

Florida Housing Finance Corporation

Credit Underwriting Report

Pelican Cove Apartments

**Multifamily Mortgage Revenue Bond Program
HOME Loan/Housing Credits**

2014-109B / 2014-299H

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and HC Contingencies**

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Prepared by

AmeriNational Community Services, Inc.

Final Report

June 4, 2014

PELICAN COVE APARTMENTS

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Section A
Report Summary

Recommendation

AmeriNational Community Services, Inc. (“AmeriNational”) recommends the issuance of a Multifamily Mortgage Revenue Bond (“MMRB”) in the amount of \$11,900,000, an award of HOME Investment Partnerships Program funding in the amount of \$2,450,000 under Request for Application 2013-010 – Financing of Affordable Multifamily Housing Developments with HOME funding to be used in conjunction with Florida Housing Issued MMRB Financing and Non-competitive Housing Credits (“RFA 2013-10”), and an annual 4% Housing Credit (“HC”) allocation of \$910,332 to Pelican Cove Associates, Ltd. (“Applicant”) for the construction and permanent phase financing of Pelican Cove Apartments (the proposed “Development”).

DEVELOPMENT & SET-ASIDES

Development Name: Pelican Cove Apartments

Program Numbers: 2014-299H 2014-109B

Address: 2460 NW 185th Terrace City: Miami Gardens Zip Code: 33056

County: Miami-Dade County Size: Large

Development Category: New Construction Development Type: Garden Apartments

Construction Type: Building construction will generally consist of concrete masonry unit walls, as well as reinforced concrete walls and beams supporting concrete slabs.

Demographic Commitment: Elderly: No Homeless: No ELI: 0 Units @ 0% AMI
Farmworker or Commercial Fish Worker: No Family: Yes Link: 0 Units

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1.0	1.0	5	700	30%	\$382	\$637	\$0	\$65	\$0	\$317	\$316	\$316	\$316	\$18,960
1.0	1.0	2	700	50%	\$637	\$637	\$0	\$65	\$0	\$572	\$580	\$571	\$571	\$13,704
1.0	1.0	23	700	60%	\$765	\$0	\$809	\$65	\$0	\$700	\$699	\$698	\$698	\$192,648
2.0	2.0	7	1050	30%	\$459	\$765	\$0	\$86	\$0	\$373	\$373	\$372	\$372	\$31,248
2.0	2.0	2	1050	50%	\$765	\$765	\$0	\$86	\$0	\$679	\$687	\$678	\$678	\$16,272
2.0	2.0	37	1050	60%	\$918	\$0	\$973	\$86	\$0	\$832	\$832	\$831	\$831	\$368,964
3.0	2.0	5	1228	30%	\$530	\$884	\$0	\$103	\$0	\$427	\$427	\$426	\$426	\$25,560
3.0	2.0	2	1228	50%	\$884	\$884	\$0	\$103	\$0	\$781	\$791	\$780	\$780	\$18,720
3.0	2.0	29	1228	60%	\$1,061	\$0	\$1,115	\$103	\$0	\$958	\$958	\$957	\$957	\$333,036
		112	113508											\$1,019,112

HOME Subsidy Limits:

30 One Bedroom units at \$87,544 = \$ 2,626,320
 46 Two Bedroom units at \$106,453 = \$ 4,896,838
 36 Three Bedroom units at \$137,716 = \$ 4,957,776
 112 Total units for a maximum subsidy of: \$12,480,934

Buildings: Residential - 5 Non-Residential - 1
 Parking: Parking Spaces - 202 Accessible Spaces - 11

MMRB, HOME AND HC CREDIT UNDERWRITING REPORT

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Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
Bond	85.0%	96	60%	30
Low HOME	20.0%	23	50%	30
High HOME	80.0%	89	60%	30
HC	100.0%	112	60%	30
County Surtax	13.9%	17	30%	30
County Surtax	86.1%	95	60%	30

Absorption Rate: 20 units per month for 6 months.

Occupancy Rate at Stabilization: Physical Occupancy 97% Economic Occupancy 95%
Occupancy estimates were concluded by the
Occupancy Comments Appraiser.

DDA?: Yes QCT?: No
Site Acreage: 7.00 Density: 16.00 Flood Zone Designation: X
RU-4L - Limited Apartment House District. Maximum
Zoning: density of 23 units per net acre. Flood Insurance Required?: No

DEVELOPMENT TEAM		
Applicant/Borrower:	Pelican Cove Associates, Ltd.	% Ownership
General Partner 1:	Cornerstone Pelican Cove LLC	0.0100%
Limited Partner 1:	SunTrust Community Capital, LLC; or its assigned affiliate.	99.99%
Guarantor(s):	Pelican Cove Associates, Ltd.	
	Cornerstone Pelican Cove, LLC	
	Stuart Meyers	
	Jorge Lopez	
	Leon Wolfe	
	Mara Mades	
Pvt Placement Purchaser:	JPMorgan Chase Bank, N.A.	
Developer:	CSG Development Services II, LLC	
Principal 1	Stuart Meyers	
Principal 2	Jorge Lopez	
Principal 3	Leon Wolfe	
Principal 4	Mara Mades	
Co-Developer:	Tacolcy Economic Development Corporation	
General Contractor 1:	CSG Construction, LLC	
Management Company:	CSG Management Services, LLC	
Syndicator:	SunTrust Community Capital, LLC	
Bond Issuer:	Florida Housing Finance Corporation	
Architect:	Burgos, Lanza and Associates	
Market Study Provider:	Clobus, McLemore & Duke, Inc.	
Appraiser:	Clobus, McLemore & Duke, Inc.	

MMRB, HOME AND HC CREDIT UNDERWRITING REPORT

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PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	1	2	3			
Lender/Grantor	Chase/FHFC MMRB	FHFC HOME	Miami-Dade County FY2012- FY2014 Surtax			
Amount	\$3,600,000	\$2,450,000	\$8,400,000			
Underwritten Interest Rate	7.13%	0.00%	0.23%			
All In Interest Rate	7.13%	0.28555%	0.23%			
Loan Term	15	20	30			
Amortization	30	0	0			
Market Rate/Market Financing LTV	23.88%	40.13%	95.85%			
Restricted Market Financing LTV	47.84%	80.40%	192.03%			
Loan to Cost	15.02%	10.22%	35.06%			
Debt Service Coverage	1.36	1.32	1.24			
Operating/Deficit Service Reserve	\$229,000					
Period of Operating Expenses/Deficit Reserve in Months	6					

Deferred Developer Fee	\$476,019
Land Value	\$2,200,000
Market Rent/Market Financing Stabilized Value	\$15,075,000
Rent Restricted Market Financing Stabilized Value	\$7,525,000
Projected Net Operating Income (NOI) - Year 1	\$394,906
Projected Net Operating Income (NOI) - 15 Year	\$416,944
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Private Placement
Housing Credit Syndication Price	\$1,045
Housing Credit Annual Allocation	\$910,332

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
1st Mortgage - MMRB	Chase/FHFC MMRB	\$11,900,000	\$3,600,000	\$32,143
2nd Mortgage - HOME	FHFC	\$2,450,000	\$2,450,000	\$21,875
3rd Mortgage - Surtax	Miami-Dade PHCD	\$4,657,513	\$8,400,000	\$75,000
HC Equity	SunTrust	\$3,162,600	\$9,036,000	\$80,679
Deferred Developer Fee	Developer	\$1,791,906	\$476,019	\$4,250
TOTAL		\$23,962,019	\$23,962,019	\$213,947

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the Application?	X	
Are all funding sources the same as shown in the Application?		1.
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?		2.
Does the Applicant have site control at or above the level indicated in the Application?	X	
Does the Applicant have adequate zoning as indicated in the Application?	X	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development costs remained equal to or less than those listed in the Application?		3.
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	X	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	X	
Is the Development in all other material respects the same as presented in the Application?	X	

The following are explanations of each item checked "No" in the table above:

1. Since the time of application, the Applicant increased its request for Florida Housing issued MMRB from \$10,500,000 to \$11,900,000, with a like kind increase in the first mortgage loan from JPMorgan Chase Bank, N.A. The increased MMRB is needed to satisfy the 50% test required for the MMRB to maintain tax-exempt status.

Also, the Applicant received an additional \$2 million funding award from Miami-Dade County under the Documentary Stamp Surtax funding program. For further information regarding the financing, refer to Construction and Permanent Financing Sources in the Overview.
2. A Plan and Cost Review ("PCR") was engaged by AmeriNational and performed by GLE Associates, Inc. ("GLE"). GLE's findings, conclusions and recommendations were summarized in a report dated April 25, 2014. The required features and amenities included in the application

and in association with RFA 2013-010 are included within the construction documents, except as follows:

- a. Tankless gas water heater: minimum 0.80 EF or less. Tankless electric water heaters are indicated in the plans and Applicant is seeking a waiver for this item as further explained below.
3. Total Development Costs have increased by \$1,898,636 since the Application due to increases in construction costs, cost of issuance and developer fee. The Developer notes that actual bids received for subcontractors are substantially greater than originally expected due to the increased demand of construction in South Florida. The Developer also had to rebid certain subcontractors to ensure compliance with the Wage Determinations required by Davis Bacon.

Strengths:

1. The Development Team has demonstrated the ability to successfully develop and operate affordable multifamily rental communities using a variety of different subsidies.
2. Strong demand for affordable housing with a family demographic commitment exists within the submarket as evidenced by a capture rate of 1.11% for income-qualified households with the propensity to rent and weighted average occupancy rates of 97% for comparable properties.
3. The Development has good affordability compared to the concluded market rents as the achievable restricted rents for the affordable units are 31% to 69% less than the average rent for market rate units identified in the appraisal.

Other Considerations:

None

Issues and Concerns:

1. Jorge Lopez, Leon Wolfe, and Mara Mades each, individually, provided an executed Statement of Financial and Credit Affairs effective as of March 11, 2014. The statement identifies the following issues:
 - The Cornerstone Group and certain affiliated entities are named in an active lawsuit where there is a material monetary claim that may be rendered. Stuart Meyers and Stuart I. Meyers Family Partnership, Ltd. filed a complaint against Jorge Lopez, Mara Mades, Leon Wolfe, and various affiliated entities identified in the Applicant entity's formation documents. There is a pending hearing before a general magistrate to resolve the discovery disputes and settlement proposals have been exchanged with the plaintiff. This recommendation is contingent upon resolution of the lawsuit to the satisfaction of Florida Housing and its legal counsel.
 - Over the past ten years, affiliates of The Cornerstone Group have restructured, modified the terms, or satisfied eleven loans outside the original terms and conditions in order to avoid foreclosure or legal proceedings.

Mitigant: The Cornerstone Group has had recent success in obtaining financing from multiple sources including traditional lenders and public subsidy providers to complete eight affordable housing communities in the past five years. The Cornerstone Group additionally expects to complete an additional three affordable housing communities within the current year.

Waiver Requests:

1. The Applicant submitted a letter dated May 13, 2014 for a waiver request to Florida Housing. RFA 2013-010 requires the Development install certain Green Building items in all Family Demographic Developments, including water heating in each unit that meets or exceeds minimum efficiency specifications. Specifically, the Applicant asks Florida Housing to waive the requirement of "Tankless gas water heater: minimum .80 EF" in favor of a tankless electric water heater. The specifications provided by the Applicant show the electric tankless water heater has an energy efficiency rating of .998 EF, which exceeds the efficiency requirement for a tankless gas water heater.

Special Conditions:

1. The executed construction contract did not include the required Davis Bacon and Section 3 addendums, applicable Wage Determinations and HUD Form 4010. Receipt of the executed addendums, applicable Wage Determinations and HUD Form 4010 is a condition precedent to MMRB and HOME loan closing.
2. A firm commitment for the purchase of the bonds with terms and conditions that are not substantially different than those utilized in this credit underwriting report is a condition precedent to MMRB and HOME loan closing.
3. Audited financial statements, financial statements compiled or reviewed by a licensed Certified Public Accountant, or unaudited financial statements prepared by an independent licensed Certified Public Accountant within the last 90 days for the Guarantors is a condition precedent to MMRB and HOME loan closing.
4. Completion of a site inspection by the Credit Underwriter is a condition precedent to MMRB and HOME loan closing.

Additional Information:

1. The non-competitive application prohibits a material change (33.3 percent or more of the Applicant, a general partner of the Applicant, or a member of the Applicant) in the ownership structure until after the MMRB and HOME loan closing. However, since the time of application, an affiliate of Tacolcy Economic Development Corporation ("Tacolcy") was admitted as a 51% general partner in the Applicant. **The Applicant shall complete the necessary actions and provide satisfactory evidence that removes Tacolcy as a co-General Partner to the satisfaction of Florida Housing, its legal counsel and the Credit Underwriter as a Special Condition to the MMRB and HOME loan closing.** Pursuant to the non-competitive application, the Applicant would be allowed to re-admit Tacolcy as a co-General Partner following MMRB and HOME loan closing, subject to Board approval.
2. Total Development Costs less land acquisition cost of \$194,304 per unit is within the limit of \$206,000 per unit established by FHFC for garden style, new construction developments in the Modification of RFA 2013-010.

Recommendation:

AmeriNational recommends the issuance of MMRB in the amount of \$11,900,000, an award of a HOME loan under RFA 2013-010 in the amount of \$2,450,000, and an annual allocation of \$910,332 of 4% HC to the Applicant for the construction and permanent phase financing of the Development.

When utilizing a 1.00 to 1.00 debt service coverage ratio required by the State Board of Administration in their fiscal sufficiency determination, the current net operating income at the current interest rate would support a permanent tax-exempt bond amount of \$4,880,000.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A), and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the Multifamily Mortgage Revenue Bond and HOME Loan Conditions and HC Contingencies (Section B). This recommendation is only valid for six months from the date of the report. The reader is cautioned to refer to these sections for complete information.

Prepared by:



Kyle Kuenn
Credit Underwriter

Reviewed by:



Mark Fredericks
Senior Vice President Multifamily Services

Overview

Construction Financing Sources:

Source	Lender	Applicant's Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Debt Service During Construction
First Mortgage	Chase/FHFC MMRB	\$10,500,000	\$11,900,000	\$11,900,000	3.15%	\$414,138
Second Mortgage - HOME	Florida Housing	\$0	\$0	\$2,450,000	0.00%	\$0
Third Mortgage - Surtax	Miami-Dade County	\$5,900,000	\$7,450,000	\$4,657,513	0.00%	\$0
HC Equity	SunTrust	\$3,186,800	\$3,162,600	\$3,162,600		
Deferred Developer Fee	Developer	\$2,476,583	\$2,123,774	\$1,791,906		
Total :		\$22,063,383	\$24,636,374	\$23,962,019		\$414,138

Proposed First Mortgage Loan:

The Developer will utilize an \$11,900,000 MMRB allocation issued by Florida Housing to finance the construction of the Development. The Applicant provided a letter dated April 10, 2014 prepared and executed by JPMorgan Chase Bank, N.A. ("Chase") that illustrates the terms and conditions of the purchase of the MMRB. Chase will purchase tax-exempt bonds up to \$11,900,000 to be issued by Florida Housing, the proceeds of which will fund a proposed construction loan up to \$11,900,000. The terms outlined in the letter include: a term of 24 months with one conditional 6 month extension available for a fee equal to 0.25% of the remaining loan commitment amount, and an interest only, fixed rate equal to 30-Day LIBOR (presently at 0.19%) plus a 2.00% spread adjusted monthly on a 360 day basis. AmeriNational added 24 bps for the Issuer Fee, 8 bps for Issuer Compliance Fee (estimated to be \$2,943 based on number of units and set-aside period or minimum of \$2,928), 14 bps for the Trustee Fee (\$5,000 annually), and 50 bps for an underwriting cushion to derive the "all-in" interest rate of 3.15% during the construction phase.

Proposed Second Mortgage Loan – RFA 2013-010 HOME Investment Partnerships:

The Applicant submitted an application in response to Florida Housing’s Request for Applications 2013-010 for Financing of Affordable Multifamily Housing Developments with HOME Funding to be used in conjunction with FHFC issued MMRB and non-competitive Housing Credits requesting \$2,450,000 of HOME funding. The HOME loan will have a term of 20 years, which is the minimum allowed for new construction according to Rule Chapter 67-48.020 F.A.C. The FHFC Board of Directors determined an interest rate of 0% for all HOME loans issued under RFA 2013-010 at the December 13, 2013 FHFC Board of Directors meeting.

Proposed Third Mortgage Loan – Miami-Dade County Surtax:

The Applicant received a total allocation of Surtax funds of \$8,400,000 from the Miami-Dade County Department of Public Housing and Community Development ("PHCD"). PHCD allocated an amount up to \$3,300,000 under the Fiscal Year 2012 Consolidated Request for Applications, \$2,600,000 under the

Fiscal Year 2013 Consolidated Request for Applications, and \$2,500,000 under the Fiscal Year 2014 Consolidated Request for Applications. Terms and conditions of the Surtax Loan for a multifamily rental development by a “Not-for-profit” developer include zero percent interest for the construction period of up to twenty-four months followed by a 30 year permanent term. Further restrictions of the Surtax Loan include a maximum overall Debt Service Coverage Ratio (“DSCR”) of 1.25 and a minimum 1.10 DSCR. AmeriNational estimates \$4,660,901 of Surtax funds will be utilized during construction as a portion of the allocated Surtax funds will be used to redeem the MMRB at permanent loan conversion and; therefore, are unlikely to be needed during construction.

Additional Construction Sources of Funds:

The Applicant provided a letter of interest dated March 2, 2014 from SunTrust Community Capital, LLC (“Suntrust”) that outlines the terms and conditions of the purchase of the HC. Suntrust, through an affiliated entity will provide a net equity investment of \$9,036,000 in exchange for a 99.99% limited partnership ownership interest and a proportionate share of the total HC allocation estimated by SunTrust to be \$8,647,371. The HC allocation will be syndicated at a rate of approximately \$1.045 per \$1.00 of delivered tax credits. An initial HC equity infusion of \$1,355,400 will be available at construction loan closing, which satisfies the 15% requirement. A total of \$3,162,600 of HC equity proceeds will be available during the construction period.

Deferred Developer Fee:

It is estimated the Applicant will be required to defer \$1,791,906 of the total developer fee during the construction phase. SunTrust limits the payment of the developer fee during construction to 50% of the total non-deferred fee with 15% payable at admission of the investor entity to the limited partnership and the remaining 35% paid throughout the construction draw process.

The total construction period is estimated to be approximately 12 months, with stabilization occurring 6 months after achieving 90% occupancy, which is supported by the delivery of units on the construction schedule and absorption estimates provided by the appraisal.

MMRB, HOME AND HC CREDIT UNDERWRITING REPORT

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Permanent Financing Sources:

Source	Lender	Applicant's Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Amortization Years	Term Years	Annual Debt Service
First Mortgage	Chase/FHFC MMRB	\$3,800,000	\$3,600,000	\$3,600,000	7.13%	30	15	\$291,280
Second Mortgage - HOME	Florida Housing	\$2,450,000	\$2,450,000	\$2,450,000	0.28555%	n/a	20	\$6,996
Third Mortgage - Surtax	Miami-Dade County	\$5,900,000	\$8,400,000	\$8,400,000	0.23%	n/a	30	\$19,320
HC Equity	SunTrust	\$7,967,000	\$9,036,000	\$9,036,000				
Impact Fee Refund	Miami-Dade County	\$0	\$449,712	\$0				
Deferred Developer Fee	Developer	\$1,946,383	\$700,662	\$476,019				
Total :		\$22,063,383	\$24,636,374	\$23,962,019				\$317,596

Proposed First Mortgage Loan:

After the initial 24 month construction period, the other sources of funds identified herein will be used to reduce the \$11,900,000 construction loan to \$3,600,000 ("Permanent Loan") or such other amount as determined by Chase at permanent loan conversion. The following conditions must be met in order to convert to permanent financing: 1) the construction loan has been reduced to the permanent loan amount and all accrued interest is paid in full; 2) achievement of a 1.20 Debt Service Coverage for all mortgages, 3) achievement of 90% economic and physical occupancy for 90 consecutive days, and 4) a 10-year pro forma forecast that shows annual DSC of 1.0x or greater based on annual revenue growth rate of 2% and annual expense growth rate of 3%.

Terms and conditions of the Permanent Loan include a 17 ½-year term from the date of construction loan closing resulting in an effective permanent loan term of 15 years and a 30-year amortization period. The Chase LOI indicates the interest rate will be locked at Construction Loan closing and the current indicative rate is 6.40%. AmeriNational added 24 bps for the annual issuer fee, 2.3 bps for FHFC Servicer fees, 8 bps for Compliance Monitoring fees, 14 bps for trustee fees and a 25 bps underwriting cushion for an "all-in" fixed interest rate equal to 7.13%.

Proposed Second Mortgage Loan – RFA 2013-010 HOME Investment Partnerships (HOME):

The Applicant submitted an application in response to FHFC's Request for Applications 2013-010 ("RFA 2013-010") for Financing of Affordable Multifamily Housing Developments with HOME Funding to be used in conjunction with FHFC issued MMRB and non-competitive Housing Credits requesting \$2,450,000 of HOME funding. The HOME loan will be due and payable at the expiration of its term of 20 years, which is the minimum allowed for new construction according to Rule Chapter 67-48.020 F.A.C. The FHFC Board of Directors determined an interest rate of 0% for all HOME loans issued under RFA 2013-010 at the December 13, 2013 FHFC Board of Directors meeting. Annual payments of all applicable fees will be required. Fees include Servicing Fees (25 bps, or \$6,125, with a minimum annual payment of \$2,400) and Compliance Monitoring Fees (\$871 or 3.555 bps). The Compliance Monitoring Fee shall be adjusted January 1 of each year, but not decreased, based on the South Region Consumer Price Index for the twelve month period ending each November 30th. This automatic increase shall not exceed 3% of the prior year's fee. Inclusive of all applicable fees, AmeriNational underwrites an "all-in" interest rate of 0.28555%.

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Proposed Third Mortgage Loan – Miami-Dade County Surtax:

The Applicant received a total allocation of Surtax funds of \$8,400,000 from the Miami-Dade County Department of Public Housing and Community Development (“PHCD”). PHCD allocated an amount up to \$3,300,000 under the Fiscal Year 2012 Consolidated Request for Applications, \$2,600,000 under the Fiscal Year 2013 Consolidated Request for Applications, and \$2,000,000 under the Fiscal Year 2014 Consolidated Request for Applications. Surtax Loan rules for a multifamily rental development by a “Not-for-profit” developer require a 30 year permanent term which follows the construction period. During the permanent term, the Surtax Loan will have 0% interest during a compliance period of 2 years and then will accrue interest at a blended interest rate of 0.23%, based upon available cash flow, for the remainder of the term. Further restrictions of the Surtax Loan include a maximum overall DSCR of 1.25 and a minimum 1.10 DSCR.

Additional Permanent Sources of Funds:

The Applicant provided a letter of interest dated March 2, 2014 from SunTrust Community Capital, LLC (“Suntrust”) that outlines the terms and conditions of the purchase of the HC. Suntrust, through an affiliated entity will provide a net equity investment of \$9,036,000 in exchange for a 99.99% limited partnership ownership interest and a proportionate share of the total HC allocation estimated by SunTrust to be \$8,647,371. The HC equity contributions are estimated to be paid as follows:

Capital Contributions	Amount	Percent of Total	Due upon
1st Installment	\$1,355,400	15.00%	Admission to the partnership which is expected to be simulataneously with the construction loan closing.
2nd Installment	\$1,807,200	20.00%	Verification of 75% construction completion
3rd Installment	\$3,614,400	40.00%	Verification of construction completion in accordance with plans and specifications.
4th Installment	\$1,581,300	17.50%	Later of application for 8609s, final cost certification, 90% physical occupancy, achievement of 1.15 DSC for 3 consecutive months.
5th Installment	\$677,700	7.50%	Later of receipt of 8609s, stabilized physical occupancy of 93% for at least 3 consecutive months, permanent loan conversion, achievement of 1.20 DSC for 3 consecutive months.
Total:	\$9,036,000	100%	

Annual Credits Per Syndication Agreement	\$864,737
Total Credits Per Syndication Agreement	\$8,647,371
Calculated HC Rate:	\$1.045
Limited Partner Ownership Percentage	99.99%
Proceeds During Construction	\$3,162,600

Deferred Developer Fee:

In order to cover any financial shortfalls, the Applicant is estimated to permanently defer \$476,019 of the total developer fee after stabilization.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR	HOME Ineligible Costs - CUR
Accessory Buildings	\$150,000	\$475,000	\$475,000	\$4,241	\$0	\$0
New Rental Units	\$8,606,638	\$9,200,300	\$9,200,300	\$82,146	\$0	\$0
Recreational Amenities	\$129,029	\$238,736	\$238,736	\$2,132	\$0	\$0
Site Work	\$1,800,000	\$1,950,000	\$1,950,000	\$17,411	\$0	\$0
General Conditions	\$0	\$711,842	\$711,842	\$6,356	\$0	\$0
Overhead	\$0	\$237,280	\$237,280	\$2,119	\$0	\$0
Profit	\$1,402,333	\$711,842	\$711,842	\$6,356	\$0	\$0
Payment and Performance Bonds	\$0	\$125,000	\$125,000	\$1,116	\$0	\$0
Total Construction Contract/Costs	\$12,088,000	\$13,650,000	\$13,650,000	\$121,875	\$0	\$0
Hard Cost Contingency	\$604,600	\$676,250	\$682,500	\$6,094	\$0	\$0
Total Construction Costs:	\$12,692,600	\$14,326,250	\$14,332,500	\$127,969	\$0	\$0

Notes to Actual Construction Costs:

1. The Applicant provided a Standard Form of Agreement Between the Owner and Contractor where the basis of payment is stated to be a lump sum in the amount \$13,525,000 (the "Construction Contract"). The Construction Contract was entered into as of March 3, 2014 and is executed by the Applicant and CSG Construction, LLC (the "General Contractor"). It contains a production schedule indicating completion within 365 days from the date of commencement. Retainage of ten percent (10%) will be withheld from each application of funds until fifty percent (50%) of the work is completed and no further retainage shall be withheld thereafter, which is in conformance with the retainage requirements illustrated in Rule Chapters 67-21 and 67-48 F.A.C. The executed construction contract did not include the required Davis Bacon and Section 3 addendums, applicable Wage Determinations and HUD Form 4010. Receipt of the executed addendums, applicable Wage Determinations and HUD Form 4010 is a Special Condition precedent to the MMRB and HOME loan closing.
2. A plan and cost review dated April 25, 2014 was performed by GLE Associates, Inc. ("GLE"). GLE concludes the cost as detailed in the Construction Contract averages to \$120,758 per unit and is within an acceptable range as compared to documented similar type projects.
3. A hard cost contingency of 5% of the total construction contract was utilized by AmeriNational, which is within the maximum for new construction per Rule Chapters 67-21 and 67-48 F.A.C. and is supported by the plan and cost review.
4. General Contractor's Fee (consisting of general requirements, overhead, and profit) is within the industry standards of 14.0% and is within the maximum permitted by Rule Chapters 67-21 and 67-48 F.A.C. The General Contractor's Fee is calculated exclusive of payment and performance bonds.
5. The General Contractor will secure a Payment and Performance Bond to secure the Construction Contract and its cost is exclusive of the Construction Contract's schedule of values.

MMRB, HOME AND HC CREDIT UNDERWRITING REPORT

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GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR	HOME Ineligible Costs - CUR
Accounting Fees	\$40,000	\$50,000	\$50,000	\$446	\$0	\$0
Appraisal	\$12,500	\$12,500	\$12,500	\$112	\$0	\$0
Architect's Fee - Site/Building Design	\$140,000	\$201,600	\$140,102	\$1,251	\$0	\$0
Architect's Fee - Supervision	\$16,800	\$22,400	\$6,000	\$54	\$0	\$0
Building Permits	\$270,000	\$298,015	\$298,015	\$2,661	\$0	\$0
Builder's Risk Insurance	\$89,600	\$112,000	\$112,000	\$1,000	\$0	\$0
Engineering Fees	\$95,200	\$112,000	\$73,500	\$656	\$0	\$0
Environmental Report	\$15,000	\$35,000	\$35,000	\$313	\$0	\$0
Federal Labor Standards Monitoring	\$0	\$0	\$16,056	\$143	\$0	\$0
FF&E paid outside Construction Contract	\$135,000	\$120,000	\$120,000	\$1,071	\$0	\$0
FHFC Administrative Fees	\$60,996	\$69,582	\$72,827	\$650	\$72,827	\$72,827
FHFC Application Fee	\$6,500	\$3,000	\$6,500	\$58	\$6,500	\$6,500
FHFC Credit Underwriting Fee	\$21,722	\$42,418	\$21,941	\$196	\$21,941	\$21,941
FHFC HC Compliance Fee (HC)	\$104,574	\$0	\$0	\$0	\$0	\$0
Impact Fee	\$1,166,791	\$1,180,844	\$755,767	\$6,748	\$0	\$0
Lender Inspection Fees / Const Admin	\$24,000	\$50,000	\$50,000	\$446	\$0	\$0
Insurance	\$61,600	\$67,200	\$67,200	\$600	\$0	\$0
Legal Fees	\$145,000	\$240,000	\$240,000	\$2,143	\$65,000	\$0
Local Subsidy Underwriting Fee	\$0	\$0	\$7,000	\$63	\$0	\$0
Market Study	\$5,000	\$5,000	\$4,250	\$38	\$0	\$0
Marketing and Advertising	\$120,000	\$175,000	\$175,000	\$1,563	\$175,000	\$0
Plan and Cost Review Analysis	\$2,500	\$0	\$5,150	\$46	\$0	\$0
Property Taxes	\$125,000	\$125,000	\$125,000	\$1,116	\$0	\$0
Soil Test	\$20,000	\$0	\$0	\$0	\$0	\$0
Survey	\$35,000	\$35,000	\$35,000	\$313	\$0	\$0
Title Insurance and Recording Fees	\$145,000	\$125,000	\$125,000	\$1,116	\$85,000	\$0
Utility Connection Fees	\$224,000	\$273,000	\$273,000	\$2,438	\$0	\$0
Soft Cost Contingency	\$0	\$135,000	\$153,376	\$1,369	\$0	\$0
Total General Development Costs:	\$3,081,783	\$3,489,559	\$2,980,184	\$26,609	\$426,268	\$101,268

Notes to the General Development Costs:

1. AmeriNational reflects actual costs for the appraisal, market study, and plan and cost review analysis.
2. AmeriNational reflects the costs associated with the Architect's fees as stated in various invoices provided by the Applicant and an executed Schedule of Architectural Services between Burgos Lanza and Associates and the Applicant dated February 8, 2012.
3. AmeriNational reflects the costs associated with the Engineering fees as stated in various invoices provided by the Applicant and an executed letter between JCM Consultants, Inc. and the Applicant for engineering services dated February 8, 2012.
4. AmeriNational estimated the costs associated with the Federal Labor Standards Monitoring in accordance with the negotiated rates as reflected in the 2014 Amended Fee Schedule between the Florida Housing and its Servicers.
5. The FHFC Administrative Fee is equal to 8% of the Underwriter's estimate of the annual Housing Credit Allocation.
6. Impact Fees are due to both the City of Miami Gardens and Miami-Dade County; however, the City and the County waives or refunds a portion of gross impact fees for affordable housing developments. An estimate of net impact fees is illustrated within the development budget.
7. A soft cost contingency of 5% has been underwritten in accordance with Rule Chapters 67-21 and 67-48 F.A.C. and may be utilized by the Applicant in the event soft costs exceed these estimates.

MMRB, HOME AND HC CREDIT UNDERWRITING REPORT

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8. The remaining general development costs appear reasonable.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR	HOME Ineligible Costs - CUR
Construction Loan Origination Fee	\$105,000	\$119,000	\$105,000	\$938	\$0	\$0
Construction Loan Interest	\$377,000	\$469,000	\$414,138	\$3,698	\$85,000	\$0
Permanent Loan Origination Fee	\$38,000	\$37,500	\$36,000	\$321	\$38,000	\$0
Permanent Loan Closing Costs	\$403,000	\$0	\$0	\$0	\$0	\$0
FHFC Bond Underwriting Fee	\$0	\$29,750	\$29,750	\$266	\$0	\$0
FHFC Bond Origination Fee	\$0	\$45,600	\$47,600	\$425	\$0	\$0
FHFC Bond Commitment Fee	\$0	\$20,000	\$20,000	\$179	\$0	\$0
FHFC Bond Trustee Fee	\$0	\$12,000	\$12,000	\$107	\$0	\$0
FHFC Bond Closing Costs	\$0	\$21,150	\$21,150	\$189	\$0	\$0
Reserves - Operating Deficit	\$229,000	\$229,000	\$229,000	\$2,045	\$229,000	\$229,000
Financial Advisor Fee	\$0	\$30,000	\$30,000	\$268	\$0	\$0
Legal Fees - Bond Counsel	\$0	\$100,000	\$100,000	\$893	\$0	\$0
Legal Fees - Borrower's Counsel	\$0	\$95,000	\$95,000	\$848	\$0	\$0
Legal Fees - Issuer's Counsel	\$0	\$25,000	\$25,000	\$223	\$0	\$0
Total Financial Costs:	\$1,152,000	\$1,233,000	\$1,164,638	\$10,399	\$352,000	\$229,000

Notes to the Financial Costs

1. Financial costs were derived from the representations illustrated in the letters of intent for equity and construction and permanent financing and appear reasonable to AmeriNational.
2. An interest reserve for the Construction Loan is supported by the MMRB Loan rate illustrated in the letter provided by Chase, the duration of construction referenced in the Construction Contract, the absorption period estimated in the market study and the resulting calculation completed by AmeriNational through the use of a construction draw schedule.
3. The letter provided by SunTrust outlining the terms and conditions for which an equity investment would be made in the limited partnership requires an operating deficit reserve of \$229,000 to be funded at the Fourth Equity Installment.
4. Cost of Issuance is associated with the MMRB and includes certain origination and multiple legal counsel fees, as well as syndication fees. The costs are based upon financing commitments and the Applicant's estimates.

OTHER DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR	HOME Ineligible Costs - CUR
Development Cost Before Developer Fee	\$16,926,383	\$19,048,809	\$18,477,322	\$164,976	\$778,268	\$330,268
Developer Fee	\$2,937,000	\$3,387,565	\$3,284,697	\$29,328	\$0	\$0
Total Other Development Costs:	\$2,937,000	\$3,387,565	\$3,284,697	\$29,328	\$0	\$0

Notes to the Other Development Costs:

1. Developer Fee of \$3,284,697 is calculated at 18% of of Development Costs before Land excluding the Operating Deficit Reserve and is within the limits for tax exempt bond transactions permitted by Rule Chapter 67-21 F.A.C.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR	HOME Ineligible Costs - CUR
Land	\$2,200,000	\$2,200,000	\$2,200,000	\$19,643	\$2,200,000	\$0
Total Acquisition Costs:	\$2,200,000	\$2,200,000	\$2,200,000	\$19,643	\$2,200,000	\$0
TOTAL DEVELOPMENT COSTS:	\$22,063,383	\$24,636,374	\$23,962,019	\$213,947	\$2,978,268	\$330,268

Notes to Land Acquisition Costs:

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1. A Simple Form Purchase Agreement was executed between CE Land Partners, LLC and the Applicant for the purchase of the Development's site for the sum of \$2,200,000. The agreement states the transaction must be completed prior to June 30, 2013. The agreement is not representative of an arm's length transaction.
2. An Appraisal performed by Clobus, McLemore & Duke, Inc. concludes the "as is" market value of the real estate to be \$2,465,000 which supports the purchase price.

TOTAL DEVELOPMENT COSTS:	\$22,063,383	\$24,636,374	\$23,962,019	\$213,947	\$2,978,268	\$330,268
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Notes to Total Development Costs:

1. Total Development Costs have increased by \$1,898,636 since the Application due to increases in construction costs, cost of issuance and developer fee.
2. Total Development Costs less land acquisition cost of \$194,304 per unit is within the limit of \$206,000 per unit established by FHFC for garden style, new construction developments in the Modification of RFA 2013-010.

OPERATING PRO FORMA

FINANCIAL COSTS:		Year 1	Year 1 Per Unit
OPERATING PRO FORMA			
INCOME:	Gross Potential Rental Income	\$1,019,112	\$9,099
	Other Income		\$0
	Miscellaneous	\$37,000	\$330
	Washer/Dryer Rentals	\$40,320	\$360
	Gross Potential Income	\$1,096,432	\$9,790
	Less:		
	Economic Loss Percentage: 1.00%	\$10,964	\$98
	Physical Vac. Loss Percentage: 3.00%	\$32,893	\$294
	Collection Loss Percentage: 1.00%	\$10,964	\$98
	Total Effective Gross Income	\$1,041,610	\$9,300
EXPENSES:	Fixed:		
	Real Estate Taxes	\$119,184	\$1,064
	Insurance	\$61,600	\$550
	Variable:		
	Management Fee Percentage: 5.00%	\$52,081	\$465
	General and Administrative	\$50,400	\$450
	Payroll Expenses	\$134,400	\$1,200
	Utilities	\$89,600	\$800
	Marketing and Advertising	\$11,200	\$100
	Maintenance and Repairs/Pest Control	\$47,600	\$425
	Grounds Maintenance and Landscaping	\$22,400	\$200
	Contract Services	\$2,800	\$25
	Security	\$21,840	\$195
	Reserve for Replacements	\$33,600	\$300
	Total Expenses	\$646,705	\$5,774
Net Operating Income	\$394,906	\$3,526	
Debt Service Payments			
First Mortgage - FHFC MMRB	\$291,280	\$2,601	
Second Mortgage - FHFC HOME	\$6,996	\$62	
Third Mortgage - Surtax	\$19,320	\$173	
Total Debt Service Payments	\$317,596	\$2,836	
Cash Flow after Debt Service	\$77,310	\$690	
	Annual	Per Unit	
Debt Service Coverage Ratios			
DSC - First Mortgage	1.36	1.36	
DSC - Second Mortgage	1.32	1.32	
DSC - Third Mortgage	1.24	1.24	
DSC - All Mortgages and Fees	1.24	1.24	
Financial Ratios			
Operating Expense Ratio	62.09%		
Break-even Economic Occupancy Ratio (all debt)	87.95%		

MMRB, HOME AND HC CREDIT UNDERWRITING REPORT

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Notes to the Operating Pro forma and Ratios:

1. Gross Potential Rental Revenue is based upon 2014 HC Rent Limits schedule published on the FHFC website December 27, 2013 and HOME Rent Limits for the Miami-Miami Beach-Kendall, FL HUD Metro FMR Area published by the U.S. Department of Housing and Urban Development (“HUD”) as of May 1, 2014. The utility allowances used by CMD were derived from a letter from the Florida Power and Light Company dated February 18, 2014 that states a survey of residential customer’s system wide system use shows an annual electrical energy use based upon the square footage of the unit. Overall, the rents for the Development are at achievable levels confirmed by the appraiser and represent rental advantages of 31% - 69% over the attainable market rents for the area. A rent roll for the Development property is illustrated in the following table:

MSA (County): Miami-Ft. Lauderdale-Pompano Beach MSA (Miami-Dade)

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1.0	1.0	5	700	30%	\$382	\$637	\$0	\$65	\$0	\$317	\$316	\$316	\$316	\$18,960
1.0	1.0	2	700	50%	\$637	\$637	\$0	\$65	\$0	\$572	\$580	\$571	\$571	\$13,704
1.0	1.0	23	700	60%	\$765	\$0	\$809	\$65	\$0	\$700	\$699	\$698	\$698	\$192,648
2.0	2.0	7	1050	30%	\$459	\$765	\$0	\$86	\$0	\$373	\$373	\$372	\$372	\$31,248
2.0	2.0	2	1050	50%	\$765	\$765	\$0	\$86	\$0	\$679	\$687	\$678	\$678	\$16,272
2.0	2.0	37	1050	60%	\$918	\$0	\$973	\$86	\$0	\$832	\$832	\$831	\$831	\$368,964
3.0	2.0	5	1228	30%	\$530	\$884	\$0	\$103	\$0	\$427	\$427	\$426	\$426	\$25,560
3.0	2.0	2	1228	50%	\$884	\$884	\$0	\$103	\$0	\$781	\$791	\$780	\$780	\$18,720
3.0	2.0	29	1228	60%	\$1,061	\$0	\$1,115	\$103	\$0	\$958	\$958	\$957	\$957	\$333,036
		112	113508											\$1,019,112

The 23 Low HOME units committed to in the Applicant’s response to FHFC’s RFA 2013-010 were spread equally throughout the Development’s unit mix.

2. A 5.0% vacancy and collection loss rate was concluded by the appraisal based on comparables in the market. AmeriNational relied upon this figure for underwriting purposes.
3. Other Income is comprised of fees associated with washer/dryer rentals, bulk cable, and other income related to multifamily operations.
4. AmeriNational utilized a real estate tax expense of \$1,064 per unit based upon the current millage rate for the municipality and an estimated assessment of \$45,000 per unit presented by the appraiser. The estimate also took into account the income restrictions of the Development.
5. AmeriNational utilized an estimate of \$550 per unit for insurance, which is consistent with the appraisal. The figure used is consistent with insurance expenses for restricted rent comparables presented by the appraiser, which ranged from \$487 to \$871 per unit. The Development will be located in a flood zone designated “X”, which appears to lie outside of the 100-year and 500-year flood plains and will not require flood insurance.
6. The Applicant has submitted a Management Agreement executed as of December 14, 2012 between CSG Management Services, LLC (“CMS”) and the Applicant. The agreement states the initial term will be for three years and will automatically renew for one year periods. The Agreement provides for compensation to the Management Company in the amount of 5% of the total gross rental collections and was utilized herein. The appraisal concludes comparable properties reported a management fee between 3% and 6%.
7. Replacement Reserves of \$300 per unit per year are required by Rule Chapters 67-21 and 67-48 F.A.C. and is considered reasonable by AmeriNational.

8. Based upon an estimated Net Operating Income (“NOI”) of \$394,906 for the proposed development’s initial year of stabilized operations; the first mortgage loan can be supported by operations at a 1.36 to 1.00 Debt Service Coverage (“DSC”). The combined amount of all mortgage loans and fees yields a DSC ratio of 1.24 to 1.00 in the initial year of operations.
9. A 15-year Operating Pro forma attached hereto as Exhibit 1 reflects rental income increasing at an annual rate of 2% and expenses increasing at an annual rate of 3%

Section B

**Loan Conditions
&
HC Contingencies**

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and the Servicer, at least 30 days prior to real estate loan closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the loan closing date.

1. Resolution of the lawsuit described in the Issues and Concerns to the satisfaction of Florida Housing and its legal counsel.
2. The Applicant shall complete the necessary actions and provide satisfactory evidence that removes Tacolcy as a co-General Partner to the satisfaction of Florida Housing, its legal counsel and the Credit Underwriter.
3. Receipt of the executed Davis Bacon and Section 3 addendums to the construction contract, applicable Wage Determinations and HUD Form 4010.
4. A firm commitment for the purchase of the bonds with terms and conditions that are not substantially different than those utilized in this credit underwriting report.
5. Audited financial statements, financial statements compiled or reviewed by a licensed Certified Public Accountant, or unaudited financial statements prepared by an independent licensed Certified Public Accountant within the last 90 days for the Guarantors.
6. Completion of a site inspection by the Credit Underwriter.

General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and the Servicer at least 30 days prior to real estate loan closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the bond pricing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the Notice of Bond Sale.

1. Borrower is to comply with any and all recommendations noted in the Plan and Cost Review prepared by GLE Associates, Inc.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
3. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). An acceptable alternative to this requirement is receipt and satisfactory review of a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
4. Final sources and uses of funds itemized by source and line item, in a format and in amounts

approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.

5. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. MMRB Program loan proceeds shall be disbursed pro-rata with other funding sources during the construction period, unless otherwise approved by the Credit Underwriter. HOME Program loan proceeds shall be disbursed during the construction phase in an amount per Draw that does not exceed the ratio of the HOME loan to the Total Development Cost, unless approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.
6. During construction/rehabilitation, the developer is only allowed to draw a maximum of 50% of the total developer fee (developer fee minus acquisition developer fee) during construction/rehabilitation, but in no case more than the payable developer fee, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" during construction/rehabilitation will be allowed to be disbursed at closing. The remainder of the "developer's overhead" will be disbursed during the construction/rehabilitation on a pro rata basis, based on the percentage of completion of the Development, as approved by FHFC and Servicer. The remaining unpaid developer fee shall be considered attributable to "developer's profit" and may not be funded until the development has achieved 100% lien-free completion and retainage has been released.
7. Evidence of general liability, flood (if applicable), builder's risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, with coverages, deductibles and amounts satisfactory to Florida Housing.
8. If the development is not 100% lien-free completed, a 100% Payment and Performance Bond or a Letter of Credit (LOC) in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the GC and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds must be from a company rated at least "A-" by A.M. Best & Co with a financial size category of at least FSC VI. FHFC, and/or Legal Counsel must approve the source, amount(s), and all terms of the P&P bonds, or LOC. If the LOC option is utilized, the LOC must include "evergreen" language and be in a form satisfactory to the Servicer, Florida Housing, and its Legal Counsel.
9. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, as applicable.
10. A copy of the Amended and Restated Limited Partnership Agreement ("LPA") reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The LPA shall be in a form and of financial substance satisfactory to Servicer, Florida Housing, and its Legal Counsel.
11. Satisfactory resolution of any outstanding past due or non-compliance issues by closing of the loan(s).

This recommendation is contingent upon the review and approval by Florida Housing, and its Legal Counsel at least 30 days prior to real estate loan closing. Failure to receive approval of these items

within this timeframe may result in postponement of the bond pricing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the notice of bond sale.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/manager(s) of the Applicant, the guarantors, and any limited partners of the Applicant.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of MMRB and HOME loan closings, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.
4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the MMRB and HOME loan(s) naming Florida Housing as the insured. All endorsements required by Florida Housing shall be provided.
5. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loans have been satisfied.
6. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to Florida Housing.
7. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, and of any corporate guarantor and any manager;
 - b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
 - c. The loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement and;
 - e. Such other matters as Florida Housing or its legal counsel may require.
8. Evidence of compliance with local concurrency laws, if applicable.
9. UCC Searches for the Borrower, its partnerships, as requested by counsel.

10. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

This recommendation is also contingent upon the following additional conditions.

1. Compliance with all provisions of Sections 420.507 and 420.509, Florida Statutes, Rule Chapter 67-21, F.A.C., Rule Chapter 67-48 F.A.C., Rule Chapter 67-60 F.A.C., RFA 2013-010, Sections 420.507(22) and 420.5087, Florida Statutes, Rule Chapter 67-53, F.A.C., and any other State and Federal requirements.
2. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRB and HOME loan(s) in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note, the Loan Agreement(s), the Mortgage and Security Agreement, and the Land Use Restriction Agreement(s).
3. MMRB Program Loan: All amounts necessary to complete construction must be deposited with the Bond Trustee prior to Loan Closing, or any phased pay-in of amount necessary to complete construction shall be contingent upon an unconditional obligation, through a Joint Funding Agreement or other mechanism acceptable to Florida Housing, of the entity providing HC Equity payments (and evidence that 100% of such amount is on deposit with such entity at Loan Closing) to pay, regardless of any default under any documents relating to the HC as long as the First Mortgage continues to be funded.
4. If applicable, receipt and satisfactory review of financial statements from all guarantors dated within 90 days of real estate closing.
5. If applicable, Guarantors to provide the standard Florida Housing Construction Completion Guaranty; to be released upon lien-free completion as approved by the Servicer.
6. Guarantors are to provide the standard FHFC Operating Deficit Guaranty to be released upon achievement of an 1.15 Debt Service Coverage on the combined permanent first mortgage loan (Permanent Loan) and HOME loan, 90% occupancy, and 90% of the gross potential rental income, net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all as certified by an independent Certified Public Accountant ("CPA"). Notwithstanding the above, the Operating Deficit Guarantee shall not terminate earlier than three years following the final certificate of occupancy.
7. Guarantors are to provide the standard Florida Housing Environmental Indemnity Guaranty.
8. Guarantors are to provide the standard Florida Housing Guaranty of Recourse Obligations.
9. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the MMRB and HOME loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.
10. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee, the Bond Trustee or the Servicer. In the event the reserve account is held by the Servicer, the release of funds shall be at Florida Housing's sole discretion.
11. Replacement Reserves in the amount of \$300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves. New construction developments shall not be allowed to draw during the first five (5) years or until the establishment of a minimum balance equal to the accumulation of five (5) years of replacement

reserves per unit. The reserve shall be adjusted based on a capital needs assessment beginning no later than the 10th year after the first residential building receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("Initial Replacement Reserve Date"). A subsequent CNA is required no later than the 15th year after the Initial Replacement Reserve Date and subsequent assessments are required every five years thereafter.

12. GLE Associates, LLC, or other construction inspector acceptable for Florida Housing, will act as Florida Housing's inspector during the construction period.
13. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy.
14. Completion of a Davis-Bacon Federal Labor Standards pre-construction conference.
15. Satisfactory evidence of compliance with the Davis-Bacon Act, Section 3, and other applicable Federal Labor standards during the construction of this development. Evidence of compliance must be through satisfactory completion of a compliance audit by Florida Housing and its authorized subcontractor.
16. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.
17. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

HC Contingencies

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by AmeriNational and FHFC by the deadline established in the Preliminary Determination. Failure to resolve these contingencies within this timeframe may result in forfeiture of the HC allocation:

1. Closing of the MMRB and HOME loan consistent with the assumptions of this credit underwriting report.
2. Receipt and satisfactory resolution of any outstanding past due items or non-compliance issues according to the FHFC Past Due and/or Non-Compliance Reports.
3. Any other reasonable requirements of FHFC or AmeriNational.

MMRB, HOME AND HC CREDIT UNDERWRITING REPORT

ACS

Exhibit 1
Pelican Cove Apartments
15 Year Operating Pro forma

FINANCIAL COSTS:		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
OPERATING PRO FORMA																
INCOME:	Gross Potential Rental Income	\$1,019,112	\$1,039,494	\$1,060,284	\$1,081,490	\$1,103,120	\$1,125,182	\$1,147,686	\$1,170,639	\$1,194,052	\$1,217,933	\$1,242,292	\$1,267,138	\$1,292,480	\$1,318,330	\$1,344,697
	Miscellaneous	\$37,000	\$37,740	\$38,495	\$39,265	\$40,050	\$40,851	\$41,668	\$42,501	\$43,351	\$44,218	\$45,103	\$46,005	\$46,925	\$47,863	\$48,821
	Washer/Dryer Rentals	\$40,320	\$41,126	\$41,949	\$42,788	\$43,644	\$44,517	\$45,407	\$46,315	\$47,241	\$48,186	\$49,150	\$50,133	\$51,136	\$52,158	\$53,201
	Gross Potential Income	\$1,096,432	\$1,118,361	\$1,140,728	\$1,163,542	\$1,186,813	\$1,210,550	\$1,234,761	\$1,259,456	\$1,284,645	\$1,310,338	\$1,336,544	\$1,363,275	\$1,390,541	\$1,418,352	\$1,446,719
	Less:															
	Economic Loss Percentage: 1.00%	\$10,964	\$11,184	\$11,407	\$11,635	\$11,868	\$12,105	\$12,348	\$12,595	\$12,846	\$13,103	\$13,365	\$13,633	\$13,905	\$14,184	\$14,467
	Physical Vac. Loss Percentage: 3.00%	\$32,893	\$33,551	\$34,222	\$34,906	\$35,604	\$36,316	\$37,043	\$37,784	\$38,539	\$39,310	\$40,096	\$40,898	\$41,716	\$42,551	\$43,402
Collection Loss Percentage: 1.00%	\$10,964	\$11,184	\$11,407	\$11,635	\$11,868	\$12,105	\$12,348	\$12,595	\$12,846	\$13,103	\$13,365	\$13,633	\$13,905	\$14,184	\$14,467	
Total Effective Gross Income	\$1,041,610	\$1,062,443	\$1,083,691	\$1,105,365	\$1,127,473	\$1,150,022	\$1,173,022	\$1,196,483	\$1,220,413	\$1,244,821	\$1,269,717	\$1,295,112	\$1,321,014	\$1,347,434	\$1,374,383	
EXPENSES:	Fixed:															
	Real Estate Taxes	\$119,184	\$122,760	\$126,442	\$130,236	\$134,143	\$138,167	\$142,312	\$146,581	\$150,979	\$155,508	\$160,173	\$164,979	\$169,928	\$175,026	\$180,276
	Insurance	\$61,600	\$63,448	\$65,351	\$67,312	\$69,331	\$71,411	\$73,554	\$75,760	\$78,033	\$80,374	\$82,785	\$85,269	\$87,827	\$90,462	\$93,176
	Variable:															
	Management Fee Percentage: 5.00%	\$52,081	\$53,122	\$54,185	\$55,268	\$56,374	\$57,501	\$58,651	\$59,824	\$61,021	\$62,241	\$63,486	\$64,756	\$66,051	\$67,372	\$68,719
	General and Administrative	\$50,400	\$51,912	\$53,469	\$55,073	\$56,726	\$58,427	\$60,180	\$61,986	\$63,845	\$65,761	\$67,733	\$69,765	\$71,858	\$74,014	\$76,235
	Payroll Expenses	\$134,400	\$138,432	\$142,585	\$146,863	\$151,268	\$155,806	\$160,481	\$165,295	\$170,254	\$175,362	\$180,622	\$186,041	\$191,622	\$197,371	\$203,292
	Utilities	\$89,600	\$92,288	\$95,057	\$97,908	\$100,846	\$103,871	\$106,987	\$110,197	\$113,503	\$116,908	\$120,415	\$124,027	\$127,748	\$131,581	\$135,528
	Marketing and Advertising	\$11,200	\$11,536	\$11,882	\$12,239	\$12,606	\$12,984	\$13,373	\$13,775	\$14,188	\$14,613	\$15,052	\$15,503	\$15,969	\$16,448	\$16,941
	Maintenance and Repairs/Pest Control	\$47,600	\$49,028	\$50,499	\$52,014	\$53,574	\$55,181	\$56,837	\$58,542	\$60,298	\$62,107	\$63,970	\$65,890	\$67,866	\$69,902	\$71,999
	Grounds Maintenance and Landscaping	\$22,400	\$23,072	\$23,764	\$24,477	\$25,211	\$25,968	\$26,747	\$27,549	\$28,376	\$29,227	\$30,104	\$31,007	\$31,937	\$32,895	\$33,882
	Contract Services	\$2,800	\$2,884	\$2,971	\$3,060	\$3,151	\$3,246	\$3,343	\$3,444	\$3,547	\$3,653	\$3,763	\$3,876	\$3,992	\$4,112	\$4,235
	Security	\$21,840	\$22,495	\$23,170	\$23,865	\$24,581	\$25,319	\$26,078	\$26,860	\$27,666	\$28,496	\$29,351	\$30,232	\$31,139	\$32,073	\$33,035
	Reserve for Replacements	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$34,608	\$35,646	\$36,716	\$37,817	\$38,952	\$40,120
	Total Expenses	\$646,705	\$664,577	\$682,975	\$701,914	\$721,411	\$741,482	\$762,143	\$783,413	\$805,309	\$828,858	\$853,101	\$878,060	\$903,754	\$930,206	\$957,438
	Net Operating Income	\$394,906	\$397,866	\$400,717	\$403,451	\$406,062	\$408,540	\$410,879	\$413,070	\$415,104	\$415,963	\$416,616	\$417,052	\$417,260	\$417,228	\$416,944
	Debt Service Payments															
First Mortgage - FHFC MMRB	\$291,280	\$291,280	\$291,280	\$291,280	\$291,280	\$291,280	\$291,280	\$291,280	\$291,280	\$291,280	\$291,280	\$291,280	\$291,280	\$291,280	\$291,280	\$291,280
Second Mortgage - FHFC HOME	\$6,996	\$6,996	\$6,996	\$6,996	\$6,996	\$6,996	\$6,996	\$6,996	\$6,996	\$6,996	\$6,996	\$6,996	\$6,996	\$6,996	\$6,996	\$6,996
Third Mortgage - Surtax	\$19,320	\$19,320	\$19,320	\$19,320	\$19,320	\$19,320	\$19,320	\$19,320	\$19,320	\$19,320	\$19,320	\$19,320	\$19,320	\$19,320	\$19,320	\$19,320
Other Fees - Agency/Trustee/Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments	\$317,596	\$317,596	\$317,596	\$317,596	\$317,596	\$317,596	\$317,596	\$317,596	\$317,596	\$317,596	\$317,596	\$317,596	\$317,596	\$317,596	\$317,596	\$317,596
Cash Flow after Debt Service	\$77,310	\$80,270	\$83,121	\$85,855	\$88,466	\$90,945	\$93,284	\$95,474	\$97,508	\$98,367	\$99,020	\$99,456	\$99,664	\$99,632	\$99,349	
Debt Service Coverage Ratios																
DSC - First Mortgage	1.36	1.37	1.38	1.39	1.39	1.40	1.41	1.42	1.43	1.43	1.43	1.43	1.43	1.43	1.43	1.43
DSC - Second Mortgage	1.32	1.33	1.34	1.35	1.36	1.37	1.38	1.38	1.39	1.39	1.40	1.40	1.40	1.40	1.40	1.40
DSC - Third Mortgage	1.24	1.25	1.26	1.27	1.28	1.29	1.29	1.30	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31
DSC - All Mortgages and Fees	1.24	1.25	1.26	1.27	1.28	1.29	1.29	1.30	1.31	1.31	1.31	1.31	1.31	1.31	1.31	1.31
Financial Ratios																
Operating Expense Ratio	62.09%	62.55%	63.02%	63.50%	63.98%	64.48%	64.97%	65.48%	65.99%	66.58%	67.19%	67.80%	68.41%	69.04%	69.66%	
Break-even Economic Occupancy Ratio (all debt)	87.95%	87.82%	87.71%	87.62%	87.55%	87.49%	87.45%	87.42%	87.41%	87.49%	87.59%	87.70%	87.83%	87.98%	88.13%	

Exhibit 2
Pelican Cove (2014-299H/2014-109B)
Miami-Dade County

Description of Features and Amenities

A. *The Development will consist of:*

112 units located in 5 residential building.

Unit Mix:

Thirty (30) one bedroom/one bath units containing 700 square feet of heated and cooled living area; and

Forty-six (46) two bedroom/two bath units containing 1,050 square feet of heated and cooled living area; and

Thirty-six (36) three bedroom/two bath units containing 1,228 square feet of heated and cooled living area.

112 Total Units

The Development is to be constructed in accordance with the final plans and specifications approved by the appropriate city or county building or planning department or equivalent agency, and approved as reflected in the Pre-Construction Analysis prepared for Florida Housing or its Servicer, unless a change has been approved in writing by Florida Housing or its Servicer. The Development will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act and Americans with Disabilities Act ("ADA"), as applicable.

B. The Applicant commits to provide the following Optional Features and Amenities for All Developments:

1. Exercise room with appropriate equipment.
2. Community center or clubhouse.
3. Swimming pool.

C. The Applicant has committed to provide the following Green Building Features:

1. Programmable thermostat in each unit.
2. Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings.
3. FL Yards and Neighborhoods certification on all landscaping.
4. Eco-friendly cabinets – formaldehyde free, material certified by the Forest Stewardship Council.
5. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications in each unit:

Toilets: 1.6 gallons/flush or less; and
Faucets: 1.5 gallons/minute or less; and
Showerheads: 2.2 gallons/minute or less.

- D.** The Applicant has committed to provide the following Qualified Resident Program:
1. Resident Activities – These specified activities are planned, arranged, provided and paid for by the Applicant or its Management Company and held between the hours of 9:00 a.m. and 9:00 p.m. These activities must be an integral part of the management plan. The Applicant must develop and execute a comprehensive plan of varied activities that brings the residents together and encourages community pride. The goal here is to foster a sense of community by bringing residents together on a regularly scheduled basis by providing activities such as holiday and special occasion parties, community picnics, newsletters, children’s special functions, etc.
- E.** The Applicant has committed to provide the following General Features and Accessibility, Universal Design and Visitability Features:
1. Termite prevention;
 2. Pest control;
 3. Window covering for each window and glass door inside each unit;
 4. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development’s residents from a primary provider of cable or satellite TV;
 5. Full-size range and oven in all units;
 6. At least two full bathrooms in all 3 bedroom or larger new construction units;
 7. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units; and,
- F.** The Applicant has committed to meet all federal requirements and state building code requirements, including the following:
1. 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, Florida Statutes;
 2. The Fair Housing Act as implemented by 24 CFR 100;
 3. Section 504 of the Rehabilitation Act of 1973; and,
 4. Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR 35, incorporating the most recent amendments, regulations and rules.
- G.** The Applicant has committed to provide the following features in units that are located on an accessible route :
1. Primary entrance door shall have a threshold with no more than a ½-inch rise;
 2. All door handles on primary entrance door and interior doors must have lever handles;
 3. Lever handles on all bathroom faucets and kitchen sink faucets;
 4. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and,

5. Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.
- H. The Applicant has committed to provide the following General Features and Green Building Features:
1. Provide reinforced walls for future installation of grab bars that meet or exceed 2010 ADA Standards for Accessible Design around each tub/shower unit in each dwelling unit. At the request of and at no charge to a resident household, the Development shall purchase and install grab bars around each tub/shower unit in the dwelling unit. The product specifications and installation must meet or exceed 2010 ADA Standards for Accessible Design. The Development shall inform a prospective resident that the Development, upon a resident household's request and at no charge to the household, will install grab bars around a dwelling unit's tub/shower unit, pursuant to the 2010 ADA Standards. At a minimum, the Development shall inform each prospective lessee by including language in the Development's written materials listing and describing the unit's features, as well as including the language in each household's lease.
- I. The Applicant has committed to provide the following Green Building Features:
1. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);
 2. Low-flow water fixtures in bathrooms—WaterSense labeled products or the following specifications:

Toilets: 1.6 gallons/flush or less,
Faucets: 1.5 gallons/minute or less, and
Showerheads: 2.2 gallons/minute or less;
 3. Energy Star qualified refrigerator
 4. Energy Star qualified dishwasher
 5. Water heating minimum efficiency specifications (choose gas, electric, gas tankless, or boiler/hot water maker):

Gas:
30 gal = .63 EF; or
40 gal = .61 EF; or
50 gal = .59 EF; or
60 gal = .57 EF; or
70 gal = .55 EF; or
80 gal = .53 EF; or

Electric:
30 gal = .94 EF; or
40 gal = .93 EF; or
50 gal = .92 EF; or
60 gal = .91 EF; or
70 gal = .90 EF; or
80 gal = .89 EF; or

Tankless gas water heater: minimum .80 EF; or
Boiler or hot water maker:

< 300,000 Btu/h: 85% Et (thermal efficiency); or
300,000 Btu/h or higher: 80% Et;

Energy Star qualified ceiling fans with lighting fixtures in bedrooms;

Air Conditioning minimum efficiency specifications (choose in-unit or commercial):

In-unit air conditioning: minimum 14 SEER; or

Central chiller AC system—based on size:

0-65 KBtuh: Energy Star certified

>65-135 KBtuh: 11.3 EER/11.5 IPLV

>135-240 KBtuh: 11.0 EER/11.5 IPLV

>240 KBtuh: 10.6 EER/11.2 IPLV

Exhibit 3
HC Allocation Calculation

Section I – Qualified Basis Calculation

Total Development Cost	\$23,962,019
Less Land Costs	\$2,200,000
Less Federal Grants	\$0
Less Other Ineligible Costs	\$778,268
Total Eligible Basis	\$20,983,751
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	130%
Qualified Basis	\$27,278,876
Housing Credit Percentage (Federal allocation)	3.42%
Annual Housing Credit Allocation	\$932,938

Notes to the Eligible Basis Calculation:

1. The Development has a 100% set-aside; therefore, the applicable fraction is 100%.
2. The Development is located in a Difficult Development Area (“DDA”); therefore, a 130% basis credit was applied.
3. The Housing Credit percentage are 3.42% based on the rate for 4% non-competitive tax credits as of the date of the Applicant’s invitation into enter credit underwriting at risk (3.27%) plus 15 basis points.

Section II - Gap Calculation

Total Development Cost (including land and ineligible costs)	\$23,962,019
Less Mortgages	\$14,450,000
Less Grants	\$0
Equity Gap	\$9,512,019
HC Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$1.045
HC Required to meet Equity Gap	\$9,103,321
Annual HC Required	\$910,332

Notes to the Gap Calculation:

1. The Mortgage amounts include the MMRB allocation, Florida Housing HOME loan, and Miami-Dade County Surtax loan.
2. The HC Syndication Percentage to the Investment Partnership and Syndication Pricing are based upon the firm commitment letter dated March 2, 2014 by SunTrust.

Section III - Tax Credit 50% Test

Total DEPRECIABLE Cost	\$20,983,751
Plus: Land Cost	\$2,200,000
Equals Aggregate Basis	\$23,183,751
Tax Exempt Bond Amount	\$11,900,000
Plus GIC Income	\$0
LESS Debt Service Reserve	\$0
LESS Tax Exempt Proceeds Used for Cost of Issuance	\$0
Equals Tax Exempt Proceeds Used for Building and Land	\$11,900,000
Tax Exempt Proceeds as a Percentage of Aggregate Basis	51.33%

Notes to the Tax Credit 50% Test:

1. Based upon this analysis, the 50% Test is satisfactory.

Section IV – Summary

HC Per Qualified Basis	\$932,938
HC Per GAP Calculation	\$910,332
Annual HC Recommended	\$910,332

Notes to the Summary:

1. The Annual HC recommended is based upon the lower of the Qualified Basis or Gap Calculation; therefore, the Gap Calculation applies.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Pelican Cove Apartments

DATE: June 4, 2014

In accordance with the applicable Program Rule(s), the Applicant is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by the HFAPBC. The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the Applicant that the transaction can close within the allowed timeframe. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	Satis. / Unsatis.	
1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and/or status of site plan approval.	Satis.	
3. Permit Status.	Unsatis.	1
4. Pre-construction analysis ("PCA").	Satis.	
5. Survey.	Satis.	
6. Complete, thorough soil test reports.	Satis.	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
8. Market Study separate from the Appraisal.	Satis.	
9. Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors, and general contractor.	Satis.	
11. Resumes and experience of applicant, general contractor, and management agent.	Satis.	
12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Satis.	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
15. Firm commitment letter from the syndicator, if any.	Satis.	
16. Firm commitment letter(s) for any other financing sources.	Satis.	
17. Updated sources and uses of funds.	Satis.	
18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
19. Fifteen-year income, expense, and occupancy projection.	Satis.	

COMPLETENESS AND ISSUES CHECKLIST

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	Satis. / Unsatis.	
20. Executed general construction contract with "not to exceed" costs.	Unsatis.	2.
21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis	
22. Any additional items required by the credit underwriter.	Satis.	

NOTES AND DEVELOPER RESPONSES:

1. Permits will be submitted as they are received by the Developer and are a condition of MMRB and HOME Loan closing.
2. The executed construction contract did not include the required Davis Bacon and Section 3 addendums, applicable Wage Determinations and HUD Form 4010. Receipt of the executed addendums, applicable Wage Determinations and HUD Form 4010 is a condition precedent to the MMRB and Home Loan closing.