KANSAS GEOLOGICAL SURVEY
1930 Constant Ave., Campus West
The University of Kansas
Lawrence, Kansas 66047-3726
phone 785-864-3965
fax 785-864-5317

July 5, 2005

Mr. Kevin M. McCann
USDA Rural Development
2615 Farm Bureau Road
Manhattan, KS 66502

RE: Agency Review Transmittal Form for Mr. Garrison L. Hassenflu, Bonner Springs Housing Partners, L.P. II

Dear Mr. Fee:

I have received your request for comment by the Kansas Geological Survey (KGS) on an application to a Rural Economic Development from Mr. Garrison L. Hassenflu, General Partner of Bonner Springs Housing Partners, L. P. II. The application is to assist in the construction of a multi-family housing complex (Section 538) at 13132 Kansas Avenue, Bonner Springs, Kansas 66012-9392.

I examined the USGS Bonner Springs 7½-minute topographic map, a 2002 orthophotograph, the county soils report, and a KGS map on the geology of Wyandotte County (McCauley, 1999, KGS Map M-58). The geologic map indicates that the site is on Pennsylvanian (age) Stranger Formation. The Stranger Formation is composed of sandstone and shale. Parts of the Stranger formation are susceptible to landslides and may contain expansive clays (swelling soils). The KGS has not completed landslide hazard mapping in this area. The proposed housing complex is near the top of a hill were slopes are gentle. The probability for landslides in this area may be low. The county soils map indicates the area is in Sharpsburg and Shelby soils. Both soil types have moderate shrink-swell potential. However, structures have been constructed in these materials. The issue of swelling soils should be addressed during the design and construction of these structures. The site is away from streams and rivers, and it does not appear to be in a FEMA flood hazard zone. The Kansas Geological Survey has no knowledge of other geologic issues affecting this application. I have signed and enclosed the Agency Review Transmittal Form.

If you have any questions, please contract me at (785) 864-2194 or ohlmac@kgs.ku.edu.

Sincerely,

Gregory Ohlmacher, P.G.
Associate Scientist

Comments by: G. Ohlmacher
KS. Geological Survey
1930 Constant Avenue
Lawrence, Ks. 66047

Transmittal Date: June 29, 2005

PROJECT TITLE: Mr. Garrison Hassenflu, General Partner of Bonner Springs Housing Partners, L.P. II
CONTACT PERSON:

_____ Notification of Intent
_____ Preapplication
_____ Final Application
_____ Direct Development

This form provides notification and the opportunity for your agency to review and comment on this proposed project required by executive Order 12372. Please complete Parts II & III as appropriate. Your prompt response will be appreciated.

RETURN TO: **USDA RURAL *DEVELOPMENT,***
2615 Farm Bureau Road
Manhattan, KS. 66502
Attn: Kevin McCann

PART I

REVIEW AGENCIES/COMMISSIONS

_____ Aging	_____ Education	_____ State Forester
_____ Agriculture-DWR	✓ Geological Survey, KS	_____ Transportation
_____ Biological Survey, KS	_____ Health & Environment	_____ Water Office, Kansas
_____ Conservation Commission	_____ Historical Society	_____ Wildlife & Parks
_____ Corporation Commission	_____ Human Resources	_____ _____
_____ Commerce	_____ Social & Rehab. Services	_____ _____

PART II **(To be completed by review agency and returned to contact person)**

AGENCY REVIEW COMMENTS

COMMENTS: See Attached Letter

PART III **(To be completed by review agency and returned to contact person)**

RECOMMENDED ACTION COMMENTS

_____ Clearance of the project should be granted.

_____ Clearance of the project should not be granted.

_____ Clearance of the project should be delayed. until the issues or questions have been clarified.

_____ Request a State Process Recommendation in concurrence with above comments.

✓ Clearance of the project should not be delayed but the Applicant should be (in the final application) address and clarify the questions or concerns indicated above.

_____ Request the opportunity to review final application prior to submission to the federal funding agency.

DIVISION/AGENCY/COMMISSION

Reviewer's Name [signature] Date: 7/5/05

PLEASE FAX THIS FORM TO 785-539-2733 As Soon As Possible.

USDA Rural Development

United States Department of Agriculture
Rural Development

June 29, 2005

G. Ohlmacher
KS. Geological Survey
1930 Constant Avenue
Lawrence, Ks. 66047

RE: Agency Review Transmittal Form

Mr. Garrison L. Hassenflu, General Partner of Bonner Springs Housing Partners, L.P. II, has submitted an application to USDA-Rural Development to assist in the construction of a multi-family housing complex (Section 538). The location of the proposed multi-family housing complex will be at 13132 Kansas Avenue, Bonner Springs, KS. 66012-9392.

This letter is providing notification of the above-proposed project, as well as the opportunity for your agency to review and comment on the proposed project as required by Executive order 12372.

I have enclosed an "Agency Review Transmittal Form" for your response back to our office.

Please provide your comments to **USDA Rural Development, 2615 Farm Bureau Road, Manhattan, KS, 66502,** no later than 07-29-05. Faxed responses are acceptable.

Rural Development will not obligate funds for this project until we have completed an Environmental Assessment of the project.

Sincerely,

Jean Dressner
(for) KEVIN M. MCCANN
Area Specialist

KMMCCANN:jad

Enclosure

2615 Farm Bureau Road • Manhattan, KS 66502
(785) 776-7582 • Fax (785) 539-2733 • www.rurdev.usda.gov/ks

m RD 3565-1
:v. 6-98)

UNITEI ATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROVED
OMB NO. 0575-0174

Rec'd
6.17.05

APPLICATION FOR LOAN AND GUARANTEE
(Multifamily Housing)

RD Case Number

neral Information: The "Application for Loan and Guarantee" is to provide information needed for the analysis and loan determination process. Tear at perforations for ease in use. Specific references are made in this application to sections of the Guaranteed Rural Rental Housing regulation. For complete guidance, see 7 C.F.R. part 3565 and related Rural Development (RD) forms.

t A – is to be **completed by the applicant**. The original and two copies with attachments will be submitted to the lender.

t B – is to be **completed by the lender**. Upon completion, the original and one copy and attachments of parts A and B will be filed with the RD State Office.

PART A - APPLICANT INFORMATION

ructions to Applicant: Complete items 1 through 20. Submit original and two copies of this application and all supporting documents ie lender. If additional space is required, use an attachment. Additional information may be obtained from any RD Office.

NAME: *(Show official name without abbreviations unless the abbreviation is a part of the official name. List any trade name after the official name and "d/b/a." Attach a copy of all organizational documents.)*

Bonner Springs Housing Partners, L.P. II

ID Number | Congressional District

Property: 13132 Kansas Ave., Bonner Springs, Wyandotte Co., KS

et Owner: 7301 Mission Rd., Ste. 212 | City Prairie Village | County Johnson

e KS | ZIP Code 66208 | Telephone Number 913-362-9816 | Fax Number 913-362-9817 | Amount of Loan Requested $ 1,310,000

ect Location: City or County Bonner Springs | State KS | Population of Project City or County *(Last Census)* 6768

Size 36 units | Available Municipal Services water and sewer | Number of Units 36 | Tax Credits ☒ Yes ☐ No | Interest Credit ☒ Yes ☐ No | Loan Term 40 yrs.

OTAL DEVELOPMENT COST: 3,652,415 | Cost per Unit 101,456 | Avg. Rent/Unit $565 | Area Median Income 43,234 | Average Area Rent and Vacancy Rate $565, 5%

HIS PROJECT IS:
☒ A new business venture
☐ Rehab/Repair
☐ Transfer of Ownership
☐ An expansion of an existing project
☐ Other *(Explain)*

Bedroom	%
1	7
2	17
3	12
4	
	100%

Project Type
☐ Senior
☒ Family
☐ Mixed
☐ Other *(Explain)*

ETERAN - Indicate if applicant is a veteran ☐ Yes ☒ No
yes, indicate service from to Service Branch

ITIZENSHIP - Do you meet the citizenship requirements in 7 C.F.R. §3565.151? ☒ Yes ☐ No

ISTORY OF BUSINESS - Provide a brief description and history of the business.
The applicant is a single ~~entity~~ asset entity formed to build 36 affordable rental housing units in Bonner Springs, KS.

OMMUNITY BENEFITS - Comment on the benefits the community will receive if the loan is made *(i.e., taxes, jobs and any other benefits)*.
2 jobs (permanent) will be created and over 100 construction jobs. The project will pay property taxes, too.

ording to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control ber. The valid OMB control number for this information collection is 0575-0174. The time required to complete this information collection is estimated verage 45 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data ded, and completing and reviewing the collection of information.

APPLICANT'S PREVIOUS FEDERAI ATE, OR LOCAL FINANCING - List assistance rec d, requested, or any pending applications. *(Include direct, participation, insured, or guarantee loans, tax credits, and grants from any Federal, State, or local sources).*

None

LITIGATION - List details of any expected, pending, or final disciplinary or legal *(civil or criminal)* action against the applicant, guarantors, partners, principal stockholders or directors.

None

NAMES OF ATTORNEYS, ACCOUNTANTS, AND OTHER PARTIES - List the names of all attorneys, accountants, appraisers, packagers, agents, and other parties *(whether individuals or legal entities)* engaged by or on behalf of the applicant (whether on a salary, retainer or fee basis and regardless of the amount of compensation) for the purpose of rendering professional or other services of any nature whatsoever to applicant, in connection with the preparation or presentation of this application to a lender. List all fees or other charges or compensation paid or to be paid for any purpose in connection with this application or disbursement of the loan whether in money or other property of any kind whatsoever, by or for the account of the applicant together with a description of such services rendered or to be rendered with complete justification for such purposes. **NOTE: All fees and charges are subject to RD review and approval and may, in some cases, be paid out of loan proceeds.**

ne and Address (Include Zip Code)	Description of Service Rendered or to be Rendered with Complete Justification	Total Compensation Agreed to be Paid*	Compensation Already Paid
Hazelton and Lanel	real estate and partnership attorney fees	$5000	-0-
Comer, Nowling & Assoc.	CPAs	$2500	-0-

ter specific dollar amounts or hourly rates. "Unknown," "Undetermined," or other imprecise terms are not acceptable..

SUBSIDIARIES AND AFFILIATES - (1) List the name and addresses of all concerns that are subsidiaries, parent organizations, or affiliates of the applicant, including concerns in which the applicant holds a controlling, *but not necessarily a majority,* interest:

Garrison Development Company, 7301 Mission Rd., Ste. 212, Prairie Village, KS 66208

Garrison Management Company, same

2) List all other concerns that are in a ay affiliated, by stock ownership, management c racts, or otherwise, with the applicant. The applicant should comment briefly regarding the trade relationship between the applicant and such subsidiaries or affiliates and if the applicant has no subsidiary or affiliate, a statement to this effect must be made. Signed and dated organizational documents, balance sheets, operating statements and reconciliation of net worth *(all not more than 60 days old)* must be submitted for all subsidiaries, parent organizations, and affiliates in the same manner as required of the applicant.

Garrison Development is the project developer and Garrison Management will be the Property Manager. Garrison Hassenflu is the sole shareholder and officer of these two entities and of the GP of the Applicant.

. PURCHASE AND SALES RELATIONS WITH OTHERS - Does applicant buy from, sell to or use the services of any concern in which an officer, director, major stockholder, or partner, or proprietor of the applicant has a substantial interest? ☐ Yes ☒ No If "Yes," give names of such officer, director, stockholder, and partners, names of such concerns and explain the nature of the transactions.

None other than described above.

RECEIVERSHIP - BANKRUPTCY - Has the applicant or any officer, partner, or director of the applicant, or any of their affiliates or concerns been in receivership or filed bankruptcy?
☐ Yes ☒ No If "Yes" give names, dates and details.

DISCLOSURE OF SPECIAL INFORMATION REGARDING PRINCIPALS - (a) List below any RD employees who are related by blood, marriage, or adoption, or who have any present, or past, direct or indirect financial interest in or association with, the applicant, or any of its owners, officers, or directors, (b) When the proprietor, or any partner, officer, director, or their spouse, is an employee of the U.S. Government including members of the armed forces, an explanation of this relationship shall be submitted with the application. Check box if (a) or (b) is not applicable. ☐ (a) ☐ (b)

NAMES AND ADDRESS *(Include ZIP Code)*	Details of Relationship or Interest
None	—

15. MANAGEMENT - Enter names o all owners, key officers, and directors receiving an compensation, (including salaries, fees, withdrawals, etc.), (b) project managers, and (c) all other owners having 20 percent or more interest in the applicant. Personal guarantees from major owners and any partners will usually be required. If guarantor cannot provide such guarantee due to existing contractual or legal restrictions, explain in an attachment. Final determinations will be made by RD. Attach, in the case of personal guarantee, current financial statements not over 60 days old at time of filing, and for any other guarantee, current financial statements not over 90 days old at time of filing and certified by an authorized representative. Additional updated financial statements may be required depending on processing time.

(a) Name	(b) Position or Title	(c) Annual Compensation $	(d) % Ownership	(e) Outside Net Worth $	(f) Personal Guarantee Offered (Yes or No)	(g) Insurance Carried for Benefit of Applicant $
Garrison Management Company, Garrison Hassenflu, President	President	100,000	100%	800,000	No	1,000,000

16. REGULATORY AGENCIES - List all regulatory agencies *(National, State, or Local)* which affect this business or project and whether there are any pending matters with such agencies (including the status or any requisite permits, licenses or other authorizations).

Kansas Housing Resources Corporation - No pending matters

17. INSTRUCTION TO APPLICANT - Attach to this application the following supporting documents.

(a) Comments from state and local governments, if not already submitted.

(b) Financial data. Operating Proforma and Budget

(c) Aging of accounts receivable and payable. *(Use 30, 60, 90 days with individual account explanation of items over 90 days old).* N/A new construction

(d) Supporting documentation for your projections, including economic factors, markets, management, etc. Market Study

(e) If construction is involved, final plans and specifications must be submitted to the lender for approval prior to the commencement of construction including any applicable architectural or engineering plans.

(f) If construction is involved, provide applicable equal opportunity and nondiscrimination forms.

(g) Form RD 449-10, "Applicant's Environmental Impact Evaluation."

(h) Evidence whether the project is located in a flood or mudslide hazard area.

(i) A written statement whether the project will affect any historic sites.

(j) Commitments for available utilities including fire and police protection.

(k) For each person listed under item 15, MANAGEMENT, provide a brief description of their education, technical training, employment and business experience *(resumes may be used)*.

(l) A detailed debt schedule correlated to the latest balance sheet reflecting the name of each creditor, loan purpose, original loan amount, current balance, date of loan, interest rate, maturity date, monthly or annual payments, payment status, and security.

N/A - new construction; see Proforma for proposed debt.

3. POLICY AND REGULATIONS CO[illegible]NING REPRESENTATIVES AND THEIR FEES

(a) An applicant may obtain the assistance of any attorney, engineer, appraiser, or other representative to aid it in the preparation of its application, however, such representation is not mandatory. In the event a loan is approved, the services of an attorney may be necessary to assist in the preparation of closing documents, title examination, etc.

(b) There are no "authorized representatives" of RD, other than our regular salaried employees. Payment of any fee or gratuity to RD employees is illegal and will subject the parties to prosecution.

(c) RD will not approve placement or finder's fees for the use or attempted use of influence in obtaining or trying to obtain a loan.

(d) Fees which will be approved will be limited to reasonable sums for services actually rendered in connection with the application or the closing, based upon the time and effort required, and the nature and extent of the services rendered by such representative.

(e) It is the responsibility of the applicant to set forth in section 10 of this application the names of all persons or firms engaged by or on behalf of the applicant. Applicants are also required to advise RD in writing of the names and fees of any representatives engaged by the applicant subsequent to the filing of the application. Failure to so notify RD constitutes "misrepresentation" and in addition to civil and criminal penalties will cause RD to contest the guarantee if lender had knowledge of this omission.

(f) Any applicant having any question concerning the payment of fees, or the reasonableness of fees, should communicate with RD before the application is filed.

·. AGREEMENT OF NONEMPLOYMENT OF RD PERSONNEL. In consideration of RD guaranteeing any part of the loan applied for in this application, the applicant hereby agrees that for a period of two years after date of guarantee of any part of the loan, it will not employ or tender any office or employment to, or retain for professional services, any person who, on the date of such disbursement, or within one year prior to said date, (a) shall have served as an officer, attorney, agent, or employee of RD and (b) as such, shall have occupied a position or engaged in activities which RD shall have determined, or may determine, involved discretion with respect to the granting of assistance under title V of the Housing Act of 1949 or other relevant acts.

. CERTIFICATION - The applicant hereby certifies that:

(a) It has read RD policy and regulations concerning representatives and their fees *(18 above)* and has not paid or incurred any obligation to pay, directly or indirectly, any fee or other compensation for obtaining the loan hereby applied for other than for services and expenses authorized pursuant to paragraph 18 above.

(b) It has not paid or incurred any obligation to pay any Government employee or special Government employee any fee, gratuity or anything of value for obtaining the assistance hereby applied for. If such fee, gratuity, etc. has been solicited by any such employee, the applicant agrees to report such information to the Office of Inspector General, USDA, Washington, D.C. 20250.

(c) Information contained above and in exhibits attached hereto are true and complete to the best knowledge and belief of the applicant and are submitted for the purpose of requesting RD to guarantee a loan by lender to the applicant. Whether or not the loan applied for is approved, the applicant agrees to pay or reimburse the lender for the cost of any surveys, title or mortgage examinations, appraisals, etc., performed by nonlender personnel with consent of the applicant

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ASSURANCE OF COMPLIANCE. The applicant hereby covenants, promises, agrees and gives herein the ASSURANCE that in connection with any loan to the applicant which RD may guarantee as a result of this application, it will COMPLY with the requirements of Executive Order 11245 regarding Equal Credit Opportunity. Applicant further agrees that in the event it fails to comply with said requirement, RD may cancel, terminate, accelerate repayment of, or suspend in whole or in part, the financial assistance provided or to be provided by RD, and that RD or the United States Government may take any other action that may be deemed necessary or appropriate of this ASSURANCE OF COMPLIANCE.

These requirements prohibit dis ination on the grounds of race religion, color, sex, rital status or national origin recipients of Federal financial assistance, including, but not limited to, employment practices and require the submission of appropriate reports and access to books and records. These requirements are applicable to all transferees and successors in interest.

ne proposed borrower hereby agrees to provide the lender and RD timely periodic financial statements including the annual financial atement required by 7 C.F.R. §3565.351. Failure to provide such reports will be considered a default of the loan.

'ARNING: **Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully (1) falsifies, conceals or covers up by any trick, scheme, or device a material fact; (2) makes any materially false, fictitious or fraudulent statement or representation; or (3) makes or uses any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry; shall be fined under this title or imprisoned not more than five years, or both.**

isrepresentation of material facts may also be the basis for denial of credit by RD.

OFFICIAL SEAL
LINDA C. WRIGHT
MY COMMISSION EXPIRES
August 2, 2008

'RPORATE SEAL

est: Linda C. Wright
NOTARY
(Title)

Applicant Name:
Bonner Springs Housing Partners, L.P. II
By: Bonner Springs Housing Corporation II, General Partner
By [signature]
Title Garrison Hassenflu, President
Date Signed: 5/22/06

Applicant's Contact Person

Garrison Hassenflu
Name

7391 Mission Rd., Ste. 212
Address

Prairie Village, KS 66208
Telephone
913-362-9216

PART B - LENDER INFORMATION

INSTRUCTIONS: Lender completes item 21 through 33 and submits the original and one copy of this application and all supporting documents to RD.

21. PERCENT OF GUARANTEE REQUESTED 90 % LENDER TAX IDENTIFICATION NO. #87-0148590
(For use only by lender)

We propose to make and service a loan to the applicant named on page 1 of this application. We request an RD loan guarantee subject to the provisions of the applicable RD Regulation.

22. TERMS AND CONDITIONS OF LOAN:

Type	Amount	Terms (yrs.)	Interest	Monthly Payments
Real Estate	$ 1.310.000	25 yrs.	8.0 %	$ 9,108.58
Rehab or Repair	$	yrs.	%	$
Other	$	yrs.	%	$
TOTAL	$ 1,310,000			$ 9,108.58

NOTE: Guaranteed borrowers must have the right to prepay their loans. Prepayment penalties are permitted if reasonable and approved by RD. Attach amortization schedule for loan.

23. (a) SOURCE AND USE OF FUNDS: Loan funds will be disbursed and used for the following purposes, in the following amounts.

Hard Costs	$ 2,415,000	Closing Costs & Legal Fees	$ 64,992
General Requirements	$ 100,000	Land Cost or Value	$ 160,000
General Overhead	$ 40,000	Nonprofit O&M Capital	$
Other Fees Paid by Contractor	$	Tax and/or Impact Fees	$
Builder's Profit	$ 100,000	Tax Credit Fees	$ 18,416
Architectural Fees	$ 34,000	Environmental Fees	$ 4,000
Survey and Engineering	$ 34,000	Market Study Cost	$ 8,000
Financing Costs Loan Fees	$ 29,216	Developers Fee	$ 480,000
Interest During Construction	$ 56,299	Other Ineligible Costs	$ 108,492
		Total Development Costs	$ 3,652,415

(b) Describe in detail the source and use of funds from (a) above and any other source of funds for the project and its amount and indicate whether the amounts and sources are proposed or definite. (*Attach additional sheet to this application.*)

24. COLLATERAL AND LIEN POSITION: Describe collateral in detail, indicating whether it is owned or to be acquired. An attachment may be added, if necessary. A to-be-built 36-unit family apartment project in Bonner Springs, Kansas.

25. PLANNED DISBURSEMENTS: Describe plans for distributing the loan.
With tax credit projects, such as this, loan dollars are typically disbursed ahead of the majority of equity dollars. This is done to lock the AFR on the loan and because the tax credit equity provider has been underwritten by the lender and is deemed capable and committed to fund the equity. Funds will be disbursed monthly as construction draws are submitted by the general contractor. An independent third-party inspection will be performed for each draw. A title report date down will be required for each draw. Conditional and final lien waivers will be required from the subcontractors for each draw.

26. PERSONAL OR CORPORATE GUARANTEES RECOMMENDED: (*Attach guarantor's financial statements.*)
Garrison Hassenflu. Financial Statements are enclosed with the application and exhibits.

27. INSURANCE: List requirements for Life, Hazard, Federal Flood, Liability, and other insurance.
See attached insurance requirements.

28. COMMENTS OF LENDER: (*Attach additional sheets, if necessary*).

(a) Evaluate applicant's management, past record, repayment ability and other financial analysis.

Based on our conversations with the borrower and our review of the application package, the borrower has exhibited excellent affordable housing expertise during the development and operations of these projects. With the applicant's financial strength and the contribution of substantial equity dollars from the sale of the tax credits awarded to the project, the lender believes that the project will remain viable and loan repaid in a timely fashion.

(b) State whether any officer, director, stockholder, or employee of the lender has a financial interest in the applicant or vice versa. If so, give details:

None

(c) Is applicant indebted to lender? ☐ Yes ☒ No If yes, provide history of debt repayment and other details:

(d) List all fees and charges for the loan, including those for preparation of application, servicing, etc. Indicate whether the guarantee fee will be passed on to applicant. (*See 7 C.F.R. §3565.53*).

Origination Fee: $25,000

USDA Application Fee: $2,500 and Site Inspection Fee: $1,000

Annual Servicing Fee: 0.25% of outstanding loan amount

Guarantee Fee will be passed on to the applicant (1% or $11,790 at closing and .5% annually)

Bonneville Construction Draw Fee: $500 per draw (or $4,500 lump sum) in addition to inspecting architect's fee

(e) Provide loan servicing plans, including field inspections, frequency of obtaining periodic and annual financial statements and their analysis, use of correspondents or other outside consultants, location of office servicing the loan, and compliance with other servicing responsibilities set forth in the "Lender's Agreement," Form RD 3565-3.

The Lender in its function as servicer will meet or exceed the requirements set forth in the regulations regarding this program. Further, the lender's practices and procedures meet the industry standard as adopted and approved by the Mortgage Bankers Assoc. The loans serviced under this program will be serviced in a manner consistent with reasonable lending practices. The property will be physically inspected annually. Depending on its location, this may be done by internal staff or third parties. Financial Statements from the borrower and all guarantors will be reviewed on an annual basis and more frequently if necessary.

29. LOAN AGREEMENT: Attach proposed lender and applicant loan agreement.

30. LENDER'S EXPERIENCE WITH RD:

(a) Have you made any loans guaranteed by RD? ☒ Yes ☐ No

If yes, check program area: ☒ Rural Housing ☐ Business and Industry.

(b) If applicant has or had loans with you, have such loans appeared in regulatory examination report? ☐ Yes ☒ No If yes, explain.

(c) Have you ever been debarred from participation in United States Government programs? If yes, explain.

No

(d) Are you delinquent on a federal debt or do you have an outstanding finding of deficiency in a federal housing program? If yes, explain.

No

31. Verify and comment on applicant's debt schedule:

See materials submitted by applicant for details of financing. After review, lender is comfortable with the in-place debt and proposed debt for this project, which will have substantial equity contributed from the sale of tax credits allocated to project.

32. PLANS FOR CONSTITUTING THE LOAN: *(See Form RD 3565-3, "Lender's Agreement," paragraph III A)*.

(a) Will retain entire loan ☐ Yes ☒ No

(b) Will utilize secondary market for guaranteed portion *(indicated by check)*.

Assignment X Participation ______ Multi-note ______

33. LENDER APPROVAL REQUIREMENTS: Is lender currently on the Guaranteed Rural Rental Housing Program (GRRHP) Approved Lender list? ☒ Yes ☐ No If no, complete items 34, 35, and 36. If yes, go to item 37.

34. LENDER PROFILE: Is the lender:

(a) Approved by the Secretary of HUD to make multifamily housing loans that are to insured under the National Housing Act? ☐ Yes ☐ No

(b) Approved by Fannie Mae or Freddie Mac to make multifamily housing loans? ☐ Yes ☐ No A letter from HUD, Fannie Mae, or Freddie Mac dated within the last 24 months must be attached.

(c) Approved by a state or local HFA? ☐ Yes ☐ No

35. EXPERIENCE OF STAFF: Explain experience and qualifications of staff in underwriting, originating, servicing, managing, and liquidating multifamily housing loans.

36. FACILITIES AND SYSTEMS: Provide detailed information regarding the facilities and systems you will use to support servicing and asset management functions.

The lender and its partners currently service $1.7 Billion in commercial mortgages. Servicing and systems meet or exceed industry standards for commercial mortgage servicing as defined by the Mortgage Bankers Association of America. The lender maintains sufficient staff to effectively service all types of commercial mortgages. Forms and guidelines used in servicing and asset management are those approved by the Mortgage Bankers Association of America.

37. PROCEDURES: Provide a detailed description (or a copy) of your documented procedures for carrying out servicing and asset management responsibilities.

The lender in its function as servicer will meet or exceed the requirements set forth in the regulations regarding this program. Further, the lender's practices and procedures meet the industry standard as adopted and approved by the Mortgage Bankers Association. The loans serviced under this program will be serviced in a manner consistent with what any reasonable lender may expect. Property will be physically inspected annually by either internal staff or a third-party. Financial statements will be reviewed at least annually.

38. OPINION: In our opinion, the loan has repayment ability, appears feasible and all RD requirements in 7 C.F.R. part 3565 will be met.

WARNING: **Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States knowingly and willfully (1) falsifies, conceals or covers up by any trick, scheme, or device a material fact; (2) makes any materially false, fictitious or fraudulent statement or representation; or (3) makes or uses any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry; shall be fined under this title or imprisoned not more than five years, or both.**

Misrepresentation of material facts may also be the basis for RD not issuing a Loan Note Guarantee.

LENDER:

Bonneville MultiFamily

111 East Broadway, Suite 1250

Salt Lake City, Utah 84111

Contact Person: Robert Hall

Telephone Number: 801-323-1078

Date: 06/15/05

By ____________ *Authorized Officer*

Director

Title

★ 13132 Kansas Ave Bonner Springs, KS 66012-9392, US