/Windows/Glass				
Lath & Plaster/ Drywall & Acoustical				
Tile work				
Soft & Hard Floor				
Paint/Decorating/Blinds/Shades				
Specialties/Special Equipment				
Cabinetry/Appliances				

Carpet				
Other (Please specify)				
Construction Contingency				
TOTAL CONSTRUCTION				
SOFT & CARRYING COSTS				
Legal				
Audit/Accounting				
Title/Recording				
Architectural (Inspections)				
Construction Interest				
Construction Period Insurance				
Construction Period Taxes				
Relocation				
Marketing				
Davis-Bacon Monitoring				
Other: (Specify)				
TOTAL PROJECT BUDGET				

13. Funds Proposal. Provide the following information to facilitate financial review of the proposed project:

Sources and Uses of Funds – Complete **Tables A (below) & B (on the following page)**, identifying all sources and uses of funds to implement project and include evidence of funds anticipated (financial statements, commitment letters, etc.).

TABLE A: SOURCES OF FUNDS SUMMARY					Intended Use of Funds (Predevelopment, Acquisition, Construction, Soft Costs)
	Term	Interest Rate	Amount	Evidence (Deed, Sales Contract)	
Tax Credit Equity			\$7,090,000		
Private Financing					
Debt Financing	30-years	5.50%	\$16,950,000		
Other Sources (List Below)					
Development Fees			\$840,331		Deferred Fees
Proposed RHDA Funds			\$2,000,000		Soft Funding

TABLE B: USES OF FUNDS SUMMARY		
	Total Cost	Cost/Unit
Predevelopment	\$449,500	\$1,850
Acquisition	\$1,943,003	\$7,796
Hard Costs	\$17,026,013	\$70,066
Soft & Carrying Costs	\$2,218,567	\$9,130
Other Costs	\$5,249,534	\$21,603
Total Project Costs	\$26,880,331	\$110,645

- a. **Leveraging** – Complete **Table C (below)**. Include evidence of other funds leveraged by AHFC funds to implement the project such as owner equity and commitments from private and/or other public resources.

TABLE C: LEVERAGE SUMMARY	
TOTAL RHDA FUNDS	\$2,000,000
TOTAL OTHER FUNDS	\$24,886,617
LEVERAGE (%)	7.439%

- c. **Operating Proforma** – In a format comparable to Table D below, prepare a minimum twenty (20) year financial Operating Proforma which realistically reflects the operation of the project relative to current and anticipated revenues, expenses and debt. The Proforma must indicate the anticipated debt coverage ratio (DCR) calculated as follows: net operating income (NOI)/debt service (DS) = DCR. For projects that will not carry debt, use the number "1" as the denominator in the equation. Please see the attached Development Economics (Operating Proforma) and Cash Flow under Exhibit C.

TABLE D: OPERATING PROFORMA			
Unit Size (BR/BA)	Number of Units	Monthly Rental Income	Annual Rental Income
FULL OCCUPANCY ANNUAL INCOME			
Less Vacancy Loss (Indicate % and Amount of Loss)			
GROSS ANNUAL INCOME			

Inflation Factor - Income	
Inflation Factor - Expense	

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Annual Income					
EXPENSES					
Utilities					
Insurance					
Maintenance/Repair					
Property Taxes					
Management					
Marketing					
Maintenance Reserve					
Other (specify)					
Other (specify)					
TOTAL EXPENSES					
NET OPERATING INCOME (NOI)					
Sources of Funds & Debt Service					

Debt Service					
TOTAL ANNUAL Debt Service (DS)					
Cash-flow after Debt Serv (CF = NOI - DS)					
Debt Coverage Ratio (DCR = NOI/DS)					

14. Community Engagement Strategy or Efforts. Please provide a description of your organization's efforts or plans to engage neighborhood associations and other stakeholders in the area surrounding the proposed development. If no neighborhood association exists, provide an alternative plan to engage area residents, businesses and faith-based organization, for example. Atlantic's mission is perceived as truly "making a difference" in the lives of our residents. The communities we serve recognize Atlantic's unwavering commitment to education and awarding of academic scholarships to students from low-income families aspiring to break the cycle of poverty. This message is strategically shared with preferred entities in the immediate area which typically include corporations, retail and service businesses, selected faith-based organizations and educators at all levels. Our engagement process is further described in question 15 below.

15. Description of Supportive Services. If supportive services are NOT to be provided, please stop here. For all other projects, if supportive services are to be provided to residents, provide a description of the services that includes the following information:

- a. A description of the supportive services to be provided to residents and/or clients.
- b. The number and types of residents/clients expected to be served annually.
- c. Describe the developer's experience and qualifications in providing the services to be offered.
- d. If services are not provided by the developer of the project, include a description of the organization(s) providing the services and a memorandum of understanding or some other type of agreement that indicates the relationship between the developer and service provider.
- d. Provide resumes of key personnel who will be actively involved in the delivery of services. Resumes should include information about certifications, licenses, years of experience, and education.
- f. Demonstrate financial capacity to provide support services and/or operate a supportive services program by providing the following information:
 1. Sources of Funds: Identify sources and amounts of funds that will be utilized to provide supportive services.
 2. Budget: Include a supportive services budget which reflects current and anticipated funding and expenses associated with the provision of services for three (3) years.

Description of Supportive Services

Atlantic Housing Foundation is committed to helping individual residents by providing services that facilitate achievement and partner responsibility, focusing on education. The social services on our properties, including those planned for The Waters at Willow Run are designed to foster a sense of community, build relationships and assist in the education process.

The design of the project will provide a mixed income residential environment that clearly promotes a focus on education and upward mobility of lifestyle and employment. The Waters will provide services including after school tutoring, a computer center, and rent discounts for families with children who make good grades in addition to a college scholarship program funded by Atlantic Housing for qualifying residents. Additional services will be provided once the needs of the community are indentified. Funding for supportive services will come from excess cash flow generated by the project. These services will also be coordinated with other non-

profits in the Austin area. The project will offer supportive services on site to be delivered/ coordinated with 3rd parties including other non-profit organizations. The scholarship program is funded by Atlantic Housing Foundation through its general fund.

Since the specific services to be provided will be determined once the needs of the community are assessed it is too early to provide a detailed budget. It is anticipated that approximately \$50,000 in funding will be provided from the operating budget for supportive services along with contributions from other service providers.

Atlantic Housing Foundation's Principles and Commitment

1. Provide platforms that will assist residents in living full and meaningful lives.
2. Fulfilling our mission through the use of social services; channeling resources in partnerships with individuals and organizations.
3. Helping individual residents obtain the educational assistance needed to be successful in life.
4. Focus on the educational needs of children.
5. Facilitate the transition and transformation of individuals and families who wish to take steps in moving out of environments that limit and constrain into self-sufficiency, by assisting them holistically.

Resident Services

The following is a listing of services available in the communities that Atlantic Housing Foundation serves. These services are facilitated through a coordinated effort led by Atlantic's Community Service Director, Carmen McGraw. These programs and services will be made available to all residents of The Waters at Willow Run. Since 2005, Atlantic has awarded over 100 academic and housing scholarships and provided in excess of \$9,500,000 in social programs.

The specific services provided at The Waters at Willow Run will be customized to meet the needs of the residents. We expect to offer specific programs at this facility focused on education (tutoring) as well as several community and women's based services.

Community Centers

- ♦ Computer centers
- ♦ Community recreation/ weight rooms
- ♦ Lounge areas
- ♦ Conference rooms
- ♦ BBQ areas

Women's Services

- ♦ Basic Skills training for young mothers
- ♦ Counseling Services via professional service providers
- ♦ Single parent family assistance
- ♦ Housing Assistance for victims of violence

Community Activities

- ♦ Boys & Girls Clubs of America
- ♦ Faith based partnerships
- ♦ Field trips
- ♦ Cultural events
- ♦ Plays, museums, etc.

- ◆ YMCA memberships
- ◆ Christmas sponsorships
- ◆ Summer camps
- ◆ Academic excellence rent discount awards

Educational Services

- ◆ Tutoring
- ◆ Music classes
- ◆ Substance abuse prevention classes
- ◆ Adult continuing education
- ◆ Victims of violence support
- ◆ Single parent workshops
- ◆ Self-defense classes
- ◆ ESL classes
- ◆ Financial planning
- ◆ Computer classes

Atlantic Academic Scholarships

Scholarships are awarded to residents of Atlantic properties based on an application scoring system. Access to this scholarship program will be made available to residents of The Waters at Willow Run. A few comments about the program are listed below.

Requirements

1. Complete application process with supporting documentation. Priority is given to Atlantic residents.
2. Family Gross Income (1040 Tax return) must be less than 100% of HUD established medium income level for the city/county of residence. View the HUD resource link for income limits.
3. The student must attend a four-year university, technical school, or two-year college in TX, SC, or FL as a full-time in state resident.

University Student Housing Scholarships

Requirements

1. The student must attend a university in Denton, Huntsville or San Marcos, Texas as a full-time student.
2. Complete application process with supporting documentation. Priority is given to Atlantic residents.
3. Family Gross Income (1040 Tax return) must be less than 100% of HUD established medium income level for the city/ county of residence.

Numbers Served

It is anticipated that 100% of families with children will benefit from the after-school and tutoring programs at The Waters at Willow Run. Approximately 50% of residents will benefit from some other supportive service provided by the project.

Experience and Qualifications - Supportive Services

Atlantic has extensive experience providing the services listed above. These programs or a large subset are provided at each of Atlantic Housing's 31 communities. The services are directed and coordinated by Amber Watkins along with the local management team at each community, which will include the on-

site management team at the Waters at Willow Run. The focus for these services is to promote advancement through education and to instill a strong sense of community in the residents at the Waters at Willow Run.

ATTENTION:

Please submit with the Application a completed "self-evaluation" using the following Scoring Criteria.

**RHDA PROGRAM
SCORING CRITERIA**

Applications received will be reviewed and evaluated according to the following criteria:

REQUIRED INFORMATION:

- | | |
|-----------------------------------|--|
| 1. Applicant Information _____ | 9. Accessible/Adaptable Units _____ |
| 2. Non-profit List of Items _____ | 10. Experience/Qualifications _____ |
| 3. Project Description _____ | 11. Project Budget _____ |
| 4. Site Control/Value _____ | 12. Funds Proposal: |
| 5. Zoning _____ | a. Sources _____ |
| 6. S.M.A.R.T. Housing _____ | b. Uses _____ |
| 7. Development Team _____ | c. Leveraging _____ |
| 8. Development Schedule _____ | d. Operating Proforma _____ |
| | 13. Community Engagement Strategy or Efforts _____ |

EVALUATION CRITERIA:

Applications for proposed projects will be reviewed and scored on a competitive basis per the evaluation criteria below. Applications must receive a minimum score of **150** points out of a maximum score of **225** points. PLEASE NOTE: A score above the minimum score does not guarantee funding.

1. **EXPERIENCE AND QUALIFICATIONS** (maximum 15 points) 15

- 15 points:** Developer has successfully completed project similar in size and scope.
10 points: Completed similar project but smaller in size and scope.
8 points: Consultant directly involved who has completed project similar in size and scope.
3 points: Owns or manages income-restricted rental property.

2. **SOURCES & USES OF FUNDS** (maximum 10 points) 10

10 points: All sources and uses of funds are clearly indicated and sufficient evidence of funding availability and/or commitments are included.

5 points: All sources and uses of fund are clearly indicated, but evidence of funding availability or commitments are incomplete.

3. **DEBT COVERAGE RATIO** (maximum 10 points) 4

- 10 points:** DCR of 1.25 or greater
6 points: DCR between 1.21 - 1.24
4 points: DCR between 1.15 - 1.20

4. **LEVERAGE** (maximum 10 points) 10
RHDA Program funding (prior and current) relative to Total Project Costs equals:
10 points: 25% or less

8 points: 26% - 30%
6 points: 31% - 35%
4 points: 36% - 50%
0 points: 51% or greater

5. **AFFORDABLE UNITS** (maximum 25 points)

5

If development has a mix of 30%, 40%, and/or 50% MFI units, add the results for the percentage of units in each income category up to the maximum of 25 points. If the project has a percentage of units in a given income category that is not an exact multiple of ten as shown in the chart, please round up to the next multiple of 10 and use that point value.

% of G.O. Bond-assisted Units in Total Project										
% MFI	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
50%	3	5	7	9	11	13	15	17	19	25
40%	5	7	9	11	13	15	17	19	21	25
30%	7	9	11	13	15	17	19	23	24	25

6. **RHDA COST PER UNIT** in \$1,000s (maximum 10 points)

10

	<u>Acquisition</u>	<u>Refinance</u>	<u>Rehabilitation</u>	<u>For-Profit New Construction</u>	<u>Non-Profit New Construction</u>
10 points	<\$45/unit	<\$30/unit	<\$30/eff.	<\$40/unit	<\$60/unit
8 points	<\$55/unit	<\$40/unit	<\$35/1-bd	<\$50/unit	<\$70/unit
6 points	<\$65/unit	<\$50/unit	<\$40/2-bd	<\$60/unit	<\$80/unit
4 points	<\$75/unit	<\$60/unit	<\$45/3-bd+	<\$70/unit	<\$90/unit

7. **TRANSITIONAL HOUSING** (10 points)

0

10 points: Project will be developed and operated as transitional housing.

8. **PERMANENT SUPPORTIVE HOUSING (PSH)** (maximum 20 points)

20

20 points: Project will reserve units for PSH for the following populations:

- Chronically Homeless as established in the HEARTH Act (24 CFR Part 577)
- Have been in an institution for over 90 days
- Unaccompanied youth or families with children defined as homeless under other federal statutes
- Youth "aging out" of state custody or the foster care or the juvenile probation system

10 points: Project will reserve units for PSH for populations other than those listed above.

9. **GEOGRAPHIC DISPERSION** (maximum 25 points)

15

Project is located in an area identified according to the Kirwan Institute's Opportunity Map of Austin (Map #2) as having greater opportunity for low-income households.

25 points: Very High priority area
20 points: High priority area
15 points: Moderate priority area
10 points: Low priority area
5 points: Very Low priority area

10. **PRIORITY LOCATION** (10 points)

0

10 points: Project is located in a Vertical Mixed-Use (VMU) Corridor, or is a Planned-Unit Development (PUD) or Transit Oriented Development (TOD).

11. **PRESERVATION OF AFFORDABLE UNITS** (10 points)

0

10 points: Project is the rehabilitation and preservation of existing affordable housing units, or new units are being constructed to replace existing affordable units at the same location on a one-to-one replacement basis or a greater than one-to-one replacement basis.

12. **AFFORDABILITY PERIOD** (25 points)

25

25 points: Affordability of project is for 99-years.

13. **PROJECT READINESS** (maximum 10 points)

6

New construction

2 points each; maximum 10 points

- 2 The project meets the normal eligibility requirements under the existing program guidelines.
- The property is already owned by the developer.
- The project has completed all necessary design work and received site plan approval.
- 2 All environmental reviews have been completed.
- 2 The project has firm commitments from all financing sources.

Acquisition and Rehab

2 points each; maximum 10 points

- The project meets the normal eligibility requirements under the existing program guidelines
- All environmental reviews have been completed.
- The project has firm commitments from all financing sources.
- A General Contractor has been selected.
- Closing on the acquisition of the property can be achieved in less than 30 days.

Acquisition of Completed Units

2.5 points each; maximum 10 points (A total score of 2.5 points will be rounded to 3; a total score of 7.5 points will be rounded to 8.)

- The project meets the normal eligibility requirements under the existing program guidelines
- All environmental reviews have been completed.
- The project has firm commitments from all financing sources.
- Closing on the acquisition of the property can be achieved in less than 30 days.

14. **PROPERTY MANAGEMENT** (maximum 10 points)

10

10 points: Designated Property Management Entity has documented track record of success managing income-restricted properties of similar size and/or similar unit counts, and has the capacity to take on management of the proposed project.

8 points: Designated Property Management Entity has a documented track record of success managing income- restricted properties of smaller size and/or fewer units, and has the capacity to take on management of the proposed project.

4 points: Designated Property Management Entity has a documented track record of successful property management experience and has the capacity to take on management of the proposed project, but has not managed an income-restricted property.

15. **SUPPORTIVE SERVICES** (maximum 15 points)

15

15 points:

- a. The developer has secured written agreements with organizations that will provide resident services, or has experienced and qualified staff (7 or more years of experience) able to provide the same services.
- b. Funds have been secured for the operation of resident services programs.
- c. A 3-year operating budget for the operation of the resident services programs is provided.

10 points:

- a. The developer has secured letters of intent from organizations that intend to provide resident services, or has experienced and qualified staff (3 to 6 years of experience) able to provide the same services.
- b. Funds have been secured for the operation of the resident services programs.
- c. A 3-year operating budget for the operation of the resident services programs is provided.

5 points:

- a. The developer has experienced and qualified staff (1 to 2 years of experience) able to provide the same resident services.
- b. Funds have been secured for the operation of the resident services programs.
- c. A 3-year operating budget for the operation of the resident services programs is provided.

2 points:

- a. The developer has arrangements with organizations to provide services, or has experienced and qualified staff able to provide the same resident services.
- b. Funds have been not been secured for the operation of the resident services programs.

16. **MBE/WBE PROJECT PARTICIPATION** (5 points)

5

5 points: Development Team includes registered City of Austin minority- or women-owned business enterprises (M/WBE).

17. **PARTNERSHIP WITH OTHER NON-PROFIT ENTITIES** (5 points)

5

5 points: Applicant provides evidence of commitment from another certified non-profit organization to partner on the project in some way.

TOTAL SCORE 155



December 8, 2011

Michael N. Nguyen
President & CEO
Atlantic Housing Foundation, Inc.
1310 N. White Chapel Blvd.
Southlake, Texas 76092

Re: Waters at Willow Run Apartments
242 Unit 221(d)(4)
New Construction
Austin, TX

Dear Mr. Nguyen:

The undersigned has made application to Centerline Capital Group for a loan to develop the captioned proposed rental apartment project including the construction stage for such project and the permanent financing aspect on a long-term amortizing basis based upon the following terms and conditions.

LENDER:	Centerline Capital Group, or affiliate						
PROPOSED BORROWER:	To-be-formed single purpose entity						
GUARANTOR OF LOAN:	Secretary of US Dept. of Housing and Urban Development						
PROPERTY:	Waters at Willow Run Apartments, Austin, TX						
TERM/AMORTIZATION OF LOAN:	40 years, plus construction period						
TOTAL LOAN AMOUNT:	\$18,797,800 (First Lien-FHA 221d4) (Includes Construction and Permanent Loan)						
ANTICIPATED INTEREST RATE:	<table><tbody><tr><td>Note Rate</td><td>4.50%</td></tr><tr><td>MIP</td><td>0.45%</td></tr><tr><td>Total</td><td>4.95%</td></tr></tbody></table>	Note Rate	4.50%	MIP	0.45%	Total	4.95%
Note Rate	4.50%						
MIP	0.45%						
Total	4.95%						
ANTICIPATED LOAN CONSTANT:	6.892% (Including Non Amortizing MIP)						
DEBT COVERAGE RATIO:	Minimum of 1.15x on all non cash flow loans						
MAXIMUM LOAN TO COST:	87%						
OPERATING EXPENSES:	\$1,022,317						

NET OPERATING INCOME: \$1,417,192

RESERVES REQUIRED:

OPERATING DEFICIT	\$563,934
WORKING CAPITAL	\$751,917
ON-GOING ANNUAL	\$102,132 (\$422/Unit)

DEBT COVERAGE RATIO: Project maintains a minimum 1.15x DSCR ratio throughout Years 1-15 based on initial underwriting.

ASSESSMENT OF FEASIBILITY: Based on preliminary underwriting and the borrower's proforma, the development is considered feasible for 15 years based on the definition of feasibility of a 1.15x debt coverage ratio throughout the period and an estimated remaining economic life of the project as constructed in excess of 30 years.

FINANCIAL APPROVAL: Based on information provided to and reviewed by lender, applicant meets the financial liquidity or net worth requirements as described in Attachment A. Since the final loan amount and borrower approval is to be determined by HUD as the maximum principal amount HUD will insure, the foregoing indications of loan amount and borrower approval are subject to change.

Subject to Lender's obtaining from HUD a firm Commitment for Insurance of a Mortgage Loan, in an amount and reflecting such terms and conditions as are acceptable to Lender and to Proposed Borrower, and further subject to all terms, conditions and provisions stated herein, as executed below by Lender, this document evidences the agreement of the Lender to make a loan (the "Loan") to the Proposed Borrower, to be secured by a credit instrument and security instrument (the "Mortgage") covering real property with existing improvements thereon. Although this document is subject to final underwriting of Centerline Capital Group and HUD, third party report verification of underwriting as well as receipt of an award of tax credits, it does represent the understanding of the parties as to the contemplated loan, and it is on the basis of this Term Letter as Proposed Lender, will proceed toward applying for a HUD commitment. Unless otherwise agreed, there will be no personal liability for defaults in payment of interest and/or principal on the Loan.

Additional Provisions. Documents are to be executed on such forms and are to contain such terms and provisions as Lender deems necessary or appropriate and as required by FHA.

This Term Letter and any related application or any commitment issued by FHA is subject to current regulations, policies and procedures of FHA and any changes thereto. The Lender serves in no fiduciary capacity or relationship to Borrower and/or Mortgagor. This term letter will expire on December 22, 2011.

Very truly yours,

Centerline Capital Group



Jim Gillespie
Managing Director

AGREED AND ACCEPTED:

Atlantic Housing Foundation, Inc.

Signature: _____

Printed Name: _____

Title: _____

Date: _____

ATTACHMENT A

SUMMARY OF REQUIREMENTS FOR BORROWER APPROVAL

1. Mortgage Credit Analysis of Principals

- a. Existing published guidance, for example Handbook 4470.1 Chapters 1 & 3, and Handbook 4565.1 Chapter 6 paragraph 6-9, provide requirements of balance sheets and supporting schedules for the single asset entity mortgagor, plus its principals. Principals in this context are defined as those parties subject to Previous Participation Active Partners Performance System (APPS/2530) review, see 24 CFR 200.215.
- b. Mortgage credit review of a Limited Liability Company (LLC) follows a similar equity and control standard for principals in a Limited Partnership. Managing Members (analogous to a General Partner) and Members with an aggregate interest of 25 percent or greater are subject to mortgage credit review.
- c. Given the increased potential for principals to be in material adverse financial positions as potentially over-leveraged short term debt comes due in the next several years, the Lender's credit review is particularly important. Generally, the Lender and HUD have exercised discretion in the extent of mortgage credit review where the single asset mortgagor entity is fully funded. Because of concerns about the impact of volatile real estate fundamentals, and the lack of liquidity in the commercial real estate financing markets, this ML is emphasizing the need for mortgage credit review by the Lender on all principals and affiliates, whether or not the single asset mortgagor entity is fully funded. The Lender's mortgage credit review must include:
 - The balance sheets for all principals should, in addition to other relevant schedules, contain a Schedule of Real Estate Owned, and a Schedule of Mortgage Debt. Sample templates of these schedules are attached.
 - The Lender's mortgage credit review and Firm Commitment submission should address the creditworthiness of all principals, and contain a written analysis of the financial position and contingent liabilities, particularly all mortgage debt with near or intermediate term balloon payments (i.e. within the next 5 years).
 - The Lender's analysis of the various properties' net operating income, outstanding indebtedness, valuation estimates etc., with details supporting the Lender's assessment of the likelihood of successfully refinancing projects with maturing balloon debt, assuming current capital markets conditions and the current availability of alternative long term financing sources.
 - The Lender's analysis should reconcile the data, and come to a conclusion as to the principals' and Borrower's creditworthiness. Particular attention should be given to principals with a history or anticipated incidence of adverse credit actions including (but not limited to) bankruptcies, foreclosures, or a pattern of renegotiating debt.

- A financing plan for any shortfall or anticipated lack of available credit should be provided. Both conventional financing and other FHA insured loans should be included in this analysis.

2. Concentration of Principal Risk

Particular attention and additional scrutiny will be given in cases where principals have greater than \$250,000,000 of outstanding FHA insured debt. Based on their review of the principals' Schedule of Real Estate Owned, the lenders must identify principals that exceed this \$250,000,000 threshold. Lenders will need HUD pre-approval before such principals may apply for additional insurance commitments; further guidance will be issued separately to address the process for obtaining HUD approval.

*MAP Lender gathers and analyzes borrower data for requirements but HUD has final underwriting authority and final approval or rejection of borrower for eligibility under the 221d4 program.

EXHIBIT A
a-d

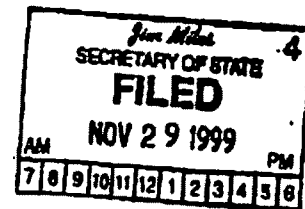
CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

NOV 29 1999

[Signature]
SECRETARY OF STATE OF SOUTH CAROLINA

ARTICLES OF INCORPORATION OF
ATLANTIC HOUSING FOUNDATION, INC.

ARTICLE 1.



Section 1. The name of the corporation (the "Corporation") is

Atlantic Housing Foundation, Inc.

Section 1.2. The Corporation is organized pursuant to the provisions of the South Carolina Nonprofit Corporation Act of 1994, the ("South Carolina Nonprofit Corporation Act"). The Corporation is a nonprofit corporation and a public benefit corporation, which is organized for exclusively charitable purposes.

Section 1.3. The Corporation shall have perpetual duration.

Section 1.4. The Corporation shall not be authorized to issue any shares of stock.

Section 1.5. The Corporation shall have no members.

Section 1.6. The Corporation is not a private foundation either under Section 33-31-150 of the South Carolina Nonprofit Corporation Act or under Section 509(a) of the Internal Revenue Code of 1986, as amended (the "Tax Code").

Section 1.7. The board of directors of the Corporation shall be designated and referred to as the "Board of Trustees" and the directors of the Corporation shall be designated and referred to as "Trustees."

Section 1.8. The initial registered office of the Corporation shall be CT Corporation System, 75 Beattie Place, Two Insignia Financial Plaza, Greenville County, Greenville, South Carolina 29601. The initial registered agent of the Corporation at such address shall be CT Corporation System. The initial principal office of the Corporation shall be at 1 Cardinal Ct., Suite 19, Hilton Head, SC 29926.

ARTICLE II

D
Section 2.1. The Corporation is organized and shall be operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Tax Code. Within the charitable purposes allowed under Section 501(c)(3) of the Tax Code, the Corporation shall be operated primarily to foster, support, provide, acquire, construct, rehabilitate and/or operate qualified affordable housing for low income persons and families, elderly

persons and/or mentally or physically disabled persons, all in accordance with, inter alia, Section 501(c)(3) of the Tax Code. In particular, the Corporation shall:

A. Provide on a nonprofit basis housing for low and moderate income families where no adequate housing exists for such families.

B. Provide aid to the poor and distressed, provide decent, safe and sanitary housing for low-income persons and families, elderly and/or disabled persons, provide social services to low income persons and families, assist in the social and economic integration of the poor, combat community deterioration, lessen neighborhood tensions, eliminate prejudice and discrimination, and reduce the burden on government through the provision of affordable housing for low-income persons and families, elderly persons and/or mentally or physically disabled persons.

Section 2.2. In furtherance of such charitable purposes, the corporation shall have full power and authority to:

A. Acquire or receive from any individual, firm, association, corporation, trust, foundation, or any governmental subdivision, unit or agency, by deed, gift, purchase, bequest, devise, appointment, or otherwise, cash, securities and other property, tangible or intangible, real or personal, and to hold, administer, manage, invest, reinvest, and disburse the principal and income thereof solely for the charitable purposes hereof.

B. To distribute property for such charitable purposes in accordance with the terms of gifts, bequests, or devises to the corporation not inconsistent with its purposes, as set forth in these Articles of Incorporation, or in accordance with determinations made by the Board of Trustees pursuant to these Articles of Incorporation.

C. To distribute property and to extend financial aid and support through grants, gifts, contributions, or other aid or assistance to qualified charitable organizations or for charitable purposes.

D. To award scholarships and provide other forms of financial aid for educational purposes to or for the benefit of deserving individuals on the basis of scholastic ability, merit, financial need, and other similar criteria, provided that such program(s) shall be administered strictly on a nondiscriminatory basis, with no preferences given or distinctions drawn on the basis of race, creed, sex, or national origin.

E. To engage in charitable functions and activities, not inconsistent with its purposes, as set forth in these Articles of Incorporation.

F. Contract; agree or otherwise make arrangements with third parties (which may include interested or related persons and entities) for property, goods or services for reasonable fair market consideration or compensation in connection with the fulfillment of any other exempt charitable purpose of the Corporation.

G. To perform all other acts necessary or incidental to the above and to do whatever is deemed necessary, useful, advisable, or conducive, directly or indirectly, to carry out any of the purposes of the corporation, as set forth in these Articles of Incorporation, including the exercise of all other power and authority enjoyed by corporations generally by virtue of the provisions of the South Carolina Nonprofit Corporation Act, within and subject to the limitations of section 501(c)(3) of the Internal Revenue Code.

H. The Corporation shall not discriminate in any way on the basis of sex, race, disability, creed, color, national origin or previous conditions of servitude with respect to tenants, employees, applicants, or others.

ARTICLE III

B Section 3.1 The Corporation is irrevocably dedicated to, and operated exclusively for, nonprofit and charitable purposes in compliance with Section 501(c)(3) of the Tax Code. No part of the income or assets of the Corporation and no part of its earnings or revenues shall ever at any time inure to the benefit of, or be distributed to, any individual.

Section 3.2. It is intended that the Corporation shall have the status of a corporation which is exempt from federal income taxation under Section 501(a) of the Tax Code, as an organization described in Section 501(c)(3) of the Tax Code. These Articles shall be construed accordingly, and all powers and activities of the Corporation shall be limited accordingly. The Corporation shall not engage in any activity or undertaking that would jeopardize or adversely affect its status as an Exempt Organization. The Corporation shall not carry on propaganda or otherwise attempt to influence legislation to such extent as would result in loss of its exemption from federal income tax under Section 501(c)(3) of the Tax Code. No activity of the Corporation shall consist of participating in or intervening in (including the publishing or distributing of statements) political campaigns on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles of Incorporation to the contrary, the Corporation shall not engage in any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Tax Code or the corresponding section of any future federal tax code or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Tax Code or the corresponding section of any future federal tax code.

Section 3.3. Upon the dissolution of the Corporation, the Trustees of the Corporation shall, after paying or making provisions for the payment of all of the liabilities of the Corporation, distribute all of the assets of the Corporation to one or more other Exempt Organizations), as the Board of Trustees of the Corporation shall determine will best accomplish the exempt charitable purposes of the Corporation. In the event that, for any reason, upon dissolution of the Corporation, the Board of Trustees shall fail to act in the manner herein provided within a reasonable period of time, a South Carolina court of

competent jurisdiction shall make such distribution, exclusively for the exempt charitable purposes of the Corporation set forth in Article II hereof as the court shall determine, upon the application of one or more Trustees of the Corporation.

ARTICLE IV.

Section 4.1. The initial Board of Trustees of the Corporation shall be appointed by the Incorporator, which appointments shall be effective upon the Incorporator receiving written notice of the acceptance of such appointments from the Appointees. Upon receiving such acceptance of appointments, the Incorporator shall give notice of and convene the organizational meeting of such initial Board of Trustees of the Corporation or evidence the taking of actions in lieu of such organizational meeting by one or more written unanimous consent resolutions of the Incorporator and such initial Board of Trustees. Upon the convening of such organizational meeting (or upon the adoption of one or more written unanimous consent resolutions in lieu of such organizational meeting), all rights, powers and responsibilities of the Incorporator hereunder and under the South Carolina Nonprofit Corporation Act shall vest in the Board of Trustees of the Corporation and such rights, powers and responsibilities shall no longer vest in the Incorporator.

Section 4.2. Subject to these Articles of Incorporation and the Bylaws of the Corporation, the full and entire management of the affairs and business of the Corporation shall be vested in the Board of Trustees, which shall have and may exercise all of the powers that may be exercised or performed by the Corporation. The Bylaws of the Corporation shall be adopted by its Board of Trustees by majority vote at the organizational meeting thereof and may be amended, modified, superseded, repealed or otherwise changed at a meeting of the Board of Trustees for which notice of such proposed change shall have been duly given or duly waived by a majority vote of the Board of Trustees attending such meeting.

J
Section 4.3. The Board of Trustees shall consist of an odd number of Trustees of not less than three (3) nor more than seven (7) as determined at the annual meeting of the Board of Trustees called in accordance with the Corporation's Bylaws or at such other meeting for which notice of such proposed change in the number of Trustees shall have been duly given in accordance with the Corporation's Bylaws, except that the initial Board of Trustees of the Corporation shall be the five Trustees appointed by the Incorporator for periods of one (1), two (2), three (3), or four (4) years in accordance with Section 4.1 hereof. Trustees shall be appointed annually by the nondeparting Trustees and may include the President or other officers or Trustees. The members of the Board of Trustees of the Corporation shall serve for a term of three (3) years or until their successors are selected. The attendance of a majority of the Trustees then in office shall constitute a quorum at any meeting of the Board of Trustees, and all resolutions adopted and all business transacted by the Board of Trustees shall require the affirmative vote of a majority of the Trustees present at the meeting; provided, however, any matter requiring a

unanimous consent of all Trustees of the Corporation shall require the affirmative vote of all Trustees of the Corporation regardless of their presence or absence at a meeting.

Section 4.4. A Trustee may resign his appointment at any time. A Trustee may be removed, with or without cause, upon the vote of a majority of the Trustees. The remaining Trustees shall appoint a successor Trustee to fill the place of any Trustee who may resign, be removed or otherwise vacate prior to the expiration of his term, such appointment of a successor Trustee to continue until the expiration of the term of the Trustee whose place has become vacant. The Board shall fill any Trusteeship created as a result of an increase in the number of Trustees, such appointment to continue for a term of office until the next selection of Trustees or, if applicable, until the selection and qualification of a successor.

Section 4.5. The officers of the Corporation shall be selected as provided in the Bylaws, which officers may be, but need not be, Trustees of the Corporation.

Section 4.6. Any action to be taken at a meeting of the Trustees, or any action that may be taken at a meeting of the Trustees, including, without limitation, the initial organizational meeting, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Trustees and any further requirements of law pertaining to such consents have been satisfied, including, without limitation, Section 33-31-821 of the South Carolina Nonprofit Corporation Act.

Section 4.7. No contract or other transaction between the Corporation and any of its Trustees or officers, or any corporation or other entity in which any of them are directly or indirectly interested, shall be invalid solely due to such relationship or due to the presence of the Trustee or officer at the meeting authorizing the contract or the transaction, or such Trustee's or officer's participation or vote at such meeting or authorization, provided that the Corporation shall adopt and comply with a written policy on potential conflicts of interest, which policy shall establish procedures to evaluate potential conflicts of interest and also shall include other matters as appropriate with respect to Section 4958 of the Tax Code.

Section 4.8. The Trustees of the Corporation shall receive no compensation for their service as Trustees, but the Board of Trustees may, by resolution, authorize the reimbursement to Trustees for reasonable expenses incurred while acting on behalf of the Corporation. Officers of the Corporation may be paid reasonable compensation for their services rendered on behalf of the Corporation as authorized by a resolution of the Board of Trustees, provided that the Corporation shall adopt and comply with a written policy on such compensation and potential conflicts of interest, which policy shall establish procedures to evaluate the reasonableness of any such compensation and evaluate potential conflicts of interest and also shall include other matters as appropriate in order to comply with, and avoid the imposition of taxes or penalties under, Section 4958 of the Tax Code or any successor thereto.

ARTICLE V.

Section 5.1. The Corporation shall not take any of the following actions without the unanimous consent of all Trustees of the Corporation

- (a) File a bankruptcy or insolvency petition or otherwise institute insolvency proceedings;
- (b) Dissolve, liquidate, consolidate, merge or sell all or substantially all of the assets of the Corporation;
- (c) Engage in any business activity not authorized in or contemplated by Article II hereof,
- (d) Amend these Articles of Incorporation in any manner inconsistent with the Corporation's status as an Exempt Organization and a public benefit, nonprofit corporation under the South Carolina Nonprofit Corporation Act;
- (e) Guarantee the debts of any other entity, or pledge its assets for the benefit of any other entity.

Section 5.2. The Corporation shall observe and comply with the following: maintain and operate itself as a separate legal entity; conduct its own business in its own name or a registered trade name; maintain its books and records and its accounts separate from any other person or entity; not commingle assets with those of any other entity; maintain separate financial statements; pay its own liabilities out of its own funds; observe all required or customary corporate formalities; maintain an arm's-length relationship with each of its affiliates; pay the salaries of its own employees and maintain a sufficient number of employees in light of its business operations (taking into account, among other matters, services performed on its behalf by its agents and contracting parties pursuant to arm's-length contracts); allocate fairly and reasonably any overhead for shared office space and any other shared overhead; and maintain adequate capital (taking into account among other matters, the value of its assets) in light of its purposes and operations; provided, however, none of the foregoing covenants shall be construed to conflict in any way with the Corporation's right to (a) contract in an arm's-length, fair market value transaction with a third-party property manager to operate and manage the any real estate projects on behalf of the Corporation, including, without limitation, to maintain books and records for any such Project, to maintain accounts for such Project, and to pay operating expenses, debt services and other liabilities of such Project out of the revenues of the Project, and (b) contract in an arm's length, fair market value transaction with a third-party asset oversight agent

ARTICLE VI

Section 6.1. No Trustee of the Corporation shall be personally liable to the Corporation or its creditors for monetary damages by reason of any action or inaction by him or her as a Trustee; provided, however, this provision shall eliminate or limit the liability of a Trustee only to the maximum extent permitted from time to time by the South Carolina Nonprofit Corporation Act or any successor law or laws.

Section 6.2. The Corporation may indemnify any person who is or was a Trustee, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a trustee, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any and all liabilities arising out of or incurred in connection with that person's service to or on behalf of the Corporation, and may take such steps as may from time to time be deemed appropriate, in accordance with and to the maximum extent permitted by applicable law and the Bylaws of the Corporation, to ensure the payment of such amounts as may be necessary to effect such indemnification, including, without limitation, through the purchase of indemnity insurance.

Section 6.3. No repeal or modification of this Article shall adversely affect any right or protection of a Trustee of the Corporation existing at the time of such repeal or modification.

ARTICLE VII

Section 7. 1. Purposes. In addition to provisions contained elsewhere herein, the Corporation is created for the following purposes:

- (a) To create a nonprofit business entity to, acquire, own and operate a certain multifamily rental housing facility known as the Dolphin Landing Apartments (The Project) located in Corpus Christi, Texas, more specifically described in the Legal Description attached hereto, either as sole owner or as a partner, joint venturer, LLC Member or in some other form of common ownership with the Housing Authority of the City of Corpus Christi, Texas (CCHA) or an instrumentality created by CCHA for said purpose,
- (b) To enable the financing of the acquisition, rehabilitation and equipping of the Project, including participation in the issuance of tax exempt Housing Bonds.
- (c) To enter into, perform, and carry out contracts of any kind necessary to, or incidental to, the accomplishment of the purposes of the Corporation, including, expressly, requirements of the National Housing Act and the regulations of the Secretary thereunder, relating to the regulation or restriction of mortgagors as to rents, sales, charges, capital structure, rate of return and methods of operation.

(d) To acquire any property, real or personal, in fee or under lease, or any rights therein or appurtenant thereto, necessary for the acquisition, rehabilitation, and operation of the Project; and

(e) To borrow money, and issue evidence of indebtedness, and to secure the same by mortgage, deed of trust, pledge or other lien in furtherance of any or all of the objects of its business in connection with the Project.

Section 7.2. In addition to the powers of the Corporation set forth elsewhere herein, the Corporation shall have the following powers:

(a) The Corporation shall have the power to do and perform all purposes whatsoever set out in Section 7.1 hereof necessary or incidental to the accomplishment of said purposes.

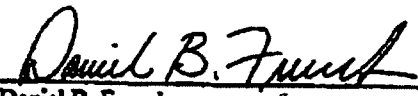
(b) In the event of the dissolution of the Corporation, the Corporation shall have at all times the power to convey any or all of its property to the trustee, the lender or the lender's nominee.

ARTICLE VIII

Section 8.1. The name and address of the Incorporator is:

Daniel B. French
1 Cardinal Ct., Suite 19
Hilton Head, SC 29926

In Witness Whereof, the undersigned has executed these Articles of Incorporation on November 19, 1999 to be effective upon filing with the Secretary of the State of South Carolina on _____, 1999.


Daniel B. French

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

SEP 22 2004

Mark Hammond
SECRETARY OF STATE OF SOUTH CAROLINA

FILED

APR 28 2004

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

Mark Hammond
SECRETARY OF STATE

NONPROFIT CORPORATION
ARTICLES OF AMENDMENT

TYPE OR PRINT CLEARLY WITH BLACK INK

Pursuant to the provisions of Section 33-31-1005 of the 1976 South Carolina Code of Laws, as amended, the applicant delivers to the Secretary of State these articles of amendment.

1. The name of the nonprofit corporation is Atlantic Housing Foundation, Inc.
2. Date incorporated November 19, 1999
3. Specify (a) the text of every amendment adopted, and (b) list when each amendment was adopted.
Amendment - see attached page - adopted November 25, 2003

4. ☒ By checking this paragraph 84 the applicant represents that (a) approval of the amendment by the members was not required, (b) the amendment was approved by a sufficient vote of the board or directors or the incorporators. (Do not check this paragraph 84 if member vote was required or if the required vote of directors or incorporators was not obtained.)

5. If the approval of the members was required to adopt the amendment(s), provide the following information:

(a) Designation (Classes of Memberships)
BOARD OF TRUSTEES

(b) Number of memberships outstanding
6 TRUSTEES, AND IS A NON-MEMBER ORGANIZATION.

(c) Number of votes entitled to be cast by each class entitled to vote separately on the amendment
ONE VOTE PER TRUSTEE.

(d) Number of votes of each class independently voting on the amendment
SIX

- (e) Complete one of the following as appropriate

(i) Total number of votes cast for and against the amendment by each class entitled to vote separately
6 FOR - 0 AGAINST

(ii) Total number of undeposited votes cast for the amendment by each class which was sufficient for approval for that class
6

040729-0069



040729-0069

Atlantic Housing Foundation, Inc.
Name of Corporation

6. ☐ By checking this paragraph #6 the applicant represents that approval of the amendment by some person or persons other than the members, the board, or the incorporators is required pursuant to Section 33-31-1030 of the 1976 South Carolina Code of Laws, as amended, and that the approval was obtained. (Do not mark paragraph #6 if either of these statements is not true.)
7. If the amendment provides for an exchange, reclassification, or cancellation of memberships, provisions for implementing the amendment must be set forth here if provisions are not contained in the amendment itself _____
8. ☐ If this corporation is converting from either a public benefit or religious corporation into a mutual benefit corporation, mark this paragraph #8 which certifies that a notice, including a copy of the proposed amendment, was delivered to the South Carolina Attorney General at least twenty days before the consummation of the amendment.

Date November 25, 2003

Atlantic Housing Foundation, Inc.
Name of Corporation

Daniel B. French
Signature of Officer

Daniel B. French
Type or Print Name and Title

FILED INSTRUCTIONS

1. Two copies of this form, the original and either a duplicate original or a certified copy, must be filed.
2. If the space in this form is insufficient, please attach additional sheets containing a reference to the appropriate paragraph in this form, or prepare this using a computer disk which will allow for expansion of space on the form.
3. This form must be accompanied by the filing fee of \$10.00 payable to the Secretary of State.

Return to: Secretary of State
P.O. Box 11330
Columbia, SC 29211

SA-ARTICLES OF AMENDMENT-04

Form Revised by South Carolina
Secretary of State, January 2000

SOUTH CAROLINA
NON PROFIT CORPORATION
AMENDMENT TO
ARTICLES OF INCORPORATION OF
ATLANTIC HOUSING FOUNDATION, INC.

Please delete the introductory paragraph to Section 2.1 and replace it with the following introductory paragraph to Section 2.1:

ARTICLE II

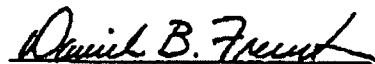
Section 2.1 The Corporation is organized and shall be operated exclusively for charitable purposes within the meaning of Section 501 (c)(3) of the Tax Code. Within the charitable purposes allowed under Section 501 (c)(3) of the Tax Code, the Corporation shall be operated primarily to foster, support, provide, acquire, construct, rehabilitate and/or operate qualified affordable housing for low income persons and families, elderly persons and/or mentally or physically disabled persons, and to provide, acquire, construct, rehabilitate and/or operate student housing, all in accordance with, inter alia, Section 501 (c)(3) of the Tax Code. In particular, the Corporation shall:

Please add the following Paragraph C to Section 2.1:

C. Provide on a nonprofit basis student housing in communities where a specific need for student housing has been documented by the community or one or more colleges in the community.

ADOPTED by the Unanimous Consent by the Board of Trustees in Lieu of Meeting, to be effective as of the date of filing,

Atlantic Housing Foundation, Inc.


Signature of Officer


Type or Print Name and Office



The State of Texas
Secretary of State

CERTIFICATE OF INCORPORATION
OF

ATLANTIC HOUSING FOUNDATION, INC.
CHARTER NUMBER 01619916

THE UNDERSIGNED, AS SECRETARY OF STATE OF THE STATE OF TEXAS,
HEREBY CERTIFIES THAT THE ATTACHED ARTICLES OF INCORPORATION FOR THE
ABOVE NAMED CORPORATION HAVE BEEN RECEIVED IN THIS OFFICE AND ARE
FOUND TO CONFORM TO LAW.

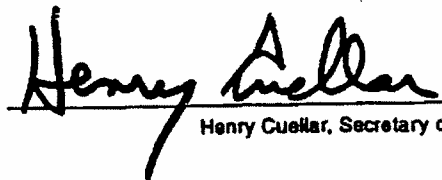
ACCORDINGLY, THE UNDERSIGNED, AS SECRETARY OF STATE, AND BY VIRTUE
OF THE AUTHORITY VESTED IN THE SECRETARY BY LAW, HEREBY ISSUES THIS
CERTIFICATE OF INCORPORATION.

ISSUANCE OF THIS CERTIFICATE OF INCORPORATION DOES NOT AUTHORIZE
THE USE OF A CORPORATE NAME IN THIS STATE IN VIOLATION OF THE RIGHTS OF
ANOTHER UNDER THE FEDERAL TRADEMARK ACT OF 1946, THE TEXAS TRADEMARK LAW,
THE ASSUMED BUSINESS OR PROFESSIONAL NAME ACT OR THE COMMON LAW.

DATED MAR. 1, 2001

EFFECTIVE MAR. 1, 2001




Henry Cuellar, Secretary of State

Texas Department of Housing and Community Affairs
Community Housing Development Organization (CHDO)
Certification



AFFIDAVIT OF BOARD REPRESENTATION

On this 16th day of May, 2009 I, Daniel French, Chairman hereby

certify that the individuals identified in the attached exhibit are residents of a low income neighborhood, other low income community resident, or elected representative of a low income neighborhood organization and is an active member of Atlantic Housing Foundation's Board of Directors. "Low-income" is defined as households whose annual incomes do not exceed 80% of the median income for the area, as determined by HUD with adjustments for smaller and larger families.

I certify that the above statement is true and correct. I understand that any misstatement or falsification of information shall be grounds for denial or revocation of certification for CHDO status.

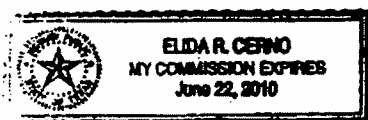
Daniel B. French

5/16/09
Date

Daniel B. French, Chairman of the Board of Trustees

NOTARY INFORMATION:

Elida R. Cerno

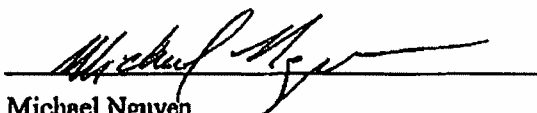


AHF Atlantic Housing Foundation, Inc.

A Not For Profit Affordable Housing Corporation

February 23, 2011

This statement is to certify that Atlantic Housing Foundation conforms to the financial accountability standards of the OMB Circular A-110, "Standards for Financial Management Systems".


Michael Nguyen
President/CEO

2/24/11
Date

State of Texas
County of Tarrant

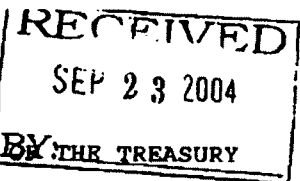
This statement was acknowledged before me on 2/24/11, by Michael Nguyen, President and CEO.




Monica Knowles
Notary Public, State of Texas

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY



Date:

SEP 17 2004

ATLANTIC HOUSING FOUNDATION INC
210 PARK BLVD STE 112
GRAPEVINE, TX 76051

Employer Identification Number:

DLN:

17053171757004

Contact Person:

JEFFERY A CULLEN

ID# 31215

Contact Telephone Number:

(877) 829-5500

Public Charity Status:

509(a)(2)

Dear Applicant:

Our letter dated May 2000, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity, rather than as a private foundation, during an advance ruling period.

Based on the information you submitted, our letter dated June 8, 2004 in which you were presumed to be a private foundation is hereby superseded. You are classified as a public charity under the Code section listed in the heading of this letter. Since your exempt status was not under consideration, you continue to be classified as an organization exempt from Federal income tax under section 501(c)(3) of the Code.

Publication 557, Tax-Exempt Status for Your Organization, provides detailed information about your rights and responsibilities as an exempt organization. You may request a copy by calling the toll-free number for forms, (800) 829-3676. Information is also available on our Internet Web Site at www.irs.gov.

If you have general questions about exempt organizations, please call our toll-free number shown in the heading between 8:00 a.m. - 6:30 p.m. Eastern time.

Please keep this letter in your permanent records.

Sincerely yours,

Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Letter 1050 (DO/CG)

[CHDO Name] Atlantic Housing Foundation, Inc.
Board of Directors

SELECT ONLY ONE OF THE FIVE CATEGORIES BELOW FOR EACH BOARD MEMBER
(Appropriate Documentation Must be Provided)

Current Board Member Name	County of Residence	Employer (if unemployed, indicate reason such as student, retired, disabled, etc.)	Low-Income Household (below 80% AMI)	Resident of a Low Income Neighborhood (must provide US Census tract data)	Elected Representative of a Low-Income Neighborhood Organization*	Public Official, Appointee, or Employee*	Private Sector	Term Expiration Date
1 Michael Nguyen	Collin	Atlantic Housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	N/A
2 Dan French	Tarrant	Atlantic Housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	N/A
3 Alton Jones	Flagler	Armada	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	N/A
4 Richard Whaley	Franklin	MAAS Apartment Co.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	N/A
5 John Carter	Dallas	Educator	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12/31/2013
6 Pierena Otiano	Dallas	Student	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12/31/2013
7 George Griffiths	Brevard	Pastor	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12/31/2013
8			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

*Per a regulatory clarification from HUD, a local government employee, school board employee, etc. does not have to be counted as a public sector representative if he/she would otherwise qualify as a low-income representative. However, a board member who is employed by any branch or agency of state government is automatically considered a public representative, regardless of his/her income level. Other types of public representatives include elected officials and board members by a public official.

I certify that this listing of current participating board members is accurate.

Board President Signature

David B. French

Date

September 1, 2011

BOARD MEMBER INFORMATION

NOTE: Each board member must complete and sign this page:

As a board member of a designated Community Housing Development Organization (CHDO), please provide the following information.

Name of Organization: ATLANTIC HOUSING FOUNDATION, INC.

BOARD MEMBER: RICHARD WHALEY

HOME ADDRESS: [REDACTED]

PHONE: HOME [REDACTED] BUSINESS [REDACTED]

OCCUPATION: Real Estate

BUSINESS ADDRESS: [REDACTED]

PLEASE CHECK ANY OF THE FOLLOWING THAT APPLY TO YOU:

- () I am a resident of a low-income neighborhood. (This does not mean that you must be a low income person, only that your residence is in a low-income neighborhood.)
- () I am a low-income resident of the community. (Community can mean neighborhood, the city, county, or metropolitan area.)
- () I am an elected representative of a low-income neighborhood organization. (A low-income neighborhood organization is an organization composed primarily of residents of a low-income neighborhood. Examples of such organizations are: block groups, town watch organizations, civic associations, neighborhood church groups, etc.)
- () I am a representative of the public sector. (A public sector representative is any elected public official, any appointed public official, any public/government employee of a public agency or department, or any individual who is appointed by a public official to serve on a CHDO board.)

I certify that the information is correct as of the date indicated below.

[Signature]
Board Member Signature

2-23-2011
Date

BOARD MEMBER INFORMATION

NOTE: Each board member must complete and sign this page:

As a board member of a designated Community Housing Development Organization (CHDO), please provide the following information.

Name of Organization: Atlantic Housing Foundation, Inc.

BOARD MEMBER: Daniel B. French

HOME ADDRESS: [REDACTED]

PHONE: HOME ([REDACTED]) BUSINESS ([REDACTED])

OCCUPATION: Real Estate

BUSINESS ADDRESS: [REDACTED]

PLEASE CHECK ANY OF THE FOLLOWING THAT APPLY TO YOU:

- () I am a resident of a low-income neighborhood. (This does not mean that you must be a low income person, only that your residence is in a low-income neighborhood.)
- () I am a low-income resident of the community. (Community can mean neighborhood, the city, county, or metropolitan area.)
- () I am an elected representative of a low-income neighborhood organization. (A low-income neighborhood organization is an organization composed primarily of residents of a low-income neighborhood. Examples of such organizations are: block groups, town watch organizations, civic associations, neighborhood church groups, etc.)
- () I am a representative of the public sector. (A public sector representative is any elected public official, any appointed public official, any public/government employee of a public agency or department, or any individual who is appointed by a public official to serve on a CHDO board.)

I certify that the information is correct as of the date indicated below.

Daniel B. French
Board Member Signature

2/22/2011
Date

BOARD MEMBER INFORMATION

NOTE: Each board member must complete and sign this page:

As a board member of a designated Community Housing Development Organization (CHDO), please provide the following information.

Name of Organization: ATLANTIC HOUSING FOUNDATION, Inc.

BOARD MEMBER: ALTON E. JONES

HOME ADDRESS: [REDACTED]

PHONE: HOME ([REDACTED]) BUSINESS ([REDACTED])

OCCUPATION: ARMADA DEVELOPERS, LLC, PRESIDENT

BUSINESS ADDRESS: [REDACTED]

PLEASE CHECK ANY OF THE FOLLOWING THAT APPLY TO YOU:

- () I am a resident of a low-income neighborhood. (This does not mean that you must be a low income person, only that your residence is in a low-income neighborhood.)
- () I am a low-income resident of the community. (Community can mean neighborhood, the city, county, or metropolitan area.)
- () I am an elected representative of a low-income neighborhood organization. (A low-income neighborhood organization is an organization composed primarily of residents of a low-income neighborhood. Examples of such organizations are: block groups, town watch organizations, civic associations, neighborhood church groups, etc.)
- () I am a representative of the public sector. (A public sector representative is any elected public official, any appointed public official, any public/government employee of a public agency or department, or any individual who is appointed by a public official to serve on a CHDO board.)

I certify that the information is correct as of the date indicated below.

Alton E. Jones
Board Member Signature

2-22-2011
Date

PERINA CATTIANO

Date

Certification of Low-Income RepresentationBoard Member Name: GEORGE A. GRIFFITH JR

I certify that I am a current member in good standing of the governing board for

Atlantic Housing Foundation, Inc.

(Name of the CHDO organization)

and that I represent the interests of the low-income families in this organization's targeted service area. I have checked below the manner in which I meet the qualification as a low-income representative:

☐ I qualify as a low-income resident under the HOME Program definition. The gross annual income of my household of _____ people is at or below 80% of the _____ county area median income in the amount of \$_____.
(80% AMI limit)

☐ I live in a low-income area (where 51% or more of the households in my US Census tract have incomes at or below 80% of the median household income, as defined by HUD), which is part of the CHDO's targeted service area. My census tract is _____. The Census tract data must accompany this certification.
(census tract number)

☒ I am an elected representative of ATLANTIC HOUSING FOUNDATION, INC
(name of low-income neighborhood organization)

located within BREVARD, which is part of the CHDO's targeted service area. The meeting minutes and election roster that demonstrates the election of the member must be provided.
(within name of county)

If the applicant is representing a low-income neighborhood organization, please attach a copy of the signed resolution from the neighborhood organization naming the individual as their representative on the CHDO's board of directors.

By signing and dating this statement, I hereby certify that I meet the low-income representation characteristic checked above.

George A. Griffith Jr
Board Member Signature9-19-11
DateDonald B. Fournier
Board President Signature9/21/2011
Date

Certification of Low-Income Representation

Board Member Name:

John Carter

I certify that I am a current member in good standing of the governing board for

Atlantic Housing Foundation, Inc.

(Name of the CHDO organization)

and that I represent the interests of the low-income families in this organization's targeted service area. I have checked below the manner in which I meet the qualification as a low-income representative:

☐ I qualify as a low-income resident under the HOME Program definition. The gross annual income of my household of _____ people is at or below 80% of the _____ county area median income in the amount of \$_____.
(80% AMI limit)

☐ I live in a low-income area (where 51% or more of the households in my US Census tract have incomes at or below 80% of the median household income, as defined by HUD), which is part of the CHDO's targeted service area. My census tract is _____. The Census tract data must accompany this certification.
(census tract number)

☐ I am an elected representative of ATLANTIC HOUSING FOUNDATION
(name of low-income neighborhood organization)
located within TARRANT, which is part of the CHDO's targeted service area. The meeting minutes and
(within name of county)
election roster that demonstrates the election of the member must be provided.

If the applicant is representing a low-income neighborhood organization, please attach a copy of the signed resolution from the neighborhood organization naming the individual as their representative on the CHDO's board of directors.

By signing and dating this statement, I hereby certify that I meet the low-income representation characteristic checked above.

John Carter
Board Member Signature

9/19/11
Date

David B. Trust
Board President Signature

9/21/2011
Date

**A Resolution of
The Board of Trustees of
Atlantic Housing Foundation, Inc.**

Resolution # 113011.01

This is to certify that the Board of Trustees of Atlantic Housing Foundation, Inc., (the Company) a South Carolina nonprofit corporation, domiciled and qualified to do business in Southlake, Tarrant County, Texas, at a duly called meeting in Southlake, TX, waived notice of the meeting, and passed the following resolution:

Whereas the mission of Atlantic Housing Foundation includes the development and operation of safe, decent, and affordable multifamily housing for low and moderate income households and,

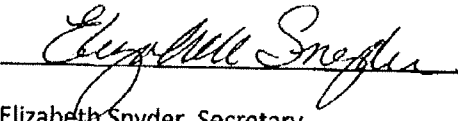
Whereas the managers of the Company have identified a development opportunity located on FM Road 1325 in Austin, TX that is suitable for a project to include the construction of approximately 250 units and

Whereas such development furthers the goals of the Company in terms of its charitable purposes and,

Whereas financing of the project will require several elements including, among others, public funding, it is hereby resolved :

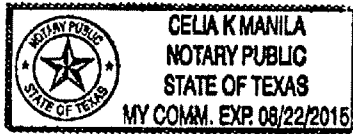
Mr. Michael Nguyen, as President of the Company is hereby authorized to apply for and negotiate the terms of a loan, grant, or other financial agreement with the City of Austin in the amount of One Million Five Hundred Thousand (\$2,000,000) Dollars, or such other amount as the parties may agree, including loan terms, collateral instruments, loan agreements, notes, and any other documents reasonable necessary to secure this element of the overall plan of finance. He is further authorized to execute any and all documents on behalf of the Company necessary or desirable to secure any needed entitlements including, but not limited to, zoning, variances, utilities, transportation, impact fees, and public safety approvals, modifications, amendments, extensions, renewals, increases, substitutions, and rearrangements thereof.

Mr. Nguyen is authorized to take any or all the above actions on behalf of the Company without the necessity of attestation by the Secretary or any other officer of the Company and with or without the seal of the Corporation, and any and all acts heretofore taken by any such officer of the Company to such end are hereby expressly ratified and confirmed as the acts and deeds of the Company.


Elizabeth Snyder, Secretary

On this day personally appeared Elizabeth Snyder known to me, who being sworn upon her oath, deposed and stated that she is an authorized representative of Atlantic Housing Foundation, Inc., and that the resolution hereinabove set forth, together with the statements regarding its consideration and approval by the Board of Trustees of Atlantic Housing Foundation, Inc., are true and correct.

Subscribed and Sworn To Before Me, the undersigned authority on this 7th day of December, 2011, to certify which witness my hand and official seal.



Celia K Manila

Notary Public In and For

The State of Texas

EXHIBIT B

EXHIBIT B
PROJECT DESCRIPTION
SECTION 4 - ITEMS "A THROUGH L"

The Waters at Willow Run
15515 FM 1325 Austin, TX

Overview

Atlantic Housing Foundation, Inc. ("Atlantic"), a South Carolina 501(c)3 not-for-profit organization, is proposing to develop a 243-unit affordable, multifamily, rental community at 15515 FM 1325 in Austin, Texas. Atlantic has reached an agreement to acquire 14.21 acres of undeveloped land from the current owner, Mike McCarthy.

The mission of Atlantic Housing is to promote and preserve quality affordable housing and related services for low and moderate income families, helping residents to improve their lives. We will do this in a manner that will foster the continuous improvement of our people and our company. We strive to be a top performing, thoroughly professional and genuinely caring organization in all that we do.

Location, Type of Project, Units

The property is uniquely located between Austin and Round Rock. The property has road frontage on Burnet Road which turns into FM 1325. The site is twenty-minutes from downtown Austin with easy access to three of Austin's major expressways namely, MoPac (1/2 mile), IH-35 (2 miles) and SH-45 (2 miles). With respect to public transportation, the nearest bus route is located nine-tenths of a mile south of the property and the Park-and-Ride depot (Metrorail) is only 2-miles south of the property at the intersection of MoPac and Howard Lane. We will request Capital Metro to locate a stop at our property as we are willing to donate the land and fund construction of the stop as necessary. Express-bus routes for this area likely to be reevaluated upon completion of this project. Please refer to the "Project Aerials" for more details.

This undeveloped site is vacant with no existing structures in place. According to the Travis Central Appraisal District, there are no existing physical structures and no deed restrictions are in place. This Limited Purpose site has been fully annexed into the Austin city limits. The electrical power lines overhead will not impede the proposed development and no floodplain is associated with this site. Compliance with the City's VMU Ordinance, PUD or TOD requirements are not achieved with this site.

Waters at Willow Run community will be a two-story garden-style wood frame construction project consisting of 85 one-bed/one bath units, 110 two-bed/two bath units, and 48 three-bed/two bath units. The unit mix will be confirmed with a market study and feasibility analysis. The total net square footage for the project is approximately 244,750 square feet. Of the 243 units, 20% of the community will be reserved for those with incomes at 50% of Area Median Income ("AMI") and 80% of the community will be reserved for those with incomes at 60% of AMI summarized as follows:

Number of Units	Unit Type	Unit SF	Percent of AMI
85	(A1) 1 bed/1 bath	750 SF	18 at 50% : 67 at 60%
110	(B1) 2 bed/2 bath	1100 SF	20 at 50% : 90 at 60%
48	(C1) 3 bed/2 bath	1,250 SF	10 at 50% : 38 at 60%
243 Units			

Proposed Tenants

The Waters at Willow Run will provide 243 units of affordable housing for individuals and families with income at or below 60% AMI. In addition, The Waters will accept Section 8 vouchers. The project will comply with the City of Austin standards and reserve 10 percent (25 beds) for people with mobility disabilities and virtually all ground floor units adaptable for persons with mobility, hearing and/or visual disabilities. Additional units will be made adaptable as needed.

The project will also comply with accessibility design standards established by the City's S.M.A.R.T. Housing Initiative, and any applicable requirements listed by the City of Austin, AHFC and Federal requirements including but not limited to ADA and Fair Housing.

Compatibility with Existing Neighborhood Plan

The proposed Waters at Willow Run development is compatible with the existing uses in the immediate area particularly due to the unique supportive services that are planned for the community residents as well as the quality of the physical development both aesthetically and structurally. To the east is the Willow Run single family residential development; to the south is a nursery; to the north is a recently completed mini-warehouse project and to the west, across FM 1325 is The Preserve at Rolling Oaks, a 494-unit apartment community situated on 48-acres.

The anticipated feedback from the neighboring uses involves some opposition based on "nimbyism". The site is located in a preferred development area for affordable housing and our zoning team has prepared a strong case supporting the community benefits of this development compared to alternative operational uses of real estate. Having Atlantic Housing Foundation as a viable and responsible long-term neighbor through its development of a quality affordable community providing unique services to its residents is likely to be embraced by the local neighbors compared to the building of a church or other commercial use.

Accessible and Adaptable Units

This development will accommodate persons with mobility, sight and hearing disabilities as required by AHFC and ADA program guidelines.

Project Aerials



Site and Surrounding Uses



Looking North



Looking South



Trip Planner: Get step by step travel directions for using Capital Metro routes













Trip Planner Schedule / Next Trip Service Nearby

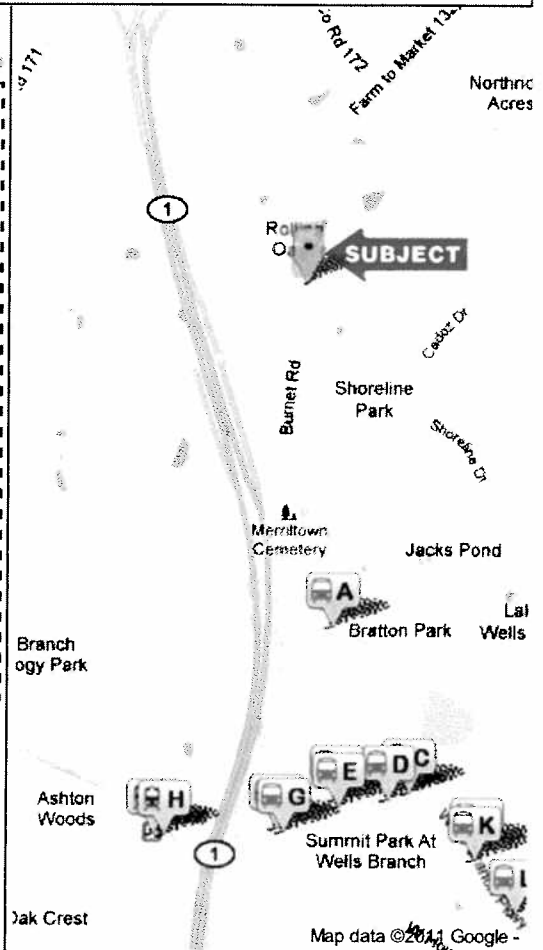
Location:

Starting: 15474 FM 1325

Ending: No transit stops were found within the specified walking distance. Here are the nearest stops to your location:

Show:

-  **A** MERRILLTOWN & YORA 1.03 mi
-  **B** 3000 WELLS BRANCH & TANDEM 1.55 mi
-  **C** 2700 WELLS BRANCH & SINGLE 1.56 mi
-  **D** 2801 WELLS BRANCH & DOUBLE FILE 1.56 mi
-  **E** 3001 WELLS BRANCH & SUMMIT 1.57 mi
-  **F** 3300 WELLS BRANCH & HOWARD 1.63 mi
-  **G** 3301 WELLS BRANCH & HOWARD 1.64 mi
-  **H** HOWARD STATION BUS STOP 1.7 mi
-  **I** HOWARD STATION 1.71 mi
-  **J** 2300 WELLS BRANCH & MERRILLTOWN 1.78 mi
-  **K** 2301 WELLS BRANCH & MERRILLTOWN 1.79 mi
-  **L** 2112 WELLS BRANCH & SURRENDER 1.99 mi



Map 2: Comprehensive Opportunity Map, City of Austin

KIRWAN
INSTITUTE

This map displays the spatial pattern of distribution of opportunity in City of Austin based on Economic, Mobility, Education, Public Health and Neighborhood Indicators.

LEGEND

— Limited Access

— Highway

--- Major Road

Water Feature

Counties

Urban Areas

Regional Opportunity

Opportunity Ranking

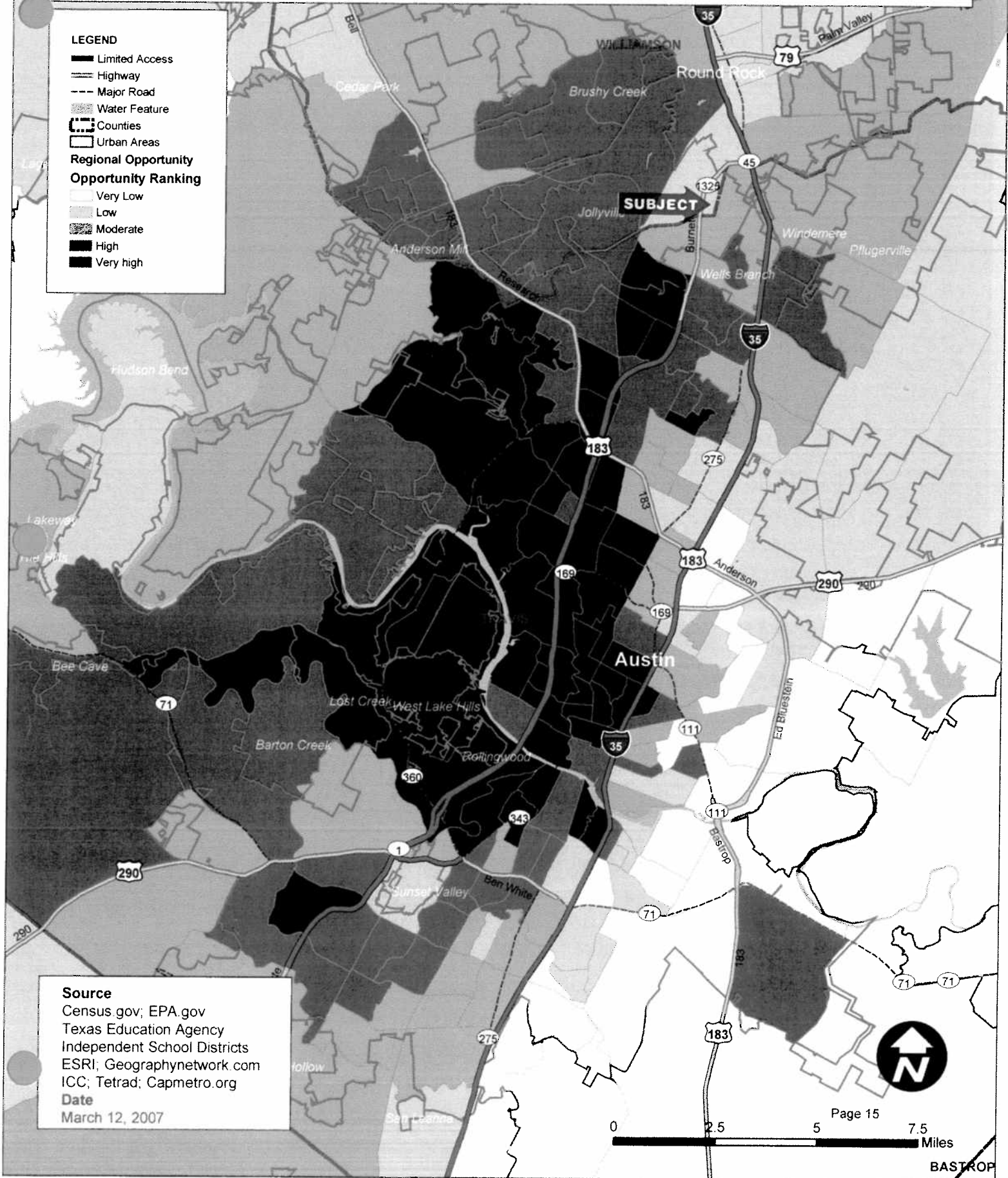
Very Low

Low

Moderate

High

Very high



The Waters @ Willow Run
REDEVELOPMENT MODEL
2011 GROSS INCOME LIMITS
Austin, TX (Williamson County)
4-Person AMI: \$74,900

2011 Gross Income Limits Adjusted to Family Size

Persons per Household	Very Low			Area Median		Moderate
	Income	Low Income	Low Income	Income	Income	AMI Income
	30%	50%	60%	100%	120%	140%
1	\$15,750	\$26,250	\$31,500	\$52,500	\$63,000	\$73,500
1.5	\$16,875	\$28,125	\$33,750	\$56,250	\$67,500	\$78,750
2	\$18,000	\$30,000	\$36,000	\$60,000	\$72,000	\$84,000
2.5	\$19,125	\$31,875	\$38,250	\$63,750	\$76,500	\$89,250
3	\$20,250	\$33,750	\$40,500	\$67,500	\$81,000	\$94,500
3.5	\$21,360	\$35,600	\$42,720	\$71,200	\$85,440	\$99,680
4	\$22,470	\$37,450	\$44,940	\$74,900	\$89,880	\$104,860
4.5	\$23,370	\$38,950	\$46,740	\$77,900	\$93,480	\$109,060
5	\$24,270	\$40,450	\$48,540	\$80,900	\$97,080	\$113,260
5.5	\$25,170	\$41,950	\$50,340	\$83,900	\$100,680	\$117,460
6	\$26,070	\$43,450	\$52,140	\$86,900	\$104,280	\$121,660
6.5	\$26,970	\$44,950	\$53,940	\$89,900	\$107,880	\$125,860
7	\$27,870	\$46,450	\$55,740	\$92,900	\$111,480	\$130,060
7.5	\$28,770	\$47,950	\$57,540	\$95,900	\$115,080	\$134,260
8	\$29,670	\$49,450	\$59,340	\$98,900	\$118,680	\$138,460

Persons per Bedroom

1.5

Maximum Monthly Rent

Bedroom Size:

	Persons	Maximum Monthly Rent			
		30%	50%	60%	80%
1	1.5	\$421.88	\$703.13	\$843.75	\$1,406.25
2	3	\$506.25	\$843.75	\$1,012.50	\$1,687.50
3	4.5	\$584.25	\$973.75	\$1,168.50	\$1,947.50
4	6	\$651.75	\$1,086.25	\$1,303.50	\$2,172.50

Net Monthly Rent Less Utility Allowance

Bedroom Size:	Utility Allowance	Persons	Net Monthly Rent Less Utility Allowance			
			30%	50%	60%	80%
1	\$75.00	1.5	\$346.88	\$628.13	\$768.75	\$1,331.25
2	\$90.00	3	\$416.25	\$753.75	\$922.50	\$1,597.50
3	\$105.00	4.5	\$479.25	\$868.75	\$1,063.50	\$1,842.50
4	\$125.00	6	\$526.75	\$961.25	\$1,178.50	\$2,047.50

EXHIBIT C

EXHIBIT C

ATLANTIC HOUSING FOUNDATION, INC. DEVELOPMENT MODEL The Waters @ Willow Run: Austin, TX

DEVELOPMENT BUDGET

Total Units/Sq. Ft.		TOTAL COST	PER UNIT	PER SQ. FT.	% OF TOTAL
			243	244,750	
			TOTAL UNITS	TOTAL SF	
LAND:	Land	\$1,100,003	4,527	4.49	
	Municipal Impact Fees	843,000	3,469	3.44	
	Brokerage Fee	0	0	0.00	
	Interest Carry	0	0	0.00	
	Total Land	\$1,943,003	\$7,996	\$7.94	7.23%
DIRECT CONSTRUCTION COSTS:	Construction Cost	\$65.00 15,908,750	65,468	65.00	
	Construction Management Fee	3.00% 477,263	1,964	1.95	
	Off-Site Cost	0	0	0.00	
	Concrete and Paving	640,000	2,634	2.61	
	Total Direct Costs	\$69.56 \$17,026,013	\$70,066	\$69.56	63.34%
INDIRECT CONSTRUCTION COSTS:	Design Subtotal	\$325,000	1,337	1.33	
	Architectural	325,000	1,337	1.33	
	Civil Engineering	0	0	0.00	
	M/E/P Engineering	0	0	0.00	
	Structural Engineering	0	0	0.00	
	Landscape/Irrigation Design	0	0	0.00	
	Exterior/Interior Design	0	0	0.00	
	Architectural-Contract Admn.	52,500	216	0.21	
	Feasibility/Appraisal	15,000	62	0.06	
	Soil Report	5,000	21	0.02	
	Surveys	12,000	49	0.05	
	Printing/Packaging/Deliveries	15,000	62	0.06	
	Estimator Report	0	0	0.00	
	Environmental Reports	0	0	0.00	
	Other	0	0	0.00	
	Contingency	25,000	103	0.10	
	Total Indirect Costs	\$449,500	\$1,850	\$1.84	1.67%
FURNISHINGS/EQUIPMENT:	Weight Room Equipment	\$30,000	123	0.12	
	Pool Furniture & Equipment	45,000	185	0.18	
	Model Apartments	30,000	123	0.12	
	Club & Rec. Room Furnishings	90,000	370	0.37	
	Office Equipment	25,000	103	0.10	
	Trash Compactor	17,000	70	0.07	
	Golf Carts (Leasing Only)	7,000	29	0.03	
	Maintenance Equipment	10,000	41	0.04	
	Total Furnishing/Equipment	\$254,000	\$1,045	\$1.04	0.94%
MARKETING COSTS:	Advertising/Promotion	\$80,000	329	0.33	
	Leasing Brochures	0	0	0.00	
	Design/Graphics/Displays	0	0	0.00	
	Signage	0	0	0.00	
	Lease-Up Expenses	0	0	0.00	
	Other Marketing Expenses	0	0	0.00	
	Total Marketing Costs	\$80,000	\$329	\$0.33	0.30%
LEASE-UP RELATED EXPENSES:	Operating Expenses	\$442,868	1,823	1.81	
	Operating Reserve (6 months)	\$461,700	1,900	1.89	
	Debt Service Reserve (6 months)	\$577,441	2,376	2.36	
	less Lease-up Income	(611,889)	(2,518)	(2.50)	
	Total Lease-up Expense	\$870,120	\$3,581	\$3.56	3.24%
OTHER DEVELOPMENT COSTS:	Bond Origination Cost	2.50% 423,750	1,744	1.73	
	Loan Origination Fee	2.00% 339,000	1,395	1.39	
	Tax Credit Syndication Fee	0.00% 0	0	0.00	
	Legal & Closing Cost	125,000	514	0.51	
	Title Fee	75,000	309	0.31	
	Insurance	60,000	247	0.25	
	Taxes	23,150	95	0.09	
	Total Other Development Cost:	\$1,045,900	\$4,304	\$4.27	3.89%
INTERIM INTEREST:	Second Mortgage Interest	\$0	0	0.00	
	Construction Period Interest	5.50% 1,167,201	4,803	4.77	
	Lease-up Interest	0	0	0.00	
	Total Interim Interest:	1,167,201	\$4,803	\$4.77	4.34%
DEVELOPMENT PROFIT:	as percent of eligible LIHTC cost -	15.0% \$ 3,249,158	\$13,371	\$13.28	12.09%
GENERAL CONTINGENCY:	as percent of construction cost -	5.0% \$795,438	3,273	3.25	2.96%
GROSS DEVELOPMENT COSTS:		\$26,880,331	\$110,619	\$109.83	100%

ATLANTIC HOUSING FOUNDATION, INC.
DEVELOPMENT MODEL
The Waters @ Willow Run, Austin, TX

DEVELOPMENT ECONOMICS

UNIT MIX & BASE RENT SCHEDULE									
UNIT TYPE	UNIT DESCRIPTION	UNIT COUNT	%	N.R. AREA	TOTAL AREA	RENT/UNIT/MONTH	TOTAL MONTHLY	RENT/PSF/MONTH	
A1 - 30% AMI	1BR/1BA	18	7%	750	13,500	\$628	\$11,306	0.838	
A1 - 50% AMI	1BR/1BA	67	28%	750	50,250	\$719	\$48,156	0.958	
A1 - MARKET	1BR/1BA			750		\$820		1.093	
B1 - 30% AMI	2BR/2BA	20	8%	1,100	22,000	\$754	\$15,075	0.685	
B1 - 50% AMI	2BR/2BA	90	37%	1,100	99,000	\$873	\$78,525	0.793	
B1 - MARKET	2BR/2BA			1,100		\$970		0.882	
C1 - 30% AMI	3BR/2BA	10	4%	1,250	12,500	\$869	\$8,688	0.695	
C1 - 50% AMI	3BR/2BA	38	16%	1,250	47,500	\$1,014	\$38,513	0.811	
C1 - MARKET	3BR/2BA			1,250		\$1,100		0.880	
Adjustment to 6C	-50								
TOTALS		243	100%	1,007	244,750	\$824	\$200,263	\$0.818	AVG.

CMA RESIDENTIAL - UNDERWRITING CRITERIA

PROJECT USES			
Construction/Development Costs	Per Unit	Per SF	
Land	\$257,803.28 (1)	\$106,092	\$105.33
	1,100,003	\$4,527	\$4.49
Total Uses	\$26,880,331	\$110,619	\$109.83
PROJECT SOURCES			
Debt Financing			
Developer Equity (Cash)	\$16,950,000	\$69,753	\$69.25
Soft Funding	2,000,000	\$8,230	\$8.17
Deferred Development Fees	840,331	\$3,458	\$3.43
Investor Equity (Land)		\$0	\$0.00
Tax Credit Equity	7,090,000	\$29,177	\$28.97
Total Sources	\$26,880,331	\$110,619	\$109.83

INVESTOR IRR CALCULATION			
Sale at end of year 5:	Project IRR	RDV/0i	(2)
	Investor IRR	-5.79%	
UNLEVERAGED YIELD AT YEAR 3 STABILIZATION:			
		5.26%	

(1) Cost on Date of Substantial Completion.

(2) IRR Based On The Following Criteria:

Investment Return Based On Cost At Stabilization		
Inflation Factor - Income:	(avg)	2.00%
Inflation Factor - Expenses:	(avg)	3.00%
Variance Rate:		7.00%
Capitalization Rate:		7.00%
Cost of Sales:		1.50%

Investor Preferred Return		
Investor Preferred Return		0.00%
Soft Funds		0.00%
Non-profit Preferred Return		10.00%

PRO FORMA ADDITIONAL INCOME									
(at date of substantial completion)									
Grass Rental Income	#	Per Unit	TOTAL	UNIT YEAR	NSF YEAR	UNIT MONTH	NSF MONTH		
		\$	\$2,403,156	\$9,890	\$9.82	\$824	\$0.82		
Additional Income:									
Laundry & Miscellaneous:	243	\$5.00	\$1,4580	\$60	\$0.06	\$5	\$0.00		
Phone/Cable/Alarm:	243	\$5.00	\$1,4580	\$60	\$0.06	\$5	\$0.00		
App & Other Fees:	243	\$5.00	\$1,4580	\$60	\$0.06	\$5	\$0.00		
Pool & Other Views:	0	\$25.00	\$0	\$0	\$0.00	\$0	\$0.00		
Prepaid:	0	\$15.00	\$0	\$0	\$0.00	\$0	\$0.00		
Vaulted Ceilings:	0	\$15.00	\$0	\$0	\$0.00	\$0	\$0.00		
Storage Units:	0	\$25.00	\$0	\$0	\$0.00	\$0	\$0.00		
Carports:	0	\$20.00	\$0	\$0	\$0.00	\$0	\$0.00		
Billine Garages:	0	\$75.00	\$0	\$0	\$0.00	\$0	\$0.00		
Dir. Acc Garages:	0	\$100.00	\$0	\$0	\$0.00	\$0	\$0.00		
Utilities Reimbursement:	243	\$35.00	\$102,060	\$420	\$0.42	\$35	\$0.03		
Total Potential Income			\$2,548,956	\$10,490	\$10.41	\$874	\$0.87		
(* less Vacancy @		7.0%		(\$734)	(\$0.73)	(\$61)	(\$0.06)		
Total Collected Income			\$2,370,529	\$9,755	\$9.69	\$813	\$0.81		
less Operating Expenses			(\$4,050.00)	(\$4,050)	(\$4.02)	(\$338)	(\$0.34)		
NET OPERATING INCOME			\$1,386,379	\$5,705	\$5.66	\$475	\$0.47		

Annualized Growth and Vacability Data				
Period	Rental Income	Operating Expenses	Vacancy Factor	
YEAR 1	0.00%	0.00%	n/a	
YEAR 2	1.49%	1.49%	7.00%	
YEAR 3	2.00%	3.00%	7.00%	
YEAR 4	2.00%	3.00%	7.00%	
YEAR 5	2.00%	3.00%	7.00%	
YEAR 6	2.00%	3.00%	7.00%	
YEAR 7	2.00%	3.00%	7.00%	
YEAR 8	2.00%	3.00%	7.00%	
YEAR 9	2.00%	3.00%	7.00%	
YEAR 10	2.00%	3.00%	7.00%	
YEAR 11	2.00%	3.00%	7.00%	
YEAR 12	2.00%	3.00%	7.00%	
Year 2 Growth Begins At Stabilization				

Operating Expenses				
	Total	Per Unit	Per SF	
Administration	\$42,525	175	\$0.17	
Management Fee	\$72,900	300	\$0.30	
Advertising & Promotions	\$30,375	125	\$0.12	
Repairs & Maintenance	\$145,800	600	\$0.60	
Real Estate Taxes	\$121,500	500	\$0.50	
Personnel	\$267,300	1100	\$1.09	
Insurance	\$60,750	250	\$0.25	
Utilities	\$182,250	750	\$0.74	
Reserve	\$60,750	250	\$0.25	
Total Operating Expenses	\$984,150	\$4,050	\$4.02	

Permanent Loan Information	
Principal	\$16,950,000
Annual Interest	5.500%
Term & Amortization	30
Periods per year	12
Start date	05/01/15
Monthly payment (P&I)	\$96,240

Debt & Equity Ratios	
Debt	68.18%
Soft Funds	7.44%
Equity	26.38%

Equity Ratios	
Equity	78.00%
Soft Funds	22.00%
Non-Profit	0.00%

Land Information	
Size	14,210 Acres
Density	17 Units/Acre
Price	\$1,100,003 \$4,527 Per Unit
	\$1.78 Per LAF

**ATLANTIC HOUSING FOUNDATION, INC.
DEVELOPMENT FLOWS
This Waters @ Willow Run, Austin, TX**

CASH FLOW

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
TWELVE YEAR CASH FLOW PRO FORMA																			
Gross Rent	1,573,878	2,475,570	2,575,081	2,575,583	2,627,094	2,679,636	2,733,229	2,787,893	2,843,651	2,900,524	2,958,535	3,017,705	3,078,060	3,139,621	3,202,413	3,266,461	3,331,791	3,398,426	3,466,395
Miscellaneous Income	0	150,193	153,197	156,261	159,386	162,574	165,826	169,142	172,525	175,975	179,495	183,085	186,747	190,481	194,291	198,177	202,140	206,183	210,307
Adjusted Gross Income	1,573,878	2,625,763	2,728,278	2,731,844	2,786,481	2,842,210	2,899,054	2,957,035	3,016,176	3,076,500	3,138,030	3,200,790	3,264,806	3,330,102	3,396,704	3,464,638	3,533,931	3,604,610	3,676,702
Less: Vacancy Rate	0	(183,803)	(187,479)	(191,229)	(195,054)	(198,935)	(202,934)	(206,992)	(211,132)	(215,355)	(219,652)	(224,055)	(228,556)	(233,107)	(237,769)	(242,525)	(247,375)	(252,323)	(257,369)
Effective Gross Income	1,573,878	2,441,959	2,540,799	2,540,615	2,591,427	2,643,275	2,696,121	2,750,043	2,805,044	2,861,145	2,918,378	2,976,735	3,036,270	3,096,995	3,158,935	3,222,114	3,286,556	3,352,287	3,419,333
Less: Operating Expenses	(659,766)	(1,028,779)	(1,059,443)	(1,091,432)	(1,124,175)	(1,157,900)	(1,192,637)	(1,228,416)	(1,265,269)	(1,303,227)	(1,342,324)	(1,382,593)	(1,424,071)	(1,466,793)	(1,510,797)	(1,556,121)	(1,602,803)	(1,650,889)	(1,700,415)
Less: Percentage Initial Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET OPERATING INCOME	914,112	\$1,413,180	\$1,481,356	\$1,449,183	\$1,467,252	\$1,485,355	\$1,503,483	\$1,521,627	\$1,539,775	\$1,557,918	\$1,576,044	\$1,594,142	\$1,612,199	\$1,630,202	\$1,648,138	\$1,665,993	\$1,683,751	\$1,701,398	\$1,718,917
Unleveraged Return On Cap:																			
Market Value: (1)	\$20,186,000	\$20,445,000	\$20,703,000	\$20,961,000	\$21,219,000	\$21,478,000	\$21,738,000	\$21,997,000	\$22,256,000	\$22,515,000	\$22,773,000	\$23,031,000	\$23,289,000	\$23,547,000	\$23,805,000	\$24,063,000	\$24,321,000	\$24,579,000	\$24,837,000
Vacancy Factor:	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Income Annual Increase - %	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Income Per Unit/Month:	\$849	\$866	\$883	\$901	\$919	\$937	\$956	\$975	\$995	\$1,015	\$1,035	\$1,056	\$1,077	\$1,098	\$1,120	\$1,143	\$1,165	\$1,189	\$1,213
Income Per Square Foot/Month:	0.84	0.86	0.88	0.89	0.91	0.93	0.95	0.97	0.99	1.01	1.03	1.05	1.07	1.09	1.11	1.13	1.16	1.18	1.21
Expenses Annual Increase - %	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expenses Per Unit/Year:	\$4,234	\$4,361	\$4,491	\$4,626	\$4,765	\$4,908	\$5,055	\$5,207	\$5,363	\$5,524	\$5,690	\$5,860	\$6,036	\$6,217	\$6,404	\$6,596	\$6,794	\$6,998	\$7,205
Expenses Per Square Foot/Year:	4.20	4.33	4.46	4.59	4.73	4.87	5.02	5.17	5.32	5.48	5.65	5.82	5.99	6.17	6.36	6.55	6.75	6.95	7.15
[1] based on current year NOI @ 7.00% capitalization rate.																			
DEBT SERVICE																			
First Mortgage Interest	(470,321)	(932,250)	(926,551)	(913,671)	(900,065)	(885,692)	(870,507)	(854,466)	(837,520)	(819,618)	(800,707)	(780,729)	(759,623)	(737,328)	(713,774)	(688,892)	(662,607)	(634,838)	(605,504)
First Mortgage Principal	0	0	(228,332)	(241,211)	(254,818)	(269,191)	(284,376)	(300,417)	(317,363)	(335,264)	(354,176)	(374,154)	(395,260)	(417,555)	(441,091)	(465,901)	(492,276)	(520,044)	(549,379)
Income Loan Interest Crd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capit Interest Preferred Return	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capit Investor Acc'd Preferred Return	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land Investor Preferred Return	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land Investor Acc'd Preferred Return	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Developer Preferred Return	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Developer Acc'd Preferred Return	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	(470,321)	(932,250)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)	(1,154,883)
NET DISTRIBUTABLE CASH FLOW	443,790	\$480,930	\$276,273	\$294,300	\$312,269	\$330,473	\$348,601	\$366,744	\$384,892	\$403,035	\$421,161	\$439,259	\$457,316	\$475,319	\$493,255	\$511,110	\$528,869	\$546,516	\$564,035

Atlantic Housing Management

Property Management Entity for The Waters at River Run

Austin, Texas

With more than 50 combined years of successful property management experience, Atlantic Housing Management brings significant knowledge and understanding of the markets in which we operate and plan to operate. With that depth of understanding, we utilize our experience and employ a professional, strategic and disciplined approach to management as well as incorporating the mission of Atlantic Housing Foundation. That mission, which we have wholeheartedly adopted, is:

"to promote and preserve quality affordable housing and related services for low and moderate income families, helping residents to improve their lives."

As an organization, we aspire to and believe in – *Making a Difference.*

Resumes of the Property Management Team

Michael Nguyen, President. Michael founded Atlantic Housing Management in 2010 with the goal of building a fully integrated multifamily operating platform that invests and manages in attractive Sunbelt markets with institutional and high net worth investors, private investment funds and joint venture partners. The benefits of an owner-managed platform are many including improved operating performance via (1) a systematic process for maintaining, upgrading and maximizing asset value; (2) consistency of message, direction and control; (3) synergy with AHF's mission and the opportunity to differentiate the brand; (4) align long-term investment horizon with operations and (5) the development of our core capabilities. Michael has over 12 years experience as an executive in multifamily acquisition, development, rehabilitation, disposition and asset management. Michael is also the President and Chief Executive Officer of Atlantic Housing Foundation, Inc. AHF owns approximately 8,000 multifamily units in over 30 apartment communities in 22 cities and 3 states. Prior to joining Atlantic Housing Foundation, Michael founded Cima Advisors, a real estate structured finance and asset management firm. Previously, Michael was a Partner at the Utley Group, a private equity firm with a focus on multifamily acquisition and development. Before the real estate business, Michael was an investment banker specializing in mergers and acquisitions, corporate restructuring, debt and equity placements. He was a Principal with First Southwest Company in its corporate finance department and a Financial Analyst at Banque Paribas and Prudential-Bache in New York. Michael holds a Bachelor of Business Administration degree and MBA from the University of Texas.

Patti Thomas, Director of Operations joined AHF in April 2010 and brings over 22 years experience in property and asset management. Most recently, she served as a Regional Asset Manager for SunAmerica Affordable Housing Partners overseeing a portfolio of over 10,000 low to moderate income units including family, new construction and senior housing. Patti began her real estate career in 1988 as an on-site leasing consultant for Metric Property Management. With a passion for people and management, she was promoted to several different roles during her 13 years with Metric and ended up as Branch Manager, overseeing a regional support staff and operations of over 5,000 units in three different states. Patti also assisted with starting up Texas operations for Alliance Residential Company, based out of Phoenix, AZ. She is actively involved in the Texas Apartment Association, holds her Texas Real Estate Salesperson license and is designated as a CPM with the Institute of Real Estate Management. Patti studied journalism and business management at Baylor University.

Liz Snyder, Controller, is a CPA with a 20+ years of corporate financial management and public accounting experience, most recently in multifamily property management and development. Prior to joining Atlantic Housing Foundation, she served as controller for Tarragon Corporation in Dallas, Texas, a publicly traded multifamily real estate investment and development company. Prior to Tarragon, she worked in healthcare, serving as CFO for a large physician group practice in the Dallas area, and operations controller for one of the nation's largest healthcare staffing companies. She began her career with Coopers & Lybrand (now PriceWaterhouseCoopers) in Fort Worth, Texas. She holds a BSED from Abilene Christian University and an MBA from the University of Texas at Arlington.

Darcy Bixby, Regional Manager. Darcy has over 10 years experience in multifamily property management and residential real estate. Prior to joining Atlantic Housing Management, LLC, Darcy helped to create and operate Bixby & Associates, Inc., a residential real estate firm that specializes in residential sales, property management and apartment locator services. Previously, Darcy was a District Manager with Metric Property Management. Darcy started her property management career in 1996 as an on-site leasing consultant in Denver, Colorado. With a passion for property management, Darcy relocated to Texas and was promoted to several different roles and ended up as a District Manager overseeing 1,200 units in Dallas/Ft. Worth, including a student housing property with over 2,000 beds. Darcy holds her Texas Real Estate Salesperson license and is designated as a CAM™ with the National Apartment Association. She also recently received her CAPS designation with the Texas Apartment Association. Darcy studied marketing and journalism at Metro State College in Denver, Colorado.

Julie Siciliano, Accounting Manager. Julie has over 25 years experience in multifamily property management. Prior to joining Atlantic Housing Management, LLC, Julie was a Senior Financial Accountant for Provident Management Inc. and Brasha Builders. Previously Julie was the Onsite coordinator/Auditor for Pacific West Management. Julie received her Real Page Certification while auditing and offering technical support for up to 90 multifamily properties, consisting of conventional, HUD, Tax Credit, and 501-C designation. Julie started her property management career in Killeen, TX as a multiple site manager with a background in accounting. Julie relocated to the Dallas/Fort Worth in 1989. Besides working in the property management field Julie has also worked as an accountant for Kindergarten Teachers of Texas, a non-profit organization.

Damon Hartman, IT Manager, has over 10 years of information technology and network administration experience in private, public and non-profit sectors. Prior to joining Atlantic Housing, Damon served as a Chief Pilot and Safety Manager for aviation companies in the DFW area. Damon graduated from Auburn University in 1994.

Keri Terrell, Compliance Manager/Associate Regional Manager, has nearly 10 years experience in property management and compliance training and has worked for AHF since 2003. She has served as a Board member of the Foundation, where the mission is to help residents improve their lives by providing them the necessary platforms needed to succeed. As a previous mentor manager she also assisted with new hire and AMSI training for the Company. In 2009, she was elected to serve as a chairperson for the Dallas Police Department Resident Shield Crime Watch Committee where she was a liaison between city employees and property managers in the North East division. Committed to quality customer service, Keri was voted Multi-Family Manager of the Year for 2010 and continues to serve as a volunteer for local organizations in her Community. She is a continuing member of the AAGD and is currently completing her CAM designation with the Texas Apartment Association.

Making a Difference

ATLANTIC HOUSING



AHF

ATLANTIC HOUSING



*As an organization we aspire
to and believe in...*

*Community Services &
Making a Difference*

Atlantic Housing Foundation is
committed to helping families
make a better life for themselves
and their children, with a focus on
education

1310 North White Chapel Blvd
Southlake, TX 76092
817-410-7712

www.atlantichousing.org

www.atlantichousing.org
Making a Difference

Rent Discounts for Students K—12

AHF offers rent discounts to families with students (K—12) who achieve perfect attendance and are on the A honor roll.

AHF will give a 10% rent discount for each semester (a semester is comprised of 3 six-week periods) that a student receives either perfect attendance or straight A's. A 20% rent discount can be earned by a student who has both perfect attendance and straight A's. Discounts can be combined for residents with multiple children but cannot exceed more than one month's rent. Discounts will be calculated each December and May and awarded towards January and June's rents.



Academic Scholarships

AHF offers academic scholarships for students from low-income families who plan to attend a two or four year university. Scholarships may also be considered for vocational training or for attending a technical school. Special consideration is given to students coming from one of our communities or whose family lives within our operating markets.

- Sharon Murphy Excellence in Education Scholarship -

AHF has a strong commitment to education and a desire to assist students who have the potential of becoming outstanding teachers. This scholarship will award each student \$3,500 per semester to be used towards tuition, books and other education related expenses.

- AHF Academic Scholarship - recipients are awarded \$1,500 per semester to go towards education related costs.

Housing Scholarships

AHF offers housing scholarships for students attending Sam Houston State University in Huntsville, TX, The University of North Texas and Texas Women's University, both in Denton, TX, University of Texas at Arlington and Texas State University in San Marcos, TX.

For additional information on AHF's scholarship programs, requirements and qualifications please visit www.atlantichousing.org or contact us at 837-410-7712. Applications can also be downloaded from the AHF website and faxed, emailed or mailed to the Director of Community Services. Academic and Housing scholarships are limited based on funds and availability.

Atlantic Housing Foundation is committed to helping our residents by providing services that foster a sense of community, improve their quality of life and promote personal growth and advancement. We aspire to make a difference in the communities we serve and help hard working families break the cycle of poverty.

Community Centers

Our on site community centers are where qualified staff and volunteers host various activities and classes for our residents. Movie nights, bingo, pool parties, financial planning, photography and community breakfast's are just a few of the fun activities and programs enjoyed by our residents.

Senior Services

Several properties provide specific care for seniors and other residents with limited mobility and access. Other services are provided through local partners. In addition, some provide nursing assistance, beauty parlors and transportation.

Educational Services

Many of our properties provide after school programs for students as well as ESL classes for students and adults alike. Other properties partner with professional organizations to educate children on recognition and prevention of drug and alcohol abuse.

Women Services

Several properties have various programs with third-party organizations that provide specific care for women who have been in a crisis situation or a victim of abuse.

* All programs are property specific. Please contact your Community Manager for services provided at your property.

"providing quality, affordable housing and related services for our residents"