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FRONT STREET AFFORDABLE
HOUSING PARTNERS

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Attorneys for Defendant
HAWAII HOUSING FINANCE AND
DEVELOPMENT CORPORATION

THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF HAWAII

MICHAEL TUTTLE, CHI
PILIALOHA GUYER, JOSEPH VU,
and SHAZADA RAYLEEN YAP,

Plaintiffs,

vs.

FRONT STREET AFFORDABLE
HOUSING PARTNERS, a domestic
limited partnership, 3900 LLC, a
foreign limited liability company, and
HAWAI‘I HOUSING FINANCE
AND DEVELOPMENT
CORPORATION,

Defendants.

CIVIL NO. CV 18-00218 JAO-KJM

JOINT STATEMENT OF
STIPULATED FACTS IN SUPPORT
OF THE PARTIES’ CROSS-
MOTIONS FOR SUMMARY
JUDGMENT

Hearing Date: Not scheduled

Trial Date: August 5, 2019

Judge: Hon. Jill A. Otake

Pursuant to Paragraph 1 of the August 29, 2018, “Stipulations Regarding Scheduling Related to Provision of Undisputed Material Facts and Summary Judgment Briefing” in this matter (ECF No. 39), Plaintiffs Michael Tuttle, Chi Pilialoha Guyer, Joseph Vu, and Shazada Rayleen Yap (collectively “Plaintiffs”); Defendant / Cross-Defendant Front Street Affordable Housing Partners (“FSA”); Defendant Hawai‘i Housing Finance and Development Corporation (“HHFDC”); and Defendant / Cross-Plaintiff 3900, LLC (“3900”) (FSA, HHFDC, and 3900 together referred to as the “Defendants,” and Plaintiffs and Defendants together

referred to as the “Parties”), through their respective undersigned counsel, submit this Joint Statement of Stipulated Facts in Support of the Parties’ Cross-Motions for Summary Judgment, and state:

JOINT STATEMENT OF STIPULATED FACTS

1. Plaintiffs Chi Piliialoha Guyer, Michael Tuttle, and Joseph Vu are reflected in FSA’s books and records as tenants of the Front Street Apartments located at 2001 Kenui Place, Lahaina, Hawai‘i 96761.

2. HHFDC is a public body and a body corporate and politic of the State of Hawai‘i established under HRS § 201H-2. For all purposes material to this action, HHFDC is the successor-in-interest to the Housing and Community Development Corporation of Hawai‘i (“HCDCH”).

3. FSA is a Hawai‘i limited partnership that owns and operates the Front Street Apartments housing project (the “Project”) and is the ground lessee of the fee estate on which the Project is situated (the “Property”).

4. 3900 is a Maryland limited liability company that is the fee owner and ground lessor of the Property and, for all purposes material to this action, the successor-in-interest to 3900 Corp., the former fee owner of the Property.

5. FSA currently operates the Project and has done so since the Project’s first occupancy in June 2001.

6. HHFDC is the housing credit agency designated to administer and

allocate the Low-Income Housing Tax Credit (“LIHTC”) program pursuant to 26 U.S.C. § 42 (“Section 42”) in the State of Hawai‘i.

7. On January 28, 1999, FSA submitted an application to HCDCH (the “LIHTC Application”) seeking tax credits for the Project through the LIHTC program. A copy of FSA’s LIHTC Application, sans the attachments thereto, is attached here as **Exhibit A**.¹

8. FSA, HCDCH, and 3900 Corp. entered into a “Declaration of Restrictive Covenants for Low-Income Housing Credits,” dated August 9, 2002 (the “Declaration”), attached here as **Exhibit B**, which was duly recorded with the Bureau of Conveyances of the State of Hawai‘i on August 19, 2002 as Document No. 2002-144948.

9. With respect to the Project, there has been no “foreclosure” and no “instrument in lieu of foreclosure” exists.

10. In or around October 2014, FSA asked HHFDC whether FSA was eligible to apply for a “Qualified Contract” (as defined in Section 42(h)(6)) pursuant to Section 42 and the “Qualified Allocation Plan” then in effect.

11. In a letter to HHFDC dated January 9, 2015, FSA requested that HHFDC confirm the Project’s compliance and FSA’s eligibility to submit a

¹ By annexing this and other documents to this Joint Statement of Stipulated Facts, the parties stipulate to the authenticity and accuracy of the contents of the document.

Qualified Contract application to HHFDC. *See* Letter from William Dornbush to HHFDC (Jan. 9, 2015), attached here as **Exhibit C**.

12. In a letter to FSA dated January 22, 2015, HHFDC responded to FSA's inquiry about its Qualified Contract application. *See* Letter from Darren K. Ueki to William Dornbush (Jan. 22, 2015), attached here as **Exhibit D**.

13. FSA submitted to HHFDC a Qualified Contract request application, dated August 5, 2015 (the "Qualified Contract Request"), attached as **Exhibit E**.

14. On September 22, 2015, HHFDC confirmed that HHFDC accepted FSA's Qualified Contract Request.

15. To the extent the Qualified Contract process applies in this case (and Plaintiffs do not concede that it does), the period for HHFDC to secure a buyer or otherwise present a Qualified Contract to FSA expired on August 4, 2016.

16. HHFDC first posted an offer for FSA's Qualified Contract on its website on May 24, 2016.

17. HHFDC did not secure a buyer or otherwise present a Qualified Contract to FSA within the one-year period commencing on August 5, 2015.

18. In a letter to FSA dated September 1, 2016, attached as **Exhibit F**, HHFDC informed FSA that HHFDC did not receive any offers to purchase the Project and HHFDC was unable to secure a buyer or present a Qualified Contract to FSA for the Qualified Contract price of \$15,395,813.

19. On December 14, 2016, HHFDC executed a “Release of Declaration of Restrictive Covenants for Low-Income Housing Credits” (the “Release”), attached here as **Exhibit G**.

20. In February 2017, FSA posted notice to tenants, attached as **Exhibit H**, that on August 4, 2019, the LIHTC restrictions will be lifted and FSA “will be able to set rents at [FSA’s] discretion.”

21. Leshar Chee Stadlbauer, Inc. appraised the as-is fair market value of the Project’s leasehold property interest at \$8,710,000 on July 22, 2015, (the cover letter of this appraisal report is attached as **Exhibit I**), and the Qualified Contract price as of December 31, 2014 was \$15,395,813. *See* Low Income Housing Tax Credit Project for Sale Under a Qualified Contract Request in Accordance with Section 42(h)(6) of the Internal Revenue Code, attached as **Exhibit J**.

DATED: Honolulu, Hawaii, October 18, 2018

/s/ Lance D. Collins
LAW OFFICE OF LANCE D. COLLINS

/s/ M. Victor Geminiani
LAWYERS FOR EQUAL JUSTICE

/s/ Joseph L. Lambert
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HOUSING PARTNERS

/s/ Reuben S.F. Wong
LAW OFFICES OF REUBEN S.F. WONG
Attorney for Defendant / Cross-Plaintiff
3900 LLC

/s/ Craig Y. Iha
Deputy Attorney General
Attorney for Defendant
HAWAII HOUSING FINANCE AND
DEVELOPMENT CORPORATION

LOW-INCOME HOUSING TAX CREDIT PROGRAM

APPLICATION

FRONT STREET APARTMENTS
Lahaina, Maui

Front Street Affordable Housing Partners, LP

January 29, 1999

**State of Hawaii
Housing and Community Development Corporation of Hawaii
Financing Program Application**

SUMMARY SHEET

I. FINANCING ASSISTANCE REQUESTED:

A. Type of Project:

- | | | |
|---|--|--------------------------------------|
| <input type="checkbox"/> For Sale Project | <input checked="" type="checkbox"/> Rental Project | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Single Family | <input type="checkbox"/> Single Family | <input type="checkbox"/> _____ |
| <input type="checkbox"/> Multi-Family | <input checked="" type="checkbox"/> Multi-Family | <input type="checkbox"/> _____ |

B. Type of Assistance Requested:

- Construction Loan Permanent Loan Rehabilitation Loan
- Low-Income Housing Tax Credit Pre-Development/Feasibility
- Other _____
- Other _____

II. PROJECT INFORMATION:

APPLICANT NAME: Front Street Affordable Housing Partners, LP

PROJECT NAME: Front Street Apartments

LOCATION (City, County, Island): Lahaina, Maui

TOTAL NUMBER OF UNITS: 140 (139 rentals + 1 resident mgr. unit)

BEDROOM MIX:	# STUDIOS	# 1 BRS.	# 2 BRS.	#3 BRS	TOTAL
Low-income units	<u>34</u>	<u>60</u>	<u>45</u>	<u>0</u>	<u>139</u>
Market units	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>34</u></u>	<u><u>60</u></u>	<u><u>45</u></u>	<u><u>0</u></u>	<u><u>139</u></u>

TOTAL DEVELOPMENT COST: \$ 17,736,834

TOTAL DEVELOPMENT COST/ UNIT: \$ 126,692

DEVELOPER OVERHEAD: \$ 441,500

DEVELOPER PROFIT: \$ 662,249

(DEV. OVERHEAD + PROFIT)/DEVELOPMENT COST: 6.2 %

III. FINANCIAL PROGRAM(S) APPLYING FOR:

PROGRAM: _____
Loan Amount: _____
Loan Term: _____
Interest Rate: _____
Repayment: _____
Source & Method _____

PROGRAM: _____
Loan Amount: _____
Loan Term: _____
Interest Rate: _____
Repayment: _____
Source & Method _____

PROGRAM: _____
Loan Amount: _____
Loan Term: _____
Interest Rate: _____
Repayment: _____
Source & Method _____

PROGRAM: _____
Loan Amount: _____
Loan Term: _____
Interest Rate: _____
Repayment: _____
Source & Method _____

PROGRAM: Low Income Housing Tax Credit Program
Amount Requested: Federal \$ 1,280,000
State \$ 384,000
Type of Credit: 30%
70%

**State of Hawaii
Housing and Community Development Corporation of Hawaii
Financing Program Application Form**

General Information Section

1. APPLICANT INFORMATION

A) Applicant

Name	Contact Person
Front Street Affordable Housing Partners, LP	Mr. Jack Riley
Address	Title
P. O. Box 12047	Millenium Pacific Investments, LLC
City State Zip	Address
Lahaina, Hawaii 96761	Same
Telephone Number	City State Zip
808/667-2831	Same
Fax Number	Telephone Number
808/661-1475	Same
Federal Tax I.D. Number	Fax Number
99-0339143*	Same

* For Millenium Pacific Investments, LLC, the general partner of the limited partnership

B) Organization / entity (Check the appropriate box)

- Non-profit organization (Qualified, existing 501(c)(3) or (4) organization, as determined by the Internal Revenue Service)

Exhibit 1, 2 Attach copy of IRS Tax Exemption Letter, and most recent Treasury Form 990 with all supporting documentation, as filed with the IRS.

- Private developer
- Limited Partnership
 - General Partnership
 - Corporation
- County government _____ (division)
- State government _____ (division)
- Other (describe) _____

Exhibit 3 Attach certified copies of the organizational documents of the applicant, including its articles of incorporation and bylaws, declaration of trust, partnership or limited partnership agreement, including any amendments thereto. Include a signature resolution if not encompassed within corporation bylaws.

Exhibit 4 Attach a copy of applicant's past three (3) years of audited financial statements prepared in accordance with generally accepted accounting principles. In the event the applicant is an entity not yet formed, submit federal and state tax returns and financial statements for the previous three years, for the developer and principals of the applicant entity.

The HCDCH requires a credit report from each and every officer of the applicant entity, including each and every principal. Please attach a credit information authorization form (which is included in this application packet) completed and signed for each and every officer of the applicant entity, including each and every principal.

- Exhibit 5 *Submit a Tax Clearance Certificate from the Department of Taxation and the Internal Revenue Service. The Certificate should not be more than 30 days old.*
- Exhibit 6 *Submit a Certificate of Good Standing as issued by the Department of Commerce and Consumer Affairs.*
- Exhibit 7 *Submit trade and banking references for the applicant.*

C) Project Team Information (Complete with name, address and phone number)

Developer: Front Street Affordable Housing Partners, LP

Address: P. O. Box 12047, Lahaina, HI 96761

Phone/Fax: 808/667-2831 / 808/661-1475

Consultant: Hawaii Investors for Affordable Housing, Inc.

Address: 1001 Bishop Street, Suite 2395, Honolulu, HI 96813

Phone/Fax: 808/532-3110 / 808/524-1069

Contractor: To be determined

Address: _____

Phone/Fax: _____

Architect: Uwe H. H. Schulz and Associates, Inc.

Address: 1022 Front Street Lahaina, Maui, Hawaii 96761

Phone/Fax: 808/661-8317 / 808/667-5063

Management or Brokerage Agent: To be determined

Address: _____

Phone/Fax: _____

Legal Counsel: Carlsmith Ball

Address: 1001 Bishop Street, Suite 2200, Honolulu, HI 96813

Phone/Fax: 808/523-2500 / 808/523-0842

- Exhibit 8 *Submit a resume for each member of the project team. Letters of reference are welcome in addition to the resumes.*

D) Prior Experience

	Low Income Housing	Real Property Development
Number of Projects Completed:	See Exhibit 9	See Exhibit 9
Dates of Completion		

Exhibit 9 Submit a description of each project completed, including names and addresses of each project. In addition, please describe which project team member or applicant gained experience from each development.

2. SITE INFORMATION

A) Location

Address			Island
SEC Front and Kenui Street			Maui
City	State	Zip	Tax Map Key (TMK)
Lahaina, Hawaii		96761	2-4-5 03:13, 15, 28, 39
Legislative District (for Neighbor Islands)			Census Tract
Neighborhood Board (for Oahu)			Census Tract
N/A			

Exhibit 10 Please submit a location map of the project site. The map should identify the site, parks, schools, public transit routes and stops, shopping and business districts, and competitive developments.

B) Site Size

8.607 Acres 374,921 Square Feet

C) Present legal owner of the project site

Name
3900 Corporation
Address
3660 Waiialae Avenue, Suite 400
City
Honolulu, HI
State
96816-3260
Zip

D) Site Control Status

- Own site - fee simple
- Executed ground lease
- Option to purchase
- Option to lease
- Other (describe): _____

Exhibit 11 Attach evidence of site control for the project, e.g., deed, lease, agreement of sale, option agreement. Note: For Tax Credit project, in order to qualify for a carryover allocation, taxpayer must either have title to the property or a fully executed lease for the site prior to December 31 of the year the allocation is made.

Exhibit 12 Attach a copy of any existing note, mortgage, or loan agreement encumbering the project site, if available.

E) Special Site Classification

- Flood Zone Most of the site is Zone "C," a small portion is A-4
- Tsunami (Intertidal Area) _____
- Special Management Area _____
- Special or Historic District _____
- Shore Line Protection Area _____
- Other (wetlands, volcano, etc.) _____

F) Zoning

The property is currently zoned: A-1 & R-2 Land Use Classification: Urban

Will your project conform to the existing zoning for the property? Yes _____
No X

If no, describe your action plan for obtaining the appropriate zoning or zoning exemptions. List the variances and/or special use permits required.

The majority of the site is zoned A-1. Approximately 0.867 acres are zoned A-2. A 201G-301 application is being prepared for submittal to the County of Maui to exempt the project from certain zoning requirements. Alternatively, the project can be designed so that none of the multi-family units are located on the R-2 zoned areas. Under this scenario a conditional use permit may be required.

Exhibit 13 Attach a letter from the appropriate County Housing Agency which describes your request for exemption under Chapter 201G, HRS, and the status of your application. If your site is being rezoned, please attach a letter from the appropriate County Planning Office which describes the status of the rezoning process.

Exhibit 14 Attach a letter of support from the County mayor, City or County council, County Housing office or agency, or Neighborhood Board. Letter must not be older than 6 months.

G) Does this project involve any relocation of tenants or existing homeowners?

Yes _____
No X

If yes, please describe any proposed relocation assistance:

H) Environmental Assessment

Please specify the date in which the notice was published in the Office of Environmental Quality Control (OEQC) Bulletin.

- EA In Progress
- EA Published Date: _____
- Finding of No Significant Impact Published Date: _____
- EIS In Progress
- EIS Published Date: _____

Exhibit 15 Attach a copy of the most recent Draft Environmental Assessment, Finding of No Significant Impact or Environmental Impact Statement.

I) Site Feasibility

Identify the benefits in use or disclose any potential problems associated with your proposed site.

ACCESS:

The site has excellent access being located at the intersection of Front & Kenui Streets.

SITE IMPROVEMENTS:

No problems to construct site improvements as planned.

AVAILABILITY OF UTILITIES:

All utilities are available at the site.

TOPOGRAPHY AND SOILS:

Property slopes range from 0 to 3%. Soil types are Ewa silty clay loam (EaA) and Pulehu silty loam (PpA)

ENVIRONMENTAL:

No known adverse conditions. The Phase I Environmental Study will be available February 11, 1999.

Exhibit 16 Complete the attached Environmental Questionnaire and attach a copy of Phase 1 Environmental Site Assessment

J) Off-Site Improvements

Required information must include existing infrastructure capabilities and any planned or potential expansion of infrastructure to effectively service proposed development.

Water

Existing Available to the site

Planned No expansion planned

Sewer

Existing Available to the site

Planned No expansion planned

Drainage

Existing On-site

Planned No expansion planned

Roads

Existing Adequate to site

Planned No expansion planned

Electrical

Existing Available to the site

Planned No expansion planned

Gas
Existing Available

Planned No expansion planned

Telephone
Existing Available to the site

Planned No expansion planned

Television/Cable
Existing Available to the site

Planned No expansion planned

3. **PROJECT DESCRIPTION**

A) **Project Classification**

What type of project are you planning?

- Apartment building Cluster
 Townhouse Single-family dwelling unit
 Other (describe) _____

Type of construction? (Wood, concrete, etc) Steel/wood/concrete structures with siding

B) **Project Unit Mix**

No. of Buildings	No. of Studios	No. of 1 BR	No. of 2 BR	No. of 3 BR	No. of 4 BR
	34	60	45	0	0
No. of Stories	Rent/Sales Price	Rent/Sales Price	Rent/Sales Price	Rent/Sales Price	Rent/Sales Price
1- and 2-story	595	695	842		
Gross Building Area	SF / unit	SF / unit	SF / unit	SF / unit	SF / unit
	416 - 448	514 - 609	840		

Total Units
140 * * Includes on-site resident manager's unit

C) Project Schedule

Indicate the approximate dates for the following:

	<u>Date</u>
Construction Timetable:	
Start Date:	<u>7/99</u>
Completion Date:	<u>6/00</u>

Exhibit 17 Attach proposed construction timetable.

Projected Building Permit Date:	<u>6/99</u>
Projected Occupancy Permit Date:	<u>7/00</u>
Placed in service date:	<u>7/00</u>

D) Amenities

The Project will include:

- | | | | | | |
|-------------------------------------|---|--------------------------|-------------|--------------------------|---------------|
| <input type="checkbox"/> | Playground | <input type="checkbox"/> | Picnic Area | <input type="checkbox"/> | Swimming Pool |
| <input checked="" type="checkbox"/> | Community Meeting Room | | | | |
| <input checked="" type="checkbox"/> | Other (describe) <u>Garages will be available to all units.</u> | | | | |

Please describe your proposed project, and any other planned amenities.

Project will offer a Computer Learning Center and provide tele-medicine capability. The entire complex will feature a low density layout with large building setbacks from the street. Providing an additional measure of security, the project will include gates at all major entrances.

E) Unit Amenities

What equipment/furnishings will be available in each unit?

- | | | | | | |
|-------------------------------------|------------------------|-------------------------------------|--------------|-------------------------------------|------------------|
| <input checked="" type="checkbox"/> | Range | <input checked="" type="checkbox"/> | Refrigerator | <input checked="" type="checkbox"/> | Air Conditioning |
| <input checked="" type="checkbox"/> | Disposal | <input checked="" type="checkbox"/> | Dishwasher | <input type="checkbox"/> | Washer |
| <input type="checkbox"/> | Dryer | <input checked="" type="checkbox"/> | Carpet | <input checked="" type="checkbox"/> | Drapes |
| <input type="checkbox"/> | Furniture | | | | |
| <input type="checkbox"/> | Other (describe) _____ | | | | |

F) Parking

How many parking spaces will be provided at the project site?

Owner/Tenant	#	<u>140</u>
Guest	#	<u>70</u>
Handicap	#	<u>To be determined</u>
 Total	#	<u>210</u>

G) Market Demand

Exhibit 18 Attach a market analysis prepared by an independent firm as to present and projected demand for the proposed development in the market area. Such market analysis shall include, but not be limited to, the estimated number of individuals or families in the area within the applicable income limits needing affordable housing and the comparable sales price/rental rates for the area.

H) Immediate Vicinity

Please describe what employment opportunities, recreational facilities, and shopping facilities are located in the immediate vicinity of the project site (i.e., within walking distance for occupants).
The project is located on Front Street in Lahaina. Employment, retail, recreational and shopping shopping facilities are within walking distance from the project.

I) Management/Sales Plan

Please provide a detailed description of how the project will be managed/sold. Include anticipated staffing programs, etc.
Prior to completion, a professional property management company will be selected. The firm will be experienced with Section 42 compliance requirements. Additional full-time staff will include an on-site resident manager, janitor/maintenance person, and a groundskeeper.

Exhibit 19 Submit photographs or renderings of the project and site.

Exhibit 20 Submit plans and specifications to include a) site plan at a minimum scale of 1" = 40' which delineates the building types, common elements and parking (including handicapped designations). Project Data must be included on the site plan sheet zoning and building code information, both allowable and proposed, under which the project was designed (e.g., parking, height limits, floor area ratio, lot coverage, setbacks, type of construction, etc.); b) floor plans of each building type at a minimum scale of 1/8" = 1'0". Handicapped clear spaces shall be shown dashed on the plans and reference shall be made to the code from which it was derived (e.g., UBC, FFHAA, UFAS, etc.); c) exterior elevations of each building type at a minimum scale of 1/8" = 1'0". Indicate finish materials; and d) unit plans. Applicant should be aware that a final copy of the plans will need to be approved by the Commission on Persons with Disabilities.

Exhibit 21 Submit a current appraisal, if available. Whenever the HCDCH provides loan financing, an appraisal report conforming to USPAP standards shall be at the expense of the applicant and ordered by the HCDCH. Prior to ordering the appraisal, the HCDCH will require the applicant to deposit with the HCDCH sufficient funds to pay for the entire cost of the appraisal report. Appraisal reports ordered by the applicant may not be acceptable. Appraisal reports ordered and prepared for any federally insured lender will be acceptable, but shall be subject to a satisfactory review by an appraiser engaged by the HCDCH.

Exhibit 22 Submit a preliminary title report, if available.

Exhibit 23 Submit survey, if available.

4. TARGET POPULATION

A) Income Level

<u>Number of Units</u>	<u>Target Population</u>
<u>139</u>	At or below <u>60</u> % of area median household income
<u> </u>	At or below <u> </u> % of area median household income
<u> </u>	At or below <u> </u> % of area median household income
<u> </u>	At or below <u> </u> % of area median household income
<u>140*</u>	Total Number of Units in Project *includes 1 resident manager's unit.
<u>0</u>	Number of Special Needs units at <u> </u> % of area median

B) Length of Commitment (if rental project)

How long is your project going to serve the target population? 30 Years

C) Occupancy Type

Indicate the number of units allotted for each of the following:

Family # 139 Elderly # Handicapped #
Homeless # Mentally Ill #

What specific measures will be undertaken to accommodate these individuals?

The units will be constructed to meet the needs of young families. The computer center will provide valuable, hands-on training to residents. The low density development will maintain the quality of life for residents. The tele-medicine facility will provide a unique opportunity for residents to participate in an innovative medical program from their own residence.

D) Availability

Will the residential units be available to the general public? Yes X
No

5. SOURCE AND USES OF FUNDS

A. Indicate the TOTAL AMOUNT of funds that your organization is contributing to the project.

\$ Cash,
\$ Land,
\$ "In kind," Describe
\$ 0 Total

B. Financing Plan

Construction Financing: List sources of construction financing.

Name of Lender/Source	Loan Amount	Interest Rate
Private Lender	\$ 16,934,422	To be determined
Deferred Developer Fee	\$ 476,000	
Maui County Waivers	\$ 326,412	
Total	\$ 17,736,834	

Permanent Financing: List sources of permanent financing.

Source	Amount	Form (Loan or Equity)	Committed (Yes or No)	Int. Rate/ Term
Private Lender	\$ 5,467,574	Loan	no	7.75%
Tax Credit Syndicator	\$ 11,466,848	Equity	no	0
Deferred Developer Fee	\$ 476,000	Loan	no	tbd
Maui County Waivers	\$ 326,412			
	\$			
Total	\$ 17,736,834			

Exhibit 24 Attach the terms and conditions of the proposed financing listed above, including commitment letters, from financing sources and/or tax credit syndicators.

C. Development Budget

Please complete the attached Project Cost Breakdown. (Exhibit A)

D. Construction Cash Flow

Please complete the attached Construction Cash Flow Format. (Exhibit B)

E. Revenue/Operating Budgets

1. If Project Type is FOR SALE PROJECT.

Please complete Estimated Project Revenues form (Exhibit C)

2. If Project Type is RENTAL PROJECT.

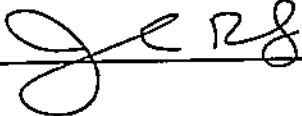
Please complete the Pro Forma Operating Budget Format for full term of financing (Exhibit D)

IMPORTANT REMINDER: HULA MAE MULTIFAMILY BOND PROGRAM APPLICANTS, LOW INCOME TAX HOUSING TAX CREDIT APPLICANTS AND RENTAL HOUSING TRUST FUND APPLICANTS, PLEASE BE SURE TO REVIEW AND/OR COMPLETE THE APPLICABLE PROGRAM SECTION

- PROGRAM SECTION I - HULA MAE MULTIFAMILY BOND PROGRAM APPLICANTS
- PROGRAM SECTION II - LOW INCOME TAX HOUSING TAX CREDIT APPLICANTS
- PROGRAM SECTION III - RENTAL HOUSING TRUST FUND APPLICANTS

I hereby certify that the statements made in this application are true and correct to the best of my knowledge, and I hereby authorize Housing and Community Development Corporation of Hawaii to obtain further information and to verify any statement made as it deems necessary. I understand that I must also complete the appropriate Program Section(s) for which I am applying.

Front Street Affordable Housing Partners, LP
Applicant

By  _____ Dated: 1-28-99

THE ORIGINAL OF THE DOCUMENTS
RECORDED AS FOLLOWS
STATE OF HAWAII

BUREAU OF CONVEYANCES
AUG 11 2002 11:00
2002-144948

AFTER RECORDATION () MAIL TO () PICKUP BY: *Total No. of Pages: 20*
CHUN, KERR, DODD, BEAMAN & WONG (ARB)
745 Fort Street, 9th Floor
Honolulu, Hawaii 96813
Telephone No.: 528-8200

TMK No. (2) 4-5-3:13

**DECLARATION OF RESTRICTIVE COVENANTS
FOR LOW-INCOME HOUSING CREDITS**

THIS DECLARATION OF RESTRICTIVE COVENANTS (this "Agreement"), dated as of AUG 09 2002, by 3900 CORP., a Maryland corporation, ("the Fee Owner") and FRONT STREET AFFORDABLE HOUSING PARTNERS, a Hawaii limited partnership, (the "Owner") is given as a condition precedent to the allocation of low-income housing credits by the HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII, a public body and a body corporate and politic of the State of Hawaii, together with any successor to its rights, duties and obligations, (the "Corporation") pursuant to Chapter 201G, Hawaii Revised Statutes.

WITNESSETH:

WHEREAS, the Owner is or shall be the owner of a One Hundred Forty Two (142) unit rental housing development located on lands in Lahaina, Island and County of Maui, State of Hawaii, more particularly described in Exhibit A attached hereto and incorporated herein, known as or to be known as (the "Project"); and

WHEREAS, the Corporation has been designated as the housing credit agency for the State of Hawaii for the allocation of low-income housing credit dollars; and

WHEREAS, the Owner has represented to the Corporation in the Owner's Low-Income Housing Tax Credit Application dated January 28, 1999, as amended by For Actions dated June 18,

1999 and November 15, 2000 (the "Application") that the Owner shall construct 142 unit residential housing project in which Owner shall lease seventy-one (71) units in the Project to individuals or families whose income is 60% or less of the area median gross income (including adjustments for family size) and an additional seventy (70) of the units in the Project to individuals or families whose income is 50% or less of the area median gross income ("Low-Income Tenants") as determined in accordance with Section 42 of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, the Corporation has determined the Project would support an annual Federal Credit allocation in the amount of approximately \$1,200,000 and an annual State Credit allocation in the amount of approximately \$360,000 (collectively referred to as the "Credit"); and

WHEREAS, the Owner has represented to the Corporation in the Owner's Application that it will covenant to maintain the Section 42 rent and income restrictions for an additional 36 years beyond the minimum 15 year compliance period, through the year as set forth in Section 5 of this Agreement; and

WHEREAS, Section 42 of the Code requires that the Owner and the Corporation enter into an extended low-income housing commitment and, as a condition precedent to the allocation of the Credit that the Owner execute, deliver and record pursuant to state law this Agreement in order to create certain covenants running with the Project for the purpose of enforcing the requirements of Section 42 of the Code by regulating and restricting the use and occupancy and transfer of the Project as set forth herein; and

WHEREAS, the Fee Owner and the Owner, under this Agreement, intend, declare and covenant that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the Project for the term stated herein and binding upon all subsequent owners of the Project for such term, and are not merely personal covenants of the Owner.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owner agrees as follows:

SECTION 1 - DEFINITIONS.

All words and phrases not otherwise defined in this Agreement shall have the same meanings defined in Section 42 of the Code and by the United States Department of the Treasury ("Treasury") or the United States Department of Housing and Urban Development ("HUD") regulations.

SECTION 2 - RECORDING AND FILING; COVENANTS TO RUN WITH THE PROJECT.

(a) Upon execution and delivery by the Owner, the Owner shall cause this Agreement and all amendments hereto to be recorded and filed in the Bureau of Conveyances of the State of

Hawaii and shall pay all fees and charges incurred in connection therewith. Upon recording, the Owner shall immediately transmit to the Corporation an executed original of the recorded Agreement.

(b) The Owner intends, declares and covenants, on behalf of itself and all future owners and operators of the Project during the term of this Agreement, that this Agreement and the covenants and restrictions set forth in this Agreement regulating and restricting the use, occupancy and transfer of the Project (i) shall be and are covenants running with the Project, encumbering the Project for the term of this Agreement, binding upon the Owner's successors in title and all subsequent owners and operators of the Project, (ii) are not merely personal covenants of the Owner, and (iii) shall bind the Owner (and the benefits shall inure to the Corporation and any past, present or prospective tenant of the Project) and its respective successors and assigns during the term of this Agreement. The Owner hereby agrees that any and all requirements of the laws of the State of Hawaii to be satisfied in order for the provisions of this Agreement to constitute restrictions and covenants running with the Project shall be deemed to be satisfied in full, and that any requirements of privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the Project. For the longer of the period this Credit is claimed or the term of this Agreement, each and every contract, deed or other instrument hereafter executed conveying the Project or portion thereof shall expressly provide that such conveyance is subject to this Agreement, provided, however, the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Project or portion thereof provides that such conveyance is subject to this Agreement.

SECTION 3 – REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE OWNER.

The Owner hereby represents, covenants and warrants as follows:

(a) The Owner (i) is a Limited Partnership duly organized under the laws of the State of Hawaii, and is qualified to transact business under the laws of the State of Hawaii, (ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted, and (iii) upon authorization of this Agreement by the Fee Owner will have the full legal right, power and authority to execute and deliver this Agreement.

(b) The execution and performance of this Agreement by the Owner, upon authorization of the Fee Owner, (i) will not violate or, as applicable, have not violated any provision of law, rule or regulation or any order of any court or other agency or governmental body, and (ii) will not violate or, as applicable, have not violated any provision of any indenture, agreement, mortgage, mortgage note, or other instrument to which the Owner is a party or by which it or the Project is bound, and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.

(c) The Owner, will, at the time of execution and delivery of this Agreement, have good and marketable leasehold title to the premises effective the date of this Agreement (subject to any encumbrances created pursuant to this Agreement, any loan documents relating to the Project, the encumbrances listed in Exhibit A attached hereto or any other permitted encumbrances).

(d) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Owner, threatened against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair its right to carry on business substantially as now conducted (and as now contemplated by this Agreement) or would materially adversely affect its financial condition.

(e) The Project constitutes a qualified low-income building or qualified low-income project, as applicable, as defined in Section 42 of the Code and applicable regulations.

(f) Each unit in the Project contains complete facilities for living, sleeping, eating, cooking and sanitation (unless the Project qualifies as a single-room occupancy project) which are to be used on other than a transient basis. Transient-based uses are prohibited. An exception is made for transitional housing for the homeless as defined in Section 42 of the Code.

(g) During the term of this Agreement, all units subject to the Credit shall be leased and rented or made available to members of the general public who qualify as Low-Income Tenants (or otherwise qualify for occupancy of the low-income units) under the applicable election specified in Section 42(g) of the Code. The Owner shall not refuse to lease to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.

(h) The Owner agrees to comply fully with the requirements of the Fair Housing Act as it may from time to time be amended.

(i) During the term of this Agreement, the Owner covenants, agrees and warrants that each low-income unit is and will remain suitable for occupancy.

(j) Subject to the requirements of Section 42 of the Code and this Agreement, the Owner may sell, transfer or exchange the entire Project at any time with the prior written consent of the Fee Owner, but the Owner shall notify in writing and obtain the agreement of any buyer or successor or other person acquiring the Project or any interest therein that such acquisition is subject to the requirements of this Agreement and to the requirements of Section 42 of the Code and applicable regulations. This provision shall not act to waive any other restriction on sale, transfer or exchange of the Project or any low-income portion of the Project. The Owner agrees that the Corporation may void any sale, transfer or exchange of the Project if the buyer or successor or other person fails to assume in writing the requirements of this Agreement and the requirements of Section 42 of the Code.

(k) The Owner agrees to notify the Corporation in writing at least thirty (30) days in advance of any sale, transfer or exchange of the Project, in whole or in part.

(l) The Owner shall not demolish any part of the Project or substantially subtract from any real or personal property of the Project except with the prior written consent of the Corporation, which shall not be unreasonably withheld, conditioned or delayed.

(m) Except for one (1) residential unit which is designated as the manager's unit, the Owner shall not permit the use of any of the 141 low income residential rental units for any purpose other than low-income rental housing during the term of this Agreement unless otherwise required by law.

(n) The Owner represents, warrants and agrees that if the Project, or any part thereof, shall be damaged or destroyed or shall be condemned or acquired for public use, the Owner will use its best efforts to repair and restore the Project to substantially the same condition as existed prior to the event causing such damage or destruction, or to relieve the condemnation, and thereafter to operate the Project in accordance with the terms of this Agreement.

(o) The Owner warrants that it has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

(p) The Owner shall establish or continue to maintain a replacement reserve fund by the allocation to such reserve fund in a safe, responsible and federally insured depository (FDIC) doing business in Hawaii with an office in the State as follows: (i) from the date the Project is put into service ("the Commencement Date") until the date five (5) years after the Commencement Date, the Reserve for Replacements shall be funded based on \$200 per apartment unit per year; (ii) from the date five (5) years from the Commencement Date until the date ten (10) years after the Commencement Date, the Replacements reserve shall be funded based on \$250 per apartment unit per year; (iii) with respect to each subsequent five (5) year period, the required funding shall be increased by \$50 per apartment unit per five-year period, provided that the Owner shall increase the minimum funding of the replacement reserve if necessary to ensure that such increase is necessary to comply with sound asset management principles.

(q) The Owner shall provide the Corporation with a written independent annual financial and compliance audit in addition to all other documentation that may be required under Section 42 of the Code. Such audit shall include an accounting of the replacement reserve and residual receipt accounts.

(r) The Owner agrees that the replacement reserves shall be under the control of the first mortgagee of the Project (presently the Hawaii Community Reinvestment Corporation, a Hawaii corporation), provided that upon release of the first mortgagee, the replacement reserve shall be

under the control of the Corporation for the benefit of the Project/Owner. Distributions from the replacement reserve account shall require the Corporation's written approval and shall be for the repair or replacement of capital items. The Owner shall also provide the Corporation with (a) prior written notification of the distribution of residual receipts, and (b) written confirmation of the actual distribution from the residual receipts account within thirty (30) days of distribution, which confirmation shall be in a form reasonably satisfactory to the Corporation and may include a copy of the approved distribution request, a canceled check or a wire transfer confirmation from the Owner's bank. The term "residual receipts" as used herein shall mean "Net Cash Flow" as defined in the Amended and Restated Agreement of Limited Partnership, dated November 23, 1999, by and among the Owner and the Owner's limited partners, and the determination and distribution of Net Cash Flow shall be pursuant to Article XI of said partnership agreement.

(s) The Owner agrees to and shall hold harmless, defend and indemnify the Corporation, its directors, employees, representatives, agents, successors, and assigns, from all litigation that may arise out of the Corporation's participation in the Project. All fees and costs incurred by the Corporation arising out of any litigation shall be paid by the Owner.

(t) The Owner shall comply with all other terms and conditions established by Section 42 of the Code as may be amended and applicable.

SECTION 4 – INCOME RESTRICTIONS; RENTAL RESTRICTIONS.

The Owner represents, warrants and covenants throughout the term of this Agreement and in order to satisfy the requirements of Section 42 of the Code ("Section 42 Occupancy Restrictions") and the Corporation that:

- (a) (1) One hundred forty-one (141) units ("the Low-Income Housing Units") on the Project shall be subject to the Section 42 Occupancy Restrictions.
- (2) Seventy (70) units of the Low-Income Housing Units in the Project shall be both rent-restricted and occupied by individuals whose income is 50% or less of area median gross income.
- (3) Seventy-one (71) units of the Low-Income Housing Units in the Project shall be both rent-restricted and occupied by individuals whose income is 60% or less of area median gross income.

(b) The determination of whether a tenant meets the low-income requirement shall be made by the Owner at least annually on the basis of the current income of such Low-Income Tenant.

(c) Rent level shall not exceed a fixed ratio relative to the maximum allowable rent levels of Section 42 of the Code over the term of this Agreement. The Owner may increase rents annually, without written approval from the Corporation as long as subsequent ratios do not exceed the

original ratio. For example, if the initial rent is \$565/unit/month and the maximum allowable rent under Section 42 of the Code is \$678/unit/month, then the Owner will be allowed to maintain a ratio of 0.8333 ($\$565/\678) with respect to future rent increases. If the maximum allowable rent under Section 42 of the Code increases to \$700/unit/month in subsequent years, then the Owner may increase rents up to \$583.31/unit/month (0.8333 multiplied by \$700). The Owner may request changes to the rent ratio in response to changes in extraordinary operating costs exceeding the change in the rent ratio. The Corporation will evaluate and approve such changes only if demonstrated evidence of increased operating costs is provided by the Owner.

SECTION 5 – TERM OF AGREEMENT.

(a) Except as hereinafter provided, this Agreement and the Section 42 Occupancy Restrictions specified herein shall commence with the first day in the Project period on which any building which is part of the Project is placed in service and shall end on the date which is thirty-six (36) years after the close of the initial 15-year compliance period, for a total of fifty-one (51) years (“Extended Use Period”).

(b) Notwithstanding subsection (a) above, the Owner shall comply with the requirements of Section 42 of the Code relating to the Extended Use Period unless the Extended Use Period for this Project shall terminate through acquisition of the Project by foreclosure or instrument in lieu of foreclosure if in accordance with the regulations promulgated by the Code.

SECTION 6 – ENFORCEMENT OF SECTION 42 OCCUPANCY RESTRICTIONS.

(a) The Owner covenants that it will not knowingly take or permit any action that would result in a violation of the requirements of Section 42 of the Code and applicable regulations of this Agreement. Moreover, the Owner covenants to take any lawful action (including amendment of this Agreement as may be necessary, in the opinion of the Corporation) to comply fully with Section 42 of the Code and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Treasury, or the Internal Revenue Service, or HUD from time to time pertaining to the Owner’s obligations under Section 42 of the Code and affecting the Project.

(b) The Owner acknowledges that the primary purpose for requiring compliance by the Owner with the restrictions provided in this Agreement is to assure compliance of the Project and the Owner with Section 42 of the Code and the applicable regulations. BY REASON THEREOF, AND IN CONSIDERATION FOR RECEIVING LOW-INCOME HOUSING CREDITS FOR THIS PROJECT, THE OWNER HEREBY AGREES AND CONSENTS THAT, FOR ANY BREACH OF THE PROVISIONS HEREOF, THE CORPORATION AND ANY INDIVIDUAL WHO MEETS THE INCOME LIMITATION APPLICABLE UNDER SECTION 42 (“THE BENEFICIARIES”) (WHETHER PROSPECTIVE, PRESENT OR FORMER OCCUPANT) SHALL BE ENTITLED, IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE OWNER OF THE OWNER’S

OBLIGATIONS UNDER THIS AGREEMENT IN A STATE COURT OF COMPETENT JURISDICTION. The Owner hereby further specifically acknowledges that the Beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder.

(c) The Owner hereby agrees that the representations and covenants set forth herein may be relied upon the Corporation and all persons interested in Project compliance under Section 42 of the Code and the applicable regulations.

(d) The Owner shall permit, during normal business hours and upon reasonable notice, any duly authorized representative of the Corporation, to inspect any books and records of the Owner regarding the Project with respect to the income and rents of Low-Income Tenants which pertain to compliance with the Section 42 Occupancy Restrictions specified in this Agreement.

(e) The Owner shall submit any other information, documents or certifications requested by the Corporation which the Corporation shall deem reasonably necessary to substantiate the owner's continuing compliance with the provisions of the Section 42 Occupancy Restrictions specified in this Agreement and will pay a reasonable fee to the Corporation for such monitoring activities performed by the Corporation.

SECTION 7 – MISCELLANEOUS.

(a) Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

(b) Notices. All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing.

To the Corporation:

Housing and Community Development Corporation of Hawaii
677 Queen Street, Suite 300
Honolulu, Hawaii 96813
ATTN: Low-Income Housing Tax Credit Program

To the Owner:

Front Street Affordable Housing Partners
3660 Waiialae Avenue, Suite 418
Honolulu, HI 96816

ATTN: William J. Dornbush

The Corporation and the Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

(c) Amendment. The Owner agrees that it will take all actions necessary to effect amendment of this Agreement as may be necessary to comply with Section 42 of the Code, any and all applicable rules, regulations, policies, procedures, rulings or other official statements pertaining to the Credit.

(d) Subordination of Agreement. This Agreement and the restrictions hereunder are subordinate to the loan and loan documents, if any, on the Project except insofar as Section 42 of the Code requires otherwise.

(e) Governing Law. This Agreement shall be governed by the laws of the State of Hawaii and, where applicable, the laws of the United States of America.

(f) Survival of Obligations. The obligations of the Fee Owner and the Owner as set forth herein and in the Application shall survive the allocation of the Credit and shall not be deemed to terminate or merge with the awarding of the allocation.

(g) Counterparts. This Agreement may be simultaneously executed in counterparts. Each counterpart so executed shall be deemed to be an original, and all together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives, as of the day and year first written above.

APPROVED AS TO FORM:

HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII



Deputy Attorney General

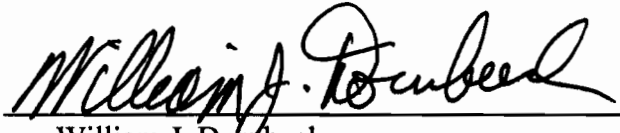
By:  (SEAL)

Shawn L. Miyashiro
Its Executive Director

(“the Corporation”)

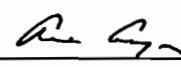
FRONT STREET AFFORDABLE HOUSING PARTNERS, a Hawaii limited partnership

By Lahaina Homes, LLC, a Hawaii limited liability company
Its General Partner

By 
William J. Donibush
Its: Member

("the Owner")

3900, CORP., a Maryland Corporation

8
dw By: 
Name: **ALVIN AWAYA**
Its: **VICE PRESIDENT**

("the Fee Owner")

FRONT STREET AFFORDABLE HOUSING PARTNERS

**733 Bishop Street, Suite 1850
Honolulu, Hawaii 96813
(808) 524-5279**

RECEIVED
HAWAII HOUSING FINANCE
DEVELOPMENT CORP

2015 JAN -9 P 4:02

January 9, 2015

Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813
Attn: Mr. Craig K. Hirai, Executive Director

Re: Front Street Apartments – Written Request for Qualified Contract Consideration

Dear Mr. Hirai,

Our company, Front Street Affordable Housing Partners ("Front Street"), is the original owner of "Front Street Apartments," a 142-unit affordable housing project located in Lahaina, Maui (the "Project"). The total Project was placed into service in 2001, and the Project has continuously operated as a low-income housing project pursuant to that certain Declaration of Restrictive Covenants for Low-Income Housing Credits dated August 9, 2002 and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2002-144948 (the "Regulatory Agreement"), which we have included with this letter for your convenience.

It is our understanding that based on Internal Revenue Code Section 42(h)(6)(I), now that the fourteenth year of the Project's fifteen year initial compliance period has expired, Front Street is eligible to request a qualified contract from the Hawaii Housing Finance and Development Corporation ("HHFDC"). It is our further understanding that as set forth in Section VIII of the State of Hawaii Low-Income Housing Tax Credit Program 2013/2014 Qualified Allocation Plan ("HHFDC's Qualified Allocation Plan"), in order to apply for a qualified contract, Front Street must first submit to you a written request for consideration, along with a copy of the Project's first year Internal Revenue Service ("IRS") Form 8609, showing Part II completed, for all buildings placed into service. As such, please consider this letter as our written request for consideration to present HHFDC with a qualified contract request, and included with this letter is a copy of Front Street's first year IRS Form 8609 for each of the buildings in the Project.

Please note that our review of our records indicates that: (1) Front Street did not waive its right to request a qualified contract during the allocation of the tax credits; (2) the Project meets the basic physical compliance standards that are necessary to claim tax credits; (3) there are no applicable purchase options or rights of first refusal connected to the Project; and (4) the Project and Front Street are in compliance with all programmatic

Hawaii Housing Finance and Development Corporation

January 9, 2015

Page 2 of 2

requirements and are in good standing with HHFDC. Therefore, it is our belief that Front Street is eligible to submit a qualified contract request and has fulfilled the applicable requirements to submit such request.

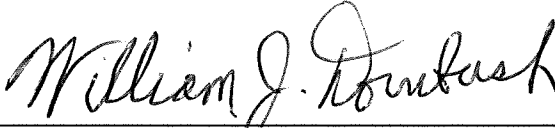
Please advise us as to Front Street's eligibility to submit a Qualified Contract Request Application, as defined in HHFDC's Qualified Allocation Plan, to HHFDC. Should you have any questions regarding the above or require further information, please do not hesitate to contact us. Thank you.

Sincerely,

FRONT STREET AFFORDABLE HOUSING PARTNERS,

a Hawaii limited partnership

By Lahaina Homes, LLC,
a Hawaii limited liability company
Its General Partner

By 

William J. Dornbush

Its Manager

Enclosures (2)

cc: Peter Stoughton
Kevin Day
Adam Dornbush
Scott Settle, Esq.

Bill Dornbush

From: Bill Dornbush <bill@dornbushhawaii.com>
Sent: Friday, January 09, 2015 2:32 PM
To: 'craig.k.hirai@hawaii.gov'
Cc: peter.stoughton@aig.com; kevin.day@aig.com; Scott Settle (ssettle@settlelaw.com); 'adam@dornbushhawaii.com'
Subject: Front Street Apartments, Lahaina, Maui
Attachments: FSAHP - Request for Qualified Contract - HHFDC.pdf; Regulatory Agreement - Front Street Apartments (00217392xD39ED).pdf; Executed IRS Form 8609 (00218181xD39ED).pdf

Mr. Craig K. Hirai, Executive Director
Hawaii Housing Finance and Development Corporation

Dear Mr. Hirai,

Front Street Affordable Housing Partners is the owner of Front Street Apts. located in Lahaina, Maui. We developed and placed this low-income housing project into service in 2001. As discussed in the attached letter, please consider this letter as our written request for consideration to present HHFDC with a qualified contract request.

Further details regarding our Front Street Apt. project and our request are summarized in our enclosed letter to you and HHFDC. We will also hand deliver a hard copy of our Letter Request and the Enclosures to HHFDC on Queen Street this afternoon. Please contact the undersigned if you have any questions or need further information. Thank you for your assistance.

Sincerely,

William J. Dornbush, Manager
Lahaina Homes LLC, General Partner
Front Street Affordable Housing Partners
733 Bishop Street, Suite 1850
Honolulu, Hawaii 96813
Phone: (808) 524-5279
Fax: (808) 524-5964
Email: Bill@DornbushHawaii.com

MAILED
1/27/15

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

15:FIN/1024

677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

January 22, 2015

Mr. William Dornbush
Front Street Affordable Housing Partners
733 Bishop Street, Suite 1850
Honolulu, HI 96813

Dear Mr. Dornbush:

SUBJECT: Front Street Apartments
Confirmation of Eligibility to Request a Qualified Contract

Reference is made to your request received on January 9, 2015 for confirmation of Front Street Apartment's eligibility to request a Qualified Contract.

The Hawaii Housing Finance and Development Corporation (HHFDC) has completed the review of the request and confirms that the Front Street Apartment project is eligible to request a Qualified Contract.

If you would like to proceed with the Qualified Contract process, please submit the items listed under the Qualified Contract Request Application section of HHFDC's Qualified Allocation Plan. Please include a cover letter confirming your desire to request a Qualified Contract and outlining the items being submitted. The cover letter shall serve as the Qualified Contract Request Application.

Please feel free to contact Jocelyn Iwamasa at 587-0576 or Patrick Inouye at 587-0797 with any questions or concerns.

Sincerely,

Darren K. Ueki
Finance Manager

c: Donna Ho, Compliance Office

FRONT STREET AFFORDABLE HOUSING PARTNERS
733 Bishop Street, Suite 1850
Honolulu, Hawaii 96813
(808) 524-5279

August 5, 2015

Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813
Attn: Mr. Craig K. Hirai, Executive Director

Re: Front Street Apartments – Qualified Contract Request Application

Dear Mr. Hirai,

As you know, Front Street Affordable Housing Partners ("Front Street") is the original owner of "Front Street Apartments," a 142-unit affordable housing project located in Lahaina, Maui (the "Project"). In our January 9, 2015 letter to the Hawaii Housing Finance and Development Corporation ("HHFDC"), Front Street described its interest in requesting a Qualified Contract pursuant to Internal Revenue Code Section 42(h)(6).

The HHFDC's letter in response dated January 22, 2015 ("HHFDC Letter") confirmed Front Street's eligibility to request a Qualified Contract, and as instructed within the HHFDC Letter, please consider this cover letter as Front Street's official Qualified Contract Request Application, expressing Front Street's desire to request a Qualified Contract. As further described in the HHFDC Letter and the Qualified Contract Request Application section of the State of Hawaii Low-Income Housing Tax Credit Program 2015 Qualified Allocation Plan ("HHFDC's Qualified Allocation Plan"), please find, accompanying this cover letter, copies of the following documents:

- (1) Qualified Contract Report dated July 20, 2015, prepared by Novogradac & Company LLP, Certified Public Accountants;
- (2) Qualified Contract Processing Fee in the amount of \$21,300 (\$150 x 142 units = \$21,300);
- (3) Copies of all of Front Street's Annual Tax Returns (from 1999 through 2014);
- (4) Copies of all Annual Audited Project Financial Statements (from 2001 through 2014);
- (5) Copies of Loan Documents for All Secured Debt During the Initial 15-year LIHTC Compliance Period;
- (6) Copy of Front Street's Partnership Agreement, as amended;

Hawaii Housing Finance and Development Corporation
August 5, 2015
Page 2 of 2

- (7) Title Report dated July 28, 2015, prepared by First American Title Insurance Company;
- (8) Physical Needs Assessment dated July 22, 2015, prepared by Mr. Brian D. Lowder of Rider Levett Bucknall Ltd.;
- (9) Appraisal dated July 22, 2015, prepared by Mr. Steven D. Chee, MAI, of Leshar Chee Stadlbauer; and
- (10) Phase I Environmental dated July 22, 2015, prepared by Mr. John Vuich, PG, CEM, RME and Ms. Kate Patten, Environmental Scientist, of Malama Environmental (MEV, LLC).

It is our understanding that the 1-year period for the HHFDC to find a buyer to purchase the Project at the Qualified Contract Price begins when the HHFDC is satisfied with Front Street's Qualified Contract Request Application. As such, please let us know as soon as the HHFDC has made such determination. Should you have any questions regarding the above or require further information, please do not hesitate to contact us. Thank you.

Sincerely,

FRONT STREET AFFORDABLE HOUSING PARTNERS,
a Hawaii limited partnership

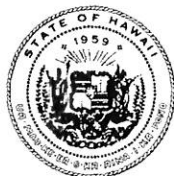
By Lahaina Homes, LLC, a Hawaii limited liability company
Its General Partner

By William J. Dornbush
William J. Dornbush
Its Manager

Enclosures (10)

cc: Kevin Day
Adam Dornbush
Scott Settle, Esq.
Peter Stoughton

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

16:FIN/1193

677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

September 1, 2016

Mr. William J. Dornbush
Front Street Affordable Housing Partners
733 Bishop Street, Suite 1850
Honolulu, HI 96813

Dear Mr. Dornbush:

Subject: Low Income Housing Tax Credit Program
Qualified Contract Request
Project: Front Street Apartments

On August 5, 2015, Front Street Affordable Housing Partners (the "Partnership") submitted a Qualified Contract ("QC") request for the Front Street Apartments (the "Project") in accordance with Section 42 (h) (6) of the Internal Revenue Code ("IRC") and procedures outlined in the Qualified Allocation Plan of Hawaii Housing Finance and Development Corporation ("HHFDC"). HHFDC marketed the Project in accordance with the IRC for the QC Price of \$15,395,813.

The deadline to present the Partnership as dictated by the IRC and the QC application was Thursday, August 4, 2016. HHFDC did not receive any offers to purchase the Project and was unable to secure a buyer or present a QC to the Partnership for the QC price as of August 4, 2016. Accordingly, the Project's extended use obligations under the Declaration of Restrictive Covenants for Low Income Housing Credits ("Declaration") dated August 9, 2002, terminated effective August 5, 2016. Please prepare a Declaration release for HHFDC's review.

Sincerely,

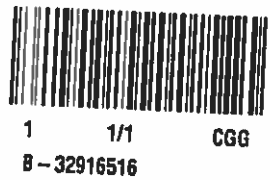

Craig K. Hirai
Executive Director

cc: Donna Ho, Compliance Office

EXHIBIT F



STATE OF HAWAII
BUREAU OF CONVEYANCES
RECORDED
December 16, 2016 10:45 AM
Doc No(s) A-61940994



/s/ LESLIE T. KOBATA
REGISTRAR

LAND COURT

REGULAR SYSTEM

RETURN BY MAIL [X] PICK-UP [] TO:
SETTLE MEYER LAW, LLLC
Pioneer Plaza - Suite 1800
900 Fort Street Mall
Honolulu, Hawaii 96813
Attn: Scott W. Settle

TMK No. (2) 4-5-003:013

No. of Pages: 8

**RELEASE OF
DECLARATION OF RESTRICTIVE COVENANTS
FOR LOW-INCOME HOUSING CREDITS**

THIS RELEASE OF DECLARATION OF RESTRICTIVE COVENANTS FOR LOW-INCOME HOUSING CREDITS (this "Release"), effective as of August 5, 2016 (the "Effective Date"), is made by **HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**, a public body and body corporate and politic of the State of Hawaii, formerly known as the Housing and Community Development Corporation of Hawaii (the "Corporation"), with a mailing address of 677 Queen Street, Suite 300, Honolulu, Hawaii 96813, and agreed to by **FRONT STREET AFFORDABLE HOUSING PARTNERS**, a Hawaii limited partnership ("Owner") with a mailing address of 733 Bishop Street, Suite 1850, Honolulu, Hawaii 96813, and **3900 CORP.**, a Maryland corporation with a mailing address of 3660 Waiialae Avenue, Suite 400, Honolulu, Hawaii 96816 ("Fee Owner") (hereafter the Corporation, Fee Owner and Owner are referred to collectively as, the "Parties").

RECITALS

A. Owner is the owner of that certain affordable housing project consisting of one hundred forty-two (142) rental housing units (the "Project") and located on lands in Lahaina, Island and County of Maui, State of Hawaii, and more particularly described in **Exhibit A** attached hereto and incorporated by reference (the "Property").

B. The Project was originally financed, in part, with low-income housing tax credits awarded by the Corporation in accordance with Section 42 of the Internal Revenue Code, as amended (the "Code"), and therefore, the Project is subject to that certain Declaration of Restrictive Covenants for Low-Income Housing Credits (the "Regulatory Agreement") dated as of August 9, 2002, recorded at the Bureau of Conveyances of the State of Hawaii as Document No. 2002-144948, which Regulatory Agreement runs in favor of the Corporation.

C. The Regulatory Agreement requires an initial 15-year compliance period that expired on December 31, 2015, and an Extended Use Period, which is set to expire on December 31, 2051. On August 5, 2015, the Owner submitted a Qualified Contract request for the Project in accordance with Section 42 (h) (6) of the Code and the Qualified Contract Request Procedure outlined in the Corporation's Qualified Allocation Plan.

D. A Qualified Contract is a contract to acquire a project under an Extended Use Period at the Code stipulated Qualified Contract Price and continue operations as a qualified low-income building. The Code stipulates that the Corporation has one-year to present a Qualified Contract to a project owner after submittal of a Qualified Contract request or the corresponding Extended Use Period terminates.

E. The deadline for the Corporation to present the Owner with a qualified Contract was August 4, 2016. After marketing the Project following the Qualified Contract request, the Corporation was unable to secure a buyer or otherwise present a Qualified Contract to the Owner by the deadline. In accordance with the Code, the obligations under the Extended Use Period terminated effective August 5, 2016.

F. Accordingly, Owner has requested and the Corporation has agreed to execute and record this Release to evidence the termination and release of the Regulatory Agreement and all restrictions therein subject to Section 42(h)(6)(E)(ii) of the Code during the 3-year period following the termination of the Extended Use Period, commencing August 5, 2016 and ending August 4, 2019.

RELEASE

NOW THEREFORE, in consideration of \$1.00, the mutual covenants of the Parties hereto, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Recitals Incorporated.** The recitals stated above are true and correct and by this reference are incorporated as a material part of this Release.

2. **Termination of Regulatory Agreement.** The Regulatory Agreement is hereby terminated and released as of the Effective Date.

3. **Miscellaneous.**

a. **Severability.** The invalidity of any clause, part or provision of this Release shall not affect the validity of the remaining portion thereof.

b. **Governing Law.** This Release shall be governed by the laws of the State of Hawaii.

c. **Counterparts.** This Release may be simultaneously executed in counterparts. Each counterpart so executed shall be deemed to be an original, and all together shall constitute but one and the same instrument.


[Signature Page Follows]

IN WITNESS WHEREOF, the Corporation has caused this Release to be executed and made effective as of the Effective Date.


CORPORATION:

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION, a public body and a body corporate and politic of the State of Hawaii

APPROVED AS TO FORM:



Deputy Attorney General

By 

Craig K. Hirai
Executive Director

STATE OF HAWAII)
) SS
CITY AND COUNTY OF HONOLULU)

On this 14th day of December, 2016, before me appeared Craig K. Hirai, personally known to me, who being by me duly sworn, did say that he is the Executive Director of the HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION, a public body and body corporate and politic of the State of Hawaii, that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors, and the said officer acknowledged the instrument to be the free act and deed of the corporation.

Jocelyn K. Iwamasa
(Signature)

(Notary Stamp or Seal)



Jocelyn K. Iwamasa
(Print Name)

Notary Public, State of Hawaii
My commission expires: September 3, 2018

Doc. Date: undated # Pages: 8

Notary Name: Jocelyn K. Iwamasa 1st Circuit

Doc. Description: Release of Declaration of Restrictive Covenants for Low-Income Housing Credits

(Notary Stamp or Seal)

Jocelyn K. Iwamasa December 14, 2016
Notary Signature Date



NOTARY CERTIFICATION

EXHIBIT A

PROPERTY DESCRIPTION

Unrecorded ground lease dated January 28, 1999, executed by 3900 Corp., a Maryland corporation, as lessor and Millenium Pacific Investments, LLC, a Hawaii limited liability company, as lessee, with a term of sixty-seven (67) years and six (6) months commencing on January 1, 1999 and ending on June 30, 2066, a memorandum of which is dated June 27, 2000, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2000-089030. Said unrecorded ground lease was assigned to Front Street Affordable Housing Partners, a Hawaii limited partnership, by unrecorded Assignment, Assumption and Consent of Ground Lease dated as of September 1, 1999 and unrecorded Consent to Assignment of Lease by Landlord dated as of June 15, 2000, as set forth in Memorandum of Ground Lease dated June 27, 2000, recorded in said Bureau as Document No. 2000-089030. Said unrecorded ground lease was amended by instrument dated December 21, 2000, recorded in said Bureau as Document No. 2001-016343 with consent thereto pursuant to Lender's Consent to Amendment of Ground Lease dated February 1, 2001, recorded in said Bureau as Document No. 2001-016344; and by that certain Second Amendment to Lease dated October 31, 2001, recorded in said Bureau as Document No. 2001-176366. Said ground lease, as amended, demising the premises described as follows:

ALL OF THAT CERTAIN PARCEL OF LAND BEING ALL OF ROYAL PATENT 2567, LAND COMMISSION AWARD 7715, APANA 3 TO LOTA KAMEHAMEHA (DEED LOTA KAMEHAMEHA TO KENUI) AND ROYAL PATENT 3535, LAND COMMISSION AWARD 502, APANA 1 TO PUPUKA, ALSO BEING PORTIONS OF LAND PATENT 8400, LAND COMMISSION AWARD 10605, APANA 4, MAHELE 1 TO LONA PIIKOI, LAND PATENT 8664, PART 3 TO PIONEER MILL CO., LTD., MAHELE AWARD 63, APANA 1 TO N. NAMAUU, ROYAL PATENT 1860, LAND COMMISSION AWARD 6061, APANA 2 TO HANEMO, ROYAL PATENT 1203, LAND COMMISSION AWARD 486, APANA 1 TO W. KU, LAND PATENT 8246, LAND COMMISSION AWARD 3425-B, APANA 3 TO ALU, ROYAL PATENT 3535, LAND COMMISSION AWARD 502, APANA 2 TO PUPUKA, ROYAL PATENT 2567, LAND COMMISSION AWARD 7715, APANA 1 TO LOTA KAMEHAMEHA (DEED: LOTA KAMEHAMEHA TO KENUI), ROYAL PATENT 3581, LAND COMMISSION AWARD 11086, APANA 3 TO J. H. KAIHEEKAI AND ROYAL PATENT 5596, LAND COMMISSION AWARD 6498, APANA 2 TO KOKIO, BEING LOT ONE (1), FRONT STREET APARTMENTS, THE SAME BEING A PORTION OF THE CONSOLIDATION OF PARCEL 13 AND LOTS 2, 3, 4 AND 5 OF THE KENUI STREET LOTS SUBDIVISION AND THE RESUBDIVISION OF SAID CONSOLIDATION INTO SAID LOT 1 AND (ROAD WIDENING) LOTS 2 AND 3, SITUATED AT LAHAINA, ISLAND AND COUNTY OF MAUI, STATE OF HAWAII, AND THUS BOUNDED AND MORE PARTICULARLY DESCRIBED AS PER SURVEY OF BRUCE R. LEE, LICENSED PROFESSIONAL LAND SURVEYOR WITH NEWCOMER-LEE LAND SURVEYORS, INC., DATED JUNE 1, 2001, AS FOLLOWS:

BEGINNING AT A 3/4-INCH PIPE THE SOUTHWESTERLY CORNER OF THIS PARCEL OF LAND, ON THE NORTHWESTERLY BOUNDARY OF PARCEL 12 OF TAX MAP KEY: (2) 4-5-003, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF LOT 2 (FRONT AND KENUI STREETS WIDENING LOT) OF SAID FRONT STREET APARTMENTS SUBDIVISION, THE COORDINATES OF SAID POINT OF BEGINNING REFERRED TO GOVERNMENT SURVEY TRIANGULATION STATION "LAINA" BEING:

5,770.45 FEET SOUTH
5,331.08 FEET WEST

AND RUNNING BY AZIMUTHS MEASURED CLOCKWISE FROM TRUE SOUTH:

1. 144° 40' 00" 246.48 FEET ALONG SAID LOT 2 (FRONT AND KENUI STREETS WIDENING LOT) OF THE FRONT STREET APARTMENTS SUBDIVISION AND ALONG THE REMAINDERS OF SAID LAND PATENT 8400, LAND COMMISSION AWARD 10605, APANA 4, MAHELE 1 TO LONA PIKOI, SAID LAND PATENT 8664, PART 3 TO PIONEER MILL CO., LTD. AND SAID MAHELE AWARD 63, APANA 1 TO N. NAMAUU TO A 3/4-INCH PIPE;

2. 150° 53' 00" 73.61 FEET ALONG SAID LOT 2 (FRONT AND KENUI STREETS WIDENING LOT) OF THE FRONT STREET APARTMENTS SUBDIVISION AND ALONG THE REMAINDERS OF SAID MAHELE AWARD 63, APANA 1 TO N. NAMAUU AND SAID ROYAL PATENT 1860, LAND COMMISSION AWARD 6061, APANA 2 TO HANEMO TO A 3/4-INCH PIPE; THENCE ALONG SAID LOT 2 (FRONT AND KENUI STREETS WIDENING LOT) OF THE FRONT STREET APARTMENTS SUBDIVISION AND ALONG THE REMAINDERS OF SAID ROYAL PATENT 1860, LAND COMMISSION AWARD 6061, APANA 2 TO HANEMO, ON THE ARC OF A CURVE TO THE RIGHT, CONCAVE SOUTHEASTERLY WITH A RADIUS OF 30.00 FEET, THE CHORD AZIMUTH AND DISTANCE BEING:

3. 196° 46' 30" 43.08 FEET TO A 3/4-INCH PIPE;

4. 242° 40' 00" 513.33 FEET ALONG SAID LOT 2 (FRONT AND KENUI STREETS WIDENING LOT) OF THE FRONT STREET APARTMENTS SUBDIVISION AND ALONG THE REMAINDERS OF SAID ROYAL PATENT 1860, LAND COMMISSION AWARD 6061, APANA 2 TO HANEMO AND SAID ROYAL PATENT 1203, LAND COMMISSION AWARD 486, APANA 1 TO W. KU TO A 3/4-INCH PIPE ON THE SOUTHEASTERLY BOUNDARY OF SAID KENUI STREET;

5. 340° 15' 00" 4.72 FEET ALONG SAID SOUTHEASTERLY BOUNDARY OF KENUI STREET AND ALONG THE REMAINDER OF SAID ROYAL PATENT 1203, LAND COMMISSION AWARD 486, APANA 1 TO W. KU TO A 3/4-INCH PIPE;

6. 242° 40' 00" 37.35 FEET ALONG SAME TO A 3/4-INCH PIPE AT THE WEST CORNER OF LOT 1 OF THE KENUI STREET LOTS;

THENCE ALONG SAID LOT 1 OF THE KENUI STREET LOTS AND ALONG THE REMAINDER OF SAID ROYAL PATENT 1203, LAND COMMISSION AWARD 486, APANA 1 TO W. KU, ON THE ARC OF A CURVE TO THE LEFT, CONCAVE SOUTHEASTERLY WITH A RADIUS OF 15.00 FEET, THE CHORD AZIMUTH AND DISTANCE BEING:

7. 21° 27' 30" 19.76 FEET TO A 3/4-INCH PIPE;

8. 340° 15' 00" 95.68 FEET ALONG SAID LOT 1 OF THE KENUI STREET LOTS AND ALONG THE REMAINDER OF SAID ROYAL PATENT 1203, LAND COMMISSION AWARD 486, APANA 1 TO W. KU TO A 3/4-INCH PIPE;

9. 250° 15' 00" 103.15 FEET ALONG SAME TO A 3/4-INCH PIPE;

10. 133° 45' 00" 133.36 FEET ALONG SAME TO A 3/4-INCH PIPE AT THE SOUTHERLY CORNER OF LOT 3 (KENUI AND WAINEE STREETS WIDENING LOT) OF SAID FRONT STREET APARTMENTS SUBDIVISION;

11. 242° 40' 00" 254.78 FEET ALONG SAID LOT 3 (KENUI AND WAINEE STREETS WIDENING LOT) OF SAID FRONT STREET APARTMENTS SUBDIVISION AND ALONG THE REMAINDER OF SAID LAND PATENT 8246, LAND COMMISSION AWARD 3425-B, APANA 3 TO ALU TO A 3/4-INCH PIPE;

THENCE ALONG SAME AND ALONG THE REMAINDER OF SAID ROYAL PATENT 3535, LAND COMMISSION AWARD 502, APANA 2 TO PUPUKA, ON THE ARC OF A CURVE TO THE RIGHT, CONCAVE SOUTHWESTERLY WITH A RADIUS OF 30.00 FEET, THE CHORD AZIMUTH AND DISTANCE BEING:

12. 285° 38' 45" 40.90 FEET TO A 3/4-INCH PIPE;

13. 328° 37' 30" 226.06 FEET ALONG SAID LOT 3 (KENUI AND WAINEE STREETS WIDENING LOT) OF THE FRONT STREET APARTMENTS SUBDIVISION AND ALONG THE REMAINDERS OF ROYAL PATENT 3535, LAND COMMISSION AWARD 502, APANA 2 TO PUPUKA AND SAID ROYAL PATENT 2567, LAND COMMISSION AWARD 7715, APANA 1 TO LOTA KAMEHAMEHA (DEED: LOTA KAMEHAMEHA TO KENUI) TO A 3/4-INCH PIPE ON THE NORTHWESTERLY BOUNDARY OF LOT 1 (UNKNOWN SUBDIVISION NAME) BEING A PORTION OF PARCEL 16 OF SAID TAX MAP KEY: (2) 4-5-003;

THENCE ALONG SAID KENUI STREET AND ALONG THE REMAINDER OF SAID LAND PATENT 8246, LAND COMMISSION AWARD 3425-B, APANA 3 TO ALU, ON THE ARC OF A CURVE TO THE RIGHT, CONCAVE SOUTHWESTERLY WITH A RADIUS OF 20.00 FEET, THE CHORD AZIMUTH AND DISTANCE BEING:

14. 62° 46' 00" 64.92 FEET ALONG SAID LOT 1 (UNKNOWN SUBDIVISION NAME) BEING A PORTION OF PARCEL 16 OF SAID TAX MAP KEY: (2) 4-5-003 AND ALONG THE REMAINDER OF SAID ROYAL PATENT 2567, LAND COMMISSION AWARD 7715, APANA 1 TO LOTA KAMEHAMEHA (DEED: LOTA KAMEHAMEHA TO KENUI) TO A FOUND 1/2-INCH PIPE;

15. 321° 30' 00" 136.78 FEET ALONG SAME TO A FOUND 3/4-INCH PIPE SET IN CONCRETE ON THE NORTHWESTERLY BOUNDARY OF LOT A OF THE KAINHE SUBDIVISION;

16. 55° 09' 45" 392.82 FEET ALONG SAID LOT A OF THE KAINHE SUBDIVISION AND ALONG THE REMAINDERS OF SAID ROYAL PATENT 2567, LAND COMMISSION AWARD 7715, APANA 1 TO LOTA KAMEHAMEHA (DEED: LOTA KAMEHAMEHA TO KENUI) AND SAID ROYAL PATENT 3581, LAND COMMISSION AWARD 11086, APANA 3 TO J. H. KAIHEEKAI TO A FOUND 1/2-INCH PIPE ON THE NORTHEASTERLY BOUNDARY OF SAID ROYAL PATENT 5596, LAND COMMISSION AWARD 6498, APANA 2 TO KOKIA;

17. 36° 45' 00" 19.32 FEET ALONG PARCEL 11 OF SAID TAX MAP KEY: (2) 4-5-003 AND ALONG THE REMAINDER OF SAID ROYAL PATENT 5596, LAND COMMISSION AWARD 6498, APANA 2 TO KOKIO TO A FOUND 3/4-INCH PIPE;

18. 14° 17' 00" 20.30 FEET ALONG SAME TO A FOUND 1/2-INCH PIPE ON THE NORTHWESTERLY BOUNDARY OF ROYAL PATENT 1175, LAND COMMISSION AWARD 6499 TO NAKOELUA;

19. 65° 29' 00" 296.32 FEET ALONG SAID PARCEL 11 OF SAID TAX MAP KEY: (2) 4-5-003 AND SAID ROYAL PATENT 1175, LAND COMMISSION AWARD 6499 TO NAKOELUA

TO A FOUND 1/2-INCH PIPE AT THE EAST CORNER OF SAID PARCEL 12 OF TAX MAP KEY: (2) 4-5-003;

20. 141° 41' 00" 100.00 FEET ALONG SAID PARCEL 12 OF TAX MAP KEY: (2) 4-5-003 AND ALONG THE REMAINDERS OF SAID ROYAL PATENT 5596, LAND COMMISSION AWARD 6498, APANA 2 TO KOKIO AND SAID LAND PATENT 8400, LAND COMMISSION AWARD 10605, APANA 4, MAHELE 1 TO LONA PIIKOI TO A 3/4-INCH PIPE:

21. 63° 16' 00" 101.85 FEET ALONG SAID PARCEL 12 OF TAX MAP KEY: (2) 4-5-003 AND ALONG THE REMAINDER OF SAID LAND PATENT 8400, LAND COMMISSION AWARD 10605, APANA 4, MAHELE 1 TO LONA PIIKOI TO THE POINT OF BEGINNING AND CONTAINING AN AREA OF 8.198 ACRES, MORE OR LESS.

BEING ALL OF THE PREMISES CONVEYED TO 3900 CORP., A MARYLAND CORPORATION, BY THE FOLLOWING:

(1) DEED RECORDED MARCH 16, 1992 AS REGULAR SYSTEM DOCUMENT NO. 92-037884 OF OFFICIAL RECORDS

GRANTOR: KENUI HUI, A HAWAII LIMITED PARTNERSHIP
GRANTEE: 3900 CORP., A MARYLAND CORPORATION

(2) DEED RECORDED MARCH 23, 1993 AS REGULAR SYSTEM DOCUMENT NO. 93-045810 OF OFFICIAL RECORDS

GRANTOR: AMFAC, INC., A HAWAII CORPORATION
GRANTEE: 3900 CORP., A MARYLAND CORPORATION

(3) QUITCLAIM DEED RECORDED DECEMBER 14, 2000 AS REGULAR SYSTEM DOCUMENT NO. 2000-176100 OF OFFICIAL RECORDS

GRANTOR: KENUI HUI, A HAWAII LIMITED PARTNERSHIP
GRANTEE: 3900 CORP., A MARYLAND CORPORATION

FRONT STREET APARTMENTS

These are answers to some frequently asked questions about the current state of the Front Street Apartments
(February 2017 update)

What is the Low-Income Housing Tax Credit Program?

The LIHTC program was created by the Tax Reform Act of 1986, in order to provide private owners with an incentive to create and maintain affordable housing.

When did Front Street Apartments begin participating in the LIHTC program?

Front Street Apartments, a privately-owned property, voluntarily began participating in the LIHTC Program 16 years ago - since 2001 - when the property was built. For the past 15+ years, all 142 apartments at the property have been rent restricted, and eligibility for the apartments was restricted to households earning 50% and 60% of the area median income.

When was Front Street Apartments released from the restrictions of the LIHTC program?

Under the rules of the LIHTC program, Front Street was released from the LIHTC program's income and rent restrictions on August 5, 2016.

How are the current residents of Front Street Apartments affected by the removal of the LIHTC restrictions?

The current residents may continue to reside at the property as long as they like, so long as they are current on rent and in compliance with their lease. In addition, until August 2019 the apartment rent for the current residents will remain the same, subject to any annual adjustments made by HUD as part of its income and rent limit adjustment process.

How will the current residents of Front Street Apartments be affected in 2019?

On August 4, 2019, the LIHTC restrictions that will have been in place since 2001 will be removed and all apartment units at the property will be deemed "conventional" apartments. This means that the property owner will be able to set rents at their discretion. However, for economic reasons, rents will most likely be set at levels that are comparable to then-current market rents charged by similar competing apartment properties in the Lahaina area. The conventional rents at the property are currently equivalent to a rent that is applicable to a household earning 100% of the Maui County median income. In other words, current market rents at Front Street Apartments are affordable to a household making the median income in Maui County.

If you have additional questions, please submit them in writing and mail them to:
Front Street Apartments, Attn: Management Team, 2001 Kenui Place, Lahaina, HI 96761
We will do our best to reply within 4 to 6 weeks. Mahalo.



Pioneer Plaza, 900 Fort Street, Suite 1500, Honolulu, Hawaii 96813
ph(808)524-1511 *fax*(808)524-1606 info@lcs-consulting.com

July 22, 2015

Front Street Affordable Housing Partners, L.P.
c/o Lahaina Homes LLC, General Partner
733 Bishop Street, Suite 1850
Honolulu, Hawaii 96813

**Re: The Market Valuation of the As Is Leasehold
Real Property Interest in the
Multi-Family Affordable Rental Property
Known As FRONT STREET APARTMENTS
Located 1056 Front Street, Lahaina
Island of Maui, State of Hawaii**

Dear Sir/Madam:

At your request, we have prepared and present herewith our opinions, a narrative Appraisal Report concerning the market valuation of the as is leasehold real property interests in the above-cited subject property.

Front Street Apartments involves a 142-unit multi-family garden-style apartment project that was constructed in 2001. This project features 19 garden apartment style residential structures, a tot lot, a basketball court and open and covered parking spaces. The project is located on an 8.538-acre site on the block formed by Front, Waiee and Kenui Streets in Lahaina, Maui. The Front Street Apartments project is operated as an "affordable" apartment rental property reserved for families earning 50% (70 units) and 60% (71 units) or less than the area median income (AMI) as mandated in the US Department of Housing and Urban Development (HUD) for the area (Maui County). This use is mandated by a Declaration of Land Use Restrictive Covenants with the State of Hawaii, Hawaii Housing Finance and Development Corporation (HHFDC), which in return granted low-income housing tax credits (LIHTC) in conjunction with the development of the subject property. As of a current date of value, the subject property was operating at stabilization.

The subject involves a leasehold land interest involving a long term ground lease (expires in 2066) with 3900 Corp as lessor. Minimum ground rent is contractually set through the remainder of the lease. A percentage rent is also payable in addition to the minimum ground rent.

Real Estate Valuation
Arbitration
Consulting
Going Concern Valuation
Market Research

EXHIBIT I

Front Street Affordable Housing Partners, L.P.

c/o Lahaina Homes LLC, General Partner

July 22, 2015

Page 2

The **purpose** of this report is to provide an estimate of the as is leasehold market value of the subject property as of a current date.

The **intended use** of this report is to provide economic, property and market data and value findings for asset monitoring purposes. The intended user of this report is the addressee. We are not responsible for reliance on our findings by non-intended users.

VALUE CONCLUSIONS

Based on our research and analyses, the as is market value of the identified leasehold subject property interests, as of July 22, 2015, was concluded as follows:

EIGHT MILLION SEVEN HUNDRED TEN THOUSAND DOLLARS

(\$8,710,000)

Extraordinary Assumptions and Hypothetical Conditions of This Report

The reported valuation conclusions are subject to the *Definitions and Terminology, and General Assumptions and Limiting Conditions* presented in the *ADDENDA*. In addition the following outstanding assumptions were incorporated into this analysis:

- Between 2013 and 2015, HUD Section 42 rents on Maui declined over 2012 levels. It is our understanding that this resulted from a revised formula utilized by HUD for calculating area median income. The decline in rent was somewhat unprecedented in Hawaii and caused potential hardship for many properties (particularly those at the lower income limits). However, the subject has been able to maintain restricted rents up to the higher 2012 levels due to the "safe harbor" or "hold harmless" provision allowed under Section 42. According to HHFDC, who administers rent levels at the subject, the safe harbor provision prevents restricted rent from declining once an affordable project is placed in service in a given year. Hence, current ownership can continue to observe the higher rents. For valuation purposes, we have based on our analysis on the extraordinary assumption that a third party buyer could also continue to maintain the higher safe harbor rental amounts. A valuation analysis presuming that rental income would be subject to prevailing HHFDC program rents could result in a different value conclusion.
- Our valuation findings and conclusions presume the masterparcel does not contain any unknown archaeological or environmental conditions that would adversely impact the utility and development potential of the subject property. Our findings and conclusions may be subject to change should it be determined otherwise.

LESHER CHEE STADLBAUER

Front Street Affordable Housing Partners, L.P.

c/o Lahaina Homes LLC, General Partner

July 22, 2015

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- While this appraisal may contain information about the physical items being appraised (including their adequacy, age and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. *The appraiser is not a construction, engineering, environmental, or legal expert, and any statement given on these matters in the report should be considered preliminary in nature.*
- It is presumed that all information provided by current ownership and their representatives is accurate and correct.

The reported value conclusions are also limited by all of the *Assumptions and Limiting Conditions* and *Definitions and Terms* contained in the Addenda.

DEFINITION OF MARKET VALUE

Market Value¹ means the most probable price, which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

For the purposes of this report, **Market Value "As Is"**² is an estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal's effective date.

¹ Source: 12 CFR, Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992, and at 59 Federal Register 29499, June 7, 1994; and Appraisal Institute, *The Dictionary of Real Estate Appraisal, 5th Edition* (Chicago, Illinois: 2010).

²FDIC Law, Regulations, Related Acts; 5000 – Statements of Policy, Interagency Appraisal and Evaluation Guidelines, Appendix D – Glossary of Terms (www.fdic.gov/regulations/laws/rules/5000-4800) and Appraisal Institute, *The Dictionary of Real Estate Appraisal, 5th Edition* (Chicago, Illinois: 2010).

Front Street Affordable Housing Partners, L.P.
c/o Lahaina Homes LLC, General Partner
July 22, 2015
Page 4

Thank you for the privilege of assisting you in this valuation assignment. Should you have any questions or concerns regarding any aspect of this report, please do not hesitate to contact us.

LESHER CHEE STADLBAUER, INC.



Steven D. Chee, MAI
Principal

Low Income Housing Tax Credit Project for Sale under a Qualified Contract Request in Accordance with Section 42 (h) (6) of the Internal Revenue Code

Project Information and Summary:

Project Name:	Front Street Apartments
Location:	2001 Kenui Place aka 1056 Front Street Lahaina, HI 96761
TMK:	(2) 4-5-003-013
Project Owner:	Front Street Affordable Housing Partners, L.P.
Land Tenure:	Leasehold Fee Owner: 3900 Corp
Qualified Contract Period Expiration	August 4, 2016
Qualified Contract Price: (As of December 31, 2014)	\$15,395,813
Appraised Value (as of July 22, 2015)	\$8,710,000
Units	142 Units
Affordability Breakdown:	70 Units at 50% Area Median Gross Income ("AMGI") 71 Units at 60% AMGI 1 Manager's Unit
Affordability Commitment:	<ul style="list-style-type: none"> • Low Income Housing Tax Credit ("LIHTC") Program • Affordability governed by a LIHTC Declaration of Restrictive Covenants dated August 9, 2002 • Affordability Commitment Expires on December 31, 2051

In accordance with Section 42 (h) (6) of the Internal Revenue Code ("IRC") Hawaii Housing Finance and Development Corporation ("HHFDC"), on behalf of Front Street Affordable Housing Partners, L.P., is seeking a purchaser for the Front Street Apartments ("Project") under a Qualified Contract Request.

Pursuant to the IRC, a Qualified Contract is a contract to acquire the non-low-income portion of the building for a fair market value and the low-income portion of the building for an amount not less than the Project's applicable fraction multiplied by:

1. The outstanding indebtedness secured by, or with respect to, the building; plus
2. The adjusted investor equity in the building; plus
3. Other capital contributions not reflected in the foregoing; less Cash distributions from (or available for distribution from) the Project.

The Project's minimum Qualified Contract Price as of December 31, 2014 is \$15,395,813. In addition to meeting the minimum Qualified Contract Price, the buyer must continue to operate the low-income portion of the building as "a qualified low-income building" in accordance with the IRC.

A prospective buyer wishing to purchase the Project, at no less than the Qualified Contract Price, is responsible for preparing and submitting a Qualified Contract to the Owner and a copy to HHFDC. The Qualified Contract must only clearly state the **intent** of the buyer to purchase the Project from the Owner **at no less than the Qualified Contract price**. Outside of the

Qualified Contract, the prospective buyer and the Owner must negotiate all other terms and conditions of the Project sale. Accordingly, despite the presentation to the Owner of a Qualified Contract, the Project is still contingent upon negotiation of other mutually agreeable terms and conditions.

In accordance with HHFDC's Qualified Allocation Plan, the following information is available through HHFDC for prospective buyers of the Project:

- a. copies of annual audited project financial statement for all years;
- b. copies of loan documents for all secured debt during the compliance period;
- c. copies of partnership agreement (original, current and all interim amendments);
- d. current title report (no more than 60 days old from the date of Qualified Contract Application);
- e. a physical needs assessment for the entire project (no more than 60 days from the date of Qualified Contract Application);
- f. an appraisal prepared by a qualified third party appraiser for the entire project (no more than 60 days from the Qualified Contract Application);
- g. a Phase I environmental report (no more than 60 days from the Qualified Contract Application); and
- h. other relevant documents.

HHFDC makes no representations or warranties about the Project, the property, any improvements thereon, or any information related to the Project that the Owner provided or prepared. All parties interested in entering into a Qualified Contract for the Project are responsible for their own research, due diligence, underwriting, and inspections.

HHFDC makes no representations regarding the availability or use of any financing resources that it administers to purchase the Project. Any party interested in using any financing program administered by HHFDC for the Project are subject to the same application, underwriting, and approval process as any other applicant.

HHFDC shall not be responsible for the payment of a real estate commission or other fees related to the sale of the Project.

Interested parties may contact the following HHFDC personnel regarding a Qualified Contract for the Project:

- Patrick Inouye – (808) 587-0797
- Jocelyn Iwamasa – (808) 587-0576
- Dean Sakata – (808) 587-0575