

# 13. Development Characteristics Priority

Applicant selected:  
3.B & 3.C

## 3.B - Home Ownership Plan

Kent Place Homes, Columbus Ohio  
Homeownership Program

Buckeye Community Hope Foundation is pleased to be able to offer a long-term homeownership opportunity to the residents of Kent Place through the LIHTC's Lease-Purchase option. This proposed Homeownership Program will provide the opportunity for residents to purchase the homes at the end of the 15- year IRS tax credit period. Buckeye Community Hope Foundation ("BCHF"), a non-profit 501 (c) 3 organization will assist the residents to become homeowners through a combination of program elements including an affordable purchase price and linkage to down payment assistance, arrangements for favorable refinancing with local lender(s), and homebuyer counseling.

The lease agreement with the resident specifies that the owner may not evict a resident, or fail to renew the lease of a resident other than for good cause. The property management company offers information to new residents prior to move-in so they understand the "lease-purchase" program and their tenant responsibilities in renting a house. Residents are offered the opportunity to enter into an Option Agreement after two (2) successful years of tenancy (see attached model agreement). The Option Agreement will make clear that continued good standing, as a resident is a pre-requisite to future homeownership with this program.

**Acquisition by Non Profit General Partner**

At the end of the 15-year compliance period, Buckeye Community Hope Foundation (BCHF) will purchase the project from the limited partnership for an amount equal to the balance of the outstanding indebtedness on the property plus any exit taxes to which the investors may be subject, plus other fees and expenses of the transaction. After the purchase, BCHF will complete any repairs needed to ensure the homes meet code and housing quality standards, and to ensure the homes will be in good physical condition for the residents. The residents of the homes will have the option to purchase the unit they occupy through an executed Option Agreement.

The limited partnership agreement and loan documents will spell out the terms and conditions of sale, which will include a pro-rata repayment of HDAP debt, other indebtedness, exit taxes to investors, plus other fees, costs, and expenses of the transaction. Despite these costs, it is anticipated that the homes can be sold to the buyers at a significant savings as a result of passing on the benefits of the tax credit equity investment to them, as described below.

**Sale Price**

It is our goal to provide the residents with the ability to purchase their homes at a price that will be reasonable and affordable to the residents, taking into account what they are paying in rent. To that end, we will pass much of the equity built up in the home to each eligible buyer. We have some discretion to adjust the final price to assure that the home is affordable for each low-income resident purchasing a home. These are the factors that will affect the sale price:

1. Remaining prorated debt on the property;
2. Exit taxes that will result from the sale and transfer of the Property from the partnership to BCHF;

3. Debt incurred to make capital improvements to insure the home is in good physical condition;
4. Expense incurred by BCHF to purchase the Property from the partnership and to sell the Property to Resident/Buyer, including but not limited to legal fees, title and recording, appraisals, administrative fees, closing costs and fees;
5. A credit of \$1,000 for each year that the Resident/Buyer has occupied the property and maintained good standing;
6. BCHF and any remaining partners can choose to sell the property for less than the amount representing the sum of factors (1-6) above based on the financial capacity of a particular family.

The project owners recognize that some residents will have so little income or such poor credit that they will not be good candidates for homeownership and may continue to rent their homes contingent upon the resident remaining in good standing, for an additional three years after the 15 year compliance period so as to transition the entire rental community to homeownership. After this period BCHF may elect to sell the homes to another qualified buyer, or if this is unsuccessful will continue to maintain the homes as affordable rentals for the required 15-year extended compliance period.

To maintain the value of the homes in the neighborhood, and repay the remaining HDAP debt on a pro-rata basis, the listed sale price to the residents will be the current appraised value of the home. The "cash" sale price to the homebuyer will be determined by BCHF at the time of the sale. It is anticipated that the difference between the appraised value and "cash" price will be reflected in a "soft second" HDAP mortgage at 0% interest of which 1/15 of the principal amount is forgiven annually (subject to OHFA approval). However, any remaining balance on the loan will be due on sale.

Current residents will be offered a first right of refusal to buy their unit. Should the existing resident not wish, or be unable to purchase the home after the three-year extended rental period, it will be offered for sale to a subsequent income-qualified resident or may continue to be rented. The sale strategy is designed to preserve appraised values in the neighborhood, make the home affordable for the buyer, and insure against windfall profits to the previous residents.

As noted above, at the time of sale, the ownership will provide a credit of \$1,000 per year to the resident for every year of tenancy. The down payment assistance is to be applied towards the purchase of their home. In an effort to repay all obligations, BCHF will assist residents in applying for other sources of funding from local governments or agencies that provide down payment. We will also seek to connect residents with any Individual Development Account (IDA) programs (if available) for the purpose of helping prospective homebuyers to build up funds needed to make the transition to homeownership. We will make available information about these options to prospective homebuyers and link them with local lenders upon request. This down payment assistance is only available to existing tenants who have maintained good standing. However, if available, BCHF will assist residents in applying and identifying other sources of funding from local governments or agencies that provide down payment assistance.

### **Home Buyer Counseling**

The ownership, through BCHF's Department of Support Services, will deliver and facilitate a comprehensive homebuyer-counseling program for residents who qualify. This program will be administered under the umbrella of the Department of Support Services and be delivered by a certified housing counselor. The goal of this program is to educate residents and other members of the Kent School community as to the possibility of home ownership. The program will provide ongoing classes, information and services to the residents to improve their employment and financial health to ensure they are in the very best position to attain home ownership during the 15-year period. Finally residents must attend and then pass all the necessary qualifications to be eligible. The Housing Counselor will meet with interested residents at various points during the 15-year compliance period to encourage them to complete the program prior to purchase of the property by BCHF.

BCHF feels implementing this approach and constantly having information and opportunities available to the potential homeowners during the 15-year compliance period will provide the residents with a greater opportunity to succeed in becoming a first time home buyer. Many lease to purchase homeowner plan concentrate on the final few years. This approach gives every resident a greater chance at success as the housing counselor will be available to work with interested, qualified residents over a longer period of time.

Below is a timeline of comprehensive counseling services and what goals will be accomplished.

#### **Phase I-Home Ownership Opportunity Information**

Upon move-in to a Kent Place rental home, residents will be given a packet of information that will explain the opportunity of home ownership, parameters of the program, time frame of events such as resident meetings to discuss home ownership, when home would be eligible after 15 year compliance period, schedule of area classes a resident would take even prior to the Home Ownership classes on-site. An example of these classes could include a basic business course that covers budgeting and saving, how to classes from area home improvement stores, information on obtaining a good relationship with a bank and successful employment strategies. These classes are different from the final set of Home Ownership classes on-site as they are optional, not required.

-Every resident will be provided with this information and will have a one-on-one meeting with the Housing Counselor. The project service coordinator will make sure that every resident is scheduled with the Housing Counselor to go over this information and the resident will sign off that they received it and all questions were adequately answered. The resident will also be given the opportunity to follow up with the Housing Counselor at any time during the compliance period. The Housing Counselor will also be responsible to explain the Purchase Option Agreement after a resident meets the 2 years residency requirements.

#### **Phase II-Strengthening Home Ownership Skills for Residents and Nearby Community**

During this phase of the process, the Housing Counselor will hand out CDs to all residents, as well as notify all parents in the Kent School about the FDIC's MoneySmart program, a

financial literacy computer program that each participant takes at his or her own pace. Residents/parents will gain a better understanding of making wise financial choices. The Housing Counselor will also hold ongoing classes for those who want to be part of a group process.

Apprisen will conduct classes on site for a fee of \$120.00 per class on the following topics on an annual basis for residents and the community.[note, who is paying this fee?]

- Make the Most of your Income
- Understanding Credit Reports and Scores
- Managing Credit and debt Wisely
- Identity Theft
- Basic Banking Services

BCHF will partner with a local bank (PNC or Huntington) that will make periodic presentations about savings programs and also set up a children's savings program and partner with the school to conduct financial literacy classes at the school.

The Housing Counselor and Service Coordinator will work closely with Jobs and Family Services to ensure residents partake in employment/educational skills programs to enhance job prospects. JFS will be part of a semi-annual Resource Fair on site at the school.

The Service Coordinator will conduct monthly Job Fairs on-site at the school, where she/he provides residents with employment opportunities; resume writing workshops and interview skill building sessions.

The Service Coordinator will produce a monthly newsletter with an ongoing page of every class available in the area that helps with financial health, knowledge of home maintenance, improving employment.

The Housing Counselor will meet with all interested residents and community members twice a year during this period and perform an assessment of their knowledge, skills, employment situation and ways to improve their situation. This will include a review of current credit reports and issues that may not permit the tenant to be bank qualified.

### **Phase Three- Making Home Ownership a Reality**

Thirteen years into the 15-year compliance period, the Housing Counselor begins to hold required educational classes for all residents and community members who are interested in homeownership.

The Housing Counselor will set up individual interviews with every prospective home owner for a comprehensive overview of their situation. At this time, the Housing Counselor will determine if the applicant is qualified to continue the process. A prequalification questionnaire will be given to briefly evaluate initial eligibility. If eligibility is determined, the Housing Counselor enrolls the applicant in the Making **Home Ownership a Reality** series.

Once a group of eligible applicants is formed, the Housing Coordinator begins to schedule mandatory educational classes that each applicant must attend and pass. The classes will be conducted by the Housing Counselor, Apprisen, OSU Extension, Home Depot, Scotts and a local bank.

Session One- BCHF will hold a 6-hour class on **First Time Home Buyers**. This class will cover everything a potential homeowner needs to understand when buying a home such as budgets, the true cost of home ownership including repairs and insurance, glossary terms, credit scores and credit reports, obtaining a loan. Apprisen will also bring in a Home Inspector and a bank as part of the presentation.

Once an applicant attends this class, they are eligible to attend a 90 minute one-on-one class with Apprisen where they are given individual counseling as to comprehensive money management, debt to ratio information, specific loan paperwork. These classes cost \$75.00 but PNC will cover the costs for new home owners as part of their mortgage. Depending on available grants, they will be given the "Keys to Homeownership" book from the National Foundation for Credit Counseling.

Session Two-PNC Bank will hold a session on the entire process of obtaining a mortgage, all the steps involved, the closing and any anticipated issues.

Session Three-RLJ maintenance staff will hold a class on basic home maintenance such as changing furnace filters, weather stripping, basic electrical and plumbing maintenance. They will also conduct a class on taking care of the outside of the home including driveways, roofs, siding, lawn and garden. They will present on common mistakes of first-time home buyers and picking and choosing your battles when it comes to home maintenance. They will also explain the process of getting three bids when hiring contractors, pitfalls of hiring contractors and major costs of replacing furnaces, air conditioning, roofs and other major house systems.

Upon completion of all required sessions, the applicants will "graduate" and be given a certificate.

## Memorandum of Understanding

Service Provider Name: Buckeye Community Hope Foundation's Department of Support Services

Service Provider Address: 3021 E. Dublin-Granville Rd Columbus, Ohio 43231

Project Name: Kent Place Homes

Scope/Description of services to be provided: Buckeye Community Hope Foundation's Department of Support Services will deliver a comprehensive Homebuyer Counseling program to the eligible residents of Kent Place Homes during the fifteen year rental period. Upon move in to their Kent Place rental homes, residents will be given a packet of information outlining the details of a viable homeownership strategy that will take place at the end of the 15-year IRS tax credit period. Periodically, during the compliance period, BCHF's Dept. of Support Services will hold classes to instruct residents on appropriate topics that will enable them to achieve success in obtaining their own home.

Service Provider Responsibilities: BCHF responsibilities include the following: A). Producing and decimating marketing materials upon move-in to residents of Kent Place Homes B). Holding preliminary classes on improving resident's financial health prior to major classes. C). Buckeye delivering financial literacy classes using the MoneySmart program from the FDIC; Credit Counseling classes ; Mortgage lending and finance basics; Basic homeownership maintenance; Maintaining the outside of your home; Home Ownership Insurance basics

Term/Duration of Commitment to Provide Services: 15 years subject to 90-day termination notice for cause.

Frequency of Services: Homebuying Counseling and classes-3-8 p.m. M, W, F

Service Delivery: O On-Site Offsite OCertain classes and presentations will be held on site. Classes that require residents to use a computer will be held off- site at a nearby church or TBD venue.

Rental Projects: Indicate distance from project and describe arrangements the sponsor/owner will make to ensure access to services: The distance from the rental office and the single family homes are a few blocks and within walking distance.

Cost of Service to program participants: No cost to the residents

Service Provider Experience/History in providing Services: BCHF's Department of Support Services provided Home Ownership counseling to the residents of their Hope housing 22 years ago. Today, BCHF's Dept. of Support Services employs 20 Service Coordinators at over 40 sites within a five state region.

he intent to provide the above-outlined programs and/or services is hereby affirmed and agreed to by the Project Sponsor/Managing Partner:

Sponsor/Owner Signature

Title

Date

Service Provider Signature

Title

Date

*Andy M. Blaney*  
Director of Support Services  
Feb. 11, 2015



## OPTION AGREEMENT

KNOW ALL PEOPLE BY THESE PRESENTS that, in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, Buckeye Community Hope Foundation (the "Sponsor"), an Ohio not-for-profit corporation, does hereby grant unto:

\_\_\_\_\_ and \_\_\_\_\_  
(hereinafter, "Resident/Buyer") the right and option to purchase the real estate (the "Property") located at \_\_\_\_\_, Columbus, Ohio \_\_\_\_\_ (the "Option") pursuant to the terms and conditions of this Option Agreement (the "Agreement").

### **Background**

Buckeye Community Forty Four, L.P., (the "Partnership"), an Ohio limited partnership, is the owner of a low-income housing tax credit project known as Kent Place Homes (the "Project"). The Sponsor anticipates purchasing the Project from the Partnership following 15 years of operating the Project and plans to sell each home to a qualified family thereafter. However, each financing source for the Project has a repayment obligation which the Sponsor must meet. The sale price to the family must be sufficient to repay these obligations and cover the Sponsor's costs of making any necessary repairs and managing the acquisition and resale. The resale to the Resident/Buyer shall be on the terms and conditions contained in this Option Agreement.

Resident/Buyer has entered into a Lease Agreement with the Partnership and currently resides in the Project.

NOW, THEREFORE, for adequate and valuable consideration, the receipt of which is acknowledged, the parties agree as follows:

1. **Option to Purchase.** Sponsor hereby grants to the Resident/Buyer the Option to purchase the Property upon the terms and conditions contained in this Agreement.
2. **Purchase Price.** The purchase price will be the sum of the following components\* (the "Purchase Price"):
  - a. Remaining debt on the Property (all debt on Property owned by the Partnership divided by number of homes owned by the Partnership);
  - b. Taxes that will result from the sale of the Property from the Partnership to the Sponsor;
  - c. Debt incurred to make repairs or capital improvements to Partnership properties (not to exceed \$10,000 per home);
  - d. Costs incurred by Sponsor to purchase the Property from the Partnership and to sell the Property to Resident/Buyer (including but not limited to, legal fees, title and recording, appraisals, development fees, homeownership fund, and closing costs and fees);
  - e. Any governmentally-imposed costs, such as repair requirements; and

- f. \$ \_\_\_\_\_ less a credit (the "Residency Credit") of \$1,000 for each year (up to 15 years) that the Resident/Buyer has occupied the Property as his/her principal residence prior to the date of resale.
- g. In its sole discretion, the Sponsor can sell the Property for less than the amount representing the sum of paragraphs (a-f) above.

\*The purchase price does not include the Resident/Buyer's closing costs and costs associated with the Resident/Buyer obtaining a mortgage. These costs are extra, and will be paid by the Resident/Buyer at closing unless downpayment assistance is obtained from another source. If no source is available, Sponsor agrees to provide up to \$1,500 for closing costs.

- 3. **Term.** This agreement shall begin on the date it is signed by both parties and shall terminate automatically on the occurrence of any of the following events:

- a. Resident/Buyer fails to exercise the Option within the time provided in this Agreement; or
- b. Execution of the Purchase Agreement, described in Section 5, by the Resident/Buyer and Sponsor; or
- c. Termination for any reason of the Lease Agreement between the Partnership and Resident/Buyer; or
- d. Breach of this Agreement by Resident/Buyer (including the Resident/Buyer Obligations contained in Section 6).

- 4. **Resident/Buyer.** The term "Resident/Buyer" in this Agreement shall mean only the person or persons named as Resident/Buyer in the opening paragraph of this Agreement, except to the extent that this term is modified by the remainder of this Section 4. If there are two or more persons named as Resident/Buyer in this Agreement, all such persons must be specifically named as the resident in the Lease Agreement. If a person is no longer named as a resident in any renewal, amendment or extension of the Lease Agreement, then the rights of that person under this Agreement are automatically terminated, regardless of whether that individual continues to reside in the Property, and the term Resident/Buyer in this Agreement shall mean the person or persons who continue to be named as Resident/Buyer and resident, respectively, in both this Agreement and the Lease Agreement.

- 5. **Notice to Resident/Buyer: Exercise of Option.** If and when Sponsor acquires title to the Property, Sponsor will give Resident/Buyer a written notice of such purchase which shall include a Purchase Agreement stating in detail the Purchase Price in an exact dollar amount and all of the terms and conditions of the offer to sell. This written notice shall give Resident/Buyer 90 days in which to exercise the Option granted herein by executing the Purchase Agreement and returning it to the Sponsor. Once the Purchase Agreement is entered into, it will supersede this Agreement, and this Agreement and the Option granted herein shall automatically terminate. Sponsor makes no warranties, express or implied,

regarding the condition of the Property and it is understood and agreed that the home is being purchased in an "as-is" condition.

6. **Resident/Buyer Obligations.**

- a. Resident/Buyer must use the Property as its primary residence and shall fully and faithfully perform according to the terms and conditions of any lease agreement now existing or hereafter entered into between the parties.
- b. Resident/Buyer shall continue to be income qualified for purposes of the low-income housing tax credit program during the period of tenancy.
- c. Resident/Buyer must, as part of the consideration for this Option granted by Sponsor, fulfill all of the maintenance responsibilities including cutting the grass, watering the lawn and bushes, shoveling snow, replacing smoke detector batteries, replacing furnace filters, and keeping the home clean.
- d. It is anticipated that Resident/Buyer will need to obtain a loan to complete the purchase of the Property. It is likely that Resident/Buyer will need to have established acceptable credit in order to qualify for a loan. If Resident/Buyer is unable to obtain a loan to purchase the Property for any reason within the time frame as set out in the Purchase Agreement, the Purchase Agreement will expire and be null and void.

7. **Ability of Sponsor to Acquire Project.** All the obligations of Sponsor described in this Agreement are conditioned upon the ability of Sponsor to acquire title to the Property and to resell the Property to Resident/Buyer. At the present time, Sponsor believes that it will be successful in acquiring title to the Property, but there is no guarantee. If Sponsor is unable for any reason to acquire title to the Property within 180 days after the end of the 15 year tax credit period, then this Agreement shall automatically terminate and the parties shall be relieved of all obligations hereunder.

8. **Reliance: Restrictions on Assignment.** The rights granted in this Agreement are personal to Resident/Buyer and shall not in any manner be transferred, assigned or in any way benefit anyone other than the Resident/Buyer. No persons other than the Resident/Buyer may directly or indirectly rely upon or enforce the provisions of this Agreement, whether as a third party beneficiary or otherwise. If there are two or more persons comprising the "Resident/Buyer", the Option must be exercised jointly. Notwithstanding the foregoing, the Resident/Buyer shall have the right to designate, by completing a Designation Form, someone else to inherit the Resident/Buyer's rights under this Agreement in the event that the Resident/Buyer dies prior to exercising this Option. The designated person must:
- a. meet all of the residency criteria relating to low income housing tax credits at the time of the original Resident/Buyer's death;
  - b. notify Sponsor of their interest in leasing the Property within 30 days following the Resident/Buyer's death;
  - c. enter into a lease for and take occupancy of the Property within 60 days following the Resident/Buyer's death; and
  - d. enter into the Option Agreement.
- In such case, the Residency Credit will take into account the length of residency of the original Resident/Buyer. If the Resident/Buyer dies without having completed

a Designation Form, the Option shall then automatically terminate and Sponsor will have the right to lease and sell the Property to another party.

9. **Future Resale Restrictions.** The parties acknowledge that the Sponsor may make available to Resident/Buyer the opportunity to purchase the Property at a price below its appraised value. It is understood and agreed that this opportunity does not enable the Resident/Buyer to make a “windfall” profit upon resale. Accordingly, the Sponsor shall have a lien upon the Property equal to the difference at the time of sale between the appraised value and the agreed cash selling price. The parties agree that, at the time of Sponsor’s conveyance of a deed, Resident/Buyer shall execute a promissory note and mortgage (the “Note and Mortgage”) to Sponsor. Payments on this Note and Mortgage are deferred during the Resident/Buyer’s occupancy of the Property, but the Note and Mortgage will require repayment of this debt to the Sponsor upon resale to a subsequent buyer, upon default in Resident/Buyer’s obligations to the primary lender, if the Property is vacated or used other than as Resident/Buyer’s primary residence, or if the Resident/Buyer otherwise fails to meet its obligations in the Note and Mortgage executed to the Sponsor. The debt shall begin to amortize immediately upon purchase by Resident/Buyer and shall amortize in equal monthly increments of 1/120 (is fully paid off in ten years).
10. **Compliance with U.S. Internal Revenue Code and Other Laws.** Should legislation or regulations be enforced under the U.S. Internal Revenue Code or any program of the U.S. Department of Housing and Urban Development or Ohio Housing Finance Agency; which has the effect of rendering this Option Agreement in violation of such law or regulation, then, to the extent inconsistent, this Option Agreement shall be null and void.
11. **Entire Agreement.** This Agreement contains and constitutes the entire understanding between the parties with respect to the Option granted to Resident/Buyer, and all prior agreements, understandings, representations and statements, oral or written, are replaced by this Agreement. Neither this Agreement nor any provision of it may be waived, modified, or terminated except by a written document signed by Resident/Buyer and Sponsor.
12. **Address of Parties.** Any notice, demand, or other writing required or authorized hereunder shall be deemed given if, in writing, deposited in the U.S. mail, certified or registered mail, postage prepaid, to the address set forth below, effective upon mailing or upon personal delivery:

To the Sponsor:      Buckeye Community Hope Foundation  
                                 3021 E. Dublin-Granville Road  
                                 Columbus, OH 43231  
                                 Attn: Steven J. Boone, President

To the Resident/  
Buyer:

\_\_\_\_\_  
(same address as Property if left blank)

13. **Construction.** This Option Agreement shall be governed and construed in accordance with the laws of Ohio.

IN WITNESS WHEREOF, we have hereunto set our hands this \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

**SPONSOR**

Buckeye Community Hope Foundation  
An Ohio Nonprofit Corporation

By: \_\_\_\_\_  
Print: \_\_\_\_\_

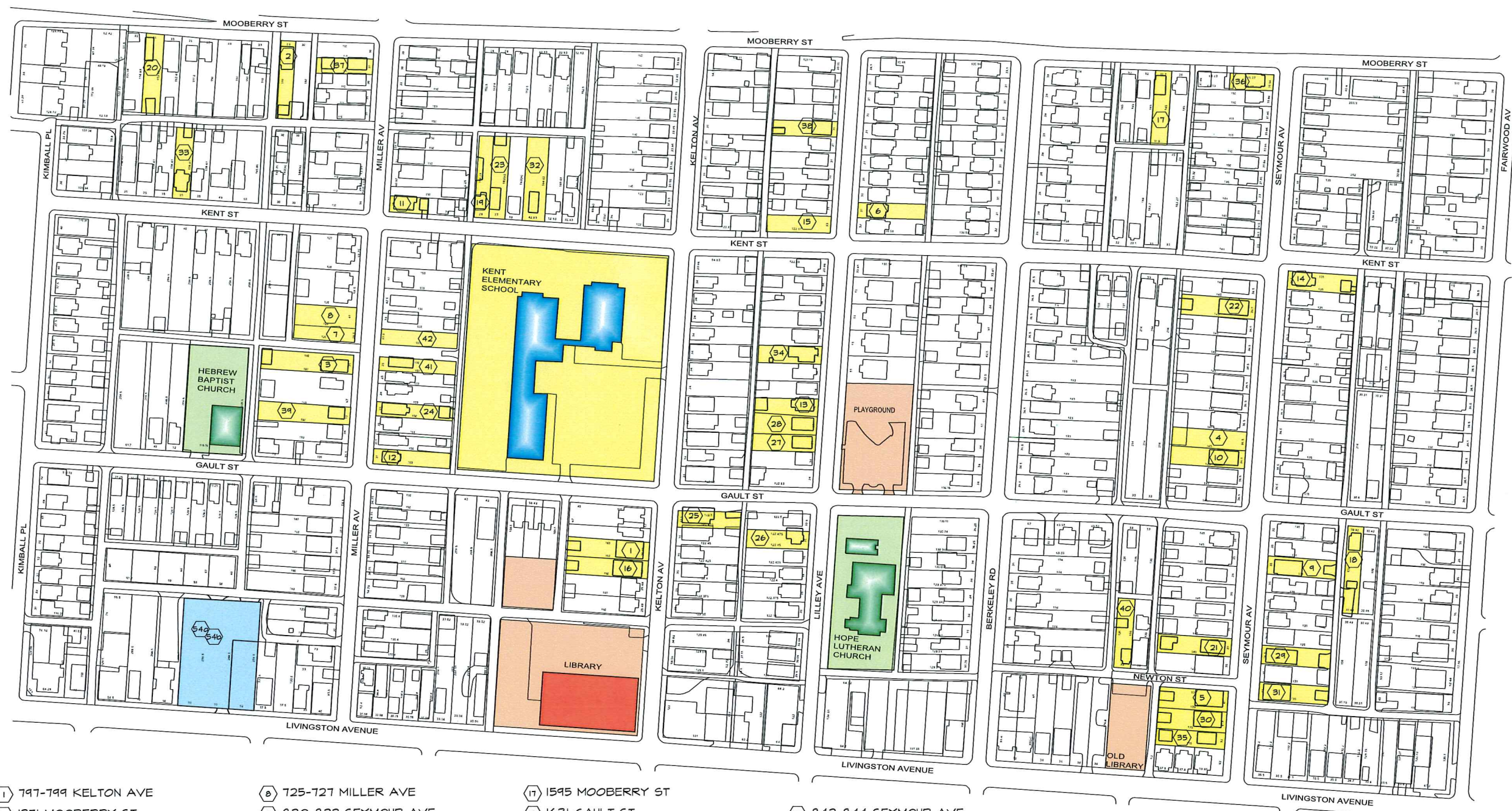
Its: \_\_\_\_\_

**RESIDENT/BUYER**

Print: \_\_\_\_\_

Print: \_\_\_\_\_





- 1 797-799 KELTON AVE
- 2 1371 MOOBERRY ST
- 3 739 MILLER AVE
- 4 787 SOUTH SEYMOUR AVE
- 5 853-855 SEYMOUR AVE
- 6 716 LILLEY AVE
- 7 733 MILLER AVE

- 8 725-727 MILLER AVE
- 9 820-822 SEYMOUR AVE
- 10 791-793 SEYMOUR AVE
- 11 700 MILLER AVE
- 12 760 MILLER AVE
- 13 765 LILLEY AVE
- 14 748 SEYMOUR AVE
- 15 719 LILLEY AVE
- 16 801-803 KELTON AVE

- 17 1595 MOOBERRY ST
- 18 1631 GAULT ST
- 19 1414 KENT ST
- 20 1335 MOOBERRY ST
- 21 839 SEYMOUR AVE
- 22 753-755 SEYMOUR AVE
- 23 1420 KENT ST
- 24 752 MILLER AVE
- 25 790-792 KELTON ST
- 26 799 LILLEY AVE
- 27 775 LILLEY AVE
- 28 771 LILLEY AVE

- 29 842-844 SEYMOUR AVE
- 30 857-859 SEYMOUR AVE
- 31 850-852 SEYMOUR AVE
- 32 1430 KENT ST
- 33 1336 KENT ST
- 34 753 LILLEY AVE
- 35 865 SEYMOUR AVE
- 36 695 SEYMOUR AVE
- 37 663 MILLER AVE
- 38 695 LILLEY AVE
- 39 753 MILLER AVE

- 40 1566 NEWTON ST
- 41 740 MILLER AVE
- 42 734 MILLER AVE
- 43-49 TBD
- 54 1324 LIVINGSTON AVE & 1314 LIVINGSTON AVE
- 54b

COLOR LEGEND	
CITY LAND BANK & BCHF OWNED	<span style="background-color: yellow; border: 1px solid black; display: inline-block; width: 20px; height: 10px;"></span>
CITY/PARKS	<span style="background-color: orange; border: 1px solid black; display: inline-block; width: 20px; height: 10px;"></span>
CHURCHES	<span style="background-color: green; border: 1px solid black; display: inline-block; width: 20px; height: 10px;"></span>
RICKENBACKER WOODS CAMPUS	<span style="background-color: blue; border: 1px solid black; display: inline-block; width: 20px; height: 10px;"></span>

BUCKEYE  
COMMUNITY  
**HOPE**  
FOUNDATION

**Kent Place Homes**  
Columbus, Ohio

**berardi+**  
architecture + interior design + engineering  
369 east livingston avenue, columbus, ohio 43215  
phone 614-221-1110 fax 614-221-0331  
www.berardipartners.com

## 3.C – Documentation of Non-OHFA Leverage

**Kent Place****10% Leveraging Chart**

1st Mortgage Wells Fargo	\$ 900,000
OHFA Multifamily Loan	\$ 400,000
City of Columbus HOME	\$ 250,000
City of Columbus Land Bank	\$ 46,000
<b>Total</b>	<b>\$ 1,596,000</b>

<b>Total Project Costs</b>	<b>\$ 11,544,837</b>
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<b>% of Financing</b>	<b>13.82%</b>
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Wells Fargo Community Lending and Investment  
123 South Broad Street, 9<sup>th</sup> Floor  
Y1379-095  
Philadelphia, PA 19109



Wells Fargo Community  
Lending and Investment

February 19, 2015

Mr. David Petroni  
Buckeye Community Hope Foundation  
3021 E. Dublin-Granville Rd.  
Columbus, Ohio 43231

*Re: Kent Place Homes, Columbus, OH*

Dear Mr. Petroni:

This letter shall set forth indicative terms of a financing which Wells Fargo Bank, N.A. (the "Bank") proposes to consider for a to be determined Limited Partnership (the "Borrower") relating to the above captioned project.

**This letter is neither a binding agreement to lend on the part of the Bank nor an agreement to borrow on the part of the Borrower. A commitment to lend can only arise if the Bank obtains the necessary internal approvals, and the Bank and the Borrower thereafter sign a commitment letter which sets forth the terms and conditions of the commitment, which may be different from those proposed herein if required as a condition to the Bank's approvals. Once requested by you, the Banks' loan officers will begin seeking internal approvals using the proposed terms below as the framework. This letter is being provided for the Borrower, its officers and/or professionals and is not to be shared with outside third parties without prior Bank consent.**

**Borrower:** A to be determined Limited Partnership of which the controlling general partner will be TBD.

**Purpose:** To finance the construction of a 53-unit income restricted single-family complex to be known as Kent Place Homes ("Project" or "Property"). The development will be located in Columbus, OH and will contain the following unit types and projected net rents:

<u>Unit Type</u>	<u>AMI</u>	<u># of Units</u>	<u>Sq. Ft.</u>	<u>Net Rent</u>
3 Bd	30%	3	1,377	\$422
3 Bd	60%	1	1,377	\$680
3 Bd	60%	2	1,248	\$680
3 Bd	60%	24	1,248	\$680
3 Bd	60%	15	1,406	\$680
4 Bd	60%	8	1,536	\$710
<b>Total / Weighted Avg.</b>		<b>53</b>	<b>1,346</b>	<b>\$670</b>

The estimated total development cost is \$11,544,837. A final Project Budget must be satisfactory to the Bank prior to closing and will become part of the loan agreements.

Kent Place Homes  
February 19, 2015



Wells Fargo Community  
Lending and Investment

**Sources**

Equity - Federal LIHTC	\$9,602,040
1st Mortgage - WFB	\$900,000
OHFA Multifamily Loan	\$400,000
City of Columbus HOME	\$250,000
City of Columbus Land Bank Grant	\$46,000
Deferred Developer Fee	\$346,797
<b>Total Sources</b>	<b>\$11,544,837</b>

**Uses**

Land & Building Purchase	\$200,380
Predevelopment	\$320,010
On-Site Improvements	\$1,170,926
Construction Costs	\$7,406,309
Soft Costs	\$586,798
Developer Fee	\$1,634,000
Reserves	\$226,414
<b>Total Uses</b>	<b>\$11,544,837</b>

**Lender:** Wells Fargo Bank, N.A. ("Bank" or "Lender")

**Closing Date:** On or before April 1, 2016.

**Construction  
Facility Amount:** Up to \$7,851,923.

**Construction Loan  
Loan to Value:** Facility Amount LTV not to exceed 80% of the appraised value, based on the stabilized restricted value of the project plus the value of the Low Income Housing Tax Credits.

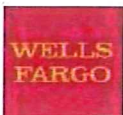
**Construction Loan  
Commitment Fee:** 0.70% of the Facility Amount payable at Construction Loan closing.

**Construction Loan  
Interest Rate:** 30 Day LIBOR + 245 basis points, floating.

**Project  
Completion Date:** 14 months from Construction Loan closing.

**Construction Loan  
Maturity Date:** 24 months from date of Construction Loan closing ("Maturity").

**Construction Loan  
Extension Option:** The Maturity Date may be extended for up to two additional three (3) month terms provided each of the following conditions is met: (a) the Improvements have been substantially completed without liens, (b) no event of default has occurred and is continuing under the loan documents, (c) sufficient funds remain



in the Interest Reserve within the Loan Budget or are otherwise available from sources identified by the Borrower and found acceptable to the Lender in its sole discretion, (d) Project has achieved a to be determined minimum level of leasing and occupancy which will be established upon receipt of the Bank ordered appraisal for the Project and will be consistent with pro-forma estimates as outlined in the appraisal, but in no event will the preleasing requirement be below 75%, (e) the Borrower gives the Lender at least thirty (30) days prior written notice. The first 3-month extension will be at no cost and the second 3-month extension will require payment of a fee equal to 0.125% of the commitment amount.

**Construction**

**Loan Repayment:**

Interest is payable monthly. Principal is due at the earlier of the Maturity date or receipt of the proceeds from capital contributions in sufficient amount to repay the Facility Amount.

**Construction Loan**

**Prepayment:**

This Facility shall be pre-payable in whole or in part without penalty or premium.

**Construction Loan**

**Guarantor:**

Buckeye Community Hope Foundation.

**Construction Loan**

**Guarantor**

**Obligations:**

a) The Guarantor shall provide a completion guarantee with respect to the due, prompt and punctual completion of the Project, payment of hard costs and similar expenses incurred in connection with such completion, and all obligations, liabilities, soft costs and expenses incurred in connection with such completion.

b) The Guarantor shall provide a payment guarantee for the full repayment of all principal, accrued and unpaid interest, breakage cost and late fees due under the facility.

c) The Guarantor shall also provide an indemnification of environmental liability.

**Construction Loan**

**Guarantor**

**Covenants:**

Guarantor shall maintain at all times during the Construction Loan period satisfactory liquidity and net worth: Net worth (Total Assets less Total Liabilities) of TBD, of which at least TBD is unencumbered cash and cash equivalents. Covenant levels will be determined upon completion of Sponsor Analysis by Lender.

**Construction Loan**

**Collateral:**

1<sup>st</sup> mortgage on the fee simple interest in the land and current and future improvements located at the Property. Construction Loan Collateral shall also include an assignment of rents and leases; an assignment of all membership interest in the Borrower; a security interests in all grant, subsidy and subordinate loan proceeds and all other sources of funds received by the Project, including LIHTC funds; and a security interest in the escrow, reserve and operating



Kent Place Homes  
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Wells Fargo Community  
Lending and Investment

accounts of the Borrower during the term of the Construction Loan.

**Permanent Loan:** A Permanent Loan Commitment of approximately \$900,000 or such other amount that is satisfactory to Wells Fargo and agreed to by bank, borrower and tax credit investor prior to closing. Permanent Loan Commitment Amount is subject to full underwriting of rents and expenses and a minimum projected debt service coverage ratio ("DSCR") equal to the greater of (i) 1.20x in the first stabilized year and (ii) such DSCR necessary in the first stabilized year to achieve a 1.10x DSCR in year 18 based on inflationary increases as determined by bank. All rents will be underwritten to a market advantage of at least 10% for each unit type. Replacement reserves of not less than \$400 per unit per year.

The maximum Permanent Loan Amount shall not exceed 80% of the appraised value of the rental units based on the income restricted rents.

The Permanent Loan Commitment shall be secured by a Delivery Assurance Note and Delivery Assurance Mortgage

**Please note that the Bank reserves the right to assign the Permanent Loan and/or Permanent Loan Commitment to a third party at any time.**

**Permanent Loan  
Guarantors:**

Permanent Loan shall carry standard non-recourse carve out guarantees to be provided by Buckeye Community Hope Foundation.

**Forward Commitment**

**Term:** Twenty-Four (24) months, plus two 3-month extensions. The first 3-month extension will be at no cost and the second 3-month extension will require payment of a fee equal to 0.25% of the commitment amount.

**Interest Rate:** The Permanent Loan shall have a fixed rate determined by WFB and based on the 10-year Treasury bill yield plus a spread of 3.44%. By way of example, as of February 17, 2015, 10-year Treasuries yield was 2.06% resulting in a rate of 5.50%. The fixed rate and spread over treasury are subject to change and the calculated rate will vary as the index and overall market conditions vary.

Permanent Loan rate to be locked within 5 business days of the construction loan closing, and evidenced in the Permanent Loan Commitment letter.

**Yield Maintenance:** Yield maintenance penalties will be applied if (i) the loan fails to convert to the Permanent Loan within the Forward Commitment Term; (ii) if the Permanent Loan amount is adjusted by more than 20.0%, and/or (iii) if the Permanent Loan is prepaid during the first 15 years of the permanent loan Term. Borrower shall pay Lender a fee in an amount equal to the greater of (a) 1% of the unpaid principal balance of the Permanent Loan Amount or (b) the Yield Maintenance Amount (standard formula will be provided). A prepayment penalty equal to 1% of the unpaid principal balance will apply if the loan is prepaid between the 15th year of the term and 3 months prior to loan maturity.

**Kent Place Homes**  
**February 19, 2015**



**Wells Fargo Community  
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**Term/Amortization:** The term of the permanent loan will be 18 years from the time of conversion, or mature at least two years prior to the maturity of any subordinate debt subject to Lender approval. In no event shall the term be longer than 18 years. The amortization of the loan will be 30 years.

**Permanent  
Loan Fees:**

A Commitment Fee of 1.0% shall be due upon execution of the Permanent Loan Commitment;

A Conversion Fee of \$7,500 shall be due as a condition to converting to the Permanent Loan.

**Permanent Loan  
Terms:**

**Conversion Criteria:**

Borrower to provide evidence that the Property has achieved 90% physical and economic occupancy levels for 90 consecutive days; and Borrower to provide evidence that the Property has for a 90 day period has (i) maintained a DSCR of at least 1.20:1.00, and (ii) such debt service coverage ratio at origination of the Loan that will result in the Project maintaining a DSCR of 1.10:1.00 for the full term of the Loan based on inflationary increases as determined by bank. DSCR to be calculated in accordance with normal permanent loan standards including, but not limited to, actual revenue received during the 90-day period, and the greater of actual or appraisal/underwriting/market study estimated expenses, and a minimum replacement reserve expense equal to \$400/unit. Debt service shall include debt service on the permanent loan as well as all "hard" or "must pay" debt associated with the project. The DSCR shall be determined by Lender in its sole discretion.

Borrower shall provide evidence that at least 90% of anticipated tax credit equity advances have been made.

Payment to Lender of the Conversion Fee.

**Other Conditions:** Subordinated Debt shall be prohibited, unless approved by Lender in its term, payment conditions and any recorded extended use restriction agreements. Subordinated lenders shall be required to execute a subordination and standstill agreement in form and substance approved by Wells Fargo.

Financing terms herein assume that any extended use agreement or similar encumbrance affecting the property, by its terms, must terminate upon foreclosure or upon a transfer of the property in lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code.

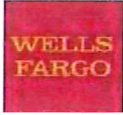
Replacement Reserves in the amount of \$400/unit, to be held by Lender.

Operating Reserves of \$166,414, to be held by Investor.

**LIHTC Equity:**

Bank understands that Developer may be awarded Federal Low Income Housing Tax Credits. Any financing that would bridge tax credit equity is contingent upon the sale of the tax credits to a purchaser acceptable to the Bank and closing





of the tax credit investor partnership prior to or simultaneous with loan closing. Sale of tax credits to a different Tax Credit Investor is subject to underwriting by the Bank of the investor and the terms and conditions of such an investment.

A minimum of \$9,602,040 in syndicated Federal Low Income Housing Tax Credits ("LIHTCs") shall be invested into the project as cash equity on terms satisfactory to Wells Fargo. The Tax Credit Investor or Syndicator must be satisfactory to the Bank.

**CONSTRUCTION COVENANTS:**

1. **Construction Commencement Date.** Borrower shall commence construction of the Project without delay after recordation of the Mortgage and in no event no later than the earlier of a) thirty (30) days after the Closing Date and b) such date as may be required under the LIHTC documentation, and shall complete construction of the Project on or before the Completion Date.
2. **LIHTC.** Borrower shall remain in compliance with all requirements, terms, covenants, conditions, warranties and representations.
3. **Expenses.** Borrower and guarantors jointly and severally agree to reimburse Wells Fargo for all reasonable fees and expenses incurred, including but not limited to appraisal, environmental audit, consulting professionals and internal and external counsel, regardless of whether Wells Fargo closes the proposed transaction. Lender to provide an estimate of all third party expenses related to the transaction for review and approval by Borrower prior to the Lender engaging any third party to begin an assignment related to this proposed financing.
4. **General Contractor.** Wells Fargo's approval of the Project's general contractor is required. The general contract for the Project must be a guaranteed maximum price contract. Payment and performance bonds will be required.
5. **Loan Advances.** Construction advances will be made no more frequently than once per month and will be funded on a percentage of completion basis for hard costs, with work-in-place as verified by the Wells Fargo Construction Consultant. Soft costs must also be verified by Wells Fargo. Prior to closing and each subsequent advance, Borrower shall deliver to Lender, in form and substance satisfactory to Lender, the following: (1) endorsement to title insurance binder; (2) written disbursement request, accompanied by such supporting data as Lender may require; (3) satisfactory inspection report from Lender's inspector; and (4) any other certificate, affidavit, survey, release or agreement required by Lender. Borrower shall pay an inspection fee for each inspection made in connection with each advance.
6. **Budget Contingency.** Contingencies in the budget shall be determined by the Lender's plan and cost review. Of the amount set by that approval a minimum of 5% must be included within the Hard Cost General Contract.
7. **Retainage.** Lender shall retain an amount equal to 10% from each advance for Direct ("Hard") Costs incurred by Borrower for work in place as part of the Project as verified by Lender's inspector. At 50% completion as determined by the Lender's inspector, Lender agrees not to retain from draws, provided previous Retainage is held by the Lender until the project achieves certificate of occupancy.
8. **Developer Fee.** Release of Developer's Fee must be made on terms and conditions satisfactory to Wells Fargo.



9. **Due on Sale.** The facility must be cancelled and the loan repaid in full prior to or simultaneous with any sale or refinancing of the Project.

**FINANCIAL REPORTING:**

Borrower and Guarantors will provide sufficient information as requested by the Lender for a Sponsor Analysis.

**DOCUMENTS:**

The facility will be evidenced by documents prepared by and acceptable to Wells Fargo, containing such representations, warranties, affirmative and negative covenants, indemnities, closing conditions, events of default and remedies as are typically required by Wells Fargo and/or are customary in this type of transaction. The failure of the Borrower and Wells Fargo to reach agreement on the loan documents shall not be deemed a breach by the Borrower or Wells Fargo. Unless Wells Fargo agrees otherwise in writing, completion of all documents is a condition of closing.

**CONDITIONS PRECEDENT:**

1. **LIHTC Funding Sources.** Satisfactory review of the LIHTC Equity is required, with Bank approval required of all terms and conditions, as well as the proportion of those sources that are to be funded at the closing of the construction financing.
2. **Other Debt.** Any other debt, including subordinate debt, must be satisfactory to the Lender in all respects.
3. **Appraisal.** An appraisal acceptable to Wells Fargo's Appraisal Unit is required prior to the construction loan closing. The appraisal must yield a value such that the Facility Amount shall not exceed 80% of the Property's Appraised Value (which value must be based on the restricted rent value + the value of the Federal LIHTC's). Additionally, the appraisal must indicate that the projected rents will achieve a minimum 10% advantage over market rates within the PMA for each unit type. The appraiser's conclusions as to value are subject to the review and approval of Wells Fargo in its sole and absolute discretion. Borrower will be required to pay for the appraisal prior to ordering.
4. **Environmental Audit.** A Phase I environmental audit satisfactory to the Wells Fargo will be required prior to the loan closing. The audit must be completed by a Lender approved environmental firm including specific protocol measures (ASTM Standard E-1527-13) within 180 days of loan closing. Lender reserves the right to require Borrower to order a Phase II environmental assessment if Lender determines such assessment is appropriate. The environmental reports will be ordered and paid for by the Borrower.
5. **Construction Consultant.** Borrower will provide an independent Plan and Cost review for the project prepared by an acceptable third party Construction Consultant, with sufficient lead time prior to closing to allow for review by the Wells Fargo internal Real Estate Technical Services group. Inspections will be required prior to each advance of the Loan, by an inspector satisfactory to Wells Fargo. Wells Fargo will endeavor to co-ordinate inspectors with the equity syndicator, but reserves the right to engage its own inspector. The cost of the review and inspections shall be paid by the Borrower.
6. **Insurance.** Borrower to provide proof of insurance: Builder's Risk insurance, casualty, liability, flood. Title insurance, with no expiration, to cover the maximum outstanding loan amount and evidence of insurance coverage on the property in all forms satisfactory to Wells Fargo Bank. All





policies must contain language prohibiting any cancellation without a minimum of 30 days prior notice.

7. **Operating Account.** A demand deposit account associated with the property shall be maintained with the Bank, in which the Bank shall have a security interest and into which all loan advances will be deposited during the term of the loan.
8. **Financial Statements and Tax Returns.** Satisfactory review of the financial statements and federal tax returns of the Guarantors. Guarantors shall be required to submit annual statements, within 180 days of the fiscal year end for each entity, during the term of the loan.
9. **Survey.** A current boundary and location survey of the Property prepared for Lender, certified to Title Insurer and Lender, its successors and assigns, and insurable by Title Insurer, by a land surveyor licensed in the state where the Property is located and acceptable to Lender.
10. **Agreements.** Satisfactory review of executed copies of all agreements affecting or relating to the use, operation, development or construction of the Project, including without limitation, the guaranteed fixed priced construction contract and the architects contract.
10. **Budget.** Satisfactory review of the project's construction and soft cost budget.
11. **Permits and Zoning Approvals.** Satisfactory review of all project approvals.
12. **Property Manager.** Satisfactory review of the Property Manager to confirm that they have the experience and financial capacity to successfully lease up and manage the Project.
13. **Marketing Plan.** Review and approval of Borrower's marketing plan prior to construction loan closing.

**REVIEW BY LENDER COUNSEL:**

The structure and documentation of this transaction is subject to review and approval by Lender's counsel.

**THIS LETTER PROPOSING INDICATIVE TERMS OF A POSSIBLE FINANCING IS A NON-BINDING EXPRESSION OF WILLINGNESS ON THE LENDER'S PART TO EVALUATE THE PROPOSAL AND MAY NOT BE CONSTRUED AS AN OFFER, CONTRACT OR COMMITMENT TO LEND OF ANY KIND. WELLS FARGO MAY REJECT THE PROPOSED FINANCING, OR IT MAY ALTER THE TERMS AND CONDITIONS FROM THOSE PROPOSED HEREIN, IN ITS DISCRETION.**

This letter does not contain all of the terms and provisions, which will be contained in a commitment (if issued) and in various documents to be executed if the Lender decided to extend the credit accommodations described herein to the Borrower. Any further action by the Lender regarding your request will require additional evaluations and credit analysis and other approvals by the Lender.



Kent Place Homes  
February 19, 2015



Wells Fargo Community  
Lending and Investment

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Very truly yours,  
Wells Fargo Bank, N.A.

A handwritten signature in blue ink, appearing to read "B. Weber".

By: Brandon Weber  
*Assistant Vice President*

**Kent Place****Explanation of Documentation for Multifamily Lending Program Loan**

Please note that Kent Place is applying for a Multifamily Lending Program loan of \$400,000. This loan can count towards the 10% leveraging test under Development Characteristic Priority 3.c.

Per the attached guidance and correspondence, no letter is needed from OHFA in order to count this loan towards points in the 2015 application.

Please contact David Petroni should you have any further questions on this item.

STEVEN R. SCHOENY  
Director

THE CITY OF  
**COLUMBUS**  
MICHAEL B. COLEMAN, MAYOR

DEPARTMENT OF  
DEVELOPMENT

February 12, 2015

Mr. David Petroni  
Buckeye Community Hope Foundation  
3021 East Dublin Granville  
Columbus, Ohio 43231

Office of the Director  
50 West Gay Street  
Columbus, OH 43215-9040  
(614) 645.7795  
(614) 645.6295 [FAX]

Code Enforcement Division  
757 Carolyn Ave.  
Columbus, OH 43224-3218  
(614) 645.2202  
(614) 645.2462 [FAX]

Economic Development Division  
150 South Front Street Suite 220  
Columbus, OH 43215-4418  
(614) 645.8616  
(614) 645.2486 [FAX]

Housing Division  
50 West Gay Street  
Columbus, OH 43215-9040  
(614) 645.7795  
(614) 645.6675 [FAX]

Planning Division  
109 North Front Street  
Columbus, OH 43215-9030  
(614) 645.8664  
(614) 645.1483 [FAX]

Land Redevelopment Office  
109 North Front Street  
Columbus, OH 43215-9030  
(614) 645.5263  
(614) 645.3092 [FAX]

Re: Request for funding Kent Place Homes

Dear Mr. Petroni:

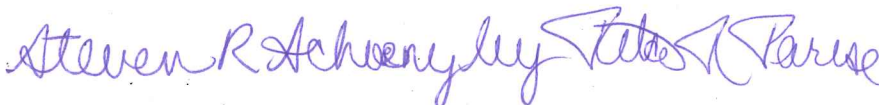
We acknowledge receipt of your request dated January 5, 2015 seeking financial support for your proposed fifty-three (53) unit, single-family homes, lease/purchase project to be located on scattered sites in the Driving Park area of Columbus. The project consists of new construction of 3 and 4 bedroom homes.

A preliminary review indicates the project appears to be eligible and will be considered for funding under the City of Columbus, Department of Development Rental Housing Production/Preservation Program. The requested funding is for \$250,000. The City's HOME investment would be in the form of a loan for thirty (30) years at two percent (2%) interest per annum. Repayment would be twenty-five percent (25%) of cash flow with a balloon payment at the maturity of the loan.

This letter should not be construed as a formal commitment letter. Underwriting will continue to determine the cost reasonableness of the project and to complete due diligence documentation. The City's participation is contingent upon completion of all necessary documentation to the satisfaction of the City, compliance with all Federal and City regulations and policies, the HUD environmental release of funds, and upon the availability of funds in the City's 2015 HOME allocation.

There is a growing need in the City for affordable housing options in our community and we appreciate your efforts toward satisfying that need.

Sincerely,



Steven R. Schoeny  
Director of Development

SRS:RRP:tls

Steven R. Schoeny  
Director

February 18, 2015

David F. Petroni  
Buckeye Community Hope Foundation  
3021 East Dublin-Granville Road  
Columbus, Ohio 43231

Office of the Director  
50 West Gay Street  
Columbus, OH 43215-9040  
(614) 645.7795  
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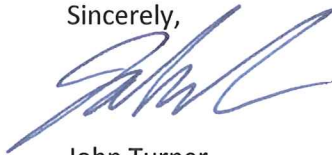
RE: \$46,000 Funding Availability – Kent Place Homes

David:

In 2001, the City received funds from the State of Ohio to purchase property and restore the buildings that comprise the Rickenbacker House Site, a National Historic Landmark. These funds were important to enlarge the site, install historic makers and landscaping, and stabilize and retrofit the buildings to how they looked at the turn of the century. However, without an end user identified at that time, the buildings were mothballed for a future use. We are excited about the opportunity to use the site as a rental office and community center and contribute to the successful realization of the Kent Place Homes Project. I am pleased to confirm the City has \$46,000 remaining on the grant to put toward the renovation of the community center and ancillary work contributing to preserving the site.

Upon the award of housing credits from the Ohio Housing Finance Agency, we can make the funds available through a contract for services or other agreement. The funds can only be used for construction costs associated with the community center contained in your proposal. We hope to make the project a reality and wish you success in your application.

Sincerely,



John Turner  
Administrator  
Land Redevelopment Office and  
Columbus Land Bank Program

Cc: Rita Parise, Housing Division Administrator

