

## VII. Repeat TC Project Update

1. Repeat TC Project Update. Project description identifying material changes since the last submission, and projected construction start date assuming award date within twelve weeks of application.

Material Changes. Stratford and DHCD had a productive call following last tax credit unsuccessful application. DHCD made some recommendations in hopes to make the Coady School Residences proposal stand out in the upcoming April 2015 tax credit application round. We have recently updated the proposal/one stop based on DHCD's following recommendations:

1. Section 8 Project-Based Voucher ("PBV") Assistance. Per DHCD's recommendation, we will **not be requesting** any PBV's for the proposed senior housing development.
2. Massachusetts Rental Voucher Program ("MRVP PBV"). We will be requesting eight (8) MRVP PBVs that that will assist in (i) marketing 20% of the Property's units rent at 30% or less of AMI ("ELI") and (ii) funding the annual supportive service program. Both the ELI units and the supportive service program have put a strain (negative trending) on the 15 year proforma. The eight MRVP PBVs would minimize negative trending. Please note Stratford requested four (4) MRVP PBVs in the March 2014 tax credit application round. We will be requesting an additional (4) four MRVP PBVs (totaling 8) in the April 2015 tax credit application round.
3. Vacancy. We reduced the vacancy from 6.59% to 5.00%.
4. Lease Up Reserve. We reduced the lease up reserve from \$150,000 to \$100,000.
5. Debt Service Coverage ("DSC"). We have sized the first mortgage based on an initial 1.45 DSC. In year 15 of operations, the projected debt service coverage is approximately 1.05.
6. Capitalized Replacement Reserve. We will not capital a replacement reserve.
7. MA State Historic Tax Credits. We received an additional \$200,000 in MA State Historic Tax Credits. The Property has been awarded a total of \$1,400,000 of MA State Historic Tax Credits; \$300,000 awarded October, 26, 2011, \$300,000 awarded March 8, 2012, \$300,000 awarded July 12, 2012, \$300,000 awarded October 13, 2012, and \$200,000 awarded March 27, 2014. The Partnership has received Part I and Part II MA historic approvals.

Anticipated Construction Start Date. October 1, 2015. The Partnership has a full set of "Permitted Plans" and is ready to move forward to closing.

2. Repeat TC Project Architect's Certificate. Status of construction documents with architect's certificate certifying as to percentage complete.

The plans and specifications comprising the Construction Documents for the Coady School Residences in Bourne are complete. These documents have been submitted to the Town of Bourne for a building permit. Enclosed please find the architect's certificate.

3. Repeat TC Project Review Status. Status of all required reviews, including environmental, historic, wetlands, etc., with evidence of sponsor compliance.

The Partnership has worked diligently with the Town of Bourne, the MA Historic Commission, and the National Park Historic Commission in order to successfully meet all requirements and attain all approvals to move forward with construction. DHCD funding is all the project lacks in order to close on the acquisition of the Property, pay the Town, pull a building permit and commence construction.

Zoning. The Bourne Zoning Board of Appeals (the “Board”) approved a Comprehensive Permit on February 22, 2013 for the Partnership pursuant to the terms, conditions and obligations imposed by Massachusetts General Laws Chapter 40B. Enclosed in this submission is the recorded decision.

Advanced Plans. The Partnership has a full set of “Permitted Plans” and is ready to move forward to closing.

Federal Historic Tax Credits. Subject to satisfaction of procedural and ongoing compliance requirements of the Federal Historic Tax Credit Program, the Partnership is eligible to receive Federal Historic Tax Credits in the amount of \$1,394,174 at the time of construction completion. The Partnership has received **Part I** and **Part II** historic approvals.

MA State Historic Tax Credits. The Partnership is eligible to receive MA State Historic Tax Credits in the amount of \$1,394,174. Subject to satisfaction of procedural and ongoing compliance requirements of the Massachusetts State Historic Tax Credit Program, the Property has been awarded a total of \$1,200,000 of MA State Historic Tax Credits; \$300,000 awarded October, 26, 2011, \$300,000 awarded March 8, 2012, \$300,000 awarded July 12, 2012, \$300,000 awarded October 13, 2012, and \$200,000 awarded March 27, 2014. The Partnership has received **Part I** and **Part II** MA historic approvals.

Environmental Review. A 21E site assessment, a limited Phase II, and Hazardous Material Assessment is complete. Plans and the construction budget conform to the recommendations.

4. Repeat TC Project S&U Comparison. Comparison of March 2014 sources and uses to current proposed sources and uses.

Sources	April 2015 One Stop	March 2014 One Stop	Diff	Comments
Capital Contributions	10,324,465	10,312,374	12,091	Increase in Federal Historic Basis.
First Mortgage	1,460,000	1,600,000	(140,000)	Lower NOI (see NOI comparison worksheet)
Second Mortgage	1,000,000	1,000,000	-	
Third Mortgage	1,000,000	1,000,000	-	
Fourth Mortgage	550,000	550,000	-	
Fifth Mortgage	250,000	250,000	-	
MA State Historic Equity	1,254,756	1,055,000	199,756	The Partnership received an additional MA Historic tax credit award of \$200,000 awarded March 27, 2014.
State Low Income Tax Credit Equity	1,530,000	1,530,000	-	
Deferred Development Fee	215,121	245,260	(30,139)	
<b>Total Sources:</b>	<b>17,584,343</b>	<b>17,542,634</b>	<b>41,709</b>	
Uses	April 2015 One Stop	March 2014 One Stop	Diff	Comments
Building - Acquisition	320,000	320,000	-	
Land - Acquisition	80,000	80,000	-	
<b>Subtotal: Acquisition</b>	<b>400,000</b>	<b>400,000</b>	-	
Hard Cost	11,298,496	11,184,000	114,496	Per Callahan, the increase is due to the current market conditions and labor shortages.
Contingency	1,129,850	1,118,400	11,450	% of hard cost.
<b>Subtotal: Construction</b>	<b>12,428,346</b>	<b>12,302,400</b>	<b>125,946</b>	
Architectural & Engineering Fees	761,223	800,384	(39,161)	Revised A&E pricing.
Survey Permits	25,000	25,000	-	
Owner's Rep. and Inspecting Engineer	161,340	158,160	3,180	

Environmental Consulting	65,000	65,000	-	
Legal	210,000	210,000	-	
Closing Costs, Title, Recording	50,000	50,000	-	
Accounting & Audit	40,000	40,000	-	
Marketing	100,000	100,000	-	
Real Estate Taxes	25,000	25,000	-	
Insurance	112,000	112,000	-	
Appraisal & Market Study	30,000	30,000	-	
Interest During Construction	586,642	597,609	(10,967)	
Construction Loan Fees	90,000	90,000	-	
MA State LIHTC & Historic Fees	32,000	-	32,000	Netted the fees out of the prior rounds equity.
Permanent Loan Fees	14,600	16,000	(1,400)	
Tax Credit Fees	97,750	97,750	-	
Historic Consulting Fee	35,000	35,000	-	
Furnishings	150,000	150,000	-	
Soft Cost Contingency	85,501	85,501	-	
<b>Subtotal: Gen. Dev.</b>	<b>2,671,057</b>	<b>2,687,404</b>	<b>(16,347)</b>	
<b>Subtotal: Acquis., Const., and Gen. Dev.</b>	<b>15,499,402</b>	<b>15,389,804</b>	<b>109,598</b>	
Owner's Lease up/Operating Expense Reserve	100,000	150,000	(50,000)	Per DHCD, reduced Lease up reserve.
Replacement Reserve Escrow	-	18,850	(18,850)	Per DHCD, eliminated replacement reserve per DHCD
Operating Deficit Reserve	290,000	300,000	(10,000)	Reduced Op Reserve
Developer Fee & Overhead	1,694,940	1,683,980	10,960	
<b>Total Uses:</b>	<b>17,584,343</b>	<b>17,542,634</b>	<b>41,709</b>	

5. Repeat TC Project Operating Budget Comparison. Comparison of March 2014 operating budget to current proposed operating budget.

Operating Budget	April 2015 One Stop	March 2014 One Stop	Diff	Comments
<b>Revenue</b>				
<b><u>Low - Income (60%)</u></b>				
0 bedroom	-			
1 bedroom	253,783	253,728	55	
2 bedroom	281,288	81,160	128	
<b><u>Other Income (30%)*</u></b> Per DHCD's recommendation, we will not be requesting any PBV's for the proposed senior housing development.				
0 bedroom	10,068	9,624	444	*Replaced 1 PBV with 1 MRVP.
1 bedroom	40,214	73,920	(33,706)	* Replaced 4 PBV's and 2 MRVP's with only 2 MRVP's.
2 bedroom	63,929	54,336	9,593	*Replaced 3 PBV's and 2 MRVP's with only 5 MRVP's.
<b>Residential Income</b>	<b>649,282</b>	<b>672,768</b>	<b>(23,486)</b>	
<b>Other Income</b>	<b>5,250</b>	<b>5,250</b>	<b>-</b>	
<b>Vacancy</b>	<b>(32,464)</b>	<b>(44,681)</b>	<b>12,217</b>	Per DHCD, reduced the vacancy to 5%.
<b>Annual Operating Income</b>	<b>622,067</b>	<b>633,802</b>	<b>(11,735)</b>	
<b>Expense</b>				
<b>Management Fee</b>	<b>31,103</b>	<b>31,690</b>	<b>(587)</b>	
Payroll, Administrative	55,000	55,000	-	
Payroll Taxes & Benefits, Admin.	9,900	9,900	-	
Legal	2,500	2,500	-	
Audit	13,600	13,600	-	
Marketing	5,000	8,500	(3,500)	Per Marketing Agent, reduced the marketing budget.
Office Expense	3,840	3,840	-	

Telephone	6,600	6,600	-	
Copy Machine	3,500	3,500	-	
Bank Charges	1,500	1,500	-	
DHCD Monitoring Fee	2,320	2,320	-	
Barnstable Monitoring Fee	1,740	1,740	-	
Postage	400	400	-	
Misc	1,500	1,500	-	
<b>Subtotal: Administrative</b>	<b>107,400</b>	<b>110,900</b>	<b>(3,500)</b>	
Payroll, Maintenance	35,000	35,000	-	
Payroll Taxes & Benefits, Admin.	6,300	6,300	-	
Janitorial Materials	4,000	4,000	-	
Landscaping	12,800	12,800	-	
Decorating (inter. only)	10,150	10,150	-	
Repairs (inter. & ext.)	25,000	25,000	-	
Elevator Maintenance	15,000	15,000	-	
Trash Removal	8,700	8,700	-	
Snow Removal	7,500	7,500	-	
Extermination	2,900	2,900	-	
Septic	30,000	30,000	-	
<b>Subtotal: Maintenance</b>	<b>157,350</b>	<b>157,350</b>	-	
<b>Resident Services</b>	<b>28,000</b>	<b>28,000</b>	-	
Electricity	29,000	29,000	-	
Natural Gas	20,300	20,300	-	
Oil	-	-	-	

Water & Sewer	10,150	10,150	-	
<b>Subtotal: Utilities</b>	<b>59,450</b>	<b>59,450</b>	-	
<b>Replacement Reserve</b>	<b>18,850</b>	<b>18,850</b>	-	
Real Estate Taxes	23,200	23,200	-	
Insurance	44,000	44,000	-	
<b>Subtotal:Taxes, Insurance</b>	<b>67,200</b>	<b>67,200</b>	-	
<b>Total Expenses</b>	<b>469,353</b>	<b>473,440</b>	<b>(4,087)</b>	
<b>Net Operating Income</b>	<b>152,714</b>	<b>160,362</b>	<b>(7,648)</b>	

6. Repeat TC Project Equity Bidding Process Narrative. A narrative detailing the results of your competitive bidding of the equity from the sale of any tax credits proposed to be sold for the benefit of the proposed project, as well as a plan for a competitive equity bidding process, if tax credits being requested are in fact awarded.

Stratford Capital Group LLC is a nationwide syndicator of low income housing tax credits. Stratford will place the low income housing tax credits and federal historic tax credits through an arms-length transaction with an investor at market pricing. Please see Exhibit 7.2 for a detailed Letter of Interest.