



May 13, 2016

Aedward Los Banos
Asset Manager
Hawaii Community Development Authority
547 Queen Street
Honolulu, Hawaii 96813

Aloha Aedward:

I am writing to you to request a one-year extension of the Sales and Purchase Agreement between Na Lei Hulu Kupuna Limited Partnership and Mark Development, Inc. (MDI) currently scheduled to close on June 30, 2016.

The reasons for the request are:

1. HHFDC has made changes in the 2016-2017 Qualified Application Plan (QAP)
2. The changes to the 9% program made it more favorable to the project's economics
3. After meeting with HHFDC, MDI decided to withdraw our application for tax credits under the 4% program
4. By doing a 9% program it will also save the project approximately \$500,000 in bond underwriting fees
5. MDI will be submitting an application HHFDC for 9% credits on June 15th, 2016
6. HHFDC made it clear that MDI's 9% application should be favorably considered for three reasons; a) the finance division has already reviewed our application for 4% credits and b) the amount of tax credits requested is small c) our application requires a very low tax credits to the number units ratio
7. Because of the time required to issue the private activity bonds for a 4% deal the project will be completed in about the same



8. The application submission date for 2016-2017 9% LIHTC's is June 15, 2016
9. HHFDC's decisions for the 2016-2017 tax credit awards will be after the current closing date of June 30, 2016
10. If for some reason we are not awarded the 9% Tax Credits we would need to immediately resubmit for the 4% Tax Credits requiring private activity bonds (under the new QAP 4% tax credits can be applied for at any time)
11. The time required to close 4% tax Credit/Bond financing is from nine -12 months
12. After discussions with our tax credit syndicator if 4% tax credit were used to finance the purchase we feel confident the sale would close within the one year extension

MDI would have preferred not to request an extension but the benefits of applying for the 9% program with the new changes made it difficult not to.

Please consider our request for the one-year extension from June 30, 2016 to May 31, 2017.

Please contact me if you have any questions on our request.

Thank you.



Carl Cunningham

Vice President Project Manager

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