

SELTZER MANAGEMENT GROUP, INC.

17633 ASHLEY DRIVE
PANAMA CITY BEACH, FL 32413
TEL: (850) 233-3616
FAX: (850) 233-1429

July 22, 2014

VIA EMAIL

Mr. Ken Reecy
Florida Housing Finance Corporation
City Centre Building
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

RE: RFA 2014-105 – Smaller Permanent Supportive Housing Properties for Persons with
Developmental Disabilities
Windsong Place – 2014-397G

Dear Mr. Reecy:

At the request of Florida Housing Finance Corporation (“FHFC” or “Florida Housing”), Seltzer Management Group, Inc. (“SMG” or “Seltzer”), has reviewed the response to Request for Application from The Arc of Washington-Holmes Counties, Inc. (“Applicant”). Funding in the amount of \$60,000 is requested by Applicant for the purpose of renovating an existing Community Residential Home (“CRH”) currently occupied by persons with Developmental Disabilities. Applicant commits to provide 100% of the units to persons with Developmental Disabilities.

Applicant owns the existing CRH, which is presently configured as a one-story, 4-bedroom, 3-bath, home of 2,466 sq. ft. heated and cooled, that was constructed in 1970. The CRH offers shared housing to 5 residents with Developmental Disabilities. Applicant commits to serve 2 Extremely Low Income (“ELI”) residents earning 45% or less of the Area Median Income (“AMI”) and 3 Low Income residents earning 60% or less of AMI. The Affordability Period is 10 years.

Applicant proposes to retrofit the Windsong Place for improved accessibility and energy and to provide aging-in-place adaptations to improve daily life for its residents.

DEVELOPMENT & SET-ASIDES

Development Name: Windsong Place

Program Numbers: 2014-397G

Address: 863 2nd Street City: Chipley Zip Code: 32428

County: Washington County Size: Small

Development Category: Rehab Development Type: Single Family

Construction Type: Frame construction, over partial slab-on-grade and partial stemwall foundations

Demographic Commitment: Elderly: No Homeless: No ELI: 2 Units @ 45% AMI
Farmworker or Commercial Fish Worker: No Family: No Link: 0 Units

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Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Term Yrs.	Annual Debt
Grant	FHFC	\$60,000	\$60,000	\$60,000	N/A	N/A	\$0
Additional Equity	Developer	\$13,106	\$26,136	\$26,136	N/A	N/A	\$0
Total		\$73,106	\$86,136	\$86,136			\$0

Grant

Terms and conditions of the Grant funding will be embodied in the Restrictive Covenant and Grant Agreement and recorded in the Public Records of the county wherein the Subject Development is located. Violation of any material term or condition of the documents evidencing or securing the Grant shall constitute a default. The Grant funding is revocable if the Grant funds are used for any purpose not permitted under the Request for Application or Restrictive Covenant and Grant Agreement or if the funds were awarded or disbursed to Grantee based upon fraud or misrepresentation during the Compliance Period committed by the Grantee.

Other Funds

Applicant has reserved funds in the amount of \$26,136 to balance the Sources and Uses of Funds.

Use of Funds

<u>Construction Costs</u>		<u>RFA</u>	<u>REVISED</u>	<u>UW</u>
	Life Safety Features proposed	\$ -	\$ -	\$ -
	Energy Retrofit Features proposed	\$ 41,000	\$ 47,090	\$ 47,090
	Upgrades to allow residents to age in place	\$ 19,000	\$ 19,000	\$ 19,000
	New Construction costs	\$ -	\$ -	\$ -
	Other - Hard Cost Contingency	\$ -	\$ -	\$ -
	Other -	\$ -	\$ -	\$ -
TOTAL ACTUAL CONSTRUCTION COSTS		\$ 60,000	\$ 66,090	\$ 66,090

Scope of Work

Life-Safety Issues:

None

Energy Retrofit:

1. Replace shingle roof with new metal-seam roof.
2. Replace all exterior doors and frames with rot-free jambs and insulated steel doors.
3. Replace all windows.
4. Install new HVAC SEER 14 system and ducts. Seal mechanical closet.
5. Install new lighting and exhaust fans in bathrooms and move electrical outlets in garage bedroom.

Accessibility and Aging in Place Adaptations:

1. Install new concrete wheelchair ramp.
2. Demolition and removal of all bathroom fixtures. Removal of rotten flooring/floor joists, floor coverings and miscellaneous debris.
3. Restructure floor joists, rebuild subflooring, and remove/move walls as necessary.

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4. Remodel laundry bath by relocating dryer and ADA-compliant toilet and then installing new ADA-compliant tile roll-in shower, shower heads (including movable wand), lavatory, faucet and grab bars.
5. Remodel hall bath by removing tub, relocating shower and then installing new fiberglass shower insert and ADA-compliant shower heads (including movable wand), lavatory, faucet, toilet and grab bars.
6. Remodel corner bath by installing new fiberglass shower insert and ADA-compliant shower heads (including movable wand), lavatory, faucet, toilet, grab bars, and tilting mirror.
7. Install linen storage, replace bathroom ceilings, repair damaged sheetrock and install trim as necessary.
8. Install new carpet in bedrooms. Install new slip-resistant ceramic tile and quarter trim in dining room, hallways, kitchen and bathrooms.

Most of the work will be performed by Nick Dillard Construction, LLC, ("Dillard") Chipley, Florida. Applicant provided to SMG a copy of a January 17, 2014, Proposal/Schedule of Values in the amount of \$60,000. The HVAC work will be performed by Brian's Heating & Cooling, Inc. ("Brian"), Westville, Florida. Applicant submitted a \$6,090 proposal.

The Dillard and Brian proposals appear reasonable at this time.

See Exhibit A for Applicant's Scope of Work, consisting of the Dillard and Brian Proposals that total \$66,090.

See Exhibit B for Windsong Place Features and Amenities.

<u>General Development Costs</u>		<u>RFA</u>	<u>REVISED</u>	<u>UW</u>
Accounting Fees		\$ -	\$ -	\$ -
Appraisal (if applicable)		\$ -	\$ -	\$ -
Architect & Engineering Fees		\$ -	\$ -	\$ -
Builder's Risk Insurance		\$ -	\$ 400	\$ 400
Building Permit, Impact Fee(s)*, Connection Fee(s)		\$ 500	\$ 200	\$ 200
Transaction Screen Process (TSP) Environmental Report		\$ 1,500	\$ 1,650	\$ 1,650
FHFC Compliance Monitoring Fee (pre-paid)		\$ 1,000	\$ 1,000	\$ 1,000
FHFC Credit Underwriting Fees		\$ 2,500	\$ 2,500	\$ 2,500
FHFC Construction Draw & Inspection Costs		\$ 960	\$ 960	\$ 960
Insurance (Liability, during construction)		\$ -	\$ -	\$ -
Legal Fees		\$ -	\$ 2,000	\$ 2,000
Property Taxes (during construction)		\$ -	\$ -	\$ -
Survey		\$ -	\$ 400	\$ 400
Title Insurance & Recording Fees		\$ -	\$ 500	\$ 500
Other - Home, Blower Door and HVAC Inspections		\$ -	\$ 1,505	\$ 1,505
Other - Plan, Cost, Code, FHA, ADA Desk Audit		\$ -	\$ 500	\$ 150
Other - Soft Cost Contingency		\$ -	\$ -	\$ 350
TOTAL GENERAL DEVELOPMENT COST		\$ 6,460	\$ 11,615	\$ 11,615

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General Development Costs include costs associated with initial third-party inspection reports required by the RFA, including Transaction Screen Process ("TSP"), Home Inspection, Lead-Based Paint ("LBP"), Blower Door and ADA Desk Audit. They also include Permits, Survey, FHFC-Related Fees (Underwriting Fee, Construction Draws and Inspection Fees and Compliance Monitoring Fees), Legal Fees, Title and Recording Fees and Soft Cost Contingency.

Third Party Reports

Transaction Screen Process:

SMG received and reviewed a copy of a July 2, 2014, Limited Environmental Due Diligence-Transaction Screen Process ("TSP") Report by Professional Service Industries, Inc. ("PSI") Pensacola, Florida. PSI states its investigation was performed in general accordance with American Society of Testing and Materials ("ASTM") Standard Practice ASTM E 1528-06. PSA made a site reconnaissance of Windsong Place on June 26, 2014, and reviewed historical records and government records. PSA reported one state/tribal landfill and/or solid waste disposal site within 1.0 mile of the Subject Property and 4 state/tribal Leaking Storage Tank sites within one-half mile of Windsong Place.

Home Inspection Report:

SMG received and reviewed a copy of a May 22, 2014, Confidential Home Inspection Report and an Addendum dated June 12, 2014, by Cory Brookins (Florida License No. 463552 of Five Star Inspections ("5Star"), Lynn Haven, Florida. The 5Star report identified no life-safety issues, however it noted some minor electrical deficiencies:

1. A circuit added to the back porch for a ceiling fan was double-tapped into the #7 breaker.
2. An exposed electrical junction box and an improper 220v wire connection were located in the south side of the attic.
3. The north GFCI outlet in the third bathroom is not grounded and the east GFCI outlet did not trip when a manual ground fault was administered.

The 5Star report recommended a licensed electrician evaluate and make the necessary repairs. Applicant states its maintenance personnel addressed and repaired all of the electrical deficiencies cited by 5Star. Brian reviewed the electrical work and issued a positive report on same dated June 24, 2014.

The water meter box was observed to be holding water and the surrounding ground was saturated. The City of Chipley is responsible for leaks in the supply piping. The Chipley Water Department was notified and the leak was repaired.

The 5Star report contained the following deficiencies, to which the Grant funds from RFA 2014-105 will be applied (See Scope of Work, above):

1. The roof is 25 years old and at the end of its life expectancy. A hole in the roof was discovered. In addition, there were active leaks over the carport and living room and the kitchen vent boot was not properly sealed.
2. The roof/attic turbine vent over the great room has deteriorated bearings that can result in moisture penetration.
3. The joists and subfloor under the bathrooms have extensive moisture damage and were found to be saturated during the inspection.
4. O Rings in the master bathroom sink, the second bathroom tub/shower, the third bathroom shower and the kitchen sink faucets have deteriorated, causing them to drip continually. Cartridges in the valves should be replaced.
5. The HVAC system was operating properly, however the condensation piping in the crawlspace is damaged, the evaporator coil of the air handler was found to be coated in debris and the main HVAC trunk was not properly sealed above the air handler.

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Asbestos Containing Materials (“ACM”) Report:

SMG received and reviewed a July 3, 2014, Limited Pre-Renovation Asbestos Survey Report by PSI. PSI states it investigated for both friable and non-friable ACM, which is defined by the United States Environmental Protection Agency (“EPA”) as any material containing greater than 1.00% asbestos. Friable is defined as any material that, when dry, can be crumbled, pulverized or reduced to powder by hand pressure. PSI found non-friable ACM to the extent of 12% Chrysotile Asbestos in beige vinyl sheet flooring in the dining room. PSI states that ACM removal is regulated by the United States Occupational Safety and Health Administration (“OSHA”), but it is not required to be removed unless planned renovation activities will disturb the material. In a letter dated July 9, 2014, the Project manager for PSI states the vinyl in the dining room is currently in good condition and that a ceramic tile floor can be laid over it. The ceramic tile will encapsulate the vinyl flooring.

Lead-Based Paint (“LBP”) Report:

SMG received and reviewed a July 2, 2014, Lead-Based Paint Report by PSI stating it observed interior and exterior components of the house at 863 2nd Street in Chipley, Florida, with lead-based paint. EPA defines deteriorated paint as, “Any interior or exterior paint or coating that is peeling, chipping, chalking or cracking, or any paint or coating located on an interior or exterior surface or fixture that is otherwise damaged or separated from the substrate”. An area of deteriorated paint is considered *de minimis* if:

1. Less than 20 square feet on exterior surfaces.
2. Less than 2 square feet in any one interior room or space
3. Less than 10% of the total surface area on an interior or exterior component type with a small surface area (examples – window sill, baseboard or trim)

United States Department of Housing and Urban Development (“HUD”) and EPA regulations require that any deteriorated paint be controlled or abated regardless of the quantity. For lead hazard control or repair work involving amounts of paint less than the *de minimis* thresholds, regulations do not require the use of trained or certified workers, lead-safe working practices, occupant protection, clearance and notice to residents. HUD recommends such activities but does not require them. EPA exempts from its rules minor repairs and maintenance defined as:

1. 6 square feet or less of painted surface per room for interior activities
2. 20 square feet or less of painted surface for exterior activities provided that no prohibited work practices are used and the work does not involve window replacement, or demolition of painted surface areas.

PSI utilized X-Ray Fluorescence (“XRF”) Testing in accordance with HUD guidelines. Readings of 1.0 milligram per cubic centimeter are considered positive for LBP. PSI took a total of 108 XRF readings on the interior and exterior paint, with none of them indicating a lead concentration in excess of the allowable 1.0 milligram per cubic centimeter. LBP was found NOT to be present and therefore LBP abatement is not required.

HVAC Inspection:

Brian inspected the HVAC system in response to possible mold problems identified by the 5Star Home Inspection Report. Brian found extensive mold in the plenum, inside the air handler and on the vent covers. Brian suggested a new air handler, new ducts and vent covers.

Blower Test Report:

Tammy Dean, Florida Rater Certification No. 755 performed an Air Leakage Test, reporting effective May 23, 2014. Ms. Dean reported 100.74 Air Changes per Hour (“ACH”) at 50 pascals. This is a very high leakage rate. She identified the following as possible areas for improvement: seal fireplace, seal air handler closet, sliding glass door in the den needs to be replaced with a more energy efficient door, plumbing penetration under the sinks need to be sealed, the damper in the stove exhaust needs to be

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inspected for proper closure, weather strip all exterior doors, caulk around the duct supply boots in ceiling, and seal duct system. Many of these suggestions are part of the Windsong Place Scope of Work.

ADA Desk Audit:

SMG engaged an ADA Desk Audit at a cost of \$150 to be performed Jack D. Humburg, Director of Housing Development and ADA Services of Boley Centers, Inc. ("Humburg"), St. Petersburg, Florida. Seltzer's recommendation is contingent upon receipt and satisfactory review of the ADA Desk Audit prior to closing.

<u>Acquisition Costs</u>		<u>RFA</u>	<u>REVISED</u>	<u>UW</u>
	Land and Building	0	0	0

Applicant owns Windsong Place free and clear of mortgage. SMG was provided a copy of a July 26, 2002, Personal Representative Deed from the Estate of Myrtle Comer, deceased, Seller and The Arc of Washington-Holmes Counties, Inc., as Buyer. The Deed was recorded in the Official Records of Washington County on July 29, 2002, at Book 449, Page 160. SMG also received and reviewed a related June 26, 2002, Contract for Sale and Purchase of the Subject Property in the amount of \$110,000.

<u>Financial Costs</u>		<u>RFA</u>	<u>REVISED</u>	<u>UW</u>
	FHFC Origination Fee	\$ -	\$ 600	\$ 600
	*Other (explain in detail)	\$ -	\$ -	\$ -
	*Other (explain in detail)	\$ -	\$ -	\$ -
TOTAL FINANCIAL COSTS		\$ -	\$ 600	\$ 600

Applicant will pay at closing a FHFC Grant Fee equal to 1.00% of the \$60,000 grant amount.

<u>Total Development Costs</u>		<u>RFA</u>	<u>REVISED</u>	<u>UW</u>
	Developer Costs (from above)	\$ 66,460	\$ 78,305	\$ 78,305
	Developers Overhead	\$ 6,646	\$ 7,831	\$ 7,831
TOTAL DEVELOPMENT COST		\$ 73,106	\$ 86,136	\$ 86,136

Applicant has projected Developer Overhead in conformance with FHFC Guidelines.

Management Operations and the Ability to Pay Real Estate Taxes, Insurance and Capital Replacement Reserves:

Applicant has operated continuously for the past 38 years. As a Florida Non-Profit Corporation, it is exempt from Real Estate Taxes. Based upon input from staff, Operations and Capital Needs Budgets are prepared annually for a vote by Applicant's Board of Directors prior to the beginning of its fiscal year that runs from July 1st to June 30th. The Operations Budget contains line items for annual insurance premiums and ongoing repairs and maintenance. The Capital Needs Budget contains items for repair or replacement that are projected by staff to cost \$500 or more. Applicant has sufficient funds reserved to pay for the items in the Capital Needs Budget approved by the Directors.

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Developer:

Applicant was chartered October 21, 1974, in the State of Florida as the Washington-Holmes Association for Retarded Citizens, Inc. An August 25, 1992 Articles of Amendment to the Articles of Incorporation of Washington–Holmes Association for Retarded Citizens, Inc., were filed with the State of Florida on August 28, 1992, changing the name of the organization to The Arc of Washington-Holmes Counties, Inc. Records of the Florida Secretary of State indicate Applicant is an active corporation. Copies of the original Articles of Incorporation, Articles of Amendment and a current Florida Certificate of Status were provided to SMG. Its original Articles of Incorporation reflect the purposes of the organization to be:

1. To promote the general welfare of the mentally retarded wherever they may be,
2. To foster the development of programs in their behalf,
3. To encourage research related to mental retardation,
4. To advise and aid parents in the solution of their problems and to coordinate their efforts and activities,
5. To develop a better understanding of the problems of mental retardation by the public,
6. To cooperate with all public, private and religious agencies and professional groups in the furtherance of these ends,
7. To associate with and support financially the State and National Associations to promote the common cause,
8. To serve locally as a clearinghouse for gathering and giving out information regarding the mentally retarded, and
9. To solicit and receive funds for the accomplishment of the above purposes.

The Arc of Washington-Holmes Counties Inc., is governed by a Board of Directors of from 7 to 9 individuals living in Washington or Holmes Counties. All Officers shall be members of and selected by the Board of Directors. The immediate past President shall be a member of the Board of Directors.

Contact Information:

Name Sandy Pritchard, Executive Director
Address: 1335 South Boulevard
 Chipley, Florida, Florida 32428-2219
Phone: (850) 638-7517
Facsimile (850) 638-2977
Email sandywpritchard@arcwh.com

Federal Employer Identification No. 23-7402786

Experience:

Applicant provides comprehensive services to individuals 18 years of age and older with intellectual, physical and developmental disabilities. Services are provided in a variety of settings, ranging from day programs to community-based employment to group homes. Applicant currently employs 19 instructors who provide services to 63 adults participating in the Adult Day Training Program. Of the 63 participants, 46 are located in Washington County and 17 are located in Holmes County. The Arc of Washington-Holmes Counties, Inc., currently operates two CRH facilities, Country Lane and Windsong Place, that each house no more than 5 clients. Applicant employs 5 full-time and 4 part-time caregivers to serve the residential habilitation clients. Of these, 3 full-time and 2 part-time caregivers are assigned to Windsong Place. Applicant benefits from two registered nurse volunteers who assist with medication administration. The Executive Director, Residential Manager, Assistant Residential Manager and

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In-Center Manager rotate on-call duties on a weekly basis as a management tool and best practice to be able to respond to emergencies. Services/Activities provided to clients include assistance with self care and personal hygiene, leisure activities, meal preparation, home safety, community outings, supervision and administration of medications, medical appointment, transportation, safety training and other related living routines. The Arc of Washington-Holmes Counties, Inc., adheres to all rules, regulations and best practices of the Agency for Persons with Disabilities (“APD”), the Agency for Health Care Administration (“AHCA”) and Florida Medicaid. Applicant is managed by an Executive Director under the guidance of its Board of Directors. Applicant receives public and private support through Federal, State and Local organizations, as well as fees and donations. Funding sources include the Florida Departments of Children and Families, Elder Affairs, Education, Transportation and Health, the Florida Agency for Persons with Disabilities, the Kinghts of Columbus (state and local) and the United Way of Bay County. Windsong Place houses 5 individuals with primary diagnoses of intellectual/developmental disabilities. The modifications planned for Windsong Place will provide a more accessible environment for the residents, their families and visitors. It will incorporate features that will allow the residents to better age safely in the CRH.

License:

Applicant provided SMG a copy of State of Florida Agency for Persons with Disabilities Certificate of License No. A-05-67-610 for Windsong Place valid to November 1, 2014.

Business References are satisfactory.

Credit Evaluation:

SMG received and reviewed a June 19, 2014, Experian Credit Report for The Arc of Washington-Holmes Counties, Inc. Experian reported satisfactory credit history for Applicant with nothing adverse.

Financial Statements: The Arc of Washington-Holmes Counties, Inc.

Cash and Equivalents: ■ [REDACTED]

Total Assets: [REDACTED]

Total Liabilities ■ [REDACTED]

Net Assets [REDACTED]

Financial data for Applicant is based upon a June 30, 2013, Audit Report by Grimsley, Cavin & Company, P.S., Marianna, Florida. Assets other than Cash and Equivalents are Accounts Receivable at [REDACTED], Land at [REDACTED] and net Property & Equipment at [REDACTED]. Liabilities include Accounts Payable at [REDACTED] and Accrued Salaries & Benefits at [REDACTED].

Applicant currently has no Contingent Liabilities, Litigation Issues or Loan Modifications per a Statement of Financial and Credit Affairs dated June 23, 2014.

Developer:

The Arc of Washington-Holmes Counties, Inc., is acting as Developer for this transaction. Applicant will be paid 100% of the Developer Fee.

Property Manager:

The Arc of Washington-Holmes Counties, Inc., acts as the Property Manager. Elaine Roberts of Florida Housing has approved Applicant’s Resident Community Services Plan and Provider.

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General Contractor:

The General Contractor will be Nick Dillard Construction, L.L.C.

Contact Information:

Contact Name Nicholas James Dillard, President/Manager
Address 1129 Pine Bluff Drive
 Chipley, Florida 32428
Phone (850) 326-6975
Facsimile (850) 638-6181
E-Mail nick.dillard@hotmail.com

Florida Building Contractor License CBC125-7525 in the name of Nicholas James Dillard is valid through August 31, 2014.

Experience:

Chartered February 23, 2009, Dillard has 5 years of successful contacting experience. The company has expertise in commercial and residential construction. It currently has two employees. Prior to going into business for himself, Mr. Dillard was the General Manager of Better Built Builders, with responsibilities for job estimating, sales, material procurement and sub-contractor scheduling. Based upon satisfactory credit history and financial data (see below), Dillard appears capable of completing the majority portion of the Scope of Work for Windsong Place, on time and within budget.

Business references are satisfactory.

Credit Evaluation:

SMG received and reviewed a June 19, 2014, Experian Credit Report for Dillard. Credit history was reported for building materials suppliers, with nothing adverse reflected in the report.

Financial Statement: Nick Dillard Construction, L.L.C.

Cash and Equivalents: ■ [REDACTED]
Total Assets: ■ [REDACTED]
Total Liabilities ■ [REDACTED]
Stockholders' Equity ■ [REDACTED]

Financial data for the General Contractor is based upon management-prepared Financial Statements dated May 31, 2014. Assets other than Cash are (net) Property and Equipment. Reported Liabilities are solely a Note Payable, with current maturity of [REDACTED]. Net Earnings of [REDACTED] were reported for the first 5 months of 2014 based upon Sales of [REDACTED]. No Contingent Liabilities or litigation issues were reflected in a June 23, 2014, Statement of Financial and Credit Affairs.

Summary and Recommendation

SMG concludes that the conditions for grant approval as set forth in RFP 2014-105 and Rule 67-60 F.A.C., have been met. SMG therefore recommends FHFC approve the grant funding, subject to the following:

1. Execution by Applicant of any documents FHFC deems necessary including, but not limited to, the Restrictive Covenant and Grant Agreement, a Retrofit Completion Guaranty and an Environmental Indemnity.
2. Evidence of adequate insurance sufficient to meet the standards established in Part IIIB, Chapter 9, Section 911 of the Fannie Mae Multifamily Delegated Underwriting and Servicing Guide, effective April 29, 2011, as updated.

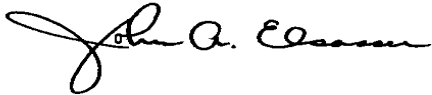
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3. Satisfactory resolution of any outstanding Past Due and Noncompliance Issues.
4. Payment of any outstanding arrearages to FHFC, its legal counsel, its servicer or any agent or assignee of FHFC for past due issues applicable to the Development Team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in Exhibit B of the RFA of an Applicant or a Developer).
5. Payment of a Grant Commitment Fee equal to 1.0% of the amount of the entire funding amount up to a maximum of \$2,000.
6. Prepayment of Compliance Monitoring Fees at a rate of \$100 per year for 10 years (the Compliance Period).
7. SMG receipt and satisfactory review of an ADA Desk Audit for Windsong Place by Humburg.
8. All other Due Diligence required by FHFC and its legal counsel.

If you have any questions or if I can be of further assistance, please call me at (850) 233-3616, Ext. 240, or contact me at my E-Mail address of john@seltzermanagement.com.

Sincerely,

SELTZER MANAGEMENT GROUP, INC.



John A. Elsasser
Credit Underwriter

EXHIBIT A

Windsong Place / 2014-397G

Nick Dillard Construction, L.L.C., Construction Proposal

Brian's Heating and Cooling, Inc., HVAC Proposal

Nick Dillard Construction, LLC

1129 Pine Bluff Dr.
Chipley, FL 32428
850-326-6975
CBC 125-7525

Estimate

Date	Estimate #
1/17/2014	144

Name / Address
ARC of Washington, Holmes County

Project

Description	Qty	Cost	Total
Demo -remove all bathroom fixtures (tubs, toilets, lavatories) x3 -remove all bathroom flooring x3 -remove all flooring in kitchen, dinning room, living room, hallway and 3 bedrooms -remove any rotten flooring/floor joists -remove partition wall in laundry bath -remove walls of linen closet that protrude into hall bath -remove all debris	1	4,000.00	4,000.00
Concrete Wheelchair Ramp -form and pour 5'x10' level pad extending west from front door -turn 90 degrees to the south and begin ramp with a slope no greater than 1" of fall in 12" of run -continue walkway at ground level to driveway -install handrails as needed where level of slab/ramp is great than 4" above hardscape	1	5,000.00	5,000.00
Floor Framing -restructure floor joists in laundry bath to accept roll in shower pan -frame new wall to separate toilet from washer/dryer in laundry bath -rebuild subflooring as necessary in hall bath and corner bath -enlarge hall bath door to 36" -close opening of linen closet in hallway	1	2,500.00	2,500.00
Roofing -remove old shingle drip edge and outer row of shingles -install reflective foil insulation directly onto shingles -install 1x4 Borate treated lathing -install 29ga colored roof metal -install all new flashing -roof has 25 year colorfast warranty and 5 year workmanship warranty	1	11,500.00	11,500.00
		Total	

Customer Signature _____

Nick Dillard Construction, LLC

1129 Pine Bluff Dr.
 Chipley, FL 32428
 850-326-6975
 CBC 125-7525

Estimate

Date	Estimate #
1/17/2014	144

Name / Address
ARC of Washington, Holmes County

Project

Description	Qty	Cost	Total
Doors & Trim -replace all exterior doors with rot free jambs, insulated steel doors --1, 6068 15 Lite Frenched --1, 5068 6 panel --1, 3068 6 panel --enclose 1, 3068 and 1, 6068 doors in garage bedroom with vinyl siding exterior and paneling interior	1	4,400.00	4,400.00
Windows & Trim -replace all windows --1, 2030 --5, 3030 --1, 3044 --1, 3630 twin --3, 3644 --1, 3644 twin	12	300.00	3,600.00
Plumbing Laundry Bath -relocate lavatory drain and supply lines to east wall where current dryer is located -install wall mounted ADA compliant lavatory and faucet -relocate dryer to exterior west wall -temporarily remove current ADA toilet and re-install with new wax seal after construction is complete -add ADA compliant grab bars to toilet area -install ADA compliant tile, roll in shower --shower will have 2 shower heads with diverter valve, one to be a fixed head, the other will be a removable wand --grab bars will be positioned on all three wall surfaces --an ADA compliant, flip down seat will be mounted to one wall -install wall mounted ADA compliant tilting mirror	1	6,000.00	6,000.00
		Total	

Customer Signature _____

Nick Dillard Construction, LLC

1129 Pine Bluff Dr.
 Chipley, FL 32428
 850-326-6975
 CBC 125-7525

Estimate

Date	Estimate #
1/17/2014	144

Name / Address
ARC of Washington, Holmes County

			Project
Description	Qty	Cost	Total
Plumbing Hall Bath -after removing existing tub from south wall, relocated new shower to east wall --install 5' fiberglass shower insert --shower will have 2 shower heads with diverter valve, one to be a fixed head, the other will be a removable wand --grab bars will be positioned on all three wall surfaces -install wall mounted ADA compliant lavatory and faucet -relocate toilet drain and supply line from east wall to south wall -install new ADA compliant toilet with grab bars -install wall mounted ADA compliant tilting mirror	1	5,000.00	5,000.00
Plumbing Corner Bath -install 4' fiberglass shower insert --shower will have 2 shower heads with diverter valve, one to be a fixed head, the other will be a removable wand --grab bars will be positioned on all three wall surfaces -temporarily remove current ADA toilet and re-install with new wax seal after construction is complete -add ADA compliant grab bars to toilet area -install wall mounted ADA compliant lavatory and faucet -install wall mounted ADA compliant tilting mirror	1	3,000.00	3,000.00
Electrical & Lighting -install new vanity lights and new exhaust fan/light combo kits in all three bathrooms -move electrical outlets in garage bedroom	1	2,000.00	2,000.00
		Total	

Customer Signature _____

Estimate

Nick Dillard Construction, LLC

1129 Pine Bluff Dr.
 Chipley, FL 32428
 850-326-6975
 CBC 125-7525

Date	Estimate #
1/17/2014	144

Name / Address
ARC of Washington, Holmes County

Project

Description	Qty	Cost	Total
Interior Finish -repair damaged sheetrock as needed -replace ceilings in hall bath and corner bath with sheetrock ceilings -install base trim and other trim as needed -install linen tower in hall bath -build linen storage between shower and west wall in corner bath *note* FRP panels may be substituted for sheetrock at managers request	1	1,500.00	1,500.00
Floor Coverings -ceramic, slip resistant tile in all bathrooms, hallway, kitchen and dining room (must install cement backer board) -commercial carpet squares in bedrooms and living room -flooring finish material allowance of \$4000.00 -install quarter round trim over ceramic tile	1	10,000.00	10,000.00
Painting -paint all bathroom walls and ceilings -paint south wall of hallway -paint baseboards where ceramic tile is installed -paint garage bedroom	1	1,500.00	1,500.00
		Total	\$60,000.00

Customer Signature _____

Proposal

Brian's Heating & Cooling Inc.
2471 Hawkins Street
Westville, Fl 32464

June 8,2014

Phone 1-850-548-4750
Cell: 1-850-573-0167
Fax: 1-850-548-4750

Proposal Submitted To:
Jeff Lollie

Work To Be Performed At:
ARC of Washington County

Chipley, Fl 32426

We hereby propose to furnish all the materials and perform all the labor necessary for the completion of: The install of one new 4 ton 14 seer Tempstar heat pump with 10 kw heat kit. The walls and ceiling in the air handler closet will be sealed with duct board. We will provide new round metal pipe, supply flex duct, vent covers, and boots when possible. We also provide thermostat, line set, over flow protector and electrical material. **Total due \$6090.00**

Warranty: 5 years parts and 1 year labor.

All material is guaranteed to be as specified, and the above work to be performed in accordance with the drawings and specifications submitted for above work and completed in a substantial workmanlike manner.

100% OF PAYMENT DUE UPON PLACEMENT OF THE EQUIPMENT.

Any alteration or deviation from above specifications involving extra costs, will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance upon above work. Workmen's Compensation and public Liability Insurance on above work to be taken out by Brian's Heating & Cooling Inc.

Respectfully submitted by  _____
Brian Carpenter Owner

Note - this proposal may be withdrawn by us if not accepted within 30 days. If project is not completed within one year of rough in of duct work the price is subject to increase due to rising equipment cost.

ACCEPTANCE OF PROPOSAL

The above prices, specifications are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined about.

Accepted _____ Signature _____

Date _____ Signature _____

EXHIBIT B

**RFA 2014-105 Financing to Build or Rehabilitate Smaller Permanent Supportive Housing
Properties for Persons with Developmental Disabilities
(WINDSONG PLACE / #2014-397G)
DESCRIPTION OF FEATURES AND AMENITIES**

- A.** The Subject Development will consist of 4 bedrooms and 3 bathrooms

Developments that are Renovating an Existing Community Residential Home - Community Residential Homes must not have more than two (2) residents sharing a Bedroom, and no more than three (3) residents may share one (1) full bathroom with a locking door. No more than six (6) residents may live in the Unit.

- B.** The Subject Development is to be renovated and will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act as implemented by 24 CFR 100, the 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, F.S., and Titles II and III of the Americans with Disabilities Act (“ADA”) of 1990 as implemented by 28 CFR 30, incorporating the most recent amendments, regulations, and rules, as applicable.

If the proposed Development meets the definition of Scattered Sites, all features and amenities committed to and proposed by the Applicant that are not Unit-specific shall be located on each of the Scattered Sites.

- C.** The Subject Development must provide the following Green Building, Accessibility, Adaptability, Universal Design and Visitability Features:

1. Termite prevention and pest control throughout the entire affordability period; and
2. A full-size range and oven in all Units.

All rehabilitation or renovation Developments commit to provide the following:

1. If HVAC equipment is being replaced, it must have a minimum SEER of 14;
2. Replace all bathrooms exhaust fans with Energy Star qualified fans;
3. Install aerators on all faucets;
4. Install low-flow showerheads (2.2 gallons per minute or less);
5. Replace any toilets with gallons per flush higher than 1.6 gpf with WaterSense qualified toilets;
6. If any interior painting is done, it must be done with low VOC or no VOC paint;

EXHIBIT B

**RFA 2014-105 Financing to Build or Rehabilitate Smaller Permanent Supportive Housing
Properties for Persons with Developmental Disabilities
(WINDSONG PLACE / #2014-397G)
DESCRIPTION OF FEATURES AND AMENITIES**

7. If replacing an existing refrigerator, it must be replaced with an Energy Star qualified refrigerator;
 8. If replacing an existing washing machine, it must be replaced with an Energy Star qualified washing machine; and
 9. If replacing an existing dishwasher, it must be replaced with an Energy Star qualified dishwasher.
- D.** All New Construction units must provide the following Accessibility, Adaptability, Universal Design and Visitability Features listed below and all rehabilitation and/or renovation developments are strongly encouraged to incorporate as many of the features listed below as are structurally and financially feasible within the scope of work. If the proposed Development serves persons with physical disabilities it must include all accessibility, adaptability, universal design and Visitability features listed below.
1. A minimum of 50 percent of the total Units shall be fully accessible in accordance with the 2010 ADA Standards for Accessible Design. These fully accessible Units shall provide mobility features that comply with the residential dwelling Units provision of the 2010 ADA Standards for Accessible Design. At least one of the total Units shall be accessible to persons with visual and hearing impairments in accordance with the 2010 ADA Standards for Accessible Design. The Unit(s) that is accessible to persons with visual and hearing impairments shall comply with the communication features described for Residential Dwelling Units with Communication Features in the 2010 ADA Standards for Accessible Design.
 2. Primary entrance door shall have a threshold with no more than a ½-inch rise;
 3. All door handles on primary entrance door and interior doors must have lever handles;
 4. Lever handles on all bathroom faucets and kitchen sink faucets;
 5. Toilets must be 17 inches to 19 inches in height as measured from the finished floor to the top of the toilet seat;
 6. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level