

# **Florida Housing Finance Corporation**

*Credit Underwriting Report*

## **Village on Wiley**

**RFP 2014-102 – Financing To Develop Permanent Supportive Housing  
for High Needs/High Cost Individuals Who Are Chronically Homeless**

**2014-345P**

**Section A: Report Summary**

**Section B: Base Loan and ELI Loan Special Conditions and General Conditions**

**Section C: Supporting Information and Schedules**

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**Prepared by**

**AmeriNational Community Services, Inc.**

*Final Report*

**October 16, 2014**

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## Village on Wiley

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**Section A**  
**Report Summary**

**Recommendation**

AmeriNational Community Services, Inc. ("AmeriNational") recommends the issuance of a Base Loan in the amount of \$5,000,000 and an ELI Loan in an amount of \$975,000 to Ability Wiley, LLC ("Applicant") for the construction and permanent phase financing of Village on Wiley (the proposed "Development").

DEVELOPMENT & SET-ASIDES															
Development Name: <u>Village on Wiley</u>															
Program Numbers: <u>2014-345P</u> <u>RFA 2014-102</u>															
Address: <u>6970 Wiley Road</u>				City: <u>Jacksonville</u>				Zip Code: <u>32210</u>							
County: <u>Duval</u>						County Size: <u>Large</u>									
Development Category: <u>New Construction</u>								Development Type: <u>Garden Style</u>							
Construction Type: <u>Wood frame construction over concrete foundation.</u>															
Demographic Commitment:				Elderly: <u>      </u>				Homeless: <u>Yes</u>				ELI: <u>13</u> Units @ <u>33%</u> AMI			
Farmworker or Commercial Fish Worker: <u>      </u>				Family: <u>      </u>				Link: <u>      </u> 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	13	539	33%	\$391	\$0	\$0	\$0	\$631	\$391	\$391	\$250	\$631	\$98,436
1.0	1.0	18	539	50%	\$593	\$0	\$0	\$0	\$0	\$593	\$391	\$250	\$250	\$54,000
1.0	1.0	7	539	50%	\$593	\$0	\$0	\$0	\$631	\$593	\$350	\$250	\$631	\$53,004
1.0	1.0	5	539	50%	\$593	\$0	\$0	\$0	\$778	\$593	\$593	\$250	\$778	\$46,680
		43	23,177											\$252,120

Buildings: Residential - 11 Non-Residential - 1  
 Parking: Parking Spaces - 77 Accessible Spaces - 9

**Set Asides:**

Program	% of total Units	# of Units	% AMI	Term (Years)
High Needs/High Cost	100.0%	43	50%	20
ELI	30.0%	13	33%	20
Chronically Homeless	80.0%	35	50% or below	20

Absorption Rate: 20 units per month for 3 months.  
 Occupancy Rate at Stabilization: Physical Occupancy 95% Economic Occupancy 94%  
 Occupancy Comments Based upon an appraisal dated September 10, 2014.

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DDA?:   n/a   QCT?:   n/a    
 Site Acreage:   4.32   Density:   10 units/acre   Flood Zone Designation:   X    
                   RMD-B - Residential Medium Density - B that permits  
 Zoning:   up to 10 units per acre.   Flood Insurance Required?:   No  

DEVELOPMENT TEAM		
Applicant/Borrower:	Ability Wiley, LLC	% Ownership
General Partner 1:	Ability Housing of Northeast Florida, Inc.	100.00%
Guarantor(s):	Ability Wiley, LLC	
	Ability Housing of Northeast Florida, Inc.	
Developer:	Ability Housing of Northeast Florida, Inc.	
General Contractor 1:	LandSouth Construction, LLC	
Management Company:	CT Services, LLC	
Architect:	PQH Group, Inc.	
Appraiser:	Meridian Appraisal Group, Inc.	

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	1	2				
Lender/Grantor	FHFC	FHFC				
Amount	\$5,000,000	\$975,000				
Underwritten Interest Rate	0.00%	0.00%				
All In Interest Rate	0.00%	0.00%				
Loan Term	20	20				
Amortization	n/a	n/a				
Market Rate/Market Financing LTV	694%	135%				
Restricted Market Financing LTV	-394%	-77%				
Loan to Cost	82.22%	16.03%				
Debt Service Coverage	1.07	1.00				
Operating/Deficit Service Reserve	\$444,106					
Period of Operating Expenses/Deficit Reserve in Months	240					

Deferred Developer Fee	\$105,891
Land Value	\$89,134
Market Rent/Market Financing Stabilized Value	\$720,000
Rent Restricted Market Financing Stabilized Value	(\$1,270,000)
Rent Restricted Favorable Financing Stabilized Value	(\$1,290,000)
Projected Net Operating Income (NOI) - Year 1	\$13,375
Projected Net Operating Income (NOI) - 20 Year	\$9,061
Year 15 Pro Forma Income Escalation Rate	2%
Year 15 Pro Forma Expense Escalation Rate	3%

<b>CONSTRUCTION/PERMANENT SOURCES:</b>				
<b>Source</b>	<b>Lender</b>	<b>Construction</b>	<b>Permanent</b>	<b>Perm Loan/Unit</b>
First Mortgage	FHFC	\$5,000,000	\$5,000,000	\$116,279
Second Mortgage	FHFC	\$975,000	\$975,000	\$22,674
Deferred Developer Fee	Developer	\$105,891	\$105,891	\$2,463
<b>TOTAL</b>		\$6,080,891	\$6,080,891	\$141,416

**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?	x	
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?	x	
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?		1
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?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	N/A	
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. Total Development costs have increased by \$105,891 from \$5,975,000 to \$6,080,891 since the time of application due to increases in construction costs and operating deficit reserve.

**Strengths:**

1. The Applicant will work within the established "100 Homes Jacksonville" initiative, which is a collaboration of professionals and charitable organizations including but not limited to the Jacksonville Sheriff's Office, the local homeless coalition, a representative of the U.S. Department of Veterans Affairs, an affiliated entity of the Florida Department of Children and Families substance abuse and mental health services. The Applicant will provide housing and community-based services to High Needs/High Cost individuals targeting those with disabilities and frail elders who are Chronically Homeless on the street or in homeless shelters. Research finds that Permanent Supportive Housing, which integrates affordable housing with access to

community-based services, is shown nationally to be the most cost effective way to provide supports for these individuals.

Other Considerations

1. Ability Housing of Northeast Florida, Inc. ("AHNF"), the Developer and Sole Member of the Applicant, received a conditional award of a sponsor-based grant of \$375,520 from the U.S. Department of Housing and Urban Development ("HUD") Continuum of Care ("COC") Program according to written correspondence dated June 19, 2014. A portion of this grant is proposed to be utilized as long-term rental assistance to assist the Development to achieve breakeven operations. Funding of the conditional grant is sponsor-based, not project-specific; therefore, AHNF may utilize the funding at any project in its portfolio subject to COC Program guidelines (24CFR Part 578). Tenants who qualify under the program will pay the greater of the following: 30% of the tenant's monthly adjusted income; 10% of the family's monthly gross income; or the portion of the family's welfare assistance, if any, that is designated for the payment of rent. According to the written correspondence from Emergency Services and Homeless Coalition of Northeast Florida ("ESHC"), HUD's designated Lead Agency for Duval County, it is estimated that a portion of the conditional grant award in an amount of \$198,120 (25 units at rates of \$631 and \$778 per month) will be utilized annually as rental assistance at the Development. AHNF must complete HUD's Technical Submission prior executing a HUD contract. AHNF anticipates the contract will be executed prior to the end of 2014.

Issues and Concerns:

1. The HUD COC Program grant award is annually renewable and subject to annual appropriations;
2. As of the date of this report, AHNF has not closed on a HUD COC Program Grant Agreement;
3. No written documentation exists certifying that any AHNF sponsor-based rental assistance will be issued to the Applicant for use at the Development.

Mitigating Factors:

1. As illustrated in the Base Loan and ELI Loan Special Conditions and General Conditions Recommendation in Section B, AHNF must close on its HUD COC Program grant award and the Applicant must provide a written agreement with AHNF that certifies the HUD COC Program Grant funding in the form of long-term rental assistance will be provided to the Development to the satisfaction of FHFC and its servicer prior to the Base Loan and ELI Loan closings.
2. The Underwriter's Operating Pro Forma reflects the use of rental assistance from this HUD COC Program conditional grant award. Based upon an analysis outlined in the Operation Pro Forma of Section A of this report, AmeriNational calculates an operating deficit reserve of \$444,106 must be funded at loan closing to ensure the Development can achieve breakeven operations over the 20-year compliance period. Since the Development does not have any mandatory debt service payments, the RFP allows for the ODR to be used as income to achieve breakeven operations for each year of the 20-year compliance term. The ODR will be held by FHFC or its servicer and all disbursements will need to be approved by FHFC and its servicer. The disbursements from the ODR will be limited to the annual amount shown in the 20 Year Operating Pro Forma attached hereto as Exhibit 1.

Waiver Requests:



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None

Special Conditions:

1. Per the RFP, the Applicant must partner with experienced researchers to engage in a multiyear study to quantify cost/benefit data showing what, if any, public savings have occurred as a result of housing the intended residents in the proposed Development. At least 15 business days prior to the scheduled loan closing, the Applicant must submit a cost/benefit study to the Satisfaction of Florida Housing performed in accordance with requirements outlined by Florida Housing's Department of Policy and Special Programs.

Additional Information:


1. A Resident Community Based Service Coordination Plan was submitted to FHFC on July 11, 2014. FHFC found the Resident Community Service Plan meets the criteria as specified in the RFP 2014-102, the Application, and the guidelines.

Recommendation:

AmeriNational recommends the issuance of a Base Loan in the amount of \$5,000,000 and an ELI Loan in an amount of \$975,000 to the Applicant for the construction and permanent phase financing of the Development.

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 Base Loan and ELI Loan Special Conditions and General Conditions Recommendation (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:



Michael Drapkin, Jr.  
Chief Credit Underwriter

**Overview**

**Construction Financing Sources:**

Source	Lender	Applicant's Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Debt Service During Construction
First Mortgage	FHFC	\$5,000,000	\$5,000,000	\$5,000,000	0.00%	\$0
Second Mortgage	FHFC	\$975,000	\$975,000	\$975,000	0.00%	\$0
Deferred Developer Fee	Developer	\$0	\$223,950	\$105,891		
<b>Total :</b>		<b>\$5,975,000</b>	<b>\$6,198,950</b>	<b>\$6,080,891</b>		<b>\$0</b>

Proposed First Mortgage – Base Loan:

According to the RFP, the Applicant is eligible for a Base Loan up to the lesser of \$5,000,000 or \$120,000 per new construction unit in the Development. Based upon the Development’s 43 units, the Applicant would be eligible for a Base Loan up to \$5,000,000, which was the amount requested in the Applicant’s response to the RFP.

The Base Loan shall bear an interest rate of zero percent (0%) simple interest per annum on the outstanding principal balance and the principal balance of the Base Loan is non-amortizing during the twenty-year term of the note.

Proposed Second Mortgage – ELI Loan:

According to the RFP, the Applicant is eligible for an ELI Loan up to the lesser of \$1,200,000 or \$75,000 per ELI unit in the Development. Based upon the 13 ELI units that the Development is required to set aside, the Applicant would be eligible for an ELI Loan up to \$975,000, which was the amount requested in the Applicant’s response to the RFP.

The ELI Loan shall bear an interest rate of zero percent (0%) simple interest per annum on the outstanding principal balance and the principal balance of the ELI Loan is non-amortizing during the twenty-year term of the note.

Deferred Developer Fee:

In order to balance the Sources and Uses of funds during construction, the Developer will likely be required to defer \$105,891 of the total developer fee during the construction phase. As noted in the RFP, no Developer fee will be paid until after construction completion.

**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	FHFC	\$5,000,000	\$5,000,000	\$5,000,000	0.00%	n/a	20	\$12,504
Second Mortgage	FHFC	\$975,000	\$975,000	\$975,000	0.00%	n/a	20	\$871
Deferred Developer Fee	Developer	\$0	\$223,950	\$105,891				
<b>Total :</b>		<b>\$5,975,000</b>	<b>\$6,198,950</b>	<b>\$6,080,891</b>				<b>\$13,375</b>

Proposed First Mortgage – Base Loan:

According to the RFP, the Applicant is eligible for a Base Loan up to the lesser of \$5,000,000 or \$120,000 per new construction unit in the Development. Based upon the Development's 43 units, the Applicant would be eligible for a Base Loan up to \$5,000,000, which was the amount requested in the Applicant's response to the RFP.

The Base Loan shall bear an interest rate of zero percent (0%) simple interest per annum on the outstanding principal balance and the principal balance of the Base Loan is non-amortizing during the term of the note. During the 20 year Compliance Period, so long as the Development is in compliance with the program requirements as determined at the sole, reasonable discretion of FHFC, the principal amount of the Loan shall be reduced at a rate of five (5%) percent per year on each anniversary date of the date the Development is placed in service. No credit shall be given for a portion of a year. For the above percentage to apply, the Borrower must be in compliance with all program requirements for each full twelve (12) month period. If the program requirements are met throughout the Compliance Period, the full amount of the Base Loan shall be forgiven and discharged in full.

The Applicant will be responsible for annual Compliance Monitoring fees and Loan Servicing Fees. For the Base Loan, the annual Compliance Monitoring fees are estimated to be \$2,928 based upon the minimum calculation illustrated in the RFP. The Permanent Loan Servicing Fees are equal to 25 basis points of the outstanding loan amount subject to a maximum monthly fee of \$798 and a minimum monthly fee of \$200 in accordance with the RFP.

Proposed Second Mortgage – ELI Loan:

According to the RFP, the Applicant is eligible for an ELI Loan up to the lesser of \$1,200,000 or \$75,000 per ELI unit in the Development. Based upon the 13 ELI units that the Development is required to set aside, the Applicant would be eligible for an ELI Loan up to \$975,000, which was the amount requested in the Applicant's response to the RFP.

The ELI Loan shall bear an interest rate of zero percent (0%) simple interest per annum on the outstanding principal balance and the principal balance of the ELI Loan is non-amortizing during the term of the note. During the 20 year Compliance Period, so long as the Development is in compliance with the program requirements as determined at the sole, reasonable discretion of FHFC, the principal amount of the Loan shall be reduced at a rate of five (5%) percent per year on each anniversary date of the date the Development is placed in service. No credit shall be given for a portion of a year. For the above percentage to apply, the Borrower must be in compliance with all program requirements for each full twelve (12) month period. If the program requirements are met throughout the Compliance Period, the full amount of the ELI Loan shall be forgiven and discharged in full.

The Applicant will be responsible for annual Compliance Monitoring fees estimated to be \$871 based upon the amounts illustrated in the RFP.

Deferred Developer Fee:

In order to balance the Sources and Uses of funds, the Developer will be required to defer \$105,891 of the total developer fee during the permanent phase.

**Uses of Funds**

<b>CONSTRUCTION COSTS:</b>	<b>Applicant Costs</b>	<b>Revised Applicant Costs</b>	<b>Underwriters Total Costs - CUR</b>	<b>Cost Per Unit</b>
New Rental Units	\$2,920,000	\$2,384,170	\$2,349,588	\$54,642
Off-Site Work	\$0	\$14,000	\$14,000	\$326
Site Work	\$0	\$1,025,774	\$1,060,356	\$24,659
Profit	\$408,800	\$421,176	\$421,176	\$9,795
General Liability Insurance	\$0	\$30,722	\$30,722	\$714
Payment and Performance Bonds	\$0	\$38,120	\$38,120	\$887
Furniture, Fixture, & Equipment	\$0	\$77,002	\$77,002	\$1,791
Total Construction Contract/Costs	\$3,328,800	\$3,990,964	\$3,990,964	\$92,813
Hard Cost Contingency	\$166,440	\$199,548	\$199,548	\$4,641
<b>Total Construction Costs:</b>	<b>\$3,495,240</b>	<b>\$4,190,512</b>	<b>\$4,190,512</b>	<b>\$97,454</b>

*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 a stipulated sum in the amount \$3,990,964 (the "Construction Contract"). The Construction Contract was entered into as of July 15, 2014 and is executed by the Applicant and LandSouth Construction, LLC (the "General Contractor"). It contains a production schedule indicating completion within 245 days from the date of commencement with the General Contractor paying the Applicant a penalty in the amount of \$835 per day if not completed within this timeframe. The Construction Contract includes a retainage requirement where ten percent (10%) of the Application for Payment shall be held by the Applicant until the Development is fifty percent (50%) complete and no further retainage shall be withheld thereafter.
2. A plan and cost review dated August 28, 2014 was prepared by GLE Associates, Inc. ("GLE"). GLE reviewed the schedule of values and concludes the projected unit cost of \$92,813 per unit is within an acceptable range as compared to similar type projects.
3. A 5% hard cost contingency was utilized by AmeriNational and meets the maximum amount allowed for new construction per the RFP.
4. General Contractor's Fee (consisting of general requirements, overhead, and profit) is within 14.00% and meets the requirements outlined in the RFP.
5. The General Contractor will secure a Payment and Performance Bond to secure the Construction Contract and its cost is included within the Construction Contract's schedule of values.

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GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Appraisal	\$13,000	\$5,000	\$5,000	\$116
Architect's and Planning Fees	\$182,500	\$167,733	\$160,000	\$3,721
Architect's Fee - Supervision	\$0	\$15,000	\$15,000	\$349
Building Permits	\$55,000	\$4,380	\$4,380	\$102
Builder's Risk Insurance	\$29,200	\$0	\$0	\$0
Engineering Fees	\$0	\$0	\$7,500	\$174
Environmental Report	\$12,500	\$3,195	\$3,195	\$74
FF&E paid outside Construction Contract	\$0	\$82,397	\$82,397	\$1,916
FHFC Application Fee	\$0	\$0	\$1,000	\$23
FHFC Credit Underwriting Fee	\$16,886	\$16,886	\$16,886	\$393
Impact Fee	\$50,000	\$38,850	\$38,850	\$903
Lender Inspection Fees / Const Admin	\$25,000	\$29,223	\$21,574	\$502
Insurance	\$17,500	\$17,500	\$17,500	\$407
Legal Fees	\$100,000	\$10,248	\$10,248	\$238
Market Study	\$6,800	\$0	\$0	\$0
Plan and Cost Review Analysis	\$0	\$3,800	\$3,800	\$88
Property Taxes	\$2,400	\$1,300	\$1,300	\$30
Soil Test	\$12,500	\$5,850	\$5,850	\$136
Survey	\$6,500	\$10,655	\$10,655	\$248
Title Insurance and Recording Fees	\$7,114	\$44,385	\$44,385	\$1,032
Utility Connection Fees	\$8,200	\$40,667	\$40,667	\$946
Soft Cost Contingency	\$27,255	\$25,728	\$24,509	\$570
<b>Total General Development Costs:</b>	<b>\$572,355</b>	<b>\$522,797</b>	<b>\$514,696</b>	<b>\$11,970</b>

Notes to the General Development Costs:

1. AmeriNational reflects actual costs for the appraisal, FHFC Application and Credit Underwriting Fee, and plan and cost review analysis.
2. The costs associated with the Architects and Engineer have been adjusted accordingly to reflect the amounts represented in the executed contracts between the Architect and the Borrower that were reviewed by the Underwriter.
3. Any remaining Building Permits fees not reflected herein are included in the General Contractor's Fee.
4. Builder's Risk Insurance was removed from the budget as the cost to provide the insurance are included in the General Contractor's Fee.
5. The FF&E paid outside the Construction Contract includes \$67,397 allocated to security cameras and monitoring equipment.
6. A soft cost contingency of 5% has been underwritten, which is consistent with underwriting standards and may be utilized by the Applicant in the event soft costs exceed these estimates.
7. The remaining general development costs appear reasonable.

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FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Misc Loan Origination Fee	\$59,750	\$59,750	\$59,750	\$1,390
Misc Loan Closing Costs	\$50,000	\$0	\$0	\$0
Misc Loan Interest	\$50,000	\$0	\$0	\$0
Reserves - Operating Deficit	\$975,000	\$538,983	\$444,106	\$10,328
Legal Fees - Lender's Counsel	\$0	\$17,500	\$17,500	\$407
<b>Total Financial Costs:</b>	<b>\$1,134,750</b>	<b>\$616,233</b>	<b>\$521,356</b>	<b>\$12,125</b>

*Notes to the Financial Costs*

1. At or prior to closing, the Applicant shall submit to FHFC a non-refundable commitment fee of 1% of the combined Base Loan amount and ELI Loan amount.
2. The Lender's Counsel fees are associated with the Base Loan and ELI Loan and are based upon the Borrower's estimate but appear reasonable to the underwriter.
3. A \$444,106 ODR is required at loan closing to fund operating deficits throughout the 20 year compliance period.

OTHER DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Development Cost Before Developer Fee	\$5,202,345	\$4,806,745	\$5,226,564	\$121,548
Developer Fee	\$689,655	\$780,685	\$765,193	\$17,795
<b>Total Other Development Costs:</b>	<b>\$689,655</b>	<b>\$780,685</b>	<b>\$765,193</b>	<b>\$17,795</b>

*Notes to the Other Development Costs:*

1. Developer Fee of \$765,193 is calculated at 16.00% of Development Costs exclusive of the ODR, as outlined in the RFP.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Land	\$83,000	\$73,213	\$89,134	\$2,073
Land Carrying Costs	\$0	\$15,510	\$0	\$0
<b>Total Acquisition Costs:</b>	<b>\$83,000</b>	<b>\$88,723</b>	<b>\$89,134</b>	<b>\$2,073</b>

*Notes to Land Acquisition Costs:*

1. The Applicant provided a purchase and sale agreement executed as of October 31, 2013 that specifies a price of \$73,212 plus reimbursement of \$10,938 for various surveys and reimbursements incurred by the Seller. AmeriNational reallocated the additional costs into the appropriate General Development line items. A second amendment to the purchase and sale agreement specifies that the transaction must close no later than October 31, 2014. The Applicant provided a third amendment to the purchase and sale agreement that amends the Purchase Price to \$89,134 and extends the closing date to December 31, 2014.
2. An Appraisal prepared by Meridian Appraisal Group, Inc. concludes the "as-is" market value of the vacant real estate to be \$285,000 which supports the proposed purchase price.

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<b>TOTAL DEVELOPMENT COSTS:</b>	<b>\$5,975,000</b>	<b>\$6,198,950</b>	<b>\$6,080,891</b>	<b>\$141,416</b>
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*Notes to Total Development Costs:*

1. Total Development costs have increased by \$105,891 from \$5,975,000 to \$6,080,891 since the time of application due to increases in construction costs and operating deficit reserve.



**OPERATING PRO FORMA**

FINANCIAL COSTS:		Year 1	Year 1 Per Unit
<b>OPERATING PRO FORMA</b>			
<b>INCOME:</b>	Gross Potential Rental Income	\$252,120	\$5,863
	Rent Subsidy (ODR)	\$2,197	\$51
	Other Income		\$0
	Miscellaneous	\$12,900	\$300
	Gross Potential Income	\$267,217	\$6,214
	Less:		
	Physical Vac. Loss      Percentage: 5.00%	\$13,251	\$308
	Collection Loss      Percentage: 1.00%	\$2,650	\$62
<b>Total Effective Gross Income</b>	<b>\$251,316</b>	<b>\$5,845</b>	
<b>EXPENSES:</b>	Fixed:		
	Real Estate Taxes	\$1,656	\$39
	Insurance	\$15,050	\$350
	Variable:		
	Management Fee      Percentage: 4.00%	\$16,770	\$390
	General and Administrative	\$17,200	\$400
	Payroll Expenses	\$60,200	\$1,400
	Utilities	\$88,795	\$2,065
	Marketing and Advertising	\$0	\$0
	Maintenance and Repairs/Pest Control	\$17,200	\$400
	Grounds Maintenance and Landscaping	\$6,450	\$150
	Contract Services	\$1,290	\$30
	Security	\$430	\$10
	Reserve for Replacements	\$12,900	\$300
<b>Total Expenses</b>	<b>\$237,941</b>	<b>\$5,534</b>	
<b>Net Operating Income</b>	<b>\$13,375</b>	<b>\$311</b>	
<b>Debt Service Payments</b>			
Base Loan Compliance Monitoring Fees	\$2,928	\$68	
Base Loan Permanent Loan Servicing Fees	\$9,576	\$223	
ELI Loan Compliance Monitoring Fees	\$871	\$20	
<b>Total Debt Service Payments</b>	<b>\$13,375</b>	<b>\$311</b>	
Cash Flow after Debt Service	\$0	\$0	
	<b>Annual</b>	<b>Per Unit</b>	
<b>Debt Service Coverage Ratios</b>			
DSC - Base Loan	1.07	1.07	
DSC - Base and ELI Loan	1.00	1.00	
DSC - All Mortgages and Fees	1.00	1.00	
<b>Financial Ratios</b>			
Operating Expense Ratio	94.68%		
Break-even Economic Occupancy Ratio (all debt)	94.05%		

**RFP 2014-102 CREDIT UNDERWRITING REPORT**

**ACS**

Notes to the Operating Pro forma and Ratios:

1. Gross Potential Rental Revenue is based upon the lessor of 2014 HC Rent Limits schedule published on the FHFC website December 27, 2013 for the Jacksonville MSA or achievable rental rates of \$250.00 per unit per month based upon a High Needs/High Cost and Chronically Homeless demographic according to the appraisal. The Applicant indicated the tenants utilities will be paid for by the Applicant so a utility allowance is not applicable.

AHNF received a conditional award of a sponsor-based grant of \$375,520 from the HUD COC Program. A portion of this grant is proposed to be utilized as long-term rental assistance to assist the Development to achieve breakeven operations. Tenants who qualify under the program will pay the greater of the following: 30% of the tenant’s monthly adjusted income; 10% of the family’s monthly gross income; or the portion of the family’s welfare assistance, if any, that is designated for the payment of rent. According to the written correspondence from ESHC, it is estimated that rental assistance of \$198,120 (25 units at rates of \$631 and \$778 per month) will be utilized at the Development.

Based upon the achievable rental rates at \$250 per unit per month and operating expenses of the appraisal, AmeriNational calculates an operating deficit reserve of \$2,197 in year one of operations (\$444,106 over the 20-year compliance period) that must be funded at loan closing to ensure the Development can achieve breakeven operations.

A rent roll for the Development is illustrated in the following table:

MSA (County): Jacksonville MSA (Duval)

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	13	539	33%	\$391	\$0	\$0	\$0	\$631	\$391	\$391	\$250	\$631	\$98,436
1.0	1.0	18	539	50%	\$593	\$0	\$0	\$0	\$0	\$593	\$391	\$250	\$250	\$54,000
1.0	1.0	7	539	50%	\$593	\$0	\$0	\$0	\$631	\$593	\$350	\$250	\$631	\$53,004
1.0	1.0	5	539	50%	\$593	\$0	\$0	\$0	\$778	\$593	\$593	\$250	\$778	\$46,680
		43	23,177											\$252,120

2. A 5% vacancy and 1% collection loss rate was estimated by the appraiser. AmeriNational relied upon this figure for underwriting purposes.
3. The Applicant has submitted an executed Property Management Agreement between CT Services LLC and the Applicant, dated June 18, 2014. The agreement states an initial term of 12 months; however the agreement shall be automatically renewed each month unless terminated by either party. The agreement states the agreed to compensation shall be the greater of 4% of the gross income less interest income and any insurance proceeds or \$32.50 per unit per month (\$16,770 per annum).
4. The remaining operating expenses are estimates from the appraisal and are deemed reasonable by AmeriNational.
5. Replacement Reserves of \$300 per unit per year are required by the RFP and is considered reasonable by AmeriNational.
6. Debt Service payments are based upon the fees either outlined within the RFP or the servicer’s contract with Florida Housing.
7. A 20-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**

**Base Loan and ELI Loan Special and General Conditions**

### **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 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. An ODR of \$444,106 is required to be funded at loan closing to ensure the Development can achieve breakeven operations over the 20-year compliance period from a combination of sources including \$105,891 of Developer Fee and the other sources described in Section A. The ODR will be held by FHFC or its servicer and all disbursements will need to be approved by FHFC and its servicer. The disbursements from the ODR will be limited to the annual amount shown in the 20 Year Pro Forma attached hereto as Exhibit 1. Any excess funds in the ODR after the 20-year compliance period will be utilized to fund replacement reserves.
2. AHNH must close on its HUD COC Program Grant and provide documentation satisfactory to FHFC and its servicer, including an executed HUD COC Program Grant Agreement between HUD and ANHF as well as executed documentation between AHNH and the Applicant certifying HUD COC Program grant funding in the form of rental assistance will be provided.
3. Per the RFP, the Applicant must partner with experienced researchers to engage in a multiyear study to quantify cost/benefit data showing what, if any, public savings have occurred as a result of housing the intended residents in the proposed Development. At least 15 business days prior to the scheduled loan closing, the Applicant must submit a cost/benefit study to the satisfaction of Florida Housing, performed in accordance with requirements outlined by Florida Housing's Department of Policy and Special Programs.

### **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 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. 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. Base Loan and ELI Loan funds shall be disbursed during the construction phase in an amount per draw which does not exceed the ration of the Base Loan and the ELI Loan to the total development costs, unless otherwise approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.
6. Developer Fee 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. 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 loan closing. Failure to receive approval of these items within this timeframe may result in postponement of the loan closing date.

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. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of loan closing, 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.
3. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Base Loan and ELI Loan naming Florida Housing as the insured. All endorsements required by Florida Housing shall be provided.
4. 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.

5. 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.
6. Evidence of compliance with local concurrency laws, if applicable.
7. UCC Searches for the Borrower, its partnerships, as requested by counsel.
8. 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 67-60 F.A.C., RFP 2014-102, 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 Base Loan and ELI Loan 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. If applicable, Guarantors to provide the standard Florida Housing Construction Completion Guaranty; to be released upon lien-free completion as approved by the Servicer.
4. Guarantors are to provide the standard Florida Housing Environmental Indemnity Guaranty.
5. Guarantors are to provide the standard Florida Housing Guaranty of Recourse Obligations.
6. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the Base Loan and ELI Loan 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.
7. Property tax and hazard insurance escrow are to be established and maintained by the Servicer and the release of funds shall be at Florida Housing's sole discretion.
8. Replacement Reserves in the amount of \$300 per unit per annum will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by Florida Housing's loan

servicing agent. The initial replacement reserve will have limitations on the ability to be drawn upon during the following time periods. 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 amount established as a replacement reserve shall be adjusted based on a Capital Needs Assessment ("CNA") to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the 10th year after the first residential building in the development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ('Initial Replacement Reserve Date'). If the Applicant does not provide a copy of a CNA to the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers within the stated time frames, then one shall be ordered by the Corporation or its servicers at the Applicant's expense. The only events allowed to drop the balance below the minimum are items related to life safety, structural and systems as approved by the Corporation and its servicers. The replacement reserve funds are not to be used by the Applicant for normal maintenance and repairs, but shall be used for structural building repairs, major building systems replacements and other items included on the Eligible Reserve for Replacement Items list, effective October 15, 2010, which is available on the Corporation's Website under the Multifamily Programs link labeled Related References and Links. An Applicant may choose to fund a portion of the replacement reserves at closing. The amount cannot exceed 50 percent of the required replacement reserves for two (2) years and must be placed in escrow at closing.

9. GLE Associates, LLC, or other construction inspector acceptable for Florida Housing, will act as Florida Housing's inspector during the construction period.
10. 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.
11. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.
12. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

RFP 2014-102 CREDIT UNDERWRITING REPORT

ACS

Exhibit 1  
Village on Wiley  
20 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	Year 16	Year 17	Year 18	Year 19	Year 20	
<b>OPERATING PRO FORMA</b>																						
INCOME:	Gross Potential Rental Income	\$252,120	\$257,162	\$262,306	\$267,552	\$272,903	\$278,361	\$283,928	\$289,607	\$295,399	\$301,307	\$307,333	\$313,480	\$319,749	\$326,144	\$332,667	\$339,320	\$346,107	\$353,029	\$360,089	\$367,291	
	Rent Subsidy (ODR)	\$2,197	\$3,577	\$5,435	\$7,399	\$9,475	\$11,464	\$13,149	\$14,958	\$16,897	\$18,970	\$21,181	\$23,538	\$26,045	\$28,708	\$31,532	\$34,524	\$37,691	\$41,564	\$45,724	\$50,078	
	Other Income																					
	Miscellaneous	\$12,900	\$13,158	\$13,421	\$13,690	\$13,963	\$14,243	\$14,527	\$14,818	\$15,114	\$15,417	\$15,725	\$16,040	\$16,360	\$16,688	\$17,021	\$17,362	\$17,709	\$18,063	\$18,424	\$18,793	
	Gross Potential Income	\$267,217	\$273,897	\$281,162	\$288,640	\$296,341	\$304,067	\$311,605	\$319,383	\$327,410	\$335,693	\$344,239	\$353,057	\$362,154	\$371,540	\$381,220	\$391,206	\$401,507	\$412,656	\$424,238	\$436,162	
	Less:																					
	Physical Vac. Loss Percentage: 5.00%	\$13,251	\$13,516	\$13,786	\$14,062	\$14,343	\$14,630	\$14,923	\$15,221	\$15,526	\$15,836	\$16,153	\$16,476	\$16,805	\$17,142	\$17,484	\$17,834	\$18,191	\$18,555	\$18,926	\$19,304	
	Collection Loss Percentage: 1.00%	\$2,650	\$2,703	\$2,757	\$2,812	\$2,869	\$2,926	\$2,985	\$3,044	\$3,105	\$3,167	\$3,231	\$3,295	\$3,361	\$3,428	\$3,497	\$3,567	\$3,638	\$3,711	\$3,785	\$3,861	
	<b>Total Effective Gross Income</b>	<b>\$251,316</b>	<b>\$257,678</b>	<b>\$264,618</b>	<b>\$271,766</b>	<b>\$279,129</b>	<b>\$286,511</b>	<b>\$293,697</b>	<b>\$301,117</b>	<b>\$308,779</b>	<b>\$316,690</b>	<b>\$324,855</b>	<b>\$333,286</b>	<b>\$341,988</b>	<b>\$350,970</b>	<b>\$360,239</b>	<b>\$369,805</b>	<b>\$379,678</b>	<b>\$390,390</b>	<b>\$401,527</b>	<b>\$412,997</b>	
	EXPENSES:	Fixed:																				
Real Estate Taxes		\$1,656	\$1,706	\$1,757	\$1,810	\$1,864	\$1,920	\$1,977	\$2,037	\$2,098	\$2,161	\$2,226	\$2,292	\$2,361	\$2,432	\$2,505	\$2,580	\$2,657	\$2,737	\$2,819	\$2,904	
Insurance		\$15,050	\$15,502	\$15,967	\$16,446	\$16,939	\$17,447	\$17,970	\$18,510	\$19,065	\$19,637	\$20,226	\$20,833	\$21,458	\$22,101	\$22,764	\$23,447	\$24,151	\$24,875	\$25,622	\$26,390	
Variable:																						
Management Fee Percentage: 4.00%		\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770	\$16,770
General and Administrative		\$17,200	\$17,716	\$18,247	\$18,795	\$19,359	\$19,940	\$20,538	\$21,154	\$21,788	\$22,442	\$23,115	\$23,809	\$24,523	\$25,259	\$26,017	\$26,797	\$27,601	\$28,429	\$29,282	\$30,160	
Payroll Expenses		\$60,200	\$62,006	\$63,866	\$65,782	\$67,756	\$69,788	\$71,882	\$74,038	\$76,260	\$78,547	\$80,904	\$83,331	\$85,831	\$88,406	\$91,058	\$93,790	\$96,603	\$99,501	\$102,486	\$105,561	
Utilities		\$88,795	\$91,459	\$94,203	\$97,029	\$99,940	\$102,938	\$106,026	\$109,207	\$112,483	\$115,857	\$119,333	\$122,913	\$126,600	\$130,398	\$134,310	\$138,340	\$142,490	\$146,765	\$151,168	\$155,703	
Marketing and Advertising		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance and Repairs/Pest Control		\$17,200	\$17,716	\$18,247	\$18,795	\$19,359	\$19,940	\$20,538	\$21,154	\$21,788	\$22,442	\$23,115	\$23,809	\$24,523	\$25,259	\$26,017	\$26,797	\$27,601	\$28,429	\$29,282	\$30,160	
Security		\$430	\$443	\$456	\$470	\$484	\$498	\$513	\$529	\$545	\$561	\$578	\$595	\$613	\$631	\$650	\$670	\$690	\$711	\$732	\$754	
Reserve for Replacements		\$12,900	\$12,900	\$13,287	\$13,686	\$14,096	\$14,519	\$14,955	\$15,403	\$15,865	\$16,341	\$16,832	\$17,337	\$17,857	\$18,392	\$18,944	\$19,512	\$20,098	\$20,701	\$21,322	\$21,961	
<b>Total Expenses</b>		<b>\$237,941</b>	<b>\$244,189</b>	<b>\$251,012</b>	<b>\$258,039</b>	<b>\$265,277</b>	<b>\$272,732</b>	<b>\$280,411</b>	<b>\$288,320</b>	<b>\$296,467</b>	<b>\$304,858</b>	<b>\$313,500</b>	<b>\$322,402</b>	<b>\$331,571</b>	<b>\$341,015</b>	<b>\$350,743</b>	<b>\$360,762</b>	<b>\$371,082</b>	<b>\$381,711</b>	<b>\$392,659</b>	<b>\$403,936</b>	
<b>Net Operating Income</b>	<b>\$13,375</b>	<b>\$13,489</b>	<b>\$13,606</b>	<b>\$13,727</b>	<b>\$13,852</b>	<b>\$13,779</b>	<b>\$13,286</b>	<b>\$12,797</b>	<b>\$12,312</b>	<b>\$11,832</b>	<b>\$11,355</b>	<b>\$10,884</b>	<b>\$10,417</b>	<b>\$9,954</b>	<b>\$9,496</b>	<b>\$9,043</b>	<b>\$8,596</b>	<b>\$8,680</b>	<b>\$8,868</b>	<b>\$9,061</b>		
<b>Debt Service Payments</b>																						
Base Loan Compliance Monitoring Fees	\$2,928	\$3,016	\$3,106	\$3,200	\$3,295	\$3,394	\$3,496	\$3,601	\$3,709	\$3,820	\$3,935	\$4,053	\$4,175	\$4,300	\$4,429	\$4,562	\$4,699	\$4,840	\$4,985	\$5,134		
Base Loan Permanent Loan Servicing Fees	\$9,576	\$9,576	\$9,576	\$9,576	\$9,576	\$9,375	\$8,750	\$8,125	\$7,500	\$6,875	\$6,250	\$5,625	\$5,000	\$4,375	\$3,750	\$3,125	\$2,500	\$2,400	\$2,400	\$2,400		
ELI Loan Compliance Monitoring Fees	\$871	\$897	\$924	\$952	\$980	\$1,010	\$1,040	\$1,071	\$1,103	\$1,136	\$1,171	\$1,206	\$1,242	\$1,279	\$1,317	\$1,357	\$1,398	\$1,440	\$1,483	\$1,527		
<b>Total Debt Service Payments</b>	<b>\$13,375</b>	<b>\$13,489</b>	<b>\$13,606</b>	<b>\$13,727</b>	<b>\$13,852</b>	<b>\$13,779</b>	<b>\$13,286</b>	<b>\$12,797</b>	<b>\$12,312</b>	<b>\$11,832</b>	<b>\$11,355</b>	<b>\$10,884</b>	<b>\$10,416</b>	<b>\$9,954</b>	<b>\$9,496</b>	<b>\$9,043</b>	<b>\$8,596</b>	<b>\$8,679</b>	<b>\$8,868</b>	<b>\$9,062</b>		
<b>Cash Flow after Debt Service</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Debt Service Coverage Ratios</b>																						
DSC - Base Loan	1.07	1.07	1.07	1.07	1.08	1.08	1.08	1.09	1.10	1.11	1.11	1.12	1.14	1.15	1.16	1.18	1.19	1.20	1.20	1.20		
DSC - Base and ELI Loan	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00		
DSC - All Mortgages and Fees	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00		
<b>Financial Ratios</b>																						
Operating Expense Ratio	94.68%	94.77%	94.86%	94.95%	95.04%	95.19%	95.48%	95.75%	96.01%	96.26%	96.50%	96.73%	96.95%	97.16%	97.36%	97.55%	97.74%	97.78%	97.79%	97.81%		
Break-even Economic Occupancy Ratio (all debt)	94.05%	94.08%	94.12%	94.15%	94.19%	94.23%	94.25%	94.28%	94.31%	94.34%	94.37%	94.40%	94.43%	94.46%	94.50%	94.53%	94.56%	94.60%	94.65%	94.69%		



Exhibit 2  
Village on Wiley (2014-345P / RFP 2014-102)  
Duval County

Description of Features and Amenities

A. The Development will consist of:

43 Garden apartment units located in 11 residential buildings.

Unit Mix:

Forty-three (43) one bedroom/one bathroom units

43 Total Units

B. The Development is to be constructed 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 35, 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 Development must provide the following features and amenities:

1. At least one private office space with a door;
2. At least one enclosed training room with a door to conduct group training and educational activities;
3. On-site laundry facility with a minimum of 1 Energy Star qualified washer for every 20 Units and 1 dryer for every 20 Units (if washers and dryers are not provided in all Units);
4. Termite prevention and pest control throughout the entire Compliance period; and
5. A range and oven in all Units.

D. By initialing each item, the Applicant commits to the following Green Building features that total at least 10 points:

1.  Programmable thermostat in each unit (2 points)
2.  Humidistat in each unit (2 points)
3.  Water Sense certified dual flush toilets in all bathrooms (2 points)
4.  Light colored concrete pavement instead of or on top of asphalt to reduce the heat-island effect (2 points)
5.  Energy star qualified roof coating (2 points) \*
6.  Energy star qualified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) (3 points) \*

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7. \_\_\_ Eco-friendly cabinets – formaldehyde free, material certified by the Forest Stewardship Council (3 points)
8. \_\_\_ Eco-friendly flooring for entire unit – Carpet and Rug Institute Green Label certified carpet and pad, bamboo, cork, 100 percent recycled content tile, and/or natural linoleum (3 points)
9. X Energy star rating for all windows in each unit ( 3 points)
10. \_\_\_ Florida Yards and Neighborhoods certification on all landscaping (2 points)
11. \_\_\_ Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points)

\* Applicant may choose only one option related to Energy Star qualified roofing.

**E.** All New Construction Developments must include all of the green building features listed below. All Rehabilitation Developments (with or without acquisition) must include as many of the green building features listed below as are structurally and financially feasible within the scope of work.

1. Low or No-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
2. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
  - a. Toilets: 1.6 gallons/flush or less
  - b. Faucets: 1.5 gallons/minute or less
  - c. Showerheads: 2.2 gallons/minute or less
3. Energy Star qualified refrigerator;
4. Energy Star qualified dishwasher, if dishwashers are to be provided;
5. Water heating minimum efficiency specifications (choose gas, electric, or gas tankless);
  - a. 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
  - b. 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
  - c. Tankless gas water heater: minimum .80 EF.

6. Energy Star qualified ceiling fans with lighting fixtures in bedrooms, or in main living unit if 0-bedroom unit;
  7. HVAC minimum efficiency of 14 SEER.
- F.** All New Construction developments must provide the following Accessibility, Adaptability, Universal Design and Visitability Features listed below. All Rehabilitation developments (with or without acquisition) must include 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 required accessibility, adaptability, universal design and Visitability features listed below.
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;
  5. Loop or D-shaped pull on cabinet drawers and door; and
  6. A minimum of 10 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 4 percent 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 Units that are 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.

## COMPLETENESS AND ISSUES CHECKLIST

**DEVELOPMENT NAME:** Village on Wiley

**DATE:** October 16, 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 FHFC. 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.	N/A	
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.	N/A	
15. Firm commitment letter from the syndicator, if any.	N/A	
16. Firm commitment letter(s) for any other financing sources.	N/A	
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. Twenty year income, expense, and occupancy projection.	Satis.	

## COMPLETENESS AND ISSUES CHECKLIST

FINAL REVIEW	STATUS	NOTE
<b>REQUIRED ITEMS:</b>	<b>Satis. / Unsatis.</b>	
20. Executed general construction contract with "not to exceed" costs.	Satis.	
21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	N/A	
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.