Request for Action
by
Board of Commissioners

Firm Approval of Second Mortgage Financing for
Mount Hope Court Apartments (Providence)

A. PROJECT SUMMARY

This Request for Action ("RFA") is for firm approval of Rhode Island Housing and Mortgage Finance Corporation ("RIHousing") second mortgage taxable financing in an amount not to exceed $1,625,000 for Mount Hope Court Apartments (the "Development"). Cornell Management Corp., whose principals are Stephan and Kevin Baptista, will serve as the developer (the "Developer").

B. DISCUSSION

Mount Hope Court Apartments is a 36-unit family development consisting of 18 townhouse buildings on approximately 2 acres of land in Providence. The units range in size from one to four bedrooms. Originally constructed in 1971, the Development was substantially rehabilitated in 2013 through a LIHTC execution and received tax-exempt financing from RIHousing. The current Low-Income Housing Tax Credits compliance period is in place until October 2028. The property has a Section 8 Housing Assistance Payments contract in place until August 2033, which assists all 36 units.

The Developer has requested the proposed second mortgage financing to facilitate the purchase of the limited partnership interests from the current limited partner, Countryside Corporate Tax Credits XXII Limited Partnership, and the special limited partner, Michel Properties, LLC. Alpin Development, LLC. ("Alpin"), which is affiliated with the Developer, will step in as the new limited partner. The transaction will include payment to the exiting limited partner, as well as payment of accrued asset management and capital transaction fees. The budget also includes an additional operating reserve required to comply with underwriting guidelines, based on the new debt. The current first mortgage will stay in place with a current balance of approximately $2,199,000. No construction work is contemplated. The Developer intends to initiate a full refinance with RIHousing once the initial compliance period has ended.

This RFA requests firm approval of an amount not to exceed $1,625,000 in taxable second mortgage financing, subject to certain conditions as set forth in the attached Resolution.

B. ATTACHMENTS

A. Credit Summary
B. Resolution

Attachment A

Credit Summary

Approval Loan Recommendation Summary –

Preliminary _____

Firm __X___

Date: June 30, 2025

Project: 36-unit development consisting of 6 one-bedroom units, 10 two-bedroom units, 10 three-bedroom units, and 10 four-bedroom units.

Development Team

	Name	**Location**	**Risk Rating**
Sponsor/Developer	Cornell Management Corp.	New Bedford, MA	Low
Mortgagor	Mt. Hope Court Associates, LP	New Bedford, MA	Low
Legal	O'Leary Murphy, LLC	Providence, RI	Low
Management Agent	Cornell Management Corp.	New Bedford, MA	Low

Executive Summary

Property Address	9 Pleasant Court & 59 Pleasant Street	Providence
Proposed Loan Amount(s) and Terms		
2nd Mortgage Taxable Loan	$1,625,000	30-year amortization with 10-year balloon; 7.625%

Note: Interest rates are subject to change based on market conditions.

Proposed Sources & Uses:

	Firm	
Sources	**Amount**	**Per Unit**
RIH Second Mortgage	$1,625,000	45,139
Seller Loan	$230,191	6,394
Total Sources	**$1,855,191**	**51,533**
Uses	**Amount**	**Per Unit**
Acquisition	$1,555,191	$43,200
Soft Costs	$81,879	$2,274
Financing	$34,000	$944
Operating Reserve	$184,121	$5,114
Total Uses	**$1,855,191**	**$51,533**

Loan-to-Value Test:

	Appraisal	Per Unit	Variance	Current UW	Per Unit
NET OPERATING INCOME	**$475,180**	**13,199**	**($26,215)**	**$448,965**	**$12,471**
Appraisal Cap Rate	6.00%			6.00%	
Valuation	**$7,920,000**	**220,000**	**($437,258)**	**$7,482,742**	**$207,854**
Loan Principal	$4,125,000	114,583		$4,125,000	$114,583
LTV	**52.08%**		**3%**	**55.13%**	

Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	$51,533	
Residential Vacancy Rate	5%	
DCR Yr 1	1.39	2nd Mortgage paid off at year 10.
DCR Yr 15	2.88	
NOI	$429,844	
Income Trending	2%	
Expense Trending	3%	
Loan-to-Value	52.08%	
Initial Installment (%) of syndication proceeds	N/A	
Acquisition Price equal to or less than Appraised value	Yes	
Operating Reserve (Amt and confirm consistency with UW requirements)	Additional $184,121	New amount added to existing sized at 6 months OpEx and Debt Service. $423,599.

Replacement Reserve (Amt and confirm consistency with UW requirements)	N/A	Existing RR currently at $5,484 per unit.

Deviations from standard underwriting – None

Unit Distribution and Revenue –

Unit	Rent Type	Number of Units	Gross Rent	LIHTC Max Rent	Gross Rent as a % of LIHTC Max Rent	Discount from Market Rent
1	60%	6	$ 1,642.00	$ 1,265.00	130%	16.6%
2	60%	10	$ 2,180.00	$ 1,518.00	144%	15.2%
3	60%	10	$ 2,537.00	$ 1,753.00	145%	16.2%
4	60%	10	$ 3,255.00	$ 1,956.00	166%	12.6%
Total		**36**				**15.0%**

Attachment B

Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation

Whereas, Rhode Island Housing and Mortgage Finance Corporation ("RIHousing") is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of RIHousing have promise of supplying well-planned, well-designed apartment units, which will provide or preserve housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas, RIHousing intends to provide taxable loan funds for the purpose of financing qualified housing developments throughout the state;

Whereas, Mt. Hope Court Associates, LP (the "Applicant") is requesting firm approval of taxable second mortgage financing for the Development as set forth below:

Applicant	Development	Taxable Mortgage
Mt. Hope Court Associates, LP	Mount Hope Court Apartments	$1,625,000

Whereas, the RIHousing Board of Commissioners and staff have reviewed the submission of Cornell Management Corp. for mortgage financing and determined that the Development qualifies for financing under RIHousing's enabling legislation, regulations, guidelines, and policies; and

Whereas, RIHousing finds that:

(1) there exists a shortage of decent, safe, and sanitary housing at rents or prices which persons and families of low- or moderate-income can afford within the general housing market area to be served by the proposed housing development;

(2) private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low- and moderate-income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;

(3) the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well-designed housing for persons or families of low- and moderate-income and that those sponsors are financially responsible;

(4) the proposed housing development to be assisted will be of public use and will provide a public benefit; and

(5) the proposed housing development will be undertaken, and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the RIHousing enabling act, namely Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that subject to the special conditions listed below, RIHousing hereby declares firm commitment for second mortgage financing for Mt. Hope Court Associates, LP or other affiliated entity of the Applicant (the "Borrower") in an amount not to exceed $1,625,000 for rental housing known as Mount Hope Court Apartments located in Providence, Rhode Island.

Resolved, that the foregoing resolutions are subject to the following special conditions:

- The consummation of the transfer of the limited partnership interests in the Applicant from the current limited partner, Countryside Corporate Tax Credits XXII Limited Partnership, and the special limited partner, Michel Properties, LLC, to Alpin Development, LLC.; and
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

Resolved, that the Executive Director, Deputy Executive Director, and Director of Real Estate Development, each acting singly, be and hereby are empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.