

MCKINNEY HOUSING FINANCE CORPORATION

GENERAL INFORMATION, PROCEDURES, AND REQUIREMENTS FOR SUBMITTING AN APPLICATION FOR FINANCING March 2021

An individual, corporation, partnership, or other entity desiring to request that the McKinney Housing Finance Corporation (the "Corporation") issue bonds to provide financing for a multifamily residential rental development must file with the Corporation's Financial Advisor and Bond Counsel, in accordance with the attached Local Regulations, copies of a completed and executed Application for Financing and Residential Development Financing Questionnaire (the "Application") together with copies of any attachments or exhibits required by the Application and Local Regulations. The nonrefundable filing fee specified in the Local Regulations must accompany the copy of the Application submitted to the Financial Advisor. Completed Applications must be filed no later than 10:00 a.m. on the day which is two weeks prior to the date of any meeting at which the Application is scheduled to be considered.

The following is a partial list of the information and documents which must be submitted with the Application. Additional information will be required, as set forth in the Application and Local Regulations, and as may be required by the Corporation's Board of Directors, Bond Counsel, or the Financial Advisor. Please submit the Application in this order:

1. Title Page
2. A brief summary of the proposed Project
3. A location map showing the location and approximate outline of the tracts involved
4. A zoning map showing the existing zoning of the property and surrounding areas
5. (i) A letter on behalf of the City of McKinney (the "City"), substantially in the form of Exhibit A hereto, to the effect that the proposed site of a new Project is zoned for multifamily occupancy, that the proposed density is in conformity with present zoning limitations, and that the City has no objection to apartments being located on the site, or, in the alternative, (ii) a certificate of occupancy for any existing Project;
6. Evidence that the Applicant either (i) owns the site for the proposed Project, or (ii) has an option to purchase the proposed Project site
7. A letter of reference from a bank or other financial institution, or a commitment to purchase or underwrite the bonds.
8. Financial statements in a form satisfactory to the Financial Advisor including statements with respect to entities or persons acting as general partner, principal, or persons or entities active as owners of 10% of the stock or interest in any corporation or partnership, respectively
9. A proposed schedule of construction for construction or rehabilitation

10. An executed copy of the applicable Inducement Agreement relating to the proposed Project
11. Photographs of the site and renderings of the proposed Project
12. Market study showing need in the area

MCKINNEY HOUSING FINANCE CORPORATION

Local Regulations for Receiving and Approving Applications for Financing Multifamily Residential Rental Developments

I. GENERAL PURPOSE AND SCOPE OF LOCAL REGULATIONS

A. The MCKINNEY HOUSING FINANCE CORPORATION (the "Corporation") is a nonprofit corporation and a public instrumentality of the City of McKinney, Texas (the "City"), organized and existing under the Texas Housing Finance Corporations Act, Chapter 394, Local Government Code, as amended (the "Act"), for the public purpose of providing financing for the cost of residential ownership and development within the City that will provide decent, safe, and sanitary housing for persons of low and moderate income at prices they can afford. The Act authorizes the Corporation to issue its revenue bonds to accomplish such public purpose. The Corporation has adopted these Regulations to set forth general requirements and procedures applicable to the issuance of bonds by the Corporation to provide financing for such residential developments.

B. The activities of the Corporation shall be limited solely to the accomplishment of the public purposes set forth in the Act, and no plan of financing of any project, as defined in the Act, and in applicable parts of these Regulations, will be approved by the Board of Directors (the "Board") of the Corporation unless and until the Board shall first affirmatively find that such financing and its related project will be in furtherance of such public purpose, to be determined in accordance with the procedures set forth in these Regulations.

C. These Regulations are intended to apply to bonds issued to provide financing for a single multifamily residential rental development. These Regulations do not apply to (1) any bonds issued by the Corporation for the purpose of making or acquiring home mortgages (as defined in the Act); or (2) any bonds issued by the Corporation for the purpose of obtaining funds to carry out a program to provide financing for more than one residential development (e.g., loans-to-lenders and similar pooled programs).

D. The Corporation shall not issue bonds to provide financing for any residential rental development unless the owner or proposed owner of the development (the "Applicant") has satisfied the requirements set forth herein. The Corporation reserves the right to impose additional specific requirements with respect to any development. Specific provisions of these Regulations may be waived by a majority vote of the members of the Board present at the meeting at which such action is taken.

II. APPLICATION AND APPROVAL PROCEDURES

A. Filing Requirements

An individual, corporation, or other entity desiring that the Corporation participate in the financing of a multifamily residential rental development (the "Project") shall complete and file with the Corporation the following items: (1) eight (8) copies of the Application for Financing and the Residential Development Financing Questionnaire, including required attachments, in the form attached hereto; and (2) the nonrefundable review fees required by these Regulations.

Seven copies of the documents and nonrefundable review fees to be paid to the Corporation and the Financial Advisor shall be filed with the Corporation by mailing or delivering the same to the Corporation's financial advisor (the "Financial Advisor") at the address specified below. Please call the Financial Advisor prior to submission.

Mr. Timothy Earl Nelson
Hilltop Securities Inc.
2700 Via Fortuna (Building 2)
Suite 410
Austin, TX 78746
(512) 481-2022
(512) 481-2010 (Fax)
(512) 970-8094 (cell)
Email: tim.nelson@hilltopsecurities.com

A copy of each of the documents and the nonrefundable review fee to be paid to the Corporation's Bond Counsel ("Bond Counsel") shall be sent to:

Mr. Robert D. Dransfield
Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201
(214) 855-8068
(214) 855-8200 (Fax)
(214) 675-6939 (cell)
Email: robert.dransfield@nortonrosefulbright.com

Unless otherwise agreed to by the Corporation, the materials specified in (1) above must be provided to the Corporation's Financial Advisor and Bond Counsel at least seven (7) business days prior to the date of any meeting at which the Application for Financing is scheduled to be considered. Additionally, representatives of the Applicant must be available to provide to the Board an on-site inspection of the proposed Project if such an inspection is requested by the Corporation.

B. Preliminary Official Action

1. Upon compliance with the filing requirements set forth in II.A. above, the Corporation will conduct a preliminary review of the Application for Financing. Preliminary official action will be scheduled for the next regular or for a special meeting of the Board.

2. The Board will take preliminary official action, expressing its present intention to issue the bonds requested, if the preliminary review of the Application demonstrates with reasonable certainty that:

(a) the Application, the bonds, and the Project will qualify for final approval by the Board in accordance with these Regulations; and

(b) all governmental approvals with respect to the bonds and the Project will be obtained.

3. If the Board determines to grant preliminary approval of the Application, the Board will adopt a resolution authorizing the Corporation to execute an agreement to issue bonds pursuant to its lawful authority.

If the Board determines not to grant preliminary approval of the Application, the Corporation will so advise the Applicant.

C. Subsequent Filing Requirements and Document Preparation

1. Prior to review of the Application for final approval by the Board, the Applicant may file such additional documents or statements in support thereof as the Applicant shall consider relevant and appropriate and shall file the following:

(a) such additional information as is requested by the Board, the Financial Advisor, or Bond Counsel;

(b) a pro forma copy of any official statement, prospectus, or other offering memoranda, through the use of which the proposed bonds are to be offered, sold, or placed with any lender, purchaser, or investor, which offering, sale, or placement material shall contain prominent disclosure substantially to the effect that:

(i) neither the Corporation nor the City has undertaken to review or has assumed any responsibility for the matters contained therein except solely as to matters relating to the Corporation and to a description of the bonds being offered thereby;

(ii) all findings and determinations by the Corporation and the City, respectively, are and have been made by each for its own internal uses and purposes in performing its duties under the Act and these Regulations;

(iii) notwithstanding its approval of the bonds and the Project, neither the City nor the Corporation endorses or in any manner, directly or indirectly, guarantees or promises to pay such bonds from any source of funds of either or guarantees,

warrants, or endorses the creditworthiness or credit standing of the Applicant or of any guarantor of such bonds, or in any manner guarantees, warrants, or endorses the investment quality or value of such bonds; and

(iv) such bonds are payable solely from funds and secured solely by property furnished and to be furnished and provided by the Applicant and any guarantor and are not in any manner payable wholly or partially from any funds or properties otherwise belonging to the Corporation or the City.

2. Bond Counsel shall have the primary responsibility for the preparation of the legal instruments and documents to be utilized in connection with the financing of any Project by the Corporation. No bonds or other obligations will be sold or delivered unless the legality and validity thereof have been approved by Bond Counsel. The Applicant and its legal counsel shall cooperate fully with Bond Counsel, the Financial Advisor, and any other of the Corporation's agents in the preparation of such materials.

D. Final Approval and Closing

1. The Board will consider final action on the Application when requested to do so by the Applicant. The Board shall adopt a resolution, in such form as is recommended by Bond Counsel, authorizing the issuance of bonds to provide financing for the Project. Final approval will be granted only upon:

(a) receipt by the Board of evidence satisfactory to it that the Applicant has complied with these Regulations in all material respects not otherwise waived by the Board; and

(b) an affirmative determination of the Board that:

(i) all requirements for and prerequisites to final approval under these Regulations, have either been satisfied or waived and are in form and substance satisfactory to the Board; and

(ii) the operation of the Project will constitute a lawful activity, is qualified for approval by the City and complies with and promotes the purposes and satisfies the requirements of the Act and the statement of policy contained in these Regulations.

2. If required by federal tax law, prior to or simultaneous with the consideration of the Application for final approval, the Corporation will hold a public hearing relating to the Project and the issuance of bonds to finance the Project. Such public hearing shall be held no less than 14 days following publication of proper notice of the public hearing in a newspaper of general circulation within the City. The Applicant, or representative thereof, shall be present at such public hearing to present a description of the Project and answer questions pertaining thereto.

3. If required by federal tax law, following the public hearing and final approval by the Board, the Corporation will seek approval by the City Council or the Mayor of the City, and upon such approval, will proceed to close the financing in accordance with the documents

approved by the Board and when finally approved by Bond Counsel in accordance with terms of sale or placement of the bonds.

III. FEES AND OTHER COSTS

A. Processing Fees, Closing Fees and Costs

1. Concurrently with the filing of an Application:

- (a) the Applicant shall pay to the Corporation a nonrefundable processing fee in the amount of \$5,000; and
- (b) The Applicant shall pay the Financial Advisor a nonrefundable review fee of \$5,000; and
- (c) the Applicant shall pay Bond Counsel a nonrefundable review fee of \$5,000

In addition, expenses incurred by the Financial Advisor and/or Bond Counsel in connection with the Application and the Project shall be billed to and the Applicant shall pay the same on a monthly basis. The Applicant shall also provide to Bond Counsel a check in the amount of \$5,000 made payable to the Texas Bond Review Board for the Texas Bond Review Board's application fee, and the one-third closing fee due to the Texas Bond Review Board in a timely manner as necessary for payment to the Texas Bond Review Board. The Applicant will also provide to Bond Counsel one or more checks made payable to the Attorney General State of Texas in a timely manner for the Attorney General's review fee.

2. Concurrently with the closing of the financing, the Applicant shall pay or cause to be paid all fees and expenses in connection with the issuance of the Bonds including, but not limited to, the following professional fees and other costs:

- (a) all fees and expenses of Bond Counsel (to the extent expenses have not previously been paid by the Applicant);
- (b) all fees and expenses of the Financial Advisor or other consultants, for services rendered to the Corporation in connection with the Project or the issuance of the bonds (to the extent expenses have not previously been paid by the Applicant);
- (c) the actual amount of any closing or acceptance fees of any trustee for the bonds, any fees and premiums for casualty and title insurance, any security filing costs, any fees for placing the bonds, any out-of-pocket expenses incurred by professionals acting on behalf of the Corporation, and any other costs and expenses, including issuance expenses, relating to the bonds, their security, and the Project;
- (d) a closing fee to the Corporation of \$5.00 per \$1,000 par amount of bonds issued with a minimum fee of \$20,000.

3. The fee to be paid to the Corporation's Financial Advisor shall be a \$20,000 base fee plus \$2.00 per \$1,000 par amount of bonds issued. For projects where the Corporation undertakes an ownership interest in the project, a \$50,000 fee will be due. The minimum fee to be paid to Bond Counsel shall range between .75% and 1.50% of the principal amount of bonds issued.

B. Continuing Costs

The Applicant shall pay to the Corporation, within thirty (30) days after receipt of a bill or statement therefor, the following amounts, to-wit:

1. an annual fee of .125% of the original par amount of the Bonds due and payable on January 1 of each year. On any transaction where the Bonds are expected to be outstanding for less than 10-years, 10-years of capitalized administrative fees will be due at the Bond Closing – on all other transactions, two-years will be due at the Bond Closing;
2. any amounts payable pursuant to any indemnity contract or agreement executed in connection with any financing hereunder; and
3. the amount allocable to each Applicant (whose financing has been completed) of costs and expenses incurred by the Corporation in the administration of the indemnity contract or agreement, any program established in connection with the financing of a Project, and the outstanding obligations of the Corporation, including an annual accounting and/or audit of the financial records and affairs of the Corporation. The amount of costs or expenses paid or incurred by the Corporation under this clause shall be divided and allocated equally among all Applicants whose financings have been completed.

C. Changes in Fees

1. The Corporation reserves the right at any time to change, increase or reduce the fees payable under these Regulations, and to make the same effective as to any Applicant whose Application is filed subsequent to the date of such change.

2. All fees imposed subsequent to closing by the Corporation under these Regulations will be imposed in such amounts as will provide funds, as nearly as may be practical, equal to that amount necessary to pay the administrative costs of conducting the business and affairs of the Corporation, plus reasonable reserves therefor.

D. Compliance

The Corporation will require that compliance with the various income and other restrictions relating to the Project be documented. The Corporation may require the use of an outside compliance monitor acceptable to the Corporation. Any costs related to such compliance are to be paid promptly by the Applicant. In addition, the Corporation reserves the right to select the bond trustee for the bond issue to aid in compliance and other matters.

E. Assumption

The Corporation, the Financial Advisor, and Bond Counsel will charge an amount equal to 1/2 of their regular fees set forth herein in connection with any assumption of an outstanding bond issue for a project previously financed by the Corporation. All fees of the Corporation, Bond Counsel and the Financial Advisor in connection with any assumption may be paid by either the transferor or transferee but shall be paid at the time of the transfer and shall also include the amounts necessary for reimbursement of all out-of-pocket expenses.

IV. MISCELLANEOUS

A. Unauthorized Representations and Bond Marketing Practices

1. No Applicant, or any representative of any Applicant or the Corporation, shall represent, directly or indirectly, to any lender, interim or otherwise, supplier, contractor, or other person, firm, or entity that the Corporation has agreed or is firmly committed to issue any bonds in relation to any Project or Application until the Board has given final approval for the issuance thereof under these Regulations, and then subject to the governmental approval of the City required by these Regulations and the approval of the Attorney General of the State of Texas and subject to any requirements imposed by the Corporation's Articles of Incorporation or the Act.
2. No Applicant, or any representative of the Applicant or the Corporation, shall ever make any representation, directly or indirectly, express or implied, of any fact or facts contrary to the disclosures required to be made by paragraph II.C.1.(b) of these Regulations.
3. Neither the Applicant nor any securities firm, underwriter, broker, dealer, salesman, or other person, firm, or entity shall offer, sell, distribute, or place any bonds authorized by the Corporation by any process, method, or technique or in any manner, transaction, or circumstances or to any person or persons, the effect of which would be to require such bonds to be registered or would require filings to be made with regard thereto under the laws of the state or jurisdiction where such offer, sale, distribution, or placement is made without first registering the same or making the filings regarding the same required by such laws.

B. Amendments, Waivers, Effective Date

1. The Corporation reserves the right at any time to amend these Regulations effective as to any Applications filed subsequent to the effective date of any such amendment.
2. The Board reserves the right to waive any portion of these Regulations as to any Applicant, Application, or Project upon written request seeking such waiver and stating the reasons therefor.
3. These Regulations are and shall be effective from and after their adoption by the Board and shall continue in effect until and unless amended, modified, or repealed and shall be effective as to any application pending at the time of their adoption and approval.

C. Transfers of Property

So long as any of the Bonds are outstanding, no ownership or other majority interest in any Project financed pursuant to these Regulations may be sold or otherwise transferred to any entity without the prior and express written consent of the Corporation. The Applicant will be solely responsible for paying the fees of the Financial Advisor and Bond Counsel in connection with any sale or transfer and the approving opinion of Bond Counsel and a report by the Financial Advisor will be a prerequisite to the approval of any sale or transfer by the Applicant or any successor thereto.

It is the policy of the Corporation not to induce a Project or provide for the issuance of any Bonds requested to finance a Project where the Applicant has the present intention of selling the Project and/or the financing package associated with the Project.

MCKINNEY HOUSING FINANCE CORPORATION

APPLICATION FOR FINANCING

The undersigned, duly authorized representative of _____ (the "Applicant"), hereby applies to the McKinney Housing Finance Corporation (the "Corporation") for project financing pursuant to the Texas Housing Finance Corporations Act, as amended, Chapter 394, Local Government Code, and in accordance with the Issuer's Local Regulations for Receiving and Approving Applications for Financing Multifamily Residential Rental Development Projects (the "Regulations"). In connection therewith, I hereby declare, represent, and warrant as follows:

1. The Applicant intends to acquire, own, construct, and/or rehabilitate, and operate a multifamily residential rental development (the "Project") to be located within the City of McKinney, Texas, and desires that the Corporation issue bonds to provide financing for such residential development in accordance with the Regulations.
2. The Applicant has received and reviewed the Regulations in effect on the date hereof and hereby agrees to comply with all terms and provisions of the Regulations, including, but not limited to, payment of all fees and expenses.
3. The Applicant submits herewith eight (8) completed copies of this Application and the Residential Development Financing Questionnaire (the "Questionnaire"). The Questionnaire has been completed to the best of our ability, and the information contained therein and on any attachments thereto is true and correct and represents a reasonably comprehensive outline of the Project for which this Application for Financing is made.
4. The Applicant submits herewith the nonrefundable review fees as required by the Regulations.
5. The Applicant shall advise the Corporation in writing of any material changes in the information contained in the Application or submitted in connection therewith within five (5) days from the date the Applicant or any officer or representative of the Applicant first has knowledge of such changes.

The Applicant requests that the Board of Directors of the McKinney Housing Finance Corporation grant preliminary approval of this Application for Financing.

As an inducement to the Corporation and to the City of McKinney, Texas, to accept, review, and favorably consider and approve the Application and to issue the bonds therein contemplated, and whether or not all or any part thereof are ever actually approved or issued by the Corporation, the Applicant hereby irrevocably agrees that it will (a) pay all Project costs which are not or cannot be paid or reimbursed from the proceeds of bonds issued by the Corporation, and (b) at all times indemnify and hold harmless the Corporation and the members and officers of its Board of Directors and the City of McKinney, Texas, the members and officers of its governing body, and the Financial Advisor and Bond Counsel against all losses, costs, damages, expenses, and liabilities

of whatsoever nature or kind (including but not limited to attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of, or related to the acceptance, consideration, and approval or disapproval of such Application or the issuance, offering, sale, or delivery of any such bonds, or the design, construction, installation, operation, use, occupancy, maintenance, or ownership of the Project.

It is understood and agreed that this indemnity agreement shall be continuing and shall survive and continue to be effective after any approval or disapproval of the Application and the issuance or failure to issue any such bonds and the construction and operation of the Project. It is also understood that additional indemnity agreements may be required by you from the Applicant or others, such as guarantors, prior to the final approval of such Application.

The undersigned, both in his individual and representative capacities, does hereby upon his or her oath swear or affirm that all information contained in the Application and submitted in connection therewith is true, accurate and complete. Witness my hand this ____ day of _____, 20____.

(Name of Applicant/Owner)

Presently Estimated
Amount of Project Financing
Requested:

\$ _____

By: _____
Authorized Officer or Representative

Title: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

BEFORE ME, the undersigned authority, on this day personally appeared _____, of _____ known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same in the capacity and for the purposes and consideration therein expressed and, who, upon his or her oath, did swear or affirm that all information contained in the Application referred to above and submitted in connection therewith is true, accurate and complete.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the ___ day of _____, 20__.

Notary Public in and for the State of Texas

My Commission Expires: _____

MCKINNEY HOUSING FINANCE CORPORATION
RESIDENTIAL DEVELOPMENT FINANCING QUESTIONNAIRE

Instructions

The purpose of this Questionnaire is to provide the Corporation a comprehensive outline of the residential development (the "Project") for which financing is being requested. Fill in all the blanks, using "None" or "Not Applicable" where necessary. If additional space is needed, attach separate sheets as exhibits.

INFORMATION AS TO APPLICANT

1. Full legal name, address, email address, and telephone number of the entity that will own the Project (the "Applicant"). Does the Applicant have a website? If so, list it.

2. Name, address, email address, and telephone number of the representative of the Applicant with whom the Corporation should communicate.

3. Name, address, email address, and telephone number of the legal counsel to the Applicant (not Bond Counsel) in connection with the Project.

4. Name, address, and telephone number of any financial consultant, investment banker, or mortgage banker advising the Applicant in connection with the Project.

5. Form of organization of the Applicant.

- Corporation
- Limited Partnership
- General Partnership
- Sole Proprietorship

Date of Organization: _____

State of Organization: _____

Does Applicant presently exist or is it to be formed?

Exists To be formed

If appropriate, attach a copy of the section 501(c)(3) Determination Letter by the Internal Revenue Service and the most recent IRS Form 990.

6. If the Applicant is a corporation, list the names and titles of its officers. If the Applicant is a partnership, list all of its general partners.

7. List all persons or entities owning a 10% or greater interest in the Applicant.

8. Summarize the prior development experience of the Applicant and its principals. Indicate date of project, size, type, and location of project and method of financing. (Attach separate pages if necessary.)

9. List the names and addresses of any guarantors.

10. List banks and other credit references. Attach a bank reference letter.

11. Has the Applicant or any person or entity owning a 10% or greater interest in the Applicant been through any bankruptcy proceeding or made an assignment for the benefit of creditors? If so, please detail the facts surrounding such event indicating at a minimum the names of the affected parties, the reason or reasons for the bankruptcy or assignment, and the current status of any such proceeding. (Attach separate sheets if necessary.)

12. Has the Applicant or any person or entity owning a 10% or greater interest in the Applicant been convicted of a felony or been a party to any lawsuit or are there any unsatisfied judgments against any of the foregoing? If so, please detail the facts surrounding such felony conviction or such lawsuit or lawsuits, the names of the affected parties, and the current status of the lawsuit or lawsuits or the felony conviction. If an unsatisfied judgment is outstanding against the Applicant or any of the foregoing persons or entities, what plans or provisions, if any, are being made to satisfy such judgment. (Attach separate sheets if necessary.)

13. Has the Applicant or any person or entity owning a 10% or greater interest in the Applicant ever failed to pay, when due, applicable local, state, or federal taxes? If so, please detail the facts surrounding such failure and the current status of any such failed payment. (Attach separate sheets if necessary.)

14. Has the Applicant or any person or entity owning a 10% or greater interest in the Applicant ever applied for financing through the Corporation prior to the application accompanying this Questionnaire? If so, please state when such application was made, who the interested parties were, the outcome of the application, and the current status of the financing, if any.

15. If there is any credit enhancement device (such as bond insurance, mortgage insurance, a letter of credit, surety bonds, or policies) intended to be utilized in connection with the proposed financing, described such enhancement device and whether the Applicant or any principal of the Applicant has ever worked with the entity or entities providing such credit enhancement device prior to the proposed financing. If so, please state the details of such prior relationship including the method used to finance the project, the issuer of the debt instruments, if applicable, and the date of closing, if applicable.

INFORMATION AS TO PROJECT

16. Street address and description of exact location of Project site. Attach a legal description of Project site and a map of the area with the Project site highlighted.

17. Indicate the approximate size (in acres or square feet) of the Project site.

18. Does the Applicant now own the Project site? Yes No

Please provide a history of the prior sales of the Project site if available. Please list any potential sales transactions relating to the Project or the Project site and any estimated fees involved.

19. If the Applicant now owns the Project site, indicate:

- (a) Purchase Date: _____
- (b) Purchase Price: _____
- (c) Balance of Existing Mortgage: _____
- (d) Holder of Existing Mortgage: _____
- (e) Attach proof of ownership.

20. If the Applicant now holds an option to purchase the Project site, indicate:

- (a) Present Owner: _____
- (b) Date of Option Agreement: _____
- (c) Purchase Price: _____
- (d) Expiration Date of Option Agreement: _____
- (e) Attach copy of Option Agreement.

21. If the Applicant has executed a contract to purchase the Project site, indicate:

- (a) Present Owner: _____
- (b) Date of Contract: _____
- (c) Purchase Price: _____
- (d) Settlement or Closing Date: _____
- (e) Attach copy of contract.

22. If the Applicant does not now own the Project site, describe any relationship which exists by virtue of common control of ownership between the Applicant and the present owner of the Project site.

23. Describe any existing improvements or structures presently located on the Project site.

24. Is the cost of the Project site to be included in the financing?

Yes No

25. Indicate the present number and general description of residential units on the Project site.

26. Is the Project site now zoned to allow the construction of the Project?

Yes No

NOTE: SEE ATTACHED FORM OF LETTER FROM THE CITY WHICH MUST BE SUBMITTED TO THE CORPORATION FOR A NEW PROJECT. A COPY OF A CERTIFICATE OF OCCUPANCY MUST BE SUBMITTED FOR AN EXISTING PROJECT.

27. Does the Project consist of additions to and/or renovation and rehabilitation of existing units?

Yes No

If yes, answer following questions: (Attach separate sheets as necessary.)

(a) Age of units: _____

(b) Describe the proposed additions and improvements to be made. Include description of the type of improvement and amount to be spent per unit and for common areas.

(c) Provide data on present vacancy rates and rents by unit size.

(d) Attach a recent photo of the Project.

(e) If the Project is to include rehabilitation, submit a written report prepared by a registered professional engineer or architect describing the rehabilitation project, including details regarding the rehabilitation improvements to be made, the cost thereof and specifying the percentage of the total Project costs represented by the rehabilitation improvements.

28. Indicate the number, type (number of bedrooms and bathrooms), and approximate size (square footage) of the units, and projected monthly rent for each type of unit.

| <u>Number of Units</u> | <u>Type of Unit</u> | <u>Size of Unit</u> | <u>Monthly Rent</u> |
|----------------------------|-------------------------|-------------------------|-------------------------|
|----------------------------|-------------------------|-------------------------|-------------------------|

29. Describe any additional facilities to be included in the Project such as parking, laundry, office, or recreational facilities. If any such facilities are expected to generate income, indicate source and projected amount of such income.

30. Describe the overall style of the Project (e.g., garden apartments, multistory, highrise), exterior construction materials, energy conservation considerations, and landscaping design. Attach a site sketch showing proposed location of the units on the Project site, and attach architectural renderings (or their equivalent) of the proposed Project, if available. If renderings are not available, please advise the Corporation when such renderings will be available and provide them to the Corporation at that time. If the Project is to be rehabilitated, attach photographs representative of the present exterior and interior condition of the Project and drawings of the proposed rehabilitation. (Note: It is the Corporation's intention not to hold any public hearings or act on any bond resolution until the Corporation has been furnished with this information.)

31. Indicate which of the following equipment, if any, will be included in the units.

| | |
|---|------------------------------------|
| <input type="checkbox"/> Range | <input type="checkbox"/> Disposal |
| <input type="checkbox"/> Refrigerator | <input type="checkbox"/> Carpet |
| <input type="checkbox"/> Air conditioning | <input type="checkbox"/> Drapes |
| <input type="checkbox"/> Dishwasher | <input type="checkbox"/> Fireplace |
| | Other _____ (describe) |

32. Indicate which of the following, if any, tenants will be required to pay on an individual basis.

| | |
|--------------------------------------|--|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Water and Sewer |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Garbage Pickup |

33. Describe any restrictions to be imposed by the Applicant on tenants including family size, pets, preferences for employees of certain companies, etc.

34. State best estimates as to the minimum family income levels of the expected tenants required in order to pay anticipated monthly rent amounts.

35. Indicate number of residences or businesses displaced by construction or rehabilitation of the Project, if any. Describe procedures to be used to minimize impact of any displacement.

36. State the demand and market need for the Project. Attach copies of any market surveys and other substantiating data.

37. Describe briefly the anticipated arrangements for Project management. If a professional management company is to be employed, identify the company and the anticipated fee to be paid the management company.

FINANCING INFORMATION

38. Total cost of Project: \$_____

39. Amount of financing applied for: \$_____

Note: The Corporation may, at its discretion, require a copy of an existing appraisal (180 days old or less) or require the Applicant to furnish a new appraisal by a State of Texas certified general real estate appraiser who has an MAI or SREA designation prior to final approval of the financing.

40. Indicate the percentage of development costs for which the Applicant desires financing and the amount of equity investment the Applicant intends to make in the Project. Indicate source of equity amount.

41. If the Applicant is a limited partnership, is it anticipated that there will be a syndicated offering of partnership shares?

42. What type of financing does the Applicant desire?

- _____ Permanent financing only
- _____ Construction and permanent financing

43. If permanent financing only is desired, indicate source of construction financing.

44. Indicate the amount and percentage of the requested financing to be applied to refinance any existing mortgage or loans.

45. If the Applicant has applied to another source for financing with respect to the Project, give details.

46. Explain how the Project will be financed if all or a portion of the amount applied for is denied.

47. Has the Applicant made, or does the Applicant intend to make, application for HUD housing assistance payments with respect to the Project under Section 8 of the United States Housing Act of 1937?

Yes, with respect to 100% of Project units

Yes, with respect to 20% of Project units

No

If yes, attach a copy of HUD approval letter, if any.

48. Has the Applicant made, or does the Applicant intend to make, application for FHA mortgage insurance under Section 221 of the National Housing Act of 1934?

Yes, for construction advances

Yes, for insurance upon completion only

No

If yes, attach a copy of FHA commitment, if any.

49. Indicate any other rent supplement, loan guarantee, grant, or mortgage insurance for which the Applicant has made, or intends to make, application with respect to the Project. If none, write "none."
50. List name, address, and name of representative of the financial institution (bank, investment banking firm, etc.), if determined, which may be interested in purchasing, placing, or underwriting the bonds if and when such bonds are approved for sale. (It is the responsibility of the Applicant to arrange for the marketing of the bonds, if the financing is approved, with the concurrence of the Corporation.)
51. If approved, are the bonds to be offered at a public sale or will they be placed privately with an institutional or sophisticated purchaser? If at public sale, will the bonds be rated and/or credit enhanced? If credit enhanced, by when?

CONSTRUCTION INFORMATION

52. Has construction of the Project begun? ___ Yes ___ No

If yes, give date construction began: _____

If no, give estimated date for commencement of construction: _____

53. State estimated date of completion: _____

54. State estimated date Project will be placed in operation: _____

55. If construction on the Project has begun, complete the following:

Site clearance _____% complete
Foundation _____% complete
Footings _____% complete
Steel _____% complete
Masonry _____% complete
Other _____ % complete

56. Indicate the estimated costs of developing, constructing, and equipping the Project. Attach a separate sheet if necessary to provide a complete summary of Project costs.

| | |
|------------------------------|-------------|
| Land | \$_____ |
| Construction | _____ |
| Design | _____ |
| Surveys and Soil Test | _____ |
| Equipment | _____ |
| Construction Insurance | _____ |
| Construction Period Interest | _____ |
| Engineering | _____ |
| Other _____ | _____ |
| Refinancing of existing debt | _____ |
| TOTAL | \$_____ |

57. Indicate the type and amount of costs expended (including orders for any Project equipment or furnishings) with respect to the Project prior to the current date.

58. Have any costs (including orders for Project equipment or furnishings) been incurred but not paid? If yes, identify and explain.

59. Are any operating expenses or working capital included in the amount of financing requested? If yes, state amount.

60. Provide a pro forma cash flow statement for the Project's first three years of occupancy. Include assumptions and, specifically, administrative, operating, and maintenance costs, taxes, and cash flow available for debt service for each of the three years. For an existing Project, provide the foregoing and historical financial information for each of the last three fiscal years.

61. Complete Schedule I, Economic Life of Project, attached hereto.

APPLICANT, GUARANTOR, AND PARTICIPANT INFORMATION

62. Attach the following financial statements (audited, if available) or other information for the preceding five years for the Applicant, and any Guarantors.

____ Balance sheet
____ Profit and Loss Statement
____ Statement of changes in financial position

or

____ Annual Report to Stockholders
____ Report on Form 10-K to the Securities and Exchange
Commission

63. Attach unaudited financial statements, current within 90 days, if the audited financial information is not current within 90 days (Form 10-Q, if it is available).

64. Detail any changes subsequent to the date of the most recent financial statements which may have a material effect on the Applicant's financial position.

65. State name, address, and phone number of the general contractor for the Project. Attach information concerning projects previously completed by the general contractor. Include location, year of completion, number of units, and approximate construction cost of each project. State the relationship, if any, between the contractor and the Applicant, i.e. Subsidiary Corporation, partner, etc.

66. State name, address, and phone number of the architect for the Project. Attach information concerning projects designed by the architect.

67. State name, address, and phone number of the managing agent for the Project. Attach information concerning prior project management experience including projects managed, number of units in each project, and number of years of project management.

68. State how the Applicant intends to comply with Article 394.902 of the Act relating to provisions of senior citizen housing (unit set aside or payment of fee).

SCHEDULE I
PROJECT FINANCING QUESTIONNAIRE

ECONOMIC LIFE OF PROJECT

| | <u>Asset</u> ⁽¹⁾ | <u>Life</u> ⁽²⁾ | <u>Cost</u> ⁽³⁾ | <u>WAL</u> ⁽⁴⁾ |
|-----|-----------------------------|----------------------------|--------------------------------|---|
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| 6. | | | | |
| 7. | | | | |
| 8. | | | | |
| 9. | | | | |
| 10. | | | | |
| | | | Total _____ Cost ===== | Total _____ WAL ⁽⁵⁾ ===== |

Notes:

(1) "Asset" means each asset comprising the Project, listed in accordance with the following classifications:

(a) each "structure" including "structural components," within the meaning of Treas. Reg. Section 1.48-1(e); and

(b) land, provided that land shall not be listed unless at least 25 percent of the proceeds of the Initial Bonds is used to finance land; and

(c) each asset or group of assets comprising the same "asset guideline class," within the meaning of the ADR system.

(2) "Life" means, with respect to each Asset, the economic life of the Asset determined as follows:

(a) for each structure, the guideline life of the structure under Rev. Proc. 62-21, 1962-2 C.B. 4/8;

(b) for land, the economic life is deemed to be 50 years;

(c) for each Asset other than a structure or land, the midpoint life of the Asset under the ADR system;

plus the amount of time (expressed in years or decimal portions of a year) that elapses between the Closing Date and the date that the Company reasonably expects the Asset to be "placed in service," within the meaning of the Code.

(3) "Cost" means, with respect to each Asset, the adjusted basis of the Asset, within the meaning of Section 1011 of the Code.

(4) "WAL" (i.e. "Weighted Average Life") means, with respect to each Asset, the number of years determined by dividing the Cost of the Asset by the Total Cost for all Assets, then multiplying that quotient by the Life of the Asset.

(5) "Economic Life of Project" means the Total WAL.

**Exhibit A
Form of City Letter**

(City's Letterhead)

[Date]

McKinney Housing Finance Corporation
222 N Tennessee St
McKinney, TX 75069
Attn: President

RE: (description and exact location of apartment project)

Dear _____:

The above site has been zoned for apartments, the proposed density is in conformity with present zoning limitations, and the City of McKinney has no objections to apartments being located on this site.

Sincerely,

Name: _____
Title: _____