

SOUTH ORANGE VILLAGE
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RESOLUTION #2021-236

August 27, 2021

RESOLUTION OF THE TOWNSHIP OF SOUTH ORANGE VILLAGE AUTHORIZING THE GRANTING OF A TAX EXEMPTION AND EXECUTION OF A PAYMENT IN LIEU OF TAXES (PILOT) AGREEMENT WITH BCUW/MADELINE HOUSING PARTNERS LLC, JESPY HOUSE INC AND PENWAL AFFORDABLE HOUSING CORPORATION PURSUANT TO N.J.S.A. 55:14K-1 ET SEQ.

WHEREAS, BCUW/Madeline Housing Partners, LLC, JESPY House, Inc. and Penwal Affordable Housing Corporation (collectively hereinafter referred to as the "**Sponsor**") proposes to construct a housing project to be known as South Orange Commons, a 26-unit mid-rise building that will house families and residents with special needs (hereinafter referred to as the "**Project**") pursuant to the provisions of the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended (N.J.S.A. 55:14K-1 et seq.), the rules promulgated thereunder at N.J.A.C. 5:80-1 et seq., and all applicable guidelines (the foregoing hereinafter referred to as the "**HMFA Requirements**") within the municipality of the Township of South Orange Village (hereinafter referred to as the "**Village**") on a site described as Block, 1902, Lots 39 & 40 as shown on the Official Assessment Map of the Township of South Orange Village, Essex County and commonly known as 41-45 West 3rd Street, South Orange, NJ (the "**Property**"); and

WHEREAS, the Project will be subject to the HMFA Requirements and the mortgage and other loan documents executed between the Sponsor and the New Jersey Housing and Mortgage Finance Agency (hereinafter referred to as the "**Agency**"); and

WHEREAS, pursuant to the HMFA Requirements, the Board of Trustees of the Village (the "**Board of Trustees**") hereby determines that there is a need for this housing project in the Village; and

WHEREAS, the Sponsor has presented to the Board of Trustees revenue projections for the Project which set forth the anticipated revenue to be received by the Sponsor from the operation of the Project as estimated by the Sponsor and the Agency, a copy of which is attached hereto and made a part hereof as **Exhibit A**,

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Township of South Orange Village, in the County of Essex, New Jersey as follows:

Section 1. The Board of Trustees finds and determines that the proposed Project



will meet or meets an existing housing need.

Section 2. The Board of Trustees does hereby adopt the within Resolution and makes the determination and findings herein contained by virtue of, pursuant to, and in the conformity with the provisions of the HMFA Requirements with the intent and purpose that the Agency shall rely thereon in making a mortgage loan to the Sponsor, which shall construct, own and operate the Project.

Section 3. The Board of Trustees does hereby adopt the within Resolution with the further intent and purpose that from the date of execution of the Agency mortgage, the proposed Project, including both the land and improvements thereon, will be exempt from real property taxation as provided in the HMFA Requirements, provided that payments in lieu of taxes for municipal services supplied to the Project are made to the Village in such amounts and manner set forth in the Agreement for Payments in Lieu of Taxes attached hereto as **Exhibit B (the "PILOT Agreement")**; and

Section 4. The Board of Trustees hereby authorizes and directs the Village President of the Township of South Orange Village to execute, on behalf of the Village, the PILOT Agreement in substantially the form annexed hereto as **Exhibit B** in an amount equal to 6.28 percent of the Project Revenues as defined therein; and

Section 5. The Board of Trustees understands and agrees that the revenue projections set forth in **Exhibit A** are estimates and that the actual payments in lieu of taxes to be paid by the Sponsor to the Village shall be determined pursuant to the PILOT Agreement executed between the Sponsor and Village.

Trustee Member	Motion	Second	Ayes	Nays	Abstain	Absent
Brown		X	X			
Coallier			X			
Haskins			X			
Hartshorn Hilton			X			
Jones			X			
Zuckerman	X		X			



CERTIFICATION

I, Ojetti E. Davis, Acting Village Clerk of the Township of South Orange Village, County of Essex, State of New Jersey, do hereby certify that this is a true and correct copy of the Resolution adopted by the Board of Trustees at their regular meeting held on Friday, August 27, 2021.

A handwritten signature in blue ink, appearing to read "Ojetti E. Davis", is written over a horizontal line.

Ojetti E. Davis
Acting Village Clerk



Exhibit A
Revenue Projections



Exhibit B
Form of PILOT Agreement

EXHIBIT B

[FORM OF]

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

South Orange Commons, HMFA #(s) 07751

THIS AGREEMENT, made this _____ day of _____, 20_____, between **BCUW/Madeline Housing Partners, LLC, JESPY House, Inc. and Penwal Affordable Housing Corporation** (collectively, hereinafter the "Sponsor") and the **Township of South Orange Village**, a municipal corporation in the County of Essex and State of New Jersey (hereinafter the "Village").

WITNESSETH

In consideration of the mutual covenants herein contained and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

1. This Agreement is made pursuant to the authority contained in Section 37 of the New Jersey Housing and Mortgage Finance Agency Law of 1983 (N.J.S.A. 55:14K-1 et seq.) (hereinafter "HMFA Law") and a Resolution of the Board of Trustees of the Village dated _____, 20_____, (the "Resolution") and with the approval of the New Jersey Housing and Mortgage Finance Agency (hereinafter the "Agency"), as required by N.J.S.A. 55:14K-37.

2. The Project is or will be situated on that parcel of land designated as Block 1902, Lot 39 & 40 as shown on the Official Assessment Map of the Township of South Orange Village, and more commonly referred to as 41-45 West 3rd Street, South Orange, New Jersey.

3. As of the date the Sponsor executes a first mortgage upon the Project in favor of the Agency (hereinafter referred to as the "Agency Mortgage"), the land and improvements comprising the Project shall be exempt from real property taxes, provided that the Sponsor shall make payments in lieu of taxes to the Village as provided hereinafter. The exemption of the Project from real property taxation and the sponsor's obligation to make payments in lieu of taxes shall not extend beyond the earlier of: (i) thirty (30) years from the Substantial Completion of the Project, as defined below); or (ii) the date on which the Agency Mortgage is paid in full, which, according to the HMFA Law, may not exceed fifty (50) years.

4. (a) For projects receiving construction and permanent financing from the Agency, the Sponsor shall make payment to the Village of an annual service charge in lieu of taxes in such amount as follows:

(1) From the date of the execution of the Agency Mortgage until the date of substantial completion of the Project, the Sponsor shall make payment to the Village in an amount equal to \$15,769.34, which represents the conventional

taxes currently due on Lot 40; Lot 39 is currently tax exempt (pursuant to the HMFA Law, the annual amount may not exceed the amount of taxes due on the property for the year preceding the recording of the Agency Mortgage). As used herein, "Substantial Completion" means the date upon which the Village issues the Certificate of Occupancy for all units in the Project.

(2) From the date of Substantial Completion of the Project and for the remaining term of this Agreement, the Sponsor shall make payment to the Village in an amount equal to **6.28** percent of Project Revenues.

(b) For Projects receiving permanent financing only from the Agency, the Sponsor shall make payment to the Village in an amount equal to **6.28** percent of Project Revenues from the date of the Agency Mortgage and for the remaining term of this Agreement.

(c) As used herein, "Project Revenues" means the total annual gross rental or carrying charge and other income of the Sponsor from the Project less the costs of utilities furnished by the Project, which shall include the costs of gas, electricity, heating fuel, water supplied, and sewage charges, and less vacancies if any.

(d) The amount of payment in lieu of taxes to be paid pursuant to paragraphs (a) or (b) and (c) above is calculated in Exhibit "A" attached hereto. It is expressly understood and agreed that the revenue projections provided to the Village as set forth in Exhibit "A" and as part of the Sponsor's application for an agreement for payments in lieu of taxes are estimates only. The actual payments in lieu of taxes to be paid by the Sponsor shall be determined pursuant to Section 5 below.

5. (a) Payments by the Sponsor shall be made on a quarterly basis in accordance with bills issued by the Tax Collector of the Village in the same manner and on the same dates as real estate taxes are paid to the Village and shall be based upon Project Revenues of the previous quarter. No later than three (3) months following the end of the first fiscal year of operation after (i) the date of Substantial Completion (for projects receiving construction and permanent financing) or (ii) the date of the Agency Mortgage (for projects receiving permanent financing only) and each year thereafter that this Agreement remains in effect, the Sponsor shall submit to the Village a certified, audited financial statement of the operation of the Project (the "Audit"), setting forth the Project Revenues and the total payments in lieu of taxes due to the Village calculated at **6.28** percent of Project Revenues as set forth in the Audit (the "Audit Amount"). The Sponsor simultaneously shall pay the difference, if any, between (i) the Audit Amount and (ii) payments made by the Sponsor to the Village for the preceding fiscal year. The Village may accept any such payment without prejudice to its right to challenge the amount due. In the event that the payments made by the Sponsor for any fiscal year shall exceed the Audit Amount for such fiscal year, the Village shall credit the amount of such excess to the account of the Sponsor.

(b) All payments pursuant to this Agreement shall be in lieu of taxes and the Village shall have all the rights and remedies of tax enforcement granted to Municipalities by law

just as if said payments constituted regular tax obligations on real property within the Village. If, however, the Village disputes the total amount of the annual payment in lieu of taxes due it, based upon the Audit, it may apply to the Superior Court, Chancery Division for an accounting of the service charge due the Village, in accordance with this Agreement and HMFA Law. Any such action must be commenced within one year of the receipt of the Audit by the Village.

(c) In the event of any delinquency in the aforesaid payments, the Village shall give notice to the Sponsor and NJHMFA in the manner set forth in 9(a) below, prior to any legal action being taken.

6. The tax exemption provided herein shall apply only so long as the Sponsor or its successors and assigns and the Project remain subject to the provisions of the HMFA Law and Regulations made thereunder and the supervision of the Agency, but in no event longer than the term of the Agency Mortgage. In the event of (a) a sale, transfer or conveyance of the Project by the Sponsor or (b) a change in the organizational structure of the Sponsor, this Agreement shall be assigned to the Sponsor's successor and shall continue in full force and effect so long as the successor entity qualifies under the HMFA Law or any other state law applicable at the time of the assignment of this Agreement and is obligated under the Agency Mortgage.

7. Upon any termination of such tax exemption, whether by affirmative action of the Sponsor, its successors and assigns, or by virtue of the provisions of the HMFA Law, or any other applicable state law, the Project shall be taxed in accordance with the law.

8. The Sponsor, its successors and assigns shall, upon request, permit inspection of property, equipment, buildings and other facilities of the Project and also documents and papers by representatives duly authorized by the Village. Any such inspection, examination or audit shall be made during reasonable hours of the business day, in the presence of an officer or agent of the Sponsor or its successors and assigns. This section shall not operate to limit or hinder any customary inspections applicable to all buildings, e.g., construction inspections, fire inspections, etc.

9. Any notice or communication sent by either party to the other hereunder shall be sent by certified mail, return receipt requested, addressed as follows:

(a) When sent by the Village to the Sponsor, it shall be addressed to _____ or to such other address as the Sponsor may hereafter designate in writing and a copy of said notice or communication by the Village to the Sponsor shall be sent by the Village to the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085.

(b) When sent by the Sponsor to the Village, it shall be addressed to the _____ or to such other address as the Village may designate in writing; and a copy of said notice or communication by the Sponsor to the Village shall be sent by the Sponsor to the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085.

10. In the event of a breach of this Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court, Chancery Division, to settle and resolve said dispute in such fashion as will tend to accomplish the purposes of the HMFA Law.

11. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a sufficient number of counterparts to evidence the execution of this Agreement by each party hereto.

ATTEST

SPONSOR:

By: _____

By: _____

ATTEST

TOWNSHIP OF SOUTH ORANGE VILLAGE:

By: _____

**NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
MULTI-FAMILY - with or without TAX CREDITS**

**SCHEDULE 10-A: PROJECT DESCRIPTION-CONSTRUCTION (ONLY) AND
CONSTRUCTION & PERMANENT LOANS**

X	Cond. Commitment	Date Action Taken	8/12/21		
	Commitment			Indicate Closing Type By Date	HMFA# 07751
	Re-Commitment			Special Needs:	Date: 8/11/21
	Mig. Extension			Other:	Prepared by: Julian A Fowler
	Bond Sale			Other:	Reviewed by:
	Closing				

South Orange Commons

Project Name: _____ Zip Code: 07079
 41 West 3rd Street
 Project Street Address

Municipality: South Orange Block No. 1902.00 Lot No. 39.0000
 County: Essex 40.0000

Type of Development (Select either Family or Senior Citizens (NOT BOTH))	Type of Construction	Term of Mortgage (in years): 20.00
Family <u>X</u>	New Construction <u>X</u>	Mortgage Interest Rate: Note I 3.600%
Senior Citizens _____	Modular _____	Note II 1.900%
Provide the following:	Moderate Rehabilitation _____	
Legislative District: <u>27</u>	Substantial Rehab. _____	
Congressional District: <u>10</u>	Conversion _____	The Project is in a: Y or N
Census Tract: <u>193.00</u>	Rehabilitation/Occupied _____	QCT _____
	Historic _____	Smart Growth <u>Y</u>
No. of dwelling units _____		Planning Area: _____
No. of occupied units _____		(designate area)
Special Needs Units <u>16</u>		
Special Needs Population <u>DDD</u>		
Construction Term <u>15</u> (mos.)		
Rent-up Period <u>6</u> (mos.)		

Type of Loan	Parking	ENTER DOLLAR AMOUNT
Construction Loan Only _____	Total Number of Parking Spaces <u>18</u>	
Construction & Permanent Loan <u>X</u>	Ratio of parking to D.U.'s <u>0.69</u> : 1	
Permanent Loan Only _____		
	Type of Financing	Type of Subsidy
	Tax Exempt _____	Special Needs Program Funds \$ 1,600,000
	Taxable <u>X</u>	FRM-CDBG \$ _____
	Tax Credits Check One	Amt. Of FRM-CDBG/Unit: \$ _____
	4% _____	Money Follows the Person \$ _____
	9% <u>X</u>	Fire Suppression \$ _____
	Historic _____	Other \$ _____
	Affordability - Check One	Other \$ _____
	** 40% AT 60% <u>X</u>	
	*** 20% AT 50% _____	
	Income Averaging _____	

Cost Summary

Cost of Land and/or Improvements _____	per DU	_____ per Sqft.
Construction Cost <u>\$187,538</u>	per DU	<u>\$184</u> per Sqft.
Total Project Cost <u>\$298,041</u>	per DU	<u>\$292</u> per Sqft.

Types of Residential Structures*	No. of Bldgs.	No. of Stories Each	Unit Type (No. of BR's)	Average Unit Size in Sq. Ft.	No. of Units	Net Rentable Area	
low-rise	1	3	1	710	17	12,070	Total Project Cost \$7,749,070
			2	914	3	2,742	Minus Eligible Costs:
			2	960	3	2,880	Reserves \$284,367
			2	986	1	986	Deferred Developer Fee \$307,564
			3	1,278	2	2,556	Community Building \$208,656
							= \$6,948,483
							Cost Per DU \$267,249
Basement/Crawl Space							
***Garage Parking							
Commercial Space							
Common/Other Space			Community room, office, elevator, stairwells, lobby, mechanical			5,266	

Totals: 1 Buildings UNITS: 26 | 26,500 Sq. Ft.

*Low - Rise (1 - 4), Mid/Hi - Rise (5 + stories), Townhouse or Semi-detached
 ** 40-60 set-aside means 40% or more of the residential units will be restricted and occupied by households whose income is 60% or less than the area median income.
 *** 20-50 set-aside means 20% or more of the residential units will be rent restricted and occupied by households whose income is 50% or less of area median income.
 ****Includes only parking beneath the building and/or parking structure

SCHEDULE 10-B: EST. DEVELOPMENT COSTS AND CAPITAL REQUIREMENTS

HMFA# 07751

Prepared by: Julian A Fowler

Reviewed by: Director of Technical Services

Date _____

Managing Director of Multifamily

Date _____

Chief of Multifamily

Will loan/s be repaid from project revenues?

1. SOURCES OF FUNDS DURING CONSTRUCTION:

	Enter total Amt. of Grant/Loan Here	(If Source is a grant, enter "G". Y, or N, or G)	
a) HMFA 1st. Mortgage, NOTE I	N/A		\$ 1,036,111
b) HMFA 1st. Mortgage, NOTE II			\$ 3,529,200
c) HMFA SNHTF	\$1,600,000		\$ 1,600,000
d) LIHTC Equity Installment I (August 1, 2022)	\$4,805,394		\$ 500,231
e)			\$
f)			\$
g)			\$
h) Deferred Developer's Fee			\$ 900,000
TOTAL SOURCES OF CONSTRUCTIONS FUNDS:			\$ 7,565,542

2. USES OF FUNDS DURING CONSTRUCTION:

A. ACQUISITION COSTS:

a) Land @ (\$ _____ per Acre) \$ _____

b) Building Acquisition Should be between \$15,000 & \$25,000 per units _____

c) Relocation _____

d) Other: Total Acquisition as a percent of Total Project Costs: _____

B. CONSTRUCTION COSTS

a) Demolition NOTE: Payment and Performance bonds are required through the const _____

b) Off-site Improvements and for a two-year period after the Certificate of Occupancy. _____

c) Residential Structures (including all on-site improvement) 3,960,994

d) Community Building 208,656

e) Environmental Clearances _____

f) Surety & Bonding should be between .75% and 2% of Construction Costs 75,000 1.54%

g) Building Permits 40,000

h) Garage Parking garage should be approx \$15,000/space; parking lot around \$700/space _____

i) General Requirements should be about 6% of construction costs 253,350 5.91%

j) Contractor Overhead & Profit - should not exceed 8% of cons't costs total - usually 2% for Overhead and 6% for Profit 338,000 7.89%

k) Green Features _____

l) Other _____

m) Other Total Cons't Costs as a percent of Total Project Costs: 66.07% _____

4,876,000

C. DEVELOPERS FEE - CONSTR/REHAB 13.78% HMFA Policy is that the Developer fee is earned as a percentage of construction completion. 900,000

DEVELOPERS FEE - BUILDING

Non-Deferred Amt: \$592,436 9.12%

900,000

D. CONTINGENCY Non-Deferred Amt on Building Acq Not to Exceed 2% :

a) Hard Costs 5.000% 5% for New Construction & 10% for Rehabilitation 307,564.00 243,800

b) Soft Costs 3.000% should be a Maximum of 5% 49,833 293,633

E. PROFESSIONAL SERVICES

a) Appraisal & Market Study \$ 20,000

b) Architect 185,000

c) Site Engineer 77,480

d) Attorney 200,000

e) Cost Certification/Audit - should not exceed \$35,000 20,000

f) Environmental Consultant 25,000

g) Historical Consultant _____

h) Geotechnical Consultant 20,000

i) Surveyor 10,000

j) Professional Planner: _____

k) Other Energy Star Consultant Total Professional fees as a % of Total Project Costs: 7.71% 40,000

597,480

HMFA CONST' & PERM. BLENDED RATE

Construction Interest Rate Calculation

Note I Weighted:	37,300
Note II Weighted:	67,055
TOTAL:	104,355
Const'. Int. Rate:	2.2858%

F. PRE-OPERATIONAL EXPENSES * Non-eligible costs in TC basis

a) Operator fees (pre-construction completion) * Should Not Exceed \$250,00 14,000

b) Advertising and Promotion (pre-construction completion) * 10,000

c) Staffing and Start-up Supplies (pre-construction completion) * 10,000

d) Other: * _____

e) Other: * Total Pre Opt Costs as a % of Total Project Costs: 0.44% 34,000

9.42%

G. CARRYING AND FINANCING COSTS DURING CONSTRUCTION (percentage of total development costs)

a) Interest @ 2.2858 % for (18 mos.) on \$ 4,565,311 156,531

b) R.E. Tax \$ (per annum) x 1.50 Yrs. _____

c) Insurance \$ 50,000 (per annum) x 1.50 Yrs. 75,000

d) Title Insurance and Recording Expenses 62,052

e) Points To Reduce HMFA Servicing Fee(Cons't. & Perm. Only) 2% on \$ 1,036,111 20,722

f) HMFA Second Note Financing Fee(Cons't & Perm Only) 2.00% on \$ 3,529,200 70,584

g) HMFA Constr.Loan Serv.Fee 0.50 % for (24 mos.) on 4,565,311 45,653

h) Special Needs Financing Fee 3.00% on \$ 1,600,000 48,000

i) Other Lender Construction Financing Fee _____

j) Tax Credit Fees If the HMFA will be selling Bonds for the project either before or during the 140,000

k) Negative Arbitrage (If Bonds are sold during Construction) time the Development is under construction, these costs 21,520 (ESTIMATE)

l) Cost of Issuance (If Bonds are sold during Construction) should be accounted for during the construction period. _____ (ESTIMATE)

m) Furniture, Fixtures & Equipment (F,F&E) 25,000

n) Utility Connection Fees Total Carrying/Fin. Costs as a % of Total Project Costs: 9.42% 65,000

730,062

H. Working Capital Escrow

a) Debt Service & Operating Expenses 115,619

b) Rental Agent Rent-up Fee (during Rent-up) _____

c) Advertising and Promotion (during Rent-up) _____

I. Other Escrows

a) Insurance (1/2 YR.) \$ 7,800

b) Taxes (1 Qtr.) \$ 4,540

c) Debt Service Payment & Servicing Fee for 1 Month \$ 6,408

d) Mortgage Insurance Premium (MIP) 1 year plus 3 months _____

e) Repair & Replacement Reserves _____

f) HMFA Operating Deficit Reserve _____

g) Other: _____

h) Other: _____

i) Other: Total Escrows as a % of Total Project Costs: 1.73% _____

3. USES OF FUNDS DURING CONSTRUCTION: \$ 7,565,542

4. BALANCE OF FUNDS NEEDED FOR CONSTRUCTION (overage / shortage): \$ 0

5. SOURCES OF FUNDS FOR PERMANENT CLOSE-OUT:

Y, or N, or G

a) LIHTC Equity Second Installment (Nov 1, 2023)	_____	\$	195,000
b) LIHTC Equity Third Installment (April 1, 2024)	_____	\$	469,436
c) LIHTC Equity Fourth Installment (July 1, 2024)	_____	\$	53,000
d) LIHTC Equity Fifth Installment (April 1, 2025)	_____	\$	25,000
e) _____	_____	\$	
f) _____	_____	\$	
TOTAL SOURCES FOR PERMANENT CLOSE-OUT:		\$	742,436

6. USES OF FUNDS FOR PERMANENT Close-out:

A. DEVELOPER'S FEE:		\$	592,436
B. CONSTRUCTION LOAN PAYOFF		\$	
C. Negative Arbitrage * (ESTIMATE)		\$	
D. Cost of Issuance * (ESTIMATE)	* Non-eligible costs in TC basis	\$	
E. Tax Credit Fees		\$	
F. Other: Investor Operating Reserve (LIHTC Third Installment)		\$	150,000
7. TOTAL of NUMBER 6 A-F ABOVE:	Total Costs at Perm. Closeout as % of Total Project Costs: 1.94%	\$	742,436
8. BALANCE NEEDED TO CLOSE (coverage / shortage):		\$	
9. TOTAL PROJECT COSTS		\$	7,749,070
10. MAXIMUM MORTGAGE LOAN	13.37 % of Item 10	\$	1,036,111

11. 55% of Basis Test:

Aggregate Basis:	\$	7,375,655	Check each line item for Eligibility
55% of Basis (estimated):		4,056,610	
Less 1st Mtg., 1st Note:			
Equals 1st. Mtg., 2nd Note Needed:		4,056,610	

12. REPAYMENT OF SECOND NOTE (IF APPLICABLE)

List Source

Interest @ 1.90%	(6) mos.	Principal \$	3,529,200	\$	3,562,727	LIHTC Installment #3
			33,527	\$		
		Total \$	3,562,727	Total \$	3,562,727	
				\$	(0)	

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

By: _____ By: _____
 (Developer or Authorized Signatory) NJHMFA Executive Director or Designee

SCHEDULE 10-C: OPERATING EXPENSES

Borrowing Entity: TBD
 Dev. Name: South Orange Commons

HMFA# 07751
 Prepared by: Julian A Fowler
 Reviewed by: _____
 (Director of Asset Management)

08/11/21
 Date

I. ADMINISTRATIVE EXPENSE

Stationery & Suppl.	500
Telephone	600
Dues & Sub.	500
Postage	500
Insp. & Other Fees	1,600
Advertising	500
Legal Services	2,500
Auditing (Year End)	13,255
Soc. Serv. Suppl.	4,000
Misc. Adm. Expenses	500
Bookkeeping/Accounting and/or Computer Charges	2,240
Other:	
TOTAL \$	26,695

II. SALARIES & RELATED CHARGES

	# of Employees	Total Wages inc benefits
Superintendent	1.00	11,000
Janitorial	0.50	8,000
Grounds & Landscaping		
Security		
Social Services	0.50	15,000
Site Office & Admin	1.00	11,000
Maintenance		
Other Salaries:		
Empl. Benefits		4,930
Empl. Payroll Taxes		3,100
Worker's Comp.		700
Other:		
TOTAL \$	3.00	53,730

III. MAINTENANCE AND REPAIRS

Masonry	
Carpentry	2,500
Plumbing	3,000
Electrical	2,500
Kitchen Equipment	2,000
Elevator	2,000
Windows & Glass	2,500
Vehicles & Equip.	500
Snow Removal	3,000
Grounds & Landscaping	1,200
Paint & Dec. Supl.	2,500
Small Equip. & Tools	1,000
Janit. Sup. & Tools	1,000
HVAC Supplies	3,000
Misc. Maint. Suppl.	
Other:	
TOTAL \$	26,700

IV. MAINTENANCE CONTRACTS

Security	3,000
Elevator	4,000
Rubbish Removal	3,000
Heating & AC Maint.	4,000
Grounds, Parking & Landscaping	4,010
Exterminating	2,000
Cyclical Apt. Painting	3,033
Other:	
TOTAL \$	23,043

V. UTILITY EXPENSE

Water Charges	12,500
Sewer Charges	12,500
Electricity	6,000
Gas	3,500
Fuel	
Less Solar Energy Savings	
TOTAL \$	34,500

VI. REAL ESTATE TAX CALCULATION FOR TAX ABATEMENT

Gross Rents	\$	348,060			
Less Vacancy	(-)	24,364			
Less Utilities (if applicable)	(-)	34,500			
Gross Sheltered Rents	\$	289,196			
x Rate	x	6.28 %			
Real Estate Taxes	\$	18,161	OR		
			<table border="1"><tr><td>ACTUAL TAXES</td></tr><tr><td>IF NO P.I.L.O.T.</td></tr></table>	ACTUAL TAXES	IF NO P.I.L.O.T.
ACTUAL TAXES					
IF NO P.I.L.O.T.					

SCHEDULE 10-D : ANTICIPATED GROSS RENTS

Mortgage Amount 1,036,111 HMFA # 07751
 Mortgage Interest Rate 3.60 % Prepared by: Julian A Fowler 08/11/21
 Term (years) 20 Yrs. The Interest rate has been Reviewed by: _____
 Amortization (Y,S,M) M reduced by: _____ basis points Date _____
 FMR Area Essex as the Cost-of-Issuance is being paid out-of-pocket by the sponsor. Date of Income Limits Chart Used: 4/26/21
 Date of Utility Chart Used: 10/1/18

ANTICIPATED GROSS RENTS

No. of Bedrooms	No. of Units	Target ** Occupancy	Gross Rent	Allowance for Tenant Paid Utilities***	Net Rent	Monthly	Annual	Square Feet of Individual Units
1	13	DDD	1,142	107	1,035	13,455	161,460	710
2	3	DDD	1,371	143	1,228	3,684	44,208	960
2	1	57.5% AMI	1,371	143	1,228	1,228	14,736	986
1	4	57.5% AMI	1,142	107	1,035	4,140	49,680	710
2	3	57.5% AMI	1,371	143	1,228	3,684	44,208	914
3	2	57.5% AMI	1,585	178	1,407	2,814	33,768	1,278
Super's Apt.*								
TOTALS		<u>26</u>				<u>29,005</u>		

Anticipated Annual Rents: 348,060

- * Indicate on a separate line which apartment is for the Superintendent. If it's rent-free, put \$0 in the Rent column.
- ** Indicate "Low", "Mod" or "Mkt" AND the percentage of median income. NOTE: The percentage listed in this section is merely the percentage of the Gross Rent as to the applicable Area Median Income.
 Low Income - 50% or less of median income
 Moderate Income - 50% to 80% of median income
 Market Income - 80%+ of median income
 NOTE: For Underwriting Purposes Only, Target Occupancy is based on (1) person per Bedroom
- *** Where tenants pay their own utilities, a "utility allowance" must be subtracted from the maximum chargeable rent when determining their rental charge.

EQUIPMENT AND SERVICES

(a) Equipment:	(b) Services:	Gas, Electric or Oil	Individual or Master Meter	Paid by Tenant
Ranges	Heat	G	I	y
Refrigerator	Hot Water	G	I	y
Air Conditioning	Cooking	E	I	y
Laundry Facilities	Air Conditioning	E	I	y
Disposal	Household Electric		I	y
Dishwasher	Water		MM	n
Carpet	Sewer		MM	n
Drapes	Parking			
Swimming Pool	Other:			
Tennis Court	Other:			
Other:				

UTILITY ALLOWANCE METHODS (Yes or No)

DCA Utility Allowance Chart _____ Utility Company Estimates _____
 HUD Utility Schedule Model _____ Energy Consumption Model _____

COMMERCIAL SPACE

(Include all utility costs associated with the commercial space in your description)

SCHEDULE 10-E : SUMMARY OF ANTICIPATED ANNUAL INCOME AND EXPENSES

Borrowing Entity: TBD HMFA# 07751
 Dev. Name: South Orange Commons Prepared by: Julian A Fowler 08/11/21
 Reviewed by: _____ Date _____
 (Director of Asset Management - Expenses Only)

RENTAL INCOME

Apartment Rents		\$	<u>348,060</u>
Vacancy Loss	(7.00 %)		<u>24,364</u>
NET APT. RENTS			<u>323,696</u>
Commercial Income	_____ per Sq. Ft.	\$	_____
Garage & Parking	_____ per Sq. Ft.		_____
Commercial Vacancy	_____ %		_____
NET COMMERCIAL RENTALS			_____

TOTAL RENTAL INCOME \$ 323,696
 This memorandum contains advisory, consultative and deliberative materials and is intended for the person(s) named as recipient(s).

OTHER INCOME

Laundry Machines \$ _____
 Other: _____
TOTAL OTHER INCOME \$ _____

TOTAL REVENUE \$ 323,696

EXPENSES

Administrative (Schedule I) \$ 26,695
 Salaries (Schedule II) 53,730
 Maint. & Repairs (Schedule III) 26,700
 Maint. Contracts (Schedule IV) 23,043
 Utilities (Schedule V) 34,500
 Management Fee 62.00 per unit 19,344 * Should be between \$55 & \$70 per unit per month
 P.L.L.O.T. on Commercial Income(_____) % _____
 Real Estate Taxes (Schedule VI) 18,161
 Insurance \$600 per Unit 15,600 2-Story & below - \$500; 3-Story & above - \$550
 Reserve for Repair and Replacement
525.00 per unit 13,650

TOTAL EXPENSES \$ 231,424

NET OPERATING INCOME

\$ 92,272

DEBT SERVICE

1. Principal and Interest \$ 72,749
 2. Mortg & Bond Serv Fee 0.40 % 4,144
 3. MIP _____ % _____
 4. Debt Service on Other Mortgage Loans \$ _____
AGENCY DEBT SERVICE \$ 76,893

DEBT SERVICE NOT TO BE CONSIDERED IN DSR \$ _____

TOTAL DEBT SERVICE \$ 76,893

NET INCOME

\$ 15,379

Less Return on Equity (_____ % on \$ _____) - \$ _____

Project Profit/(Loss)

\$ 15,379

DEBT SERVICE RATIO CALCULATION :

$$\text{DSR} = \frac{\text{NET OPERATING INCOME}}{\text{AGENCY DEBT SERVICE}} = \underline{\underline{1.20000}}$$

New Mortgage Amount
1,036,111