FLORIDA HOUSING FINANCE CORPORATION

Credit Underwriting Report

Marianna Gardens

RFA 2014-103 (2014-327S)
2014-121B

FINANCING OF AFFORDABLE MULTIFAMILY HOUSING DEVELOPMENTS WITH SAIL FUNDING TO BE USED IN CONJUNCTION WITH TAX-EXEMPT BOND FINANCING AND NON-COMPETITIVE HOUSING CREDITS

MMRB, SAIL, ELI and Housing Credits

Section A: Report Summary

Section B: MMRB, SAIL, ELI Loan Closing Special and General Conditions and HC Allocation Recommendation and Contingencies

Section C: Supporting Information and Schedules

Prepared by

AmeriNational Community Services, Inc.

Final Report

December 4, 2014

Marianna Gardens

TABLE OF CONTENTS

Section A

Report Summary	**Page**
➢ Recommendation	A1-A6
➢ Overview	A7-A10
➢ Uses of Funds	A11-A15
➢ Operating Pro Forma	A16-A18

Section B

MMRB, SAIL & ELI Loan Closing Special and General Conditions	B1-B6
HC Allocation Recommendation and Contingencies	B7

Section C

Supporting Information and Schedules	
➢ Additional Development & Third Party Information	C1-C9
➢ Borrower Information	C10-C15
➢ Guarantor Information	C16
➢ Syndicator Information	C17
➢ General Contractor Information	C18-C19
➢ Property Management Information	C20

Exhibits

15 Year Pro Forma	1
Description of Features & Amenity Characteristics	2 1-7
Housing Credit Allocation Calculation	3 1-3
Completeness and Issues Checklist	4 1-2

Section A

Report Summary

Recommendation

AmeriNational Community Services, Inc. (“AmeriNational”) recommends the issuance of Multifamily Mortgage Revenue Bonds (“MMRB”) in the amount of $7,300,000, State Apartment Incentive Loan funding (“SAIL”) in the amount of $350,000, Extremely Low Income funding (“ELI”) in the amount of $750,000 and an annual Housing Credit (“HC”) allocation in the amount of $349,697 from Florida Housing Finance Corporation (“FHFC” or “Florida Housing”) to Marianna Gardens Preservation, LP ("Applicant" or "Borrower") for the construction and permanent financing of Marianna Gardens (the “Development”).

DEVELOPMENT & SET-ASIDES

Development Name: Marianna Gardens

Program Numbers: RFA 2014-103 | 2014-327S | 2014-121B

Address: 3070 Carters Mill Road | City: Marianna | Zip Code: 32446

County: Jackson | County Size: Small

Development Category: Acquisition/Rehabilitation | Development Type: Garden Apartments

Construction Type: Concrete with red brick siding

Demographic Commitment: Elderly: ____ Homeless: ____ ELI: 10 Units @ 40% AMI
Farmworker or Commercial Fish Worker: ____ Family: X Link: 10 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
2.0	1.0	4	696	40%	$486			$62	$790	$424	$790	$790	$790	$37,920
2.0	1.0	32	696	60%	$729			$62	$790	$667	$790	$790	$790	$303,360
3.0	1.0	6	844	40%	$562			$70	$965	$492	$965	$965	$965	$69,480
3.0	1.0	58	844	60%	$843			$70	$965	$773	$965	$965	$965	$671,640
		100	79,072											$1,082,400

Rental Assisted Units: 100

Buildings: Residential - 9 | Non-Residential - 2
Parking: Parking Spaces - 114 | Accessible Spaces - 9

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
Bonds	10%	10	40%	30
Bonds	90%	90	60%	30
SAIL	10%	10	40%	30
SAIL	90%	90	60%	30
HC	10%	10	40%	30
HC	90%	90	60%	30

Absorption Rate: 15 units per month for 7 months.

Occupancy Rate at Stabilization: Physical Occupancy 96.00% Economic Occupancy 95.00%
Occupancy Comments: CMA weighted physical occupancy rate is 98%

DDA?: N
QCT?: N
Site Acreage: 6.2
Density: 16.13 units/acre
Flood Zone Designation: X
Zoning: Multiple-Family Residential District R-3 (Legally Non-Conforming Use)
Flood Insurance Required?: No

DEVELOPMENT TEAM		
Applicant/Borrower:	Marianna Gardens Preservation, LP	% Ownership
General Partner 1:	Royal American Development, Inc.	0.005%
General Partner 2:	Marianna Gardens Preservation I, LLC	0.005%
Limited Partner 1:	Regions Bank	99.99%
Guarantor(s):	Marianna Gardens Preservation, LP	
	Marianna Gardens Preservation I, LLC	
	Royal American Development, Inc.	
	Jeannette B. Chapman	
	HVPG Developers, LLC	
	Andrew Cavaluzzi	
	Jason Bordainick	
Developer:	Royal American Development, Inc.	
Principal 1	Jeanette B. Chapman	
Co-Developer:	HVPG Developers, LLC	
Principal 1	Andrew Cavaluzzi	
Principal 2	Jason Bordainick	
General Contractor 1:	Royal American Construction Company, Inc.	
Management Company:	Royal American Management, Inc.	
Syndicator:	Regions Bank	
Bond Issuer:	Florida Housing Finance Corporation	
Architect:	VBA Design	
Market Study Provider:	Novogradac & Company, LLP	
Appraiser:	Novogradac & Company, LLP	

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	First	Second	Third			
Lender/Grantor	FHFC/RedStone	FHFC-SAIL	FHFC-ELI			
Amount	$6,374,988	$350,000	$750,000			
Underwritten Interest Rate	5.563%	1.00%	0.00%			
All In Interest Rate	5.563%	1.00%	0.00%			
Loan Term	15	30	30			
Amortization	40	0	0			
Market Rate/Market Financing LTV	159.37%	168.12%	18.75%			
Restricted Market Financing LTV	92.39%	97.46%	10.87%			
Loan to Cost	53.08%	2.91%	6.25%			
Debt Service Coverage	1.15	1.14	1.14			
Operating/Deficit Service Reserve	$456,000					
Period of Operating Expenses/Deficit Reserve in Months	5.5					

Deferred Developer Fee	$1,251,038
Land Value	$470,000
As-Is Value (Rehabilitation)	$5,500,000
Market Rent/Market Financing Stabilized Value	$4,000,000
Rent Restricted Market Financing Stablized Value	$6,900,000
Projected Net Operating Income (NOI) - Year 1	$457,597
Projected Net Operating Income (NOI) - 15 Year	$523,709
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Long Term Tax-Exempt Bonds
Housing Credit Syndication Price	$0.96
Housing Credit Annual Allocation	$349,697

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
First Mortgage - Bond	FHFC/Red Stone	$7,300,000	$6,374,988	$63,750
Second Mortgage - SAIL	FHFC	$350,000	$350,000	$3,500
Third Mortgage - ELI	FHFC	$750,000	$750,000	$7,500
HC Equity	Regions Bank	$1,641,764	$3,283,527	$32,835
Reserves-Op. Deficit	Developer	$456,000	$0	$0
Deferred Developer Fee	Developer	$1,511,789	$1,251,038	$12,510
TOTAL		$12,009,553	$12,009,553	$120,096

Note: During the construction phase, all subordinate funding will be available and a portion will be drawn to pay down the Bonds until such time as it converts to the Permanent Loan.

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the Application?	X	
Are all funding sources the same as shown in the Application?		1.
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?	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?		2.
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?	X	
Is the Development in all other material respects the same as presented in the Application?	X	

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

1. Raymond James Tax Credit Funds, Inc. ("RJTCF") was the proposed syndicator at the time of Application; RJTCF has been replaced by Regions Bank.

2. Development Costs have increased by $462,556 since the time of Application primarily due to an increase in Financial Costs and Extension Fees.

<u>Does the Development Team have any FHFC Financed Developments on the Past Due/Non-Compliance Report?</u>

According to the FHFC Asset Management Noncompliance Report dated September 30, 2014, no noncompliance issues exist for the Development Team.

According to the FHFC Past Due Report dated September 30, 2014, no past due issues exist for the Development Team.

This recommendation is subject to satisfactory resolution, as determined by Florida Housing, of any outstanding past due items or non-compliance issues applicable to the Development Team prior to the issuance of the annual HC allocation recommended herein.

<u>Strengths:</u>

1. The Development Team has demonstrated the ability to successfully develop and operate affordable multifamily rental communities using a variety of different subsidies.

2. A Market Study performed by Novogradac & Company, LLP ("Novogradac"), dated October 15, 2014, concludes that since the Development is an existing property operating with a Section 8 HAP contract in place, it should require minimal re-tenanting, operating under the assumption that current tenants are expected to be income-qualified following renovations.

<u>Other Considerations:</u>

None.

<u>Issues and Concerns</u>:

1. There is currently a Section 8 Housing Assistance Payments ("HAP") Contract for the Development between North Tampa Housing Development Corporation and The New Marianna Gardens, LLP (current owner). The HAP contract provides housing assistance payments to all 100 units. A Basic Renewal Contract (Multi-Year Term) was provided which shows a beginning date of October 1, 2010 and expiration date of October 1, 2015. The Applicant has applied to the U.S. Department of Housing and Urban Development ("HUD") for a 20-year HAP contract for the Development to continue to provide assistance payments for all 100 units.

   If the Development does not receive the 20-year HAP contract, the rents of the Operating Pro Forma would need to be lowered to the achievable LIHTC rents, as determined by Novogradac, to $400 and $460 for the 40% of Area Median Income ("AMI") for the two- and three-bedroom units, respectively; and $575 and $675 for the 60% of AMI for the two- and three-bedroom units, respectively. The achievable LIHTC rents are below the maximum LIHTC rents allowable at or below 60% of AMI.

   Based on the achievable rents, the Development would have a positive net operating income after operating expenses; however, it would not have sufficient income to service the debt. Therefore, satisfactory receipt and review of HUD's approval and/or commitment of a 20-year HAP contract, for the benefit of the Development, is a condition to close and listed in Section B of this report.

2. AmeriNational concludes the Developer will likely be required to permanently defer $1,251,038 of Developer Fee, which is an amount greater than the cumulative cash flow over the first twelve years of operations according to the 15-Year Operating Pro Forma. If the Development is unable to repay the deferred Developer Fee within the tax credit compliance period, the General Partner may be subject to tax credit recapture.

   According to the LOI from Regions Bank or its assigns ("Regions") dated November 12, 2014, the General Partner would be obligated to reimburse Regions for the amount of any recaptured tax credits and all associated fees. Therefore, any risk associated with any tax credit recapture is assumed by the General Partner.

Waiver Requests:

1. A Rule Waiver Petition of Change to the Development Category from Acquisition/Preservation to Acquisition/Rehabilitation, approved by Florida Housing's Board of Directors, is a condition of loan closing and listed in Section B of this report.

Additional Information:

1. The Development is not located in and does not qualify as a Limited Development Area ("LDA") as outlined in Section Four–A(5)(b) of the RFA; therefore, the Applicant must set aside 10 percent of the total units as ELI Set-Aside Units that serve Persons with a Developmental Disability. The Applicant has committed to meet this requirement by setting aside 10 percent (10 units) of the total units to Persons with a Developmental Disability.

2. As a requirement of the RFA, a Total Development Cost ("TDC") Per Unit Base Limitations test was performed. The Development's TDC per unit, exclusive of land costs, is $115,396 which is less than the RFP's maximum TDC per unit, exclusive of land costs, of $142,000.

Recommendation:

AmeriNational recommends the issuance of MMRB in the amount of $7,300,000, SAIL in the amount of $350,000, ELI in the amount of $750,000 and an annual HC allocation in the amount of $349,697 for the construction and permanent financing of the Development. Please see Exhibit 3 of this report for further information regarding the HC allocation calculation.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A), and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the Loan Closing Special and General Conditions and HC Allocation Recommendation and Contingencies as set forth in Section B of this report. 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:	Reviewed by:
Kimberly A Thorne	Mel Drapkin
Kimberly A. Thorne	Michael Drapkin, Jr.
Credit Underwriter	V.P. - 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 - MMRB	FHFC/Red Stone	$7,600,000	$7,320,007	$7,300,000	5.563%	$368,543
Second Mortgage - SAIL	FHFC	$350,000	$350,000	$350,000	1.00%	$0
Third Mortgage - ELI	FHFC	$750,000	$750,000	$750,000	0.00%	$0
HC Equity	Regions	$1,426,070	$1,641,764	$1,641,764		
Reserves - Operating Deficit	Developer	$0	$456,000	$456,000		
Deferred Developer Fee	Developer	$1,420,927	$1,353,045	$1,511,789		
	Total :	$11,546,997	$11,870,816	$12,009,553		$368,543

Proposed First Mortgage Loan:

A Letter of Intent, dated November 11, 2014, between Red Stone Tax Exempt Funding, LLC ("Red Stone") and the Applicant was provided. Red Stone will purchase up to $7,300,000 of fixed rate tax-exempt bonds from FHFC, with a fixed interest only rate during the Rehabilitation and Stabilization Period of up to 24 months. The estimated underwriting interest rate is based on 5.30%, plus an Issuer Servicing Fee of 2.3 basis points ("bp") and Issuer Fee of 24 bp, for an "all-in" underwriting interest rate of 5.563%. A 0.50% Construction Loan Administration Fee and 1.25% Origination Fee will be due at loan closing.

Proposed Second Mortgage Loan:

The Applicant applied to Florida Housing for a $350,000 SAIL Program loan under Request for Applications 2014-103 ("RFA") for the construction financing of the Development. The SAIL loan term will be 30 years, as required by the HC syndicator and as permitted by the Rule. The SAIL loan shall be non-amortizing with a 1.00% interest rate over the life of the loan with payments based upon available cash flow as determined by Florida Housing. Annual payments of all applicable fess will be required. SAIL Program loan proceeds may be amongst the sources of funds utilized to pay down the Borrower Loan during the construction phase. SAIL loan proceeds shall be disbursed during the construction phase in an amount per construction draw which does not exceed the ratio of the SAIL loan to Total Development Costs, unless approved by the credit underwriter.

Proposed Third Mortgage Loan:

The Applicant requested an Extremely Low Income ("ELI") Gap loan of $750,000 for the construction financing of the Development. The RFA states an Applicant is eligible for "a forgivable loan in the amount of $75,000 for each required ELI set-aside unit, not to exceed a total of $1,800,000." Therefore, the Applicant is eligible to receive an ELI Gap loan of up to $750,000 for its 10 ELI set-aside units.

The ELI Gap loan will have non-amortizing payments at 0% interest per year over the life of the loan with principal forgivable at maturity provided the units are targeted to ELI Households for the duration of the Compliance Period. It shall have a term of 30 years, as required by the HC syndicator and as permitted by the Rule. After 15 years all of the ELI Set-Aside units may convert to serve residents at or below 60%

of AMI, and if applicable, the Persons with a Developmental Disability set-aside requirement will no longer apply. ELI Gap loan proceeds shall be disbursed during the construction phase in an amount per construction draw which does not exceed the ratio of the ELI Gap loan to Total Development Costs, unless approved by the credit underwriter.

Reserves – Operating Deficit:

An Operating Deficit Reserve account in the amount of no less than $456,000 is a requirement of the syndicator, Regions Bank ("Regions"), according to their letter of intent dated November 12, 2014. This reserve account will be funded by the proceeds of the completion equity installment. A construction draw schedule prepared by the Applicant and reviewed by AmeriNational confirms the deferral of the reserves to satisfy any financial shortfall during rehabilitation.

HC Equity:

A letter of intent, dated November 12, 2014, between Regions and the Applicant was provided. Regions will purchase a 99.99% limited partnership interest at $0.96 per housing credit, for a total investment of $3,283,527. The letter of intent states that $820,882 will be provided at closing, which exceeds the 15% minimum requirement per the Rule. A total of $1,641,764 will be funded during the construction phase.

Deferred Developer Fee:

The Applicant will be required to defer $1,511,789 or 89% of the total developer fee during the construction phase. Per the RFA, up to 100% of the developer fee may be deferred and used as a source.

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 - MMRB	FHFC/Red Stone	$6,300,000	$6,500,000	$6,374,988	5.563%	40	15	$397,848
Second Mortgage - SAIL	FHFC	$350,000	$350,000	$350,000	1.00%	0	30	$3,500
Third Mortgage - ELI	FHFC	$750,000	$750,000	$750,000	0.00%	0	30	$0
HC Equity	Regions	$3,169,043	$3,248,000	$3,283,527				
Deferred Developer Fee	Developer	$977,954	$1,022,816	$1,251,038				
	Total :	$11,546,997	$11,870,816	$12,009,553				$401,348

Proposed First Mortgage Loan:

After the initial 24 month Rehabilitation and Stabilization Period, the following conditions must be met in order to convert to permanent financing: 1) a maximum 85% loan to value 2) achievement of a 1.15 Debt Service Coverage ("DSC") and 3) achievement of 90% economic and physical occupancy for 90 consecutive days. Terms and conditions of the Permanent Loan include a 15 year term and a 40-year amortization period. The estimated underwriting interest rate is based on a fixed rate of 5.30%, plus an Issuer Servicing Fee of 2.3 basis points ("bp") and Issuer Fee of 24 bp, for an "all-in" underwriting interest rate of 5.563%.

Based upon the estimates of the Operating Pro Forma and the conversion requirement of a 1.15 DSC, the underwriter has estimated the Bonds must be paid down with various funding sources identified herein to $6,374,988. While the permanent loan may be re-underwritten by Red Stone at conversion, any amount other than $6,374,988, as referenced within this credit underwriting, is subject to the prior approval of FHFC and its servicer. By Rule, the Development must demonstrate, based on current rates, that it can meet the minimum 1.10 DSC requirements with all first and second mortgages with Housing Credits.

Proposed Second Mortgage Loan:

The Applicant applied to Florida Housing for a $350,000 SAIL Program loan under RFA 2014-103 for the permanent financing of the Development. The SAIL loan term will be 30 years, as required by the HC syndicator and as permitted by the Rule. The SAIL loan shall be non-amortizing with a 1.00% interest rate over the life of the loan with payments based upon available cash flow as determined by Florida Housing. Any unpaid interest will be deferred until cash flow is available. However, at maturity of the SAIL loan, all principal and interest will be due. Annual payments of all applicable fees will be required. Fees include Permanent Loan Servicing Fees (25 bps of the outstanding loan amount up to a maximum of $798 per month, subject to a minimum of $200 per month) and Compliance Monitoring Fees ($871 based upon the Multiple Program Fees of the current contract between FHFC and it servicer).

Proposed Third Mortgage Loan:

The $750,000 ELI Gap loan will have non-amortizing payments at 0% simple interest per year over the life of the loan with principal forgivable at maturity provided the units are targeted to ELI Households for the duration of the Compliance Period. It shall have a term of 30 years, as required by the HC syndicator and as permitted by the Rule. After 15 years all of the ELI Set-Aside units may convert to serve residents at or below 60% of AMI, and if applicable, the Persons with a Developmental Disability set-aside requirement will no longer apply. Annual payment of all applicable fees will be required. Fees include Permanent Loan Servicing Fees (25 bps of the outstanding loan amount up to a maximum of $798 per month, subject to a minimum of $200 per month) and Compliance Monitoring Fees ($871 based upon the Multiple Program Fees of the current contract between FHFC and it servicer).

HC Equity:

According to the letter of intent, Regions will purchase a 99.99% limited partnership interest at $0.96 per housing credit for a total investment of $3,283,527 to be paid as follows:

Note: All equity installments are rounded to the nearest whole dollar.

Capital Contributions	Amount	Percent of Total	Due upon
1st Installment	$820,882	25%	At Partnership closing
2nd Installment	$820,882	25%	Upon 50% completion
3rd Installment	$985,058	30%	Upon 100% completion
4th Installment	$492,529	15%	At 1.20x DSC for 90 consecutive days
5th Installment	$164,176	5%	100% tax credit qualifed, approved cost certification and 8609s
Total:	**$3,283,527**	**100%**	

Annual Credits Per Syndication Agreement	$342,034
Total Credits Per Syndication Agreement	$3,420,339
Calculated HC Rate:	$0.96
Limited Partner Ownership Percentage	99.99%
Proceeds During Construction	$1,641,764

Deferred Developer Fee:

The Developer will be required to permanently defer $1,251,038 or 74% in Developer Fee after stabilization. Based upon the estimates of the Operating Pro Forma, the amount of deferred Developer Fee may not be paid back in 12 years.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Rehab of Existing Common Areas	$100,000	$0	$86,000	$860	$0
Rehab of Existing Rental Units	$3,150,000	$3,250,000	$3,164,000	$31,640	$0
General Conditions	$0	$0	$195,000	$1,950	$0
Overhead	$0	$0	$65,000	$650	$0
Profit	$442,105	$455,000	$195,000	$1,950	$0
Total Construction Contract/Costs	$3,692,105	$3,705,000	$3,705,000	$37,050	$0
Hard Cost Contingency	$340,630	$370,500	$325,000	$3,250	$0
Total Construction Costs:	**$4,032,735**	**$4,075,500**	**$4,030,000**	**$40,300**	**$0**

Notes to Actual Construction Costs:

1. A Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum in the amount $3,705,000 (the "Construction Contract"), dated September 12, 2014, has been provided between the Applicant and Royal American Construction Co., Inc. The Construction Contract shows a substantial construction completion timeline of 10 months and provides for retainage of not less than 10% until the work of the contract is 50% complete at which time the retainage is reduced to 5% thereafter, which exceeds the Rule.

   Asbestos Abatement in the amount of $100,350 is included in the Schedule of Values that is to be performed during construction. See Section C, Asbestos Survey for details.

2. General Contractor's Fee (consisting of general requirements, overhead, and profit) is within the Rule of 14.00%.

3. The General Contractor will provide a Letter of Credit to secure the Construction Contract. The cost is excluded from the Construction Contract's Schedule of Values.

4. The Hard Cost Contingency has been adjusted to 10% of Hard Costs, which is within the Rule.

5. Varian Associates, PA ("Varian") provided a Full Cost Analysis ("FCA") dated October 31, 2014 for the Development. Based upon the adjusted area of 88,252 square feet, the project Hard Cost for the building and site alteration is $41.98 per adjusted square foot (asf). This amount can be further divided into $3.72 per asf for site features and $38.26 per asf for building construction. Comparative costs in the rehabilitation of multifamily and commercial buildings reflect the normal low end at $31.07 per asf and the high-end at $186.53 per asf. The project cost for the Development, at $41.98 per asf, is below the average but reasonable. The construction progress schedule submitted for Varian's review shows a ten month duration; Varian stated night and weekend work at premium rates may be required to accommodate the timeline.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	$20,000	$20,000	$20,000	$200	$0
Appraisal	$10,000	$10,000	$10,000	$100	$0
Architect's and Planning Fees	$145,000	$123,500	$88,500	$885	$0
Building Permits	$35,000	$35,000	$35,000	$350	$0
Capital Needs Assessment/Rehabilitation	$10,000	$0	$4,450	$45	$0
Engineering Fees	$42,000	$15,000	$15,000	$150	$0
Environmental Report	$15,000	$15,000	$15,000	$150	$0
FHFC Administrative Fees	$27,000	$27,000	$27,976	$280	$27,976
FHFC Application Fee	$3,000	$3,000	$3,000	$30	$3,000
FHFC Credit Underwriting Fee	$21,941	$21,941	$21,941	$219	$21,941
FHFC HC Compliance Fee (HC)	$2,828	$2,828	$0	$0	$0
Lender Inspection Fees / Const Admin	$0	$30,000	$30,000	$300	$0
Insurance	$35,000	$35,000	$35,000	$350	$0
Legal Fees	$165,000	$225,000	$225,000	$2,250	$0
Market Study	$7,500	$7,500	$3,000	$30	$0
Marketing and Advertising	$7,000	$5,000	$5,000	$50	$5,000
Plan and Cost Review Analysis	$0	$10,000	$3,985	$40	$0
Survey	$12,500	$12,500	$12,500	$125	$0
Tenant Relocation Costs	$75,000	$53,761	$53,761	$538	$0
Title Insurance and Recording Fees	$75,000	$40,000	$40,000	$400	$0
Soft Cost Contingency	$0	$45,000	$32,455	$325	$0
Other: Tenant File Audit	$5,000	$5,000	$5,000	$50	$5,000
Total General Development Costs:	**$713,769**	**$742,030**	**$686,568**	**$6,866**	**$62,917**

Notes to the General Development Costs:

1. Architect and Planning Fees were adjusted to reflect the actual cost represented in the executed contract reviewed by the Underwriter.

2. AmeriNational reflects actual costs for the market study, capital needs assessment and plan and cost review analysis.

3. The FHFC HC Compliance Fee was reduced to zero as this fee will be charged annually by the Servicer as reflected in the Operating Proforma.

4. The FHFC Administrative Fee is based upon a fee of 8% of the Annual HC Recommendation.

5. The tenant relocation costs are based upon the Applicant’s estimate of relocating a maximum of 12 households simultaneously to include furniture rental, moving, utility and miscellaneous expenses.

6. The soft cost contingency has been adjusted to 5% of Total General Development Costs, which is within the Rule.

7. The remaining general development costs appear reasonable.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Origination Fee	$95,000	$0	$91,250	$913	$0
Construction Loan Interest	$348,333	$300,000	$368,543	$3,685	$33,109
Construction Loan Servicing Fees	$38,000	$128,100	$36,500	$365	
FHFC Bond Subsidy Layering Review	$3,907	$0	$3,907	$39	$3,907
FHFC Bond Origination Fee	$30,400	$0	$29,200	$292	$29,200
FHFC Bond Commitment Fee	$17,581	$0	$0	$0	$0
FHFC Bond Trustee Fee	$12,250	$0	$0	$0	$0
SAIL Closing Costs	$0	$0	$15,000	$150	$0
Reserves - Operating Deficit	$247,176	$456,000	$456,000	$4,560	$456,000
Legal Fees - Issuer's Counsel	$0	$0	$110,000	$1,100	$0
TEFRA Fee	$500	$0	$500	$5	$500
Other: ELI Commitment Fee	$0	$0	$7,500	$75	$7,500
Other: SAIL Construction Loan Servicing Fee	$0	$0	$15,374	$154	$15,374
Other: SAIL Commitment Fee	$0	$0	$3,500	$35	$3,500
Other: Cost of Issuance Fees	$0	$64,638	$30,000	$300	$0
Other: Lender Costs (Red Stone)	$0	$25,000	$25,000	$250	$0
Total Financial Costs:	**$793,147**	**$973,738**	**$1,192,274**	**$11,923**	**$549,090**

Notes to the Financial Costs

1. Financial costs were derived from the representations illustrated in the RFA, letters of intent for equity and construction and permanent financing and appear reasonable to AmeriNational.

2. Construction Loan Interest is supported by Red Stone's first mortgage loan rate illustrated in their letter of intent, the duration of construction referenced in the Construction Contract and the resultant calculation completed by AmeriNational through the use of a construction draw schedule provided by the Applicant.

3. SAIL and ELI Closing Costs are estimated at $15,000.

4. The letter provided by Regions outlining the terms and conditions for which they would make an equity investment in the Borrower requires a $456,000 Operating Deficit Reserve account funded by proceeds of the completion equity installment. This satisfies the RFA requirement that an Operating Deficit Reserve cannot exceed the maximum ELI Gap Funding amount.

5. The Applicant presented the Cost of Issuance in the amount of $64,638; however, AmeriNational has reallocated a portion of those funds to the appropriate line items and added $110,000 as an estimate for FHFC's legal counsel. The remaining $30,000 will be confirmed at the time of loan closing.

6. Per the RFA, a Commitment Fee of 1.00% for the ELI loan amount and the SAIL loan amount is due upon acceptance of a firm commitment.

7. The Servicer Construction Loan Servicing Fees were calculated at $167/hour, including 7.5 hours per draw for draws two through ten, and $2,047 for the first and last draw.

8. All remaining financial costs appear reasonable to AmeriNational.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Building Acquisition Cost	$3,915,000	$3,880,000	$3,880,000	$38,800	$0
Other: Extension Fees	$0	$60,000	$60,000	$600	$0
Total Non-Land Acquisition Costs:	**$3,915,000**	**$3,940,000**	**$3,940,000**	**$39,400**	**$0**

Notes to Non-Land Acquisition Costs:

1. The Applicant provided an executed Purchase & Sale Agreement, dated October 14, 2013, between Hudson Valley Property Group, LLC ("Purchaser") and LB-RPR I Asset Holdings, LLC ("Seller"). The agreement stipulates a purchase price of $4,350,000 for all property and improvements located thereon. The agreement specifies that the transaction is contingent upon the Purchaser's approval from HUD to assume the existing HAP Contract for the Development. The closing date will be the later of (i) 10 days from the Purchaser's receipt of HUD approval or (ii) March 31, 2014.

2. A First Amendment To and Assignment of Purchase & Sale Agreement dated January 13, 2014 was provided. The Amendment reflects the Original Purchaser assigning the Purchase & Sale Agreement to the Applicant. Closing extension deposits were included requiring $10,000 for each 30-day extension. The Extension Fees, which are payable each month, are in addition to the contract price and are non-refundable to the Applicant.

3. According to the appraisal prepared by Novogradac, dated October 15, 2014, the "As Is" appraised value of the Development is $5,500,000, which supports the purchase price of $4,350,000 plus the $60,000 in Extension Fees for a total cost of $4,410,000.

   Based on FHFC's Land Allocation criteria, the calculated lowest land value is $470,000. AmeriNational has attributed the difference between the purchase price and the land value, $3,880,000, to the Building Acquisition Cost.

OTHER DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Development Cost Before Developer Fee and Land	$9,454,651	$9,731,268	$9,848,842	$98,488	$612,007
Developer Fee on Acquisition of Buildings	$1,657,346	$1,669,548	$709,200	$7,092	$0
Developer Fee	$0	$0	$981,511	$9,815	$0
Total Other Development Costs:	**$1,657,346**	**$1,669,548**	**$1,690,711**	**$16,907**	**$0**

Notes to the Other Development Costs:

1. The total Developer Fee in the amount of $1,690,711 is within 18% of the Total Development Costs less Developer Fee, Land and Reserves. The Developer Fee on Acquisition of Buildings equals 18% of Building Acquisition Costs. The Developer Fee attributable to rehabilitation is the balance of the total Developer Fee less the Acquisition Fee and is within the Rule.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Land	$435,000	$470,000	$470,000	$4,700	$470,000
Total Acquisition Costs:	**$435,000**	**$470,000**	**$470,000**	**$4,700**	**$470,000**

Notes to Land Acquisition Costs:

1. According to the appraisal prepared by Novogradac, the "As If" (vacant land) market value of the property is $470,000. Based on FHFC's Land Allocation criteria, the calculated lowest land value is $470,000.

TOTAL DEVELOPMENT COSTS:	**$11,546,997**	**$11,870,816**	**$12,009,553**	**$120,096**	**$1,082,007**

Notes to Total Development Costs:

1. Total Development Costs have increased by $462,556 since the time of Application primarily due to an increase in Financial Costs and Extension Fees.

2. As a requirement of the RFP, a TDC Per Unit Base Limitations test was performed. The Development's TDC per unit, exclusive of land costs, is $115,396 which is less than the RFP's maximum TDC per unit, exclusive of land costs, of $142,000.

3. The SAIL loan amount of $350,000 is 3% of Total Development Costs, which is in accordance with the RFA, which states the SAIL loan shall be in an amount not to exceed 25 percent of the Total Development Costs.

4. OPERATING PRO FORMA

	FINANCIAL COSTS:			Year 1	Year 1 Per Unit
	OPERATING PRO FORMA				
INCOME:	Gross Potential Rental Income			**$1,082,400**	**$10,824**
	Other Income				
	Ancillary Income			$50,000	**$500**
	Gross Potential Income			**$1,132,400**	**$11,324**
	Less:				
	Physical Vac. Loss	Percentage:	4.00%	$45,296	**$453**
	Collection Loss	Percentage:	1.00%	$11,324	**$113**
	Total Effective Gross Income			**$1,075,780**	**$10,758**
EXPENSES:	Fixed:				
	Real Estate Taxes			$81,194	**$812**
	Insurance			$30,000	**$300**
	Variable:				
	Management Fee	Percentage:	5.00%	$53,789	**$538**
	General and Administrative			$40,000	**$400**
	Payroll Expenses			$128,800	**$1,288**
	Utilities			$155,000	**$1,550**
	Marketing and Advertising			$3,000	**$30**
	Maintenance and Repairs			$50,000	**$500**
	Grounds Maintenance and Landscaping			$7,500	**$75**
	Security			$12,500	**$125**
	Reserve for Replacements			$56,400	**$564**
	Total Expenses			**$618,183**	**$6,182**
	Net Operating Income			**$457,597**	**$4,576**
	Debt Service Payments				
	First Mortgage -	MMRB		$397,848	**$3,978**
	Second Mortgage -	SAIL		$3,500	**$35**
	Third Mortgage -	ELI		$0	**$0**
	Other Fees - SAIL & ELI Permanent Loan			$4,800	**$48**
	Other Fees - Compliance Monitoring Fee			$4,670	**$47**
	Total Debt Service Payments			**$410,818**	**$4,108**
	Cash Flow after Debt Service			**$46,779**	**$468**
				Annual	Per Unit
	Debt Service Coverage Ratios				
	DSC - First Mortgage	MMRB		**1.15**	**1.15**
	DSC - Second Mortgage	SAIL		**1.14**	**1.14**
	DSC - Third Mortgage	ELI		**1.14**	**1.14**
	DSC - All Mortgages and Fees			**1.11**	**1.11**
	Financial Ratios				
	Operating Expense Ratio			**57.46%**	
	Break-even Economic Occupancy Ratio (all debt)			**90.87%**	

Notes to the Operating Pro Forma and Ratios:

1. The Net HC Rent is based upon gross rental limits posted by Florida Housing Finance Corporation for applicable set-asides less utility allowances in accordance with Marianna Housing Authority. As restricted by the MMRB, Housing Credit and SAIL Loan Programs, the Development will have 10% of its units (10 units) set aside for tenants with incomes at or below 40% of the AMI and 90% of its units (90 units) set aside for tenants with incomes at or below 60% AMI. Per the appraiser, the maximum allowable LIHTC rents for the Development are not achievable for the 40% or 60% AMI units. However, the Development operates under a Section 8 HAP contract and all units have rental assistance. Therefore, the HAP Contract Rents were utilized, which were effective October 1, 2014. Therefore, receipt of HUD's approval and/or commitment of a 20 year HAP contract, for the benefit of the Development, is a condition to close.

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

   (County): Jackson County

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
2.0	1.0	4	696	40%	$486			$62	$790	$424	$790	$790	$790	$37,920
2.0	1.0	32	696	60%	$729			$62	$790	$667	$790	$790	$790	$303,360
3.0	1.0	6	844	40%	$562			$70	$965	$492	$965	$965	$965	$69,480
3.0	1.0	58	844	60%	$843			$70	$965	$773	$965	$965	$965	$671,640
		100	79,072											$1,082,400

2. Based on the achievable LIHTC rents, the Development will benefit from the rental rate advantage it will have over market rents. The two- and three-bedroom unit's set-side for families with incomes at or below 40% of AMI will have an advantage over achievable market rents of 37% - 38%. The two- and three-bedroom unit's set-side for families with incomes at or below 60% of AMI will have an advantage over achievable market rents of 7% - 12%.

3. Ancillary Income, estimated at $500 per unit, is comprised of fees associated with late charges, cleaning fees, pet deposits and forfeiture of security deposits. Also included is fee income from the local cable company, which pays the Development a lump sum every quarter depending on how many tenants sign up for their cable services. Novogradac based the Ancillary Income amount on the Development's historical financial data and the assumption the Development will continue to receive a similar amount from the cable company.

4. A 5.0% vacancy and collection loss rate was concluded by the appraisal based on comparables in the market and occupancy weighted average rate of 98.4%. AmeriNational relied upon this figure for underwriting purposes.

5. The appraiser utilized a real estate tax expense of $81,194 or $812 per unit, which is based on multiplying the estimated tax assessed value of $4.8MM by the Development's 2014 millage rate.

6. The appraiser concluded the insurance costs at $300 per unit, which is in-line with the Developer's budget, within the range of the comparables and only slightly below the Development's historical expenses.

7. Payroll expenses include one full-time manager, one part-time management assistant and two full-time maintenance staff. Novogradac concludes the payroll expense is within the range of comparables and the Development's historical expenses.

8. The tenant is responsible for all general electric expenses including air-conditioning expenses. The landlord will pay all other utility expenses including gas, water, sewer, trash, as well as all community areas and vacant units. Novogradac estimated the utility expenses by using the Development's historical expenses and the anticipated savings based on the energy efficient upgrades to be installed during renovations.

9. The Applicant submitted a Management Agreement dated November 20, 2014 between the Applicant and Royal American Management, Inc., which provides for compensation computed and paid according to HUD requirements estimated at 5.0% of Gross Rent collections. The term of this Agreement is for three years and will automatically renew for an additional three year period subject to certain conditions listed in the Agreement.

10. Replacement Reserves of $56,400 is based upon $564 per unit per year, which is based upon Addendum No. 1, dated December 2, 2014, to the October 21, 2014 Physical Condition Assessment report provided by Varian.

11. Based upon an estimated Net Operating Income ("NOI") of $457,597 for the Development's initial year of stabilized operations; the first mortgage loan (FHFC MMRB) can be supported by operations at a 1.15 to 1.00 Debt Service Coverage ("DSC"), the first and second mortgage loans (FHFC Bond + SAIL) can be supported by operations at a 1.14 to 1.00 DSC, and 1.11 to 1.00 including all debt and fees. By Rule, the maximum 1.50 DSC of SAIL and superior mortgages and the minimum 1.10 DSC for the first and second mortgages with Housing Credits has been satisfied.

12. The SAIL + ELI Permanent Loan Servicing and Compliance Monitoring Fees are based on the contract between FHFC and the Servicer and subject to annual increases, not to exceed 3% of the prior year's fee.

13. A 15-year Operating Pro Forma attached hereto as Exhibit 1 reflects rental income increasing at an annual rate of 2% and expenses increasing at an annual rate of 3%.

Section B

MMRB, SAIL & ELI Loan Closing Special and General Conditions and HC Allocation Recommendation and Contingencies

MMRB, SAIL & ELI Recommendation

Special Conditions

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

1. Rule Waiver Petition of Change to the Development Category, from Acquisition/Preservation to Acquisition/Rehabilitation, approved by Florida Housing's Board of Directors.

2. Jeanette B. Chapman and Jason Bordainick to provide current, signed financial statements dated within the last 90 days.

3. Satisfactory receipt and review of HUD's approval and/or commitment of a 20-year, Section 8 HAP Contract for the benefit of the Development.

4. Approval by FHFC's Asset Management Department of the selection of Royal American Management, Inc. to manage the Development.

5. A satisfactory site inspection to be performed by AmeriNational.

General Conditions

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

1. Borrower is to comply with any and all recommendations noted in the Full Cost Analysis prepared by Varian Associates, PA.

2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

3. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). An acceptable alternative to this requirement is receipt and satisfactory review of a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

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

5. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. MMRB, SAIL and ELI Program loan proceeds shall be disbursed during the construction phase in an amount per Draw that does not exceed the ratio of the MMRB, SAIL and ELI loans to the Total Development Cost, unless approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.

6. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

7. Evidence of general liability, flood (if applicable), builder's risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, with coverages, deductibles and amounts satisfactory to Florida Housing.

8. If the Development is not 100% lien-free completed, a 100% Payment and Performance Bond or a Letter of Credit (LOC) in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the GC and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds must be from a company rated at least "A-"by A.M. Best & Co with a financial size category of at least FSC VI. FHFC, and/or Legal Counsel must approve the source, amount(s), and all terms of the P&P bonds, or LOC. If the LOC option is utilized, the LOC must include "evergreen" language and be in a form satisfactory to the Servicer, Florida Housing, and its Legal Counsel.

9. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, as applicable.

10. A copy of the Amended and Restated Limited Partnership Agreement ("LPA") reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The LPA shall be in a form and of financial substance satisfactory to Servicer, Florida Housing, and its Legal Counsel.

11. Satisfactory resolution of any outstanding past due or non-compliance issues by closing of the loan(s).

12. Payment of any outstanding arrearages to the Corporation, its legal counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or

Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.0025 (5) and 67-48.0075 (5) F.A.C., of an Applicant or a Developer).

13. During construction/rehabilitation, the Developer is only allowed to draw a maximum of 50% of the total developer fee (developer fee minus acquisition developer fee) during construction/rehabilitation, but in no case more than the payable developer fee, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" during construction/rehabilitation will be allowed to be disbursed at closing. The remainder of the "developer's overhead" will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer. The remaining unpaid developer fee shall be considered attributable to "developer's profit" and may not be funded until the development has achieved 100% lien-free completion and retainage has been released.

14. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications.

This recommendation is contingent upon the review and approval by Florida Housing, and its Legal Counsel <u>at least 30 days prior to real estate loan closing</u>. Failure to receive approval of these items within this timeframe may result in postponement of the 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. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of the MMRB, SAIL and ELI loan closings, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.

4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the MMRB, SAIL and ELI loan(s) naming Florida Housing as the insured. All endorsements required by Florida Housing shall be provided.

5. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loans have been satisfied.

6. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss

Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to Florida Housing.

7. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to Florida Housing addressing the following matters:

   a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, and of any corporate guarantor and any manager;
   b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
   c. The loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
   d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement and;
   e. Such other matters as Florida Housing or its legal counsel may require.

8. Evidence of compliance with local concurrency laws, if applicable.

9. UCC Searches for the Borrower, its partnerships, as requested by counsel.

10. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its legal counsel in form and substance acceptable to Florida Housing or its legal counsel, in connection with the Loan(s).

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

Additional Conditions

This recommendation is also contingent upon the following additional conditions.

1. Compliance with all provisions of Rule Chapter 67-53, F.A.C., Rule Chapter 67-21, F.A.C., Rule Chapter 67-48, F.A.C., Rule Chapter 67-60, F.A.C., RFA 2014-103, Section 42 I.R.C. and any other State and Federal requirements.

2. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRB, SAIL and ELI loan(s) in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note, the Loan Agreement(s), the Mortgage and Security Agreement, and the Land Use Restriction Agreement(s) and the Final Cost Certificate.

3. If applicable, receipt and satisfactory review of financial statements from all Guarantors dated within 90 days of real estate closing.

4. Guarantors to provide the standard Florida Housing Construction Completion Guaranty; to be released upon lien-free completion as approved by the Servicer.

5. MMRB Program Loan - All amounts necessary to complete construction/rehabilitation, must be deposited with the Bond Trustee prior to closing, or any phased pay-in of amount necessary to complete construction/rehabilitation shall be contingent upon an unconditional obligation, through a Joint Funding Agreement or other mechanism acceptable to Florida Housing, of the entity providing HC Equity payments (and evidence that 100% of such amount is on deposit with such entity at loan closing) to pay, regardless of any default under any documents relating to the HC as long as the First Mortgage continues to be funded.

6. MMRB & SAIL Program Loans - Guarantors are to provide the standard FHFC Operating Deficit Guaranty to be released upon achievement of an average 1.15 Debt Service Coverage on the combined permanent first mortgage and SAIL Loan, 90% occupancy and 90% of Gross Potential rental income, net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public Accountant ("CPA"). The calculation of the debt service coverage ratio shall be made by Florida Housing or the Servicer. Notwithstanding the above, the Operating Deficit Guarantee shall not terminate earlier than three years following the final certificate of occupancy.

7. Guarantors are to provide the standard Florida Housing Environmental Indemnity Guaranty.

8. Guarantors are to provide the standard Florida Housing Guaranty of Recourse Obligations.

9. Closing of the MMRB first mortgage loan simultaneous with or prior to closing of the SAIL and ELI loans.

10. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the MMRB, SAIL and ELI loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.

11. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee, the Bond Trustee or the Servicer. In the event the reserve account is held by the Servicer, the release of funds shall be at Florida Housing's sole discretion.

12. Replacement Reserves funds in the amount of $564 per unit per year are required to be deposited on a monthly basis into a designated escrow account to be maintained by the First Mortgagee/Credit Enhancer, the Bond Trustee, or Florida Housing's loan servicing agent. Preservation or Rehabilitation Developments (with or without acquisition) shall not be allowed to draw until the start of the scheduled replacement activities as outlined in the pre-construction capital needs assessment report ('CNA') subject to the activities completed in the scope of rehabilitation, but not sooner than the third year.

    The initial Replacement Reserve will have limitations on the ability to be drawn. The amount established as a Replacement Reserve shall be adjusted based on a 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'). A subsequent CNA is required no later than the 15th year after the Initial Replacement Reserve Date and subsequently every five (5) years thereafter.

13. An Operating Deficit Reserve ("ODR") of up to the collective amount of six months of expenses and six months of debt service will be permitted within the Applicant's budget, unless the credit underwriter deems a larger reserve is necessary. The calculation of developer fee will be exclusive of the budgeted ODR and any ODR "proposed or required by a limited partner or other lender" in excess of the amount of the ODR deemed satisfactory by the credit underwriter will be a subset of developer fee. Upon expiration of the ODR, the balance in the reserve will be used to pay down any FHFC administered loan debt, if any, and if there is no FHFC administered loan debt, then the balance of the reserve shall be deposited into a replacement reserve account. In no event shall the remaining balance in said ODR be paid to the Developer or Applicant.

14. Varian Associates, PA will act as Florida Housing's inspector during the construction period.

15. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 5% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy.

16. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.

17. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

Housing Credit Allocation Recommendation

AmeriNational recommends an annual $345,070 HC Allocation. Please refer to Exhibit 3 - HC Allocation Calculation for further detail.

Contingencies

1. Purchase of the HC by the Syndicator or its assigns under the terms consistent with assumptions of this report.

2. Closing of the MMRB, SAIL and ELI loans consistent with the assumptions of this credit underwriting report.

3. Varian Associates, PA is to act as construction phase inspector for Florida Housing.

4. Receipt of executed FHFC Fair Housing, Section 504 and ADA as-built certification forms 122, 127, and 129.

5. Satisfactory resolution of any outstanding past due items or non-compliance issues by closing of the Loan(s).

6. Any other reasonable requirements of Florida Housing or its Servicer.

Exhibit 1
Marianna Gardens
15 Year Operating Pro Forma

	FINANCIAL COSTS:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	OPERATING PRO FORMA															
INCOME:	Gross Potential Rental Income	**$1,082,400**	**$1,104,048**	**$1,126,129**	**$1,148,652**	**$1,171,625**	**$1,195,057**	**$1,218,958**	**$1,243,337**	**$1,268,204**	**$1,293,568**	**$1,319,440**	**$1,345,828**	**$1,372,745**	**$1,400,200**	**$1,428,204**
	Other Income															
	Ancillary Income	$50,000	$51,000	$52,020	$53,060	$54,122	$55,204	$56,308	$57,434	$58,583	$59,755	$60,950	$62,169	$63,412	$64,680	$65,974
	Gross Potential Income	**$1,132,400**	**$1,155,048**	**$1,178,149**	**$1,201,712**	**$1,225,746**	**$1,250,261**	**$1,275,266**	**$1,300,772**	**$1,326,787**	**$1,353,323**	**$1,380,389**	**$1,407,997**	**$1,436,157**	**$1,464,880**	**$1,494,178**
	Less:															
	Physical Vac. Loss Percentage: 4.00%	$45,296	$46,202	$47,126	$48,068	$49,030	$50,010	$51,011	$52,031	$53,071	$54,133	$55,216	$56,320	$57,446	$58,595	$59,767
	Collection Loss Percentage: 1.00%	$11,324	$11,550	$11,781	$12,017	$12,257	$12,503	$12,753	$13,008	$13,268	$13,533	$13,804	$14,080	$14,362	$14,649	$14,942
	Total Effective Gross Income	**$1,075,780**	**$1,097,296**	**$1,119,242**	**$1,141,626**	**$1,164,459**	**$1,187,748**	**$1,211,503**	**$1,235,733**	**$1,260,448**	**$1,285,657**	**$1,311,370**	**$1,337,597**	**$1,364,349**	**$1,391,636**	**$1,419,469**
EXPENSES:	Fixed:															
	Real Estate Taxes	$81,194	$83,630	$86,139	$88,723	$91,385	$94,126	$96,950	$99,858	$102,854	$105,940	$109,118	$112,391	$115,763	$119,236	$122,813
	Insurance	$30,000	$30,900	$31,827	$32,782	$33,765	$34,778	$35,822	$36,896	$38,003	$39,143	$40,317	$41,527	$42,773	$44,056	$45,378
	Variable:															
	Management Fee Percentage: 5.00%	$53,789	$54,865	$55,962	$57,081	$58,223	$59,387	$60,575	$61,787	$63,022	$64,283	$65,568	$66,880	$68,217	$69,582	$70,973
	General and Administrative	$40,000	$41,200	$42,436	$43,709	$45,020	$46,371	$47,762	$49,195	$50,671	$52,191	$53,757	$55,369	$57,030	$58,741	$60,504
	Payroll Expenses	$128,800	$132,664	$136,644	$140,743	$144,966	$149,315	$153,794	$158,408	$163,160	$168,055	$173,096	$178,289	$183,638	$189,147	$194,822
	Utilities	$155,000	$159,650	$164,440	$169,373	$174,454	$179,687	$185,078	$190,630	$196,349	$202,240	$208,307	$214,556	$220,993	$227,623	$234,451
	Marketing and Advertising	$3,000	$3,090	$3,183	$3,278	$3,377	$3,478	$3,582	$3,690	$3,800	$3,914	$4,032	$4,153	$4,277	$4,406	$4,538
	Maintenance and Repairs	$50,000	$51,500	$53,045	$54,636	$56,275	$57,964	$59,703	$61,494	$63,339	$65,239	$67,196	$69,212	$71,288	$73,427	$75,629
	Grounds Maintenance and Landscaping	$7,500	$7,725	$7,957	$8,195	$8,441	$8,695	$8,955	$9,224	$9,501	$9,786	$10,079	$10,382	$10,693	$11,014	$11,344
	Reserve for Replacements	$56,400	$56,400	$56,400	$56,400	$56,400	$56,400	$56,400	$56,400	$56,400	$56,400	$56,400	$56,400	$56,400	$56,400	$56,400
	Total Expenses	**$618,183**	**$634,499**	**$651,293**	**$668,580**	**$686,375**	**$704,692**	**$723,547**	**$742,955**	**$762,934**	**$783,500**	**$804,670**	**$826,462**	**$848,895**	**$871,988**	**$895,760**
	Net Operating Income	**$457,597**	**$462,797**	**$467,949**	**$473,046**	**$478,084**	**$483,056**	**$487,956**	**$492,778**	**$497,514**	**$502,157**	**$506,700**	**$511,135**	**$515,454**	**$519,648**	**$523,709**
	Debt Service Payments															
	First Mortgage - MMRB	$397,848	$397,848	$397,848	$397,848	$397,848	$397,848	$397,848	$397,848	$397,848	$397,848	$397,848	$397,848	$397,848	$397,848	$397,848
	Second Mortgage - SAIL	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500
	Third Mortgage - ELI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Other Fees - SAIL + ELI Permanent Loan Servicing	$4,800	$4,944	$5,092	$5,245	$5,402	$5,565	$5,731	$5,903	$6,080	$6,263	$6,451	$6,644	$6,844	$7,049	$7,260
	Other Fees - Compliance Fee	$4,670	$4,810	$4,954	$5,103	$5,256	$5,414	$5,576	$5,744	$5,916	$6,093	$6,276	$6,464	$6,658	$6,858	$7,064
	Total Debt Service Payments	**$410,818**	**$411,102**	**$411,395**	**$411,696**	**$412,007**	**$412,326**	**$412,656**	**$412,995**	**$413,344**	**$413,704**	**$414,075**	**$414,457**	**$414,850**	**$415,255**	**$415,672**
	Cash Flow after Debt Service	**$46,779**	**$51,695**	**$56,554**	**$61,350**	**$66,078**	**$70,730**	**$75,301**	**$79,783**	**$84,169**	**$88,453**	**$92,625**	**$96,678**	**$100,604**	**$104,393**	**$108,037**
	Debt Service Coverage Ratios															
	DSC - First Mortgage MMRB	**1.15**	**1.16**	**1.18**	**1.19**	**1.20**	**1.21**	**1.23**	**1.24**	**1.25**	**1.26**	**1.27**	**1.28**	**1.30**	**1.31**	**1.32**
	DSC - Second Mortgage SAIL	**1.14**	**1.15**	**1.17**	**1.18**	**1.19**	**1.20**	**1.22**	**1.23**	**1.24**	**1.25**	**1.26**	**1.27**	**1.28**	**1.29**	**1.30**
	DSC - Third Mortgage ELI	**1.14**	**1.15**	**1.17**	**1.18**	**1.19**	**1.20**	**1.22**	**1.23**	**1.24**	**1.25**	**1.26**	**1.27**	**1.28**	**1.29**	**1.30**
	DSC - All Mortgages and Fees	**1.11**	**1.13**	**1.14**	**1.15**	**1.16**	**1.17**	**1.18**	**1.19**	**1.20**	**1.21**	**1.22**	**1.23**	**1.24**	**1.25**	**1.26**
	Financial Ratios															
	Operating Expense Ratio	**57.46%**	**57.82%**	**58.19%**	**58.56%**	**58.94%**	**59.33%**	**59.72%**	**60.12%**	**60.53%**	**60.94%**	**61.36%**	**61.79%**	**62.22%**	**62.66%**	**63.11%**
	Break-even Economic Occupancy Ratio (all debt)	**90.87%**	**90.52%**	**90.20%**	**89.89%**	**89.61%**	**89.34%**	**89.10%**	**88.87%**	**88.66%**	**88.46%**	**88.29%**	**88.13%**	**87.99%**	**87.87%**	**87.77%**

Marianna Gardens
RFA 2014-103 (2014-327S)
Jackson County
<u>Description of Features and Amenities</u>

A. The Development will consist of **100** Garden Apartments located in **9** residential buildings.

Unit Mix:

Thirty-Six (36) two bedroom/one bath units; and

Sixty-four (64) three bedroom/one bath units;

100 Total Units

B. The Development must meet all 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., Section 504 of the Rehabilitation Act of 1973, 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.

C. The Development must provide the following General features:

1. Termite prevention;

2. Pest control;

3. Window covering for each window and glass door inside each unit;

4. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;

5. Full-size range and oven in all units;

6. At least two full bathrooms in all 3 bedroom or larger new construction units;

7. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units.

D. All new construction units that are located on an accessible route must have the following Accessibility, Adaptability, Universal Design and Visitability Features listed below. All rehabilitation units that are located on an accessible route must include as many of the features listed below as are structurally and financially feasible within the scope of rehabilitation work utilizing a capital needs assessment performed during the credit underwriting process:

1. Primary entrance door shall have a threshold with no more than a ½-inch rise;

2. All door handles on primary entrance door and interior doors must have lever handles;

3. Lever handles on all bathroom faucets and kitchen sink faucets;

4. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and

5. Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operates easily using a single closed fist.

E. All rehabilitation units must include the following General Features and Required Green Building Features:

1. General Features in all Family Demographic Developments:

   Provide reinforced walls for future installation of grab bars that meet or exceed 2010 ADA Standards for Accessible Design around each tub/shower unit in each dwelling unit. At the request of and at no charge to a resident household, the Development shall purchase and install grab bars around each tub/shower unit in the dwelling unit. The product specifications and installation must meet or exceed 2010 ADA Standards for Accessible Design. The Development shall inform a prospective resident that the Development, upon a resident household's request and at no charge to the household, will install grab bars around a dwelling unit's tub/shower unit, pursuant to the 2010 ADA Standards. At a minimum, the Development shall inform each prospective lessee by including language in the Development's written materials listing and describing the unit's features, as well as including the language in each household's lease.

2. Required Green Building Features in all Family and Elderly Demographic Developments:

   All rehabilitation units must include as many of the following required Green Building features as are structurally and financially feasible within the scope the rehabilitation work utilizing capital needs assessment performed during the credit underwriting process.

   a. 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);

   b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
      i. Toilets: 1.6 gallons/flush or less,
      ii. Faucets: 1.5 gallons/minute or less,
      iii. Showerheads: 2.2 gallons/minute or less;

   c. Energy Star qualified refrigerator;

   d. Energy Star qualified dishwasher – ***Not feasible per the PCA due to space constrictions of the kitchens;***

e. Water heating minimum efficiency specifications (choose gas, electric, or gas tankless or boiler/hot water maker) ***– Not applicable per the PCA, the Development has an existing centralized water heating plant;***

i. 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

ii. 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

iii. Tankless gas water heater: minimum .80 EF

iv. Boiler or hot water maker:
- <300,000 Btu/h: 85% Et (thermal efficiency); or
- 300,000 Btu/h or higher: 80% Et;

f. Energy Star qualified ceiling fans with lighting fixtures in the bedrooms;

g. Air Conditioning (choose in-unit or commercial);

i. In-unit air conditioning: minimum 14 SEER; or

ii. Central chiller AC system – based on size:
- 0-65 KBtuh: Energy Star certified; or
- >65-135 KBtuh: 11.3 EER/11.5 IPLV; or
- >135-240 KBtuh: 11.0 EER/11.5 IPLV; or
- >240 KBtuh: 10.6 EER/11.2 IPLV;

h. Caulk, weather-strip, or otherwise seal all holes, gaps, cracks, penetrations, and electrical receptacles in building envelope;

i. Seal and insulate heating and cooling system ducts with mastic or metal backed tape.

F. The Applicant has committed to provide the following Additional Green Building to achieve a total point value of at least 10 points:

1. _X_ Programmable thermostat in each unit (2 points)

2. ___ Humidistat in each unit (2 points)

3. _X__ 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) *

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. _X__ Florida Yards and Neighborhoods certification on all landscaping (2 points)

11. _X_ 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.

G. The Applicant has committed to provide the following Resident Programs:

1. Literacy Training- Applicant or its Management Company must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site. Electronic media, if used, must be used in conjunction with live instruction. If the Development consists of Scattered Sites, this resident program must be provided on the Scattered Site with the most units.

2. Employment Assistance Program – Applicant or its Management Company must provide, at no cost to the resident, a minimum of quarterly scheduled Employment Assistance Program workshops/meetings offering employment counseling by a knowledgeable employment counselor. Such a program includes employability skills workshops providing instruction in the basic skills necessary for getting, keeping, and doing well in a job. The instruction must include, but not be limited to, the following:

    - Evaluation of current job skills;
    - Assistance in setting job goals;

- Assistance in development of and regular review/update of individualized plan for each participating resident;
- Resume assistance;
- Interview preparation; and
- Placement and follow-up services.

3. Family Support Coordinator - The Applicant must provide a Family Support Coordinator at no cost to the resident. The Family Support Coordinator shall assist residents in assessing needs and obtaining services, with the goal of promoting successful tenancies and helping residents achieve and maintain maximum independence and self-sufficiency. Responsibilities shall include linking residents with public and private resources in the community to provide needed assistance, develop and oversee on-site programs and activities based on the needs and interests of residents, and support residents in organizing group activities to build community and to address and solve problems such as crime and drug activity. The duties of the Family Support Coordinator shall not be performed by property management staff. The Coordinator shall be on-site and available to residents at least 20 hours per week, within the hours of 9 a.m. and 8 p.m. The Coordinator may be an employee of the Development or, through an agreement, an employee of a third party agency or organization that provides these services.

Marianna Gardens
(2014-121B)
Jackson County
<u>Description of Features and Amenities</u>

A. The Development will consist of **100** units located in **9** residential buildings.

Unit Mix:

Thirty-six (36) two bedroom/one bath units containing a minimum of 696 square feet of heated and cooled living area; and

Sixty-four (64) three bedroom/one bath units containing a minimum of 844 square feet of heated and cooled living area; and

100 Total Units

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

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

1. Community center or clubhouse.
2. Playground/tot lot, accessible to children with disabilities (must be sized in proportion to Development's size and expected resident population with age-appropriate equipment).
3. Car care area (for cleaning/washing/vacuuming).
4. Picnic area with hard cover permanent roof of a design compatible with the Development, open on all sides, containing at least three permanent picnic tables with benches and an adjoining permanent outdoor grill.

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

1. Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings.
2. Programmable thermostat in each unit.
3. Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams or less for non-flat paint.)

4. Energy Star rating for all windows in each unit.

5. FL Yards and Neighborhoods certification on all landscaping.

D. The Applicant has committed to provide the following Qualified Resident Program:

1. Literacy Training – Applicant or its Management Company must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site. Training must be held between the hours of 9:00 a.m. and 9:00 p.m. and electronic media, if used, must be used in conjunction with live instruction. If the Development consists of Scattered Sites, this resident program must be provided on the Scattered Site with the most units.

HOUSE CREDIT ALLOCATION CALCULATION

<u>Qualified Basis Calculation</u>

Acquisition	
Acquistion Cost of Land and Existing Improvements	$4,410,000
Less Land Costs	$470,000
Less Federal Grants	$0
Less Other Ineligible Costs	$612,007
Plus Developer Fee Attributable to Acquisition	$709,200
Total Eligible Basis	$4,037,193
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	100%
Qualified Basis	$4,037,193
Housing Credit Percentage (Federal allocation)	3.39%
Annual Housing Credit Allocation	$136,861

Rehabilitation	
Total Development Cost	$12,009,553
Less Cost of Land and Existing Improvements	$4,410,000
Less Developer Fee on Acquistion of Buildings	$709,200
Less Other Ineligible Costs	$612,007
Total Eligible Basis	$6,278,346
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	100%
Qualified Basis	$6,278,346
Housing Credit Percentage (Federal allocation)	3.39%
Annual Housing Credit Allocation	$212,836

Annual Housing Credit Allocation Per Qualified Basis	$349,697

Notes to the Qualified Basis Calculation:

1. "Other Ineligible Costs" include Florida Housing compliance, administrative, application, and underwriting fees, title insurance/recording fees, marketing/advertising fees and permanent loan origination fees.

2. The Development is 100% set-aside; therefore, the Applicable Fraction is 100%.

3. The Development is not located in a Difficult Development Area or Qualified Census Tract; therefore, the 100% multiplier was used for the Annual Housing Credit Allocation.

4. Per the Rule, 15 basis points are added to the actual percentage (3.24%) reported as of the date of invitation to credit underwriting for Housing Credits. For purposes of this report, a total Housing Credit Percentage of 3.39% is applied.

GAP Calculation

Total Development Cost (including land and ineligible costs)	$12,009,553
Less Mortgages	$7,474,988
Less Grants	$0
Equity Gap	$4,534,565
HC Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$0.96
HC Required to meet Equity Gap	$4,723,978
Annual HC Required	$472,398

Notes to the GAP Calculation:

1. Mortgages include three mortgages that includes FHFC/Red Stone MMRB, FHFC SAIL and ELI Gap funding.

2. According to Rule Chapter 67-48 F.A.C., the Development exceeds the minimum qualifying first mortgage amount, which is the actual amount committed to the Development.

3. The HC Syndication Pricing of $0.96 per dollar and HC Percentage to Investment Partnership are based upon Regions' letter of intent dated November 12, 2014.

Summary

HC Per Qualified Basis	$349,697
HC Per GAP Calculation	$472,398
Annual HC Recommended	$349,697
HC Proceeds Recommended	$3,356,755

Notes to Summary:

1. The Annual HC Recommended is equal to the lesser of the Qualified Basis or the GAP Calculation. Therefore, the Qualified Basis Calculation was utilized.

50% Bond Test

Total DEPRECIABLE Cost	$10,315,539
Plus: Land Cost	$470,000
Equals Aggregate Basis	$10,785,539
Tax Exempt Bond Amount	$7,300,000
LESS Debt Service Reserve	$0
Equals Tax Exempt Proceeds Used for Building and Land	$7,300,000
Tax Exempt Proceeds as a Percentage of Aggregate Basis	67.68%

Notes to the 50% Bond Test:

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

DEVELOPMENT NAME: Marianna Gardens
DATE: December 4, 2014

In accordance with the applicable Program Rule(s), the Applicant is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by 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 **REQUIRED ITEMS:**	**STATUS** **Satis. / Unsatis.**	**NOTE**
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.	
Final site plan and/or status of site plan approval.	Satis.	
Permit Status.	Satis.	
Pre-construction analysis ("PCA").	Satis.	
Survey.	Satis.	
Complete, thorough soil test reports.	Satis.	
Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
Market Study separate from the Appraisal.	Satis.	
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.	
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.	
Resumes and experience of applicant, general contractor, and management agent.	Satis.	
Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
Management Agreement and Management Plan.	Satis.	
Firm commitment from the credit enhancer or private placement purchaser, if any.	N/A	
Firm commitment letter from the syndicator, if any.	Satis.	
Firm commitment letter(s) for any other financing sources.	Satis.	
Updated sources and uses of funds.	Satis.	
Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
Fifteen-year income, expense, and occupancy projection.	Satis.	

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

NOTES AND DEVELOPER RESPONSES:

None.