Florida Housing Finance Corporation

Credit Underwriting Report

The Arc Village

SAIL Loan, ELI Loan, Grant and

Competitive 9% Housing Credits

RFA 2014-113 / 2015-001C

RFA 2013-004 / 2014-133CGS

Development for Persons with Developmental Disabilities

Section A: Board Summary

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Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

January 15, 2015

The Arc Village

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Board Summary

Recommendation

The Arc Jacksonville Village, Ltd. ("Applicant") has applied for a Florida Housing Finance Corporation ("FHFC") SAIL Loan in the amount of $1,230,000, ELI Loan in the amount of $1,790,000, Grant in the amount of $1,500,000, and a $1,100,000 Federal Housing Credit ("HC") determination from RFA 2013-004 plus an additional $42,747 from RFA 2014-113 for a total of $1,142,747, to finance the new construction and permanent financing of The Arc Village.

DEVELOPMENT & SET-ASIDES

Development Name: The Arc Village

Program Numbers: RFA 2013-004 | 2014-133CGS | RFA 2014-113 | 2015-001C

Address: E. side of Hodges Blvd. City: Jacksonville Zip Code: 32224

County: Duval County Size: Large

Development Category: New Construction Development Type: Duplex/Triplex

Construction Type: Concrete slab with wood framing

Demographic Commitment: Elderly: ____ Homeless: ____ ELI: 31 Units @ 33% AMI
Developmental Disabilities Yes Family: ____ Link: ____ Units

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	IRO Units	New Total	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	7	776	33%	$391	0	7	$139		$252	$254	$252	$252	$21,168
1	1.0	19	776	60%	$711	0	19	$139		$572	$500	$572	$572	$130,416
1	1.0	4	777	33%	$391	0	4	$139		$252	$254	$252	$252	$12,096
1	1.0	14	777	60%	$711	0	14	$139		$572	$500	$572	$572	$96,096
1	1.0	6	785	33%	$391	0	6	$139		$252	$254	$252	$252	$18,144
1	1.0	18	785	60%	$711	0	18	$139		$572	$500	$572	$572	$123,552
2	2.0	4	1060	33%	$255	4	8	$83		$172	$152	$152	$152	$14,592
2	2.0	3	1130	33%	$255	3	6	$83		$172	$152	$152	$152	$10,944
2	2.0	1	1130	33%	$469	0	1	$165		$304	$305	$304	$304	$3,648
2	2.0	8	1130	60%	$465	8	16	$83		$382	$344	$344	$344	$66,048
2	2.0	1	1130	60%	$853	0	1	$165		$688	$689	$688	$688	$8,256
2	2.0	10	1060	60%	$465	10	20	$83		$382	$344	$344	$344	$82,560
2	2.0	2	1060	60%	$853	0	2	$165		$688	$689	$688	$688	$16,512
		97				**25**	**122**							**$604,032**

Buildings: Residential - 38 Non-Residential - 2
Parking: Parking Spaces - 66 Accessible Spaces - 5

Notes to Rent Roll:

1. The RFA was open to Applicants proposing to construct 30 to 100 Units, with a maximum of 135 bedrooms, of Permanent Supportive Housing for Persons with Developmental Disabilities. The proposed development has a total of 122 units (including 25 IRO units) with a total of 126 bedrooms, which satisfies this requirement.

2. Two units will be used to house full-time management and/or maintenance employees, while occupied by full-time management and/or maintenance employees, the units will be exempt from the certification requirements and any set aside commitment.

3. Twenty-five (25) of the two-bedroom units will be designated as Individual Room Occupancy ("IRO") units, which allows each bedroom to be leased to a separate tenant. Per the RFA, once a bedroom is designated as an IRO Unit, it shall function as such throughout the entire Compliance Period.

   For purposes of the Land Use Restriction Agreement and if applicable, the Extended Use Agreement, each IRO Unit shall function as a Unit for the purposes of the Applicant's Income Set-Aside and ELI commitments; and if the Applicant chooses to designate bedrooms as IRO Units, the number of Units will be considered to have increased, and the number of set-aside Units and ELI Units will be recalculated based on the increase in Total Units. Based on 25 of the two bedroom units being set aside as IRO units, the new total number of units is 122 units.

4. The RFA requires that at least 80% of the total units in the proposed Development be set aside for Persons with Developmental Disabilities.

5. The RFA requires at least 80% of the total units to be rented to households with income at or below 60% of the area median income ("AMI"). However, the Applicant committed to 100% income set aside.

Set Asides:

Program	% of Units	# of Units	% AMI	Affordability Period (Years)
ELI	25%	31	33%	50
Grant	100%	122	60%	50
HC	100%	122	60%	50
SAIL	100%	122	60%	50

Absorption Rate 16 units per month for 6 months.

Occupancy Rate at Stabilization: Physical Occupancy 95.00% Economic Occupancy 94.00%
Occupancy Comments

DDA?: No QCT?: No
Site Acreage: 17.75 Density: 5.46 Units/Acre Flood Zone Designation: X
Zoning: PBF - 1, Public Buildings and Facilities Flood Insurance Required?: No

DEVELOPMENT TEAM

Applicant/Borrower:	The Arc Jacksonville Village, Ltd.	
General Partner 1:	The ARC Jacksonville Village Partners, LLC	0.01%
Limited Partner 1:	The ARC Jacksonville, Inc.	99.99%
Guarantor(s):	The Arc Jacksonville Village, Ltd.	
	The ARC Jacksonville Village Partners, LLC	
	The ARC Jacksonville, Inc.	
	The Arc Jacksonville Village Developer, LLC	
	Vestcor Development Corporation, Inc.	
	John D. Rood	
Developer:	The Arc Jacksonville Village Developer, LLC	
Co-Developer:	Vestcor Development Corporation, Inc.	
Principal 1	John D. Rood	
General Contractor 1:	Summit Contracting Group, Inc.	
Management Company:	Royal American Management, Inc.	
Syndicator:	Raymond James Tax Credit Fund, Inc. ("RJTCF")	
Architect:	PQH Group Inc.	
Market Study Provider:	Meridian Appraisal Group, Inc.	
Appraiser:	Meridian Appraisal Group, Inc.	

PERMANENT FINANCING INFORMATION

	1st Source	2nd Source
Lien Position	First	Second
Lender/Grantor	FHFC - SAIL	FHFC - ELI
Amount	$1,230,000	$1,790,000
Underwritten Interest Rate	0.32%	0.30%
All In Interest Rate	0.32%	0.30%
Loan Term	30.00	50.00
Amortization	0.00	0.00
Market Rate/Market Financing LTV	17.55%	43.08%
Restricted Market Financing LTV	89.13%	218.84%
Loan to Cost	7%	16%
Debt Service Coverage	19.59	8.28
Operating/Deficit Service Reserve	$1,500,000	$0.00
Period of Operating Expenses/Deficit Reserve in Months	35	0

Deferred Developer Fee	$0
Land Value	$580,000
Market Rent/Market Financing Stabilized Value	$7,010,000
Rent Restricted Market Financing Stablized Value	$1,380,000
Projected Net Operating Income (NOI) - Year 1	$77,087
Projected Net Operating Income (NOI) - 15 Year	$22,190
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Housing Credit Syndication Price	$0.99
Housing Credit Annual Allocation	$1,142,747

CONSTRUCTION/PERMANENT SOURCES:

Source	Lender	Construction	Permanent	Perm Loan/Unit
First Mortgage	EverBank	$5,750,000	$0	$0
SAIL Loan	FHFC - SAIL	$1,230,000	$1,230,000	$10,082
ELI Loan	FHFC - ELI	$1,790,000	$1,790,000	$14,672
Grant	FHFC	$1,500,000	$1,500,000	$12,295
Housing Credit Equity	RJTCF	$3,733,049	$11,312,064	$92,722
Deferred Developer	The Arc Jacksonville Village,	$2,120,679	$0	$0
Developer Equity	The Arc Jacksonville Village,	$2,480,000	$2,771,664	$22,719
TOTAL		$18,603,728	$18,603,728	$152,490

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, 2**
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?		**3**
Is the Development feasible using the set-asides committed to in the Application?	**X**	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	**X**	
SAIL 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. At the time of Application the construction loan provider was Wells Fargo. The loan was for $1,000,000 with interest rate of LIBOR plus 400 basis points with a floor of 7%, fixed at closing. During underwriting the loan provider changed to EverBank, a Federal Savings Bank ("EverBank"). EverBank is willing to provide up to $5,750,000 loan with

interest rate floating at 30 Day LIBOR + 300 bps, with an absolute floor of 4.00%. This change was beneficial to the development.

2. At the time of Application, Wells Fargo was the equity provider, with a syndication rate of $0.98. During underwriting the Syndicator changed to Raymond James Tax Credit Funds, Inc., which is offering a rate of $0.99 per every tax credit dollar. This change was beneficial to the development.

3. The total development costs increased approximately 5% since the application. This increase is due to an upward adjustment to Financial Costs, mainly due to the required Operating Reserve, which is acceptable. Per RFA 2014-113, the Total Development Cost ("TDC") maximum per unit for new construction developments is $165,900 (exclusive of land and after applying the .55 TDC multiplier). The subject development TDC is at $105,481.62, so it still meets the TDC test.

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

According to the FHFC, November 14, 2014 Asset Management Non-Compliance Report, the Development team has the following non-compliance item(s) not in the correction period:

- Tuscan Isle: July 30, 2014 Failure to meet set-aside requirement. Last activity on 11/14/2014 – response from management: Awaiting qualified households.

According to the FHFC Past Due report dated November 7, 2014, the Development team has the following past due item(s):

- Riley Chase: 9/28/09 FHFC II was successful bidder at the foreclosure sale. Sold on January 29, 2010. HUD Settlement docs submitted February 25, 2010; received final HUD approval for 50/50 split of Net Claim Amount ($3,493,402.26). A supplemental settlement was acknowledged by HUD in the amount of $65,720.06 (additional income) decreasing the Net Claim Amount to $3,427,682.20.

Closing of the loan is conditioned upon verification that any outstanding past due, and/or non-compliance items noted at the time closing, have been satisfied.

<u>Strengths</u>:

1. Based on Market Study dated February 21, 2014 (Date of Report) from Meridian Appraisal Group ("Meridian"), the subject location is well serviced by commercial

services and transportation linkages. Surrounding uses are most suitable for affordable housing.

2. The subject's Primary Market Area (PMA) is within a region of planned future growth and a population with similar characteristics that will provide demand for the subject's housing units.

3. Supply and demand trends in the submarket are expected to be stable for the short term. Vacancy rates are expected to remain stable, and rental rates are expected to increase. Over the long run, employment, population and household growth should foster positive absorption of units in both the metro area and in the submarket.

4. As of the effective date of the Market Study, there are no like-kind projects within the primary market area.

5. The market research indicates there is sufficient demand in the market to support the project at the proposed rent levels. Within the primary market area, the restricted rent supply has a weighted average occupancy of 95%.

Other Considerations:

First Housing has reviewed the affordable housing prior and past performance of Mr. Rood, principal of Vestcor, pursuant to RFA 2013-004. In reviewing the above, there are two specific criteria that need to be met: 1) Prior to August 1, 2010, 5 percent or more of that party's developments have been the subject of a foreclosure or deed in lieu of foreclosure, or in financial arrearage or other material default and such arrearage or material default remained uncured for a period of 60 days or more, or 2) During the period beginning on or after August 1, 2010, any of that party's developments have been the subject of a foreclosure or deed in lieu of foreclosure, or in financial arrearage or other material default and such arrearage or material default remained uncured for a period of 60 days or more.

Mr. Rood had one affordable housing deal, Riley Chase, foreclosed on in 2009. This was a 312 unit LIHTC community constructed in 2000 in North Port, FL. It was financed by the Guarantee Fund. To the best of our knowledge, there have been no other affordable housing foreclosures. Based on the Personal Financial Statement ("PFS"), dated October 3, 2014, Mr. Rood has ownership in 18 affordable properties. This does not include Riley Chase, Mayfair Village and Courtney Manor which have been sold. Including these three deals, Mr. Rood had 21 deals. He would have less than 5% of his affordable housing developments subject prior to August 1, 2010 to foreclosure or deed in lieu but did have 8 material defaults or arrearages.

The other criteria are concerning arrearages and material defaults. On Mr. Rood's PFS, he shows 8 properties that had material defaults prior to August 1, 2010. Please see the below chart for detailed information on each default.

	Property	Lender	Date	DSCR	Funding
1	Riley Chase	FHFC	10/2008	n/a	$ 1,325,034
2	Madalyn Landing	CMBS/LNR	9/2009	2.03	5,327,265
3	Gregory Cove	CMBS/CW Capital	10/2009	1.28	1,408,149
4	Kendall Court	PNC/FNMA	10/2009	2.18	1,462,430
5	Lindsey Terrace	PNC/FNMA	10/2009	1.96	631,695
6	Noah's Landing	FHFC	12/2008	2.14	1,364,111
7	Jordan Cove	CharterMac	11/2009	1.08	5,050,884
8	Leigh Meadows	FHFC	12/2009	2.53	153,195
					$ 16,722,763

The underwriter has considered mitigants pursuant to the RFA which allows for a positive recommendation even though there were material defaults since the review did not meet the above criteria of the RFA. We believe it is important to note that these events all happened prior to 2010 and were primarily the result of the recession of 2007. Since this time all but Riley Chase and Jordan Cove have been refinanced.

Mr. Rood has funded $16.7 million to support these deals as provided above and verified by Underwriter Furthermore, all the above transactions have been refinanced except for Riley Chase and Jordan Cove. As far as we are aware, there are no other arrearages or material defaults outstanding at this time. The DSCR ranges from 1.08 to 2.53. Mr. Rood's affordable housing portfolio has an average DSCR of 1.89, with the lowest DSCR for any property being 1.08. Moreover, First Housing received a signed certification from Mr. Rood dated January 9th, 2015, which states that he was the sole contributor of funding pursuant to the PFS mentioned above.

<u>Mitigating Factors</u>:

None

<u>Waiver Requests/Special Conditions</u>:

None

Additional Information:

1. Rule 67-48 allows a Developer fee of 21 percent of Development Cost if the proposed Development is qualified for Competitive Housing Credits with a demographic commitment of Persons with Special Needs; however, an amount equal to the difference between the Developer fee and an amount equal to 16 percent of Development Cost must be placed in an operating subsidy reserve account to be held by the Corporation or its servicer. Any disbursements from said operating subsidy reserve account shall be reviewed and approved by the Corporation or its servicer. Upon the expiration of the Compliance Period, any remaining balance may be drawn to pay down any outstanding SAIL debt on the proposed Development or such other Corporation loan debt on the proposed Development. If there is no Corporation loan debt on the proposed Development at the end of the Compliance Period, then any remaining balance in said Operating Deficit Reserve account shall be placed in a replacement reserve account for the proposed Development. In no event shall the remaining balance in said operating subsidy reserve account be paid to the Developer. First Housing's preliminary findings indicate that $765,589 will be that portion of Developer fee that will be used to partially fund the Operating Reserve.

Recommendation:

First Housing recommends a SAIL Loan in the amount of $1,230,000, an ELI Loan in the amount of $1,790,000, Grant funding in the amount of $1,500,000, and an annual Housing Credit Allocation of $1,142,747 be awarded to this development for its new construction and permanent financing.

These recommendations are based upon the assumptions detailed in the Board Summary (Section A), and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the SAIL conditions and HC Allocation Recommendation Special and General Conditions (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:

Thais Pepe

Thais Pepe
Senior Credit Underwriter

Reviewed by:

Ed Busansky
Senior Vice President

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
First Mortgage	EverBank	$1,000,000	$5,750,000	$5,750,000	4.00%	$230,000
SAIL Loan	FHFC - SAIL	$1,230,000	$1,230,000	$1,230,000	0.00%	$0
ELI Loan	FHFC - ELI	$1,790,000	$1,790,000	$1,790,000	0.00%	$0
Grant	FHFC	$1,500,000	$1,500,000	$1,500,000	0.00%	$0
Housing Credit Equity	RJTCF	$9,162,084	$3,669,576	$3,733,049	N/A	N/A
Deferred Developer Fee	The Arc Jacksonville Village, Ltd.	$1,334,011	$2,207,111	$2,120,679	N/A	N/A
Developer Equity	The Arc Jacksonville Village, Ltd.	$1,689,864	$2,450,000	$2,480,000	N/A	N/A
Total		$17,705,959	$18,596,687	$18,603,728		$230,000

<u>First Mortgage</u>:

First Housing reviewed a letter of interest from EverBank, a Federal Savings Bank ("EverBank"), which indicates EverBank is willing to provide the lesser of $5,750,000; or 50% of the Lender approved Value (leasehold value, as if completed + tax credit equity); or 50% of the Lender approved Cost. The interest rate shall float at 30 Day LIBOR + 300 bps, with an absolute floor of 4.00%. The construction term of the loan will be 18 months, with interest only payments, with a balloon obligation; all unpaid principal and interest shall be due and payable the earlier of the release of the third installment of the tax credit equity proceeds, or maturity.

<u>FHFC SAIL Loan</u>:

The Applicant requested a SAIL loan in the amount of $1,230,000, which is within the maximum of $10,000 per number of bedrooms, based on RFA 2013-004. The SAIL loan shall be non-amortizing and shall have a 0% interest rate over the life of the loan. The SAIL loan term will be for 30 years as requested by the Tax Credit Syndicator, and as permitted by the Rule.

FHFC ELI Loan:

The Applicant also requested $1,790,000 in ELI Funding. The RFA requires that at least 25% of the total units be set aside as ELI units, which should be proportionate within unit types. To determine the maximum amount of ELI funding allowable, the Applicant must multiply the number of ELI one-bedroom units by $70,000 (17 x $70,000 = $1,190,000) and the number of ELI two-bedroom units by $75,000 (8 x $75,000 = $600,000), for a total ELI Funding of $1,790,000. The ELI Loan will have a term of 50 years, will be non-amortizing at a 0% simple interest per annum over the life of the ELI Loan, with the principal forgivable provided the units for which the ELI Loan amount is awarded are targeted to ELI Households for the duration of the 50 year Compliance Period.

FHFC Grant:

The Grant funding is being offered in this RFA for non-profit organizations that have a primary mission which includes serving persons with developmental disabilities. The Grant Funding may be up to $1,500,000. The term of the Grant and Compliance Period should be 50 years.

Housing Credits Equity:

FHDC has reviewed a commitment letter, dated as of December 23, 2014 indicating Raymond James Tax Credit Funds, Inc. or an affiliate will acquire a 99.99% limited partner interest in the subject development. Based on this letter, RJTCF will pay $0.99 for every dollar of Federal Low Income Housing Tax Credit, for a total capital investment of $11,312,064, paid in four installments. Of this amount, $1,696,810 (15%) will be available during at Closing; $2,036,239 (18%) will be available at the later of February 1, 2016 or Construction Completion, $5,000,000 (44%) will be available at the later of October 1, 2016 or Construction Completion and $2,579,015 (23%) will be available at the later of October 1, 2016 or Stabilized Operation and Forms 8609 are received and audited financials for the year of Breakeven Operations are available. The first installment in the amount of $1,696,810 (15%) satisfies the FHFC requirement that 15% of the total equity is available at or prior to construction loan closing. This recommendation is contingent upon closing of the HC purchase consistent with the terms noted in this report.

Deferred Developer Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer $2,120,679 or 90% of total developer fee until construction completion. This does not include the portion of developer fee that will fund the operating reserve.

Developer Equity:

Based on a letter from The Arc Jacksonville Village Partners, LLC, dated November 5, 2013, the entity agreed to contribute up to $2,480,000 for the construction and permanent financing for the referenced development. This amount of Developer Equity will need to be provided upon closing of SAIL, ELI Loans, and Grant funding.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
SAIL Loan	FHFC - SAIL	$1,230,000	$1,230,000	$1,230,000	30	0	0.32%	$3,936
ELI Loan	FHFC - ELI	$1,790,000	$1,790,000	$1,790,000	50	0	0.30%	$5,370
Grant	FHFC	$1,500,000	$1,500,000	$1,500,000	50	0	0.00%	$0
Housing Credit Equity	RJTCF	$10,778,922	$10,888,911	$11,312,064	N/A	N/A	N/A	N/A
Deferred Developer Fee	The Arc Jacksonville Village, Ltd.	$0	$0	$0	N/A	N/A	N/A	N/A
Developer Equity	The Arc Jacksonville Village, Ltd.	$2,407,037	$2,400,000	$2,771,664	N/A	N/A	N/A	N/A
Total		$17,705,959	$17,808,911	$18,603,728				$9,306

FHFC SAIL Loan:

The Applicant applied for a SAIL loan in the amount of $1,230,000, which is within the maximum of $10,000 per number of bedrooms, based on RFA 2013-004. The SAIL loan shall be non-amortizing and shall have a 0% interest rate over the life of the loan. The SAIL loan term will be 30 years as requested by the Tax Credit Syndicator, and as permitted by the Rule. The SAIL Loan has a Permanent Loan Servicing Fee to be paid annually at 25 basis points (bps) of the outstanding loan amount, with a minimum monthly fee of $203. Additionally, a compliance fee of $882 will be paid annually, which is approximately 7bps.

FHFC ELI Loan:

The Applicant also requested $1,790,000 in ELI Funding. The RFA requires that at least 25% of the total units be set aside as ELI units, which should be proportionate within unit types. To determine the maximum amount of ELI funding allowable, the Applicant must multiply the number of ELI one-bedroom units by $70,000 (17 x $70,000 = $1,190,000) and the number of ELI two-bedroom units by $75,000 (8 x $75,000 = $600,000), for a total ELI Funding of $1,790,000. The ELI Loan will have a term of 50 years, will be non-amortizing at a 0% simple interest per annum over the life of the ELI Loan, with the principal forgivable provided the units for which the ELI Loan amount is awarded are targeted to ELI Households for the duration of the 50 year Compliance Period. The ELI Loan has a Permanent Loan Servicing Fee to be paid annually at 25 basis points (bps) of the outstanding loan amount, with a minimum monthly fee of $203. A compliance fee of $882 will be paid annually, which is approximately 5bps.

FHFC Grant:

The Grant funding is being offered in this RFA for non-profit organizations that have a primary mission which includes serving persons with developmental disabilities. The Grant Funding may be up to $1,500,000. The term of the Grant and Compliance Period should be 50 years.

Housing Credits Equity:

FHDC has reviewed a commitment letter, dated as of December 23, 2014 indicating Raymond James Tax Credit Funds, Inc. or an affiliate will acquire a 99.99% limited partner interest in the subject development. Based on this letter, RJTCF will pay $0.99 for every dollar of Federal Low Income Housing Tax Credit, for a total capital investment of $11,312,064, paid in four installments, as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	$1,696,810	15.00%	Closing
2nd Installment	$2,036,239	18.00%	11/1/15 or Construction Completion
3rd Installment	$5,000,000	44.20%	7/1/16 or Construction Completion
4th Installment	$2,579,015	22.80%	7/1/16 or Stabalization & 8609 Form
Total	$11,312,064	100.00%	

Annual Credit Per Syndication Agreement	$1,142,747
Calculated HC Exchange Rate	$0.99
Limited Partner Ownership Percentage	99.990%
Proceeds Available During Construction	$3,733,049

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent period, the Developer is required to defer $0 or 0.00% of total developer fee. This does not include the portion of developer fee that will fund the operating reserve.

Developer Equity:

Based on a letter from The Arc Jacksonville Village Partners, LLC, dated November 5, 2013, the entity agreed to contribute up to $2,480,000 for the construction and permanent financing for the referenced development. An additional $291,664 in Developer Equity will be provided upon receipt of the last Syndication Installment, in lieu of Deferred Developer Fee.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
New Rental Units	$10,080,123	$8,739,412	$8,408,838	$86,689	$0
Accessory Buildings	$400,000	$0	$0	$0	
Recreational Amenities	$231,567	$0	$0	$0	
Site Work	$1,000,000	$2,340,711	$2,610,533	$26,913	$500,000
General Liability Insurance	$0		$94,671	$976	
General Conditions	$0	$0	$800,000	$8,247	
Overhead	$0	$0	$236,383	$2,437	
General Contractors Fee	$1,551,217	$1,551,217	$354,575	$3,655	
Payment and Performance Bonds	$0	$0	$79,402	$819	
Total Construction Contract/Costs	$13,262,907	$12,631,340	$12,584,402	$129,736	
Other: Hard Cost Contingency	$0	$631,567	$629,220	$6,487	
Total Construction Costs:	**$13,262,907**	**$13,262,907**	**$13,213,622**	**$136,223**	**$500,000**

Notes to the General Development Costs:

1. The Applicant has provided an executed construction contract dated July 18, 2014, in the amount of $12,584,402. This is a Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum, between the Owner, The Arc Jacksonville Village, Ltd. and the Contractor, Summit Contracting Group, Inc. Per this contract substantial completion is to be achieved no later than 450 days plus 60 day grace period from commencement. The Owner will make monthly progress payments to the Contractor, based upon Applications for Payment approved by the Architect. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and no further retainage thereafter is required.

2. The Hard Cost Contingency is 5% of total construction contract which is within the maximum allowable of 5% for new construction developments per Rule.

3. The General Contractor fee is within the maximum 14% of hard costs allowed by Rule 67-48.

4. The General Contractor has budgeted for a Payment and Performance Bond to secure the construction contract.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Accounting Fees	$65,000	$65,000	$65,000	$670	$16,250
Appraisal	$6,000	$6,000	$5,000	$52	
Architect's Fee - Site/Building Design	$311,100	$311,100	$311,100	$3,207	
Architect's Fee - Supervision	$36,000	$36,000	$36,000	$371	
Building Permits	$5,000	$5,000	$5,000	$52	
Builder's Risk Insurance	$80,000	$80,000	$80,000	$825	
Engineering Fees	$60,900	$60,900	$60,900	$628	
Environmental Report	$5,000	$5,000	$5,000	$52	
FHFC Administrative Fees	$55,000	$55,000	$57,138	$589	$55,000
FHFC Application Fee	$3,000	$3,000	$3,000	$31	$3,000
FHFC Credit Underwriting Fee	$20,671	$20,671	$20,671	$213	$20,671
FHFC HC Compliance Fee (HC)	$195,492	$195,492	$195,492	$2,015	$195,492
Impact Fee	$10,000	$10,000	$10,000	$103	
Inspection Fees	$30,000	$30,000	$30,000	$309	
Green Building Cert. (LEED, FGBC, NAHB)	$45,000	$0	$0	$0	
Insurance	$50,000	$50,000	$50,000	$515	
Legal Fees	$175,000	$175,000	$150,000	$1,546	$131,250
Market Study	$5,000	$5,000	$5,000	$52	
Marketing and Advertising	$10,000	$10,000	$10,000	$103	$10,000
Pre-Constr. Analysis/Existing Prop. Eval.	$2,500	$2,500	$3,600	$37	
Property Taxes	$50,000	$50,000	$50,000	$515	$25,000
Soil Test	$3,500	$3,500	$3,500	$36	
Survey	$10,500	$10,500	$10,500	$108	
Utility Connection Fees	$50,000	$50,000	$50,000	$515	
Soft Costs	$55,000	$55,000	$55,000	$567	
Total General Development Costs:	**$1,339,663**	**$1,294,663**	**$1,271,901**	**$13,112**	**$456,663**

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.

2. The Credit Underwriter has utilized actual costs for: credit underwriting, appraisal, market study, and the appropriate FHFC fees.

3. The FHFC Administrative Fee is based on 5% of the recommended annual housing credit allocation.

4. The Soft Cost Contingency line item is within 5% of the General Development Costs less the contingency as allowed for new construction developments.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Construction Loan Interest	$30,000	$189,540	$189,540	$1,954	$0
Construction Loan Origination Fee	$10,000	$10,000	$10,000	$103	$0
SAIL, ELI and Grant Closing Costs	$0	$0	$25,000	$258	
SAIL and ELI Commitment Fee	$0	$0	$30,200	$311	
Grant Commitment Fee	$0	$0	$2,000	$21	
Reserves - Operating Deficit	$0	$765,589	$765,589	$7,893	$765,589
Total Financial Costs:	**$40,000**	**$965,129**	**$1,022,329**	**$10,540**	**$765,589**

Notes to the Financial Costs:

1. Construction Loan Origination fee is based on 0.2% of the total loan amount.

2. First Mortgage Loan Costs and Other Financing Fees & Interest are the Applicant's detailed estimates.

3. First Mortgage Construction Loan Interest was based on 18 months construction loan term and an interest rate of 4.00%.

4. RFA 2013-004 requires a loan commitment fee for SAIL and ELI loans. Each Applicant to which a firm commitment is granted shall submit to the Corporation a nonrefundable commitment fee of one (1) percent of the SAIL and ELI loan amounts. These fees shall be permitted to be paid at closing.

5. For Grant Funding, each Applicant to which a firm commitment is granted shall submit to the Corporation a non-refundable commitment fee of one (1) percent of the amount of the request, up to a maximum of $2,000. This fee shall be permitted to be paid at closing.

6. An Operating Deficit Reserve of $1,500,000 is required by the HC Equity provider to cover for the monthly rental deficit. The additional 5% Developer fee or $737,113 will be used to fund part of this reserve, and it is itemized on Other Development Costs below. The difference is $765,589, indicated above as Reserves Required by Syndicator. Rule 67-48 allows for a 21% Developer fee on Persons with Special Needs demographic developments and requires an amount equivalent to the additional 5% earned must be set-aside for the Operating Deficit Reserve. Any disbursements from said Operating Deficit Reserve account shall be reviewed and approved by the Corporation or its servicer. Upon the expiration of the Compliance Period, any remaining balance may be drawn to pay down any outstanding SAIL debt on the proposed Development or such other Corporation loan debt on the proposed Development. If there is no Corporation loan debt on the proposed Development at the end of the Compliance Period, then any remaining balance in said operating subsidy reserve account shall be placed in a replacement reserve account for the proposed Development. In no event shall the remaining balance in said operating subsidy reserve account be paid to the Developer.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Brokerage Fees - Building	$0	$0	$0	$0	$0
Total Non-Land Acquisition Costs:	**$0**	**$0**	**$0**	**$0**	**$0**

Notes to the Non-Land Acquisition Costs:

1. As this is new construction, there are no non-land acquisition costs.

OTHER DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Development Cost Before Developer Fee and Land Costs	**$14,642,570**	**$15,522,699**	**$15,507,852**	**$159,875**	**$0**
Developer Fee	$3,063,389	$2,361,138	$2,358,762	$24,317	$0
Other: Operating Reserve	$0	$737,856	$737,113	$7,599	$737,113
Total Other Development Costs:	**$3,063,389**	**$3,098,993**	**$3,095,875**	**$31,916**	**$737,113**

Notes to the Other Development Costs:

1. The recommended Developer's Fee is within 21% of total development cost before developer fee, operating deficit reserves and escrows as allowed by Rule 67-48 for those Developments with a demographic commitment of Special Needs. A Developer fee of 21 percent of Development Cost shall be allowed if the proposed Development is qualified for Competitive Housing Credits with a demographic commitment of Persons with Special Needs; however, an amount equal to the difference between the Developer fee and an amount equal to 16 percent of Development Cost must be placed in an operating subsidy reserve account to be held by the Corporation or its servicer. Any disbursements from said operating subsidy reserve account shall be reviewed and approved by the Corporation or its servicer. Upon the expiration of the Compliance Period, any remaining balance may be drawn to pay down any outstanding SAIL debt on the proposed Development or such other Corporation loan debt on the proposed Development. If there is no Corporation loan debt on the proposed Development at the end of the Compliance Period, then any remaining balance in said Operating Deficit Reserve account shall be placed in a replacement reserve account for the proposed Development. In no event shall the remaining balance in said operating subsidy reserve account be paid to the Developer. First Housing’s preliminary findings indicate that $737,113 will be that portion of Developer fee that will be used to partially fund the Operating Reserve.

2. The underwriter recommends the operating reserve, as there is very little historical evidence that the rents are achievable; even though, based on the appraiser’s numbers, the property cash flows.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Brokerage Fees - Land	$0	$0	$0	$0	$0
Land Acquisition Costs	$0	$0	$0	$0	$0
Total Acquisition Costs:	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL DEVELOPMENT COSTS:	**$17,705,959**	**$18,621,692**	**$18,603,728**	**$191,792**	**$2,459,365**

Notes to Acquisition Costs:

1. First Housing has reviewed an executed Sublease Agreement for the subject site, between The State of Florida, Agency for Persons with Disabilities ("Sublessor") and The Arc Jacksonville, Inc. ("Sublessee"), dated March 2, 2011, for a term of 99 years, ending on March 1, 2110. The annual rental amount shall be $150,000 or in-kind services, such as health and personal care services, medical devices and supplies, and transportation. The Applicant intends to provide in-kind services.

2. Meridian Appraisal Group ("Meridian") prepared an Appraisal for the subject property dated June 13, 2014 (Report Date). Based on this analysis, the Land Value As If Vacant is $580,000.

Notes to Total Development Costs:

1. The total development costs increased approximately 5% since the application. This increase is due to an upward adjustment to Financial Costs, mainly due to the required Operating Reserve, which is acceptable.

2. Per RFA 2014-113, the Total Development Cost ("TDC") maximum per unit for new construction developments is $165,900 (exclusive of land and after applying the .55 TDC multiplier). The subject development TDC is at $105,481.62, so it meets the TDC test.

Operating Pro Forma – The Arc Village

	FINANCIAL COSTS:	Year 1	Year 1 Per Unit
	OPERATING PRO FORMA		
INCOME:	Gross Potential Rental Income	**$604,032**	**$4,951**
	Other Income		
	Other Income	$20,952	**$172**
	Gross Potential Income	**$624,984**	**$5,123**
	Less:		
	Physical Vac. Loss Percentage: 5.00%	$31,249	**$256**
	Collection Loss Percentage: 1.00%	$6,250	**$51**
	Total Effective Gross Income	**$587,485**	**$4,815**
EXPENSES:	Fixed:		
	Real Estate & Personal PropertyTaxes	$27,973	**$229**
	Insurance	$48,500	**$500**
	Variable:		
	Management Fee Percentage: 7.15%	$42,000	**$344**
	General and Administrative	$29,100	**$239**
	Payroll Expenses	$155,200	**$1,272**
	Utilities	$58,200	**$477**
	Marketing and Advertising	$9,700	**$80**
	Maintenance and Repairs/Pest Control	$33,950	**$278**
	Grounds Maintenance and Landscaping	$26,675	**$219**
	Security	$50,000	**$410**
	Reserve for Replacements	$29,100	**$239**
	Total Expenses	**$510,398**	**$4,286**
	Net Operating Income	**$77,087**	**$529**
	Debt Service Payments		
	SAIL Fees	$3,936	**$32**
	ELI Fees	$5,370	**$44**
	Total Debt Service Payments	**$9,306**	**$76**
	Cash Flow after Debt Service	**$67,781**	**$453**
		Annual	Per Unit
	Debt Service Coverage Ratios		
	DSC - SAIL Fees	**19.59**	
	DSC - Third Mortgage	**8.28**	
	Financial Ratios		
	Operating Expense Ratio	**86.88%**	
	Break-even Economic Occupancy Ratio (all debt)	**83.15%**	

Notes to the Operating Pro Forma and Ratios:

1. The Applicant committed to set aside 25% of the total units (31 units) at 33% AMI and 100% of the units (122 units) at 60% AMI for Housing Credits, Grant and SAIL. Rents are based on the 2014 restricted rents published by Florida Housing under the HC program less an allowance for utilities paid by the resident. Below is the rent roll for the subject property:

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	IRO Units	New Total	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	7	776	33%	$391	0	7	$139		$252	$254	$252	$252	$21,168
1	1.0	19	776	60%	$711	0	19	$139		$572	$500	$572	$572	$130,416
1	1.0	4	777	33%	$391	0	4	$139		$252	$254	$252	$252	$12,096
1	1.0	14	777	60%	$711	0	14	$139		$572	$500	$572	$572	$96,096
1	1.0	6	785	33%	$391	0	6	$139		$252	$254	$252	$252	$18,144
1	1.0	18	785	60%	$711	0	18	$139		$572	$500	$572	$572	$123,552
2	2.0	4	1060	33%	$255	4	8	$83		$172	$152	$152	$152	$14,592
2	2.0	3	1130	33%	$255	3	6	$83		$172	$152	$152	$152	$10,944
2	2.0	1	1130	33%	$469	0	1	$165		$304	$305	$304	$304	$3,648
2	2.0	8	1130	60%	$465	8	16	$83		$382	$344	$344	$344	$66,048
2	2.0	1	1130	60%	$853	0	1	$165		$688	$689	$688	$688	$8,256
2	2.0	10	1060	60%	$465	10	20	$83		$382	$344	$344	$344	$82,560
2	2.0	2	1060	60%	$853	0	2	$165		$688	$689	$688	$688	$16,512
		97				**25**	**122**							**$604,032**

2. The appraiser estimated vacancy loss rate of 2% and collection loss rate of 1%. These estimates are lower than usual, due to the scarce developments targeting persons with developmental disabilities. However, the underwriter used a more conservative estimate of 6% of vacancy and collection loss, which includes the 2 units for management and maintenance.

3. The gross rent for an IRO unit is calculated at 75% of a zero bedroom unit. The IRO rent at 33% AMI is $255 ($341 x 0.75 = $255.75) and the IRO rent at 60% AMI is $465 ($621 x 0.75 = $465.75). The net rental rates have been rounded down.

4. Other Income is comprised of forfeited deposits, vending machines, late charges, etc. Total other income of $216 per unit/ per year is supported by the appraisal.

5. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and the Credit Underwriter's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

6. The Applicant has submitted an un-executed Management Agreement which reflects a monthly management fee of $3,500 or 5% of the monthly gross receipts, which ever is greater.

7. All of the units will be individually metered for electricity. The tenant will be responsible for paying electricity, water and sewer (except for IRO units). The landlord will be responsible for trash, and electricity, water, and sewer for the common areas, vacant units and IRO units. The Appraisal estimated this line item at $600 per unit.

8. Replacement Reserves is $300 per unit per year, as required by FHFC rule.

9. Based upon an estimated Net Operating Income ("NOI") of $77,087 for the proposed Development's initial year of stabilized operations; the first mortgage loan (FHFC SAIL) can be supported by operations at a 19.59 to 1.00 Debt Service Coverage ("DSC") for the SAIL fees. Although the RFA does not specify minimum or maximum debt service coverages ("DSC"), Rule Chapter 67-48 F.A.C. (the "Rule") requires a minimum DSC of 1.10 to 1.00 and a maximum DSC of 1.50 to 1.00 for the SAIL loan, including all superior mortgages. Based on the estimated NOI, the first year DSC for the SAIL loan exceeds the SAIL maximum DSC requirement. However, according to the Rule, the DSC may exceed 1.50 to 1.00 if the Development has deep or short term subsidy and the Credit Underwriter's favorable recommendation is supported by the projected cash flow analysis. Based on the deep subsidy of 31 units at or below 33% of the AMI and the special needs demographic of the Development, the DSC of 19.59 to 1.00 appears reasonable.

10. Refer to Exhibit I, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses are increasing at an annual rate of 3%.

11. Please see below for a chart of 2013 comparable expenses from Duval County.

Expense Analysis

Deal	Collins Cove	Hilltop Village	Liberty Center Phase IV	Normandy
County	Duval	Duval	Duval	Duval
Number of Units	160	200	100	100
Year Completed	2005	1960/1996/2002	1976/2005	Rehab 2005
Demographic	Elderly	Family	Homeless	Family

Management Company	Finaly Management, Inc.	Cambridge Management, Inc.	Harris Group, Inc.	Community Housing Part. Corp.	Average	Appraiser	Developer	First Housing
Real Estate Taxes	$465	$333	$358	$0	$289	$288	$288	$229
Insurance	$367	$759	$630	$394	$538	$500	$500	$500
Management Fee	$498	$448	$278	$679	$476	$391	$379	$344
General and Administrative	$270	$234	$426	$273	$301	$300	$300	$239
Payroll Expenses	$1,231	$1,159	$1,711	$1,102	$1,301	$1,600	$1,600	$1,272
Utilities	$676	$867	$981	$735	$815	$600	$600	$477
Marketing and Advertising	$79	$23	$4	$2	$27	$100	$100	$80
Maintenance and Repairs/Pest Control	$683	$1,019	$790	$573	$766	$350	$350	$278
Grounds Maintenance and Landscaping	$0	$0	$0	$0	$0	$275	$275	$219
Security	$0	$0	$0	$0	$0	$515	$515	$410
Other	$201	$202	$208	$5	$154	$0	$0	$0
Reserve for Replacements	$234	$309	$200	$275	$255	$300	$300	$239
Total Expense Per Unit	**$4,704**	**$5,353**	**$5,586**	**$4,038**	**$4,920**	**$5,219**	**$5,208**	**$4,286**

Section B

SAIL Loan, ELI Loan, and Grant Conditions & HC Allocation Recommendations

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least two weeks prior to Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the bond pricing date and/or closing date.

1. Receipt and satisfactory review of current financial statements of the Principal dated within 30 days of closing is a condition of this credit underwriting report.

2. Documentation that the Development's Predevelopment Loan Program loan from Florida Housing has been satisfied prior to or simultaneous with the loan closing.

3. The Arc of Jacksonville Village Partners, LLC to provide the Developer Equity totaling $2,480,000 at closing. The remainder Developer Equity, or $291,664, will be provided when the last Syndication Installment is received.

4. Receipt of an updated Syndication Agreement showing the second installment paid during construction.

5. Receipt of Bank and Trade References for Vestcor Development Corporation, Inc. and Mr. Rood.

6. Receipt of credit authorization form for Vestcor Development Corporation, Inc.

7. Receipt of financial statements within 90 days for Vestcor Development Corporation, Inc.

8. Receipt of executed Syndication Agreement prior to closing.

9. Perform site visit prior to closing.

10. GLE Associates, Inc. ("GLE") is to act as construction inspector during the construction phase.

11. An Operating Deficit Reserve of $1,500,000 is required by the HC Equity provider into the Operating Reserve Account, and it is to be funded at the time of the funding of the Stabilization Capital Contribution (fourth equity installment). This is equivalent of approximately 35 months of Operating Expenses. Such Operating Reserve Account shall

be maintained until the end of compliance period. Any balance in this account should first pay any deferred developer fee, then any remaining balance may be drawn to pay down any outstanding SAIL debt on the proposed Development or such other Corporation loan debt on the proposed Development. Lastly, any remaining balance shall be placed in a replacement reserve account for the proposed Development. In no event shall the remaining balance in said reserve account be paid to the Developer.

12. Notwithstanding any and all provisions including those pertaining to release, expenditure, or other conditions to the Operating Deficit Reserve within the Syndication Commitment or any subsequent Operating Agreement, any and all terms and conditions of the Operating Reserve must be acceptable to Florida Housing, its servicer, and its legal counsel.

13. A Developer fee of 21 percent of Development Cost shall be allowed if the proposed Development is qualified for Competitive Housing Credits with a demographic commitment of Persons with Developmental Disabilities; however, an amount equal to the difference between the Developer fee and an amount equal to 16 percent of Development Cost must be placed in an operating deficit reserve account to be held by the Corporation or its servicer. Any disbursements from said operating deficit reserve account shall be reviewed and approved by the Corporation or its servicer. Upon the expiration of the Compliance Period, any remaining balance must be drawn to pay down any outstanding SAIL debt on the proposed Development or such other Corporation loan debt on the proposed Development. If there is no Corporation loan debt on the proposed Development at the end of the Compliance Period, then any remaining balance in said operating deficit reserve account shall be placed in a replacement reserve account for the proposed Development. In no event shall the remaining balance in said operating deficit reserve account be paid to the Developer.

14. The total $1,500,000 Operating Deficit Reserve is being established to cover an anticipated operating deficits over the HC Compliance period (50 years). Upon the expiration of the Compliance Period, any remaining balance may be drawn to pay down any outstanding SAIL debt on the proposed Development or such other Corporation loan debt on the proposed Development. If there is no Corporation loan debt on the proposed Development at the end of the Compliance Period, then any remaining balance in said operating subsidy reserve account shall be placed in a replacement reserve account for the proposed Development. In no event shall the remaining balance in said operating subsidy reserve account be paid to the Developer.

15. At least 15% of the total tax credit equity needs to be provided, prior to or simultaneously with the closing of the construction financing.

16. Any other reasonable requirements of the servicer, Florida Housing, or its legal counsel.

General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least two weeks prior to Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the closing date:

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

2. Signed and sealed survey, dated within 90 days of loan 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. Prior to funding of the SAIL Loan, ELI Loan, and the Grant, all building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, Department of Transportation, etc.) or 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. Prior to funding of the SAIL Loan, ELI Loan, and the Grant, the final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specs.

5. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the servicer. A detailed calculation of the construction loan interest based upon the final draw schedule, 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.

6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL Loan, ELI Loan, and the Grant proceeds shall be disbursed during the construction phase in an amount per draw which does not exceed the ratio of the SAIL Loan, ELI Loan, and Grant funds to the Total Development Costs, net of deferred developer fees, unless approved by the Credit Underwriter. The closing draw must include appropriate backup and ACH wiring instructions.

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 15% 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 Florida Housing, its servicer and its legal counsel.

9. Architect, Construction Consultant, and Developer Certifications on forms provided by FHFC 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, if applicable.

This recommendation is contingent upon the review and approval by Florida Housing, and its legal counsel **at least two weeks prior to loan closing**. Failure to receive approval of these items, along with all other items listed on Florida Housing counsel's due diligence, within this time frame 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 Borrower, the guarantor, and any limited partners of the Borrower.

2. Award of HC and purchase of HC by RJTCF or an affiliate under terms consistent with the assumptions of this report.

3. 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.

4. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of 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 and remediation restrictions noted in the Environmental Assessment(s) and Updates and the Environmental Review, if applicable.

5. Title insurance pro forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan(s) naming FHFC as the insured. All endorsements required by FHFC shall be provided.

6. 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 Loan(s) have been satisfied.

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, in coverage, deductibles and amounts satisfactory to Florida Housing.

8. 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, of any corporate guarantor and any manager.;

b. Authorization, execution, and delivery by the Borrower and the guarantor, of all Loan(s) documents;

c. The Loan(s) 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(s) 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.

9. Evidence of compliance with the local concurrency laws, if applicable.

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

12. Any other reasonable conditions established by Florida Housing and its legal counsel.

Additional Conditions

This recommendation is also contingent upon satisfaction of the following additional conditions:

1. Compliance with all provisions of Sections 420.507 and 420.5089, Florida Statues, RFA 2013-004 and Rule 67-48 F.A.C. (SAIL and Housing Credits).

2. The Grant Funding shall be in conformance with applicable federal and state statutes, including the Fair Housing Act as implemented by 24 CFR Part 100 and Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR Part 35. The Corporation shall allow units dedicated to occupancy by the Elderly in a Development designed for occupancy by elderly households pursuant to authorization by HUD under the Fair Housing Amendments of 1988 as implemented by 24 CFR Part 100.

3. The ELI Loan shall be in conformance with applicable federal and state statutes, including the Fair Housing Act as implemented by 24 CFR Part 100 and Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR Part 35.

4. Acceptance by the Borrower and execution of all documents evidencing and securing the SAIL and ELI Loans in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), and the Land Use Restriction Agreement(s) and/or Extended Land Use Agreement(s).

5. The Corporation shall monitor compliance of all terms and conditions of the Grant Funding and shall require that certain terms and conditions be embodied in the Restrictive Covenant and Grant Agreement and recorded in the public records of the county wherein the Development is located. Violation of any material term or condition of the documents evidencing or securing the Grant Funding shall constitute a default during the term of the grant. The Corporation shall take appropriate legal action to effect compliance if a violation of any material term or condition relative to the set-asides of units is discovered during the course of compliance monitoring or by any other means.

6. A copy of an Amended and Restated Limited Partnership Agreement reflecting purchase of the Low Income Tax Credits ("HCs") by the Syndicator, or an affiliate under terms consistent with the assumptions contained within this credit underwriting report.

7. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and RJTCF or an affiliate, that requires funding of all HC Equity Installments during construction, even if the Borrower is in default under the Limited Partnership Agreement.

8. The limited partnership agreement from RJTCF or an affiliate shall be in a form and of financial substance satisfactory to FHFC, FHFC's Counsel and FHDC.

9. If applicable, Guarantors to provide the standard FHFC Construction Completion Guarantee, to be released upon lien-free completion, as approved by the servicer.

10. Guarantors are to provide the standard FHFC Operating Deficit Guarantee to be released upon achievement of a 1.15 debt service coverage on the permanent first mortgage SAIL Loan (first mortgage), and 90% occupancy, and 90% of the gross potential rental income, net of utility allowances, if applicable, for a period equal to twelve consecutive months, all as certified by an independent Certified Public Accountant. The Operating Deficit Guarantee shall not terminate earlier than three years following the final certification of occupancy. Notwithstanding the above, the operating deficit guarantee shall not terminate earlier than three (3) years following the final certificate of occupancy.

11. Guarantors to provide the Standard FHFC Environmental Indemnity.

12. Guarantors to provide the Standard FHFC Guaranty of Recourse Obligations.

13. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the 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. The form of the title policy must be approved prior to closing.

14. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender, Trustee, or the servicer. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release funds shall be at Florida Housing's sole discretion.

15. Replacement Reserves in the amount of $300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's Loan(s) servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per Rule 67-48 F.A.C., in the amount of $29,100 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of $300 per unit per year for years 1 and 2, followed by $300 per unit per year thereafter. The initial replacement reserve will have limitations on the ability to be drawn 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 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’).

16. 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. The GC contract indicates a 10% retainage holdback through 50% completion then 0% retainage holdback thereafter, which satisfies the minimum requirement.

17. Satisfactory completion of a pre-loan closing compliance audit conducted by FHFC or servicer, if applicable.

18. Satisfactory resolution of any outstanding past due or non compliance issues applicable to the development team prior to closing.

19. 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 67-48.0075(5) F.A.C., of an Applicant or a Developer).

20. Any other reasonable requirements of the servicer, Florida Housing, or its legal counsel.

Housing Credit Allocation Recommendation

First Housing Development Corporation has estimated a preliminary annual HC allocation of $1,142,747. Please see the HC Allocation Calculation in Exhibit 2 of this report for further details.

Contingencies

The HC allocation will be contingent upon the receipt and satisfactory review of the following items by First Housing and Florida Housing by the deadline established in the Preliminary Determination. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. Closing of the Grant, SAIL Loan and ELI Loan and subordinate debt consistent with the assumptions of this Credit Underwriting Report.

2. Purchase of the HC's by RJTCF, or an affiliated entity, under terms consistent with assumptions of this report.

3. This report is subject to continued approval of managing agent by Florida Housing.

4. Satisfactory resolution of any outstanding past due or non-compliance issues applicable to the development team prior to closing.

5. Any other reasonable requirements of the servicer, Florida Housing, or its legal counsel.

15-Year 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	$604,032	$616,113	$628,435	$641,004	$653,824	$666,900	$680,238	$693,843	$707,720	$721,874	$736,312	$751,038	$766,059	$781,380	$797,007
Other Income															
Late Fees/Other Income	$20,952	$21,371	$21,798	$22,234	$22,679	$23,133	$23,595	$24,067	$24,549	$25,040	$25,540	$26,051	$26,572	$27,104	$27,646
Gross Potential Income	**$624,984**	**$637,484**	**$650,233**	**$663,238**	**$676,503**	**$690,033**	**$703,833**	**$717,910**	**$732,268**	**$746,914**	**$761,852**	**$777,089**	**$792,631**	**$808,483**	**$824,653**
Less:															
Physical Vac. Loss Percentage: 5.00%	$31,249.20	$30,806	$31,422	$32,050	$32,691	$33,345	$34,012	$34,692	$35,386	$36,094	$36,816	$37,552	$38,303	$39,069	$39,850
Collection Loss Percentage: 1.00%	$6,249.84	$6,161	$6,284	$6,410	$6,538	$6,669	$6,802	$6,938	$7,077	$7,219	$7,363	$7,510	$7,661	$7,814	$7,970
Total Effective Gross Income	**$587,485**	**$600,517**	**$612,527**	**$624,778**	**$637,273**	**$650,019**	**$663,019**	**$676,280**	**$689,805**	**$703,601**	**$717,673**	**$732,027**	**$746,667**	**$761,601**	**$776,833**
EXPENSES:															
Fixed:															
Real Estate Taxes	$27,973	$28,812	$29,677	$30,567	$31,484	$32,428	$33,401	$34,403	$35,435	$36,498	$37,593	$38,721	$39,883	$41,079	$42,312
Insurance	$48,500	$49,955	$51,454	$52,997	$54,587	$56,225	$57,912	$59,649	$61,438	$63,281	$65,180	$67,135	$69,149	$71,224	$73,361
Variable:															
Management Fee Percentage: 7.15%	$42,000	$42,840	$43,697	$44,571	$45,462	$46,371	$47,299	$48,245	$49,210	$50,194	$51,198	$52,222	$53,266	$54,331	$55,418
Administrative Expenses	$29,100	$29,973	$30,872	$31,798	$32,752	$33,735	$34,747	$35,789	$36,863	$37,969	$39,108	$40,281	$41,490	$42,734	$44,016
Operating Expenses	$155,200	$159,856	$164,652	$169,591	$174,679	$179,919	$185,317	$190,876	$196,603	$202,501	$208,576	$214,833	$221,278	$227,916	$234,754
Maintenance Expenses	$58,200	$59,946	$61,744	$63,597	$65,505	$67,470	$69,494	$71,579	$73,726	$75,938	$78,216	$80,562	$82,979	$85,469	$88,033
Fixed Expenses	$9,700	$9,991	$10,291	$10,599	$10,917	$11,245	$11,582	$11,930	$12,288	$12,656	$13,036	$13,427	$13,830	$14,245	$14,672
Reserve for Replacements	$29,100	$29,100	$29,100	$29,100	$29,100	$29,100	$29,100	$29,100	$29,100	$29,973	$30,872	$31,798	$32,752	$33,735	$34,747
Total Expenses	**$510,398**	**$524,417**	**$538,848**	**$553,704**	**$568,996**	**$584,738**	**$600,944**	**$617,626**	**$634,799**	**$653,351**	**$672,450**	**$692,111**	**$712,352**	**$733,190**	**$754,643**
Net Operating Income	**$77,087**	**$76,100**	**$73,679**	**$71,074**	**$68,277**	**$65,281**	**$62,076**	**$58,654**	**$55,006**	**$50,250**	**$45,224**	**$39,916**	**$34,315**	**$28,410**	**$22,190**
Debt Service Payments															
SAIL Fees	$3,936	$3,936	$3,936	$3,936	$3,936	$3,936	$3,936	$3,936	$3,936	$3,936	$3,936	$3,936	$3,936	$3,936	$3,936
ELI Fees	$5,370	$5,370	$5,370	$5,370	$5,370	$5,370	$5,370	$5,370	$5,370	$5,370	$5,370	$5,370	$5,370	$5,370	$5,370
Total Debt Service Payments	**$9,306**	**$9,306**	**$9,306**	**$9,306**	**$9,306**	**$9,306**	**$9,306**	**$9,306**	**$9,306**	**$9,306**	**$9,306**	**$9,306**	**$9,306**	**$9,306**	**$9,306**
Cash Flow after Debt Service	**$67,781**	**$66,794**	**$64,373**	**$61,768**	**$58,971**	**$55,975**	**$52,770**	**$49,348**	**$45,700**	**$40,944**	**$35,918**	**$30,610**	**$25,009**	**$19,104**	**$12,884**
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Debt Service Coverage Ratios															
DSC - SAIL Loan	**19.59**	**19.33**	**18.72**	**18.06**	**17.35**	**16.59**	**15.77**	**14.90**	**13.98**	**12.77**	**11.49**	**10.14**	**8.72**	**7.22**	**5.64**
DSC - ELI Loan	**8.28**	**8.18**	**7.92**	**7.64**	**7.34**	**7.01**	**6.67**	**6.30**	**5.91**	**5.40**	**4.86**	**4.29**	**3.69**	**3.05**	**2.38**
DSC - All Mortgages and Fees	**8.28**	**8.18**	**7.92**	**7.64**	**7.34**	**7.01**	**6.67**	**6.30**	**5.91**	**5.40**	**4.86**	**4.29**	**3.69**	**3.05**	**2.38**
Financial Ratios															
Operating Expense Ratio	**86.88%**	**87.33%**	**87.97%**	**88.62%**	**89.29%**	**89.96%**	**90.64%**	**91.33%**	**92.03%**	**92.86%**	**93.70%**	**94.55%**	**95.40%**	**96.27%**	**97.14%**
Break-even Economic Occupancy Ratio (all de	**83.15%**	**83.72%**	**84.30%**	**84.89%**	**85.48%**	**86.09%**	**86.70%**	**87.33%**	**87.96%**	**88.72%**	**89.49%**	**90.26%**	**91.05%**	**91.84%**	**92.64%**

Housing Credit Calculation

Section I: Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	$18,603,728
Less Land Costs	$0
Less Federal Grants and Loans	$0
Less Other Ineligible Costs	$2,459,365
Total Eligible Basis	$16,144,363
Applicable Fraction	100%
DDA/QCT Basis Credit	100%
Qualified Basis	$16,144,363
Housing Credit Percentage	9.00%
Annual Housing Credit Allocation	$1,452,993

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include brokerage fees, accounting, legal and other fees attributable to land acquisition and syndication, advertising/marketing fees, operating reserves required by lender, the lease up portion of construction interest and certain closing costs.

2. The development has a 100% set-aside: therefore, the Applicable Fraction is 100%.

3. For purposes of this analysis, the development is not located in a Difficult Development Area ("DDA") and/or Qualified Census Tract ("QCT"); therefore the 100% basis credit was applied for the Rehabilitation Allocation Calculation.

4. For purposes of this recommendation, a HC percentage of 9% was applied for the Housing Credit Percentage.

Section II: GAP Calculation

Total Development Costs(including land and ineligible Costs)	$18,603,728
Less Mortgages	$3,020,000
Less Grants	$1,500,000
Equity Gap	$14,083,728
HC Syndication Percentage to Investment Partnership	99.990%
HC Syndication Pricing	$0.99
HC Required to meet Equity Gap	$14,227,411
Annual HC Required	$1,422,741

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from an executed Housing Credit Equity commitment letter dated as of September 25, 2014 from RJTCF.

Section III: Summary

HC Per Application	$1,142,747
HC Per Qualified Basis	$1,452,993
HC Per GAP Calculation	$1,422,741
Annual HC Recommended	$1,142,747
Syndication Proceeds based upon Syndication Agreement	$11,312,064

Notes to the Summary:

1. The estimated annual housing credit allocation is limited to the lesser of the application request, qualified basis calculation or the gap calculation. The recommendation is based on the application request.

EXHIBIT "B"

(THE ARC VILLAGE / RFA 2014-113 / 2015-001C / RFA 2013-004 / 2013-133CGS)

DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

97 Duplex/Triplex Apartment Units located in 38 residential buildings (17 Duplexes and 21 Triplexes)

Unit Mix:

Sixty-eight (68) one bedroom/one bath units containing a minimum of 776 square feet of heated and cooled living area; and

Twenty-nine (29) two bedroom/two bath units containing a minimum of 1,060 square feet of heated and cooled living area (25 designed as IRO units).

Fifty (50) individual room occupancy (IRO) units containing one bedroom and one bathroom.

122 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, 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, Florida Statutes, The Fair Housing Act as implemented by 24 CFR 100, and Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR 35, incorporating the most recent amendments, regulations and rules.

The Applicant commits to locate each feature and amenity that is non unit-specific on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

B. The Development must provide the following:

1. Termite prevention and pest control throughout the entire Compliance Period;
2. Full-size stove/range for all units; and
3. Community Building/dedicated space that includes:

EXHIBIT "B"

(THE ARC VILLAGE / RFA 2014-113 / 2015-001C / RFA 2013-004 / 2013-133CGS)

DESCRIPTION OF FEATURES AND AMENITIES

a. At least one private office space with a door, per every 50 Persons with Developmental Disabilities, so that services such as individual counseling, case management, legal consultation, and assessments may take place; and
b. At least one enclosed training room with a door to conduct group training and educational activities.

C. The Development must provide the following general features:

1. Window covering for each window and glass door inside each Unit; and
2. 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).

D. The Development must provide the following Green Building features:

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;
5. Minimum SEER of 14 for Unit air conditioners

The Applicant further commits to provide all additional Green Building/Energy Efficiency features as described below:

1. Programmable thermostats
2. Energy Star roof materials
3. Energy Star windows
4. Daylight sensors, timers, or motion sensors for outdoor lighting
5. SEER 15 HVAC units
6. Energy Efficient lamping
7. Dual flush toilets
8. EPA WaterSense program participation (Construction)
9. Native landscaping and FL Yards and Neighborhood certification

EXHIBIT “B”

(THE ARC VILLAGE / RFA 2014-113 / 2015-001C / RFA 2013-004 / 2013-133CGS)

DESCRIPTION OF FEATURES AND AMENITIES

E. The Development must provide the following Accessibility, Adaptability, Universal Design and Visitability Features:

1. A minimum of 25 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 10 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.
2. Primary entrance door shall have a threshold with no more than a ½ inch rise
3. All door handles on primary entrance door and interior doors must have lever handles
4. Lever handles on all bathroom faucets and kitchen sink faucets
5. Toilets must be 17 inches to 19 inches in height as measured from the finished floor to the top of the toilet seat
6. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level

The Applicant further commits to provide all additional Accessibility, Adaptability, Universal Design and Visitability features as described below:

1. Hallways wider than 40"
2. 4 duplex outlets in bedrooms for electronics and medical equipment
3. 60" diameter turning space in bedroom and living room
4. Base cabinets with full extension drawer slides
5. Roll-in showers
6. Four different themes for the appearance of the units for diverse character and to aid in locating residences.
7. Reach-in pantry w/minimum of 20 cu.ft. of storage.
8. Emergency call w/two-way communication in all units.
9. Flush interior thresholds
10. 30" x 48" space provided for forward or parallel approach to door bell.
11. Toggle-type switches for lights and fans.
12. Wired doorbell at 48" maximum at primary entry door.

EXHIBIT "B"

(THE ARC VILLAGE / RFA 2014-113 / 2015-001C / RFA 2013-004 / 2013-133CGS)

DESCRIPTION OF FEATURES AND AMENITIES

13. Anti-scald plumbing in kitchen and bath.
14. ADA ramp in pool.
15. Spa with ADA lift.
16. ADA accessible mini-golf course and outdoor bowling area.
17. Push button ADA access to community center.
18. Lighting provided inside and outside primary entrance door.
19. Ceramic tile floors in kitchen and bathrooms.
20. Large front porches.
21. Basketball/Volleyball Court.
22. Shuffleboard Court.
23. Croquet Course
24. Horseshoe Pit
25. Microwave oven
26. Marble sills at windows
27. 2 bathrooms in all 2 bedroom units
28. Roof with 30 yrs. expected life
29. Fire extinguishers in all units and community center
30. Vinyl plank flooring within living areas.
31. Gardening Area.
32. Exercise stations
33. Picnic area
34. Community Center/Emergency Shelter/backup generator.
35. Community center with a stage, dining area with kitchen, and classrooms and screens for presentations
36. Coffee lounge
37. Great room with television
38. Game room
39. Computer lab
40. Fitness room

F. The Development will provide the following Resident Services:

1. Services Coordination: The provision of community-based services coordination will be the responsibility of the Applicant, but may be in conjunction with public and/or private partnerships as approved by the Corporation in credit underwriting.

   The Development is required to assist interested residents with the coordination of their community-based services. The purpose is to assist each resident to become

EXHIBIT "B"

(THE ARC VILLAGE / RFA 2014-113 / 2015-001C / RFA 2013-004 / 2013-133CGS)

DESCRIPTION OF FEATURES AND AMENITIES

aware of, access and/or maintain adequate and appropriate community-based services and resources. It is not the intent for this resident service to take the place of services coordination already provided for a resident by a program and/or agency as part of their supportive services plan. The focus shall be to assist residents not receiving community-based services coordination by another program and/or agency, as well as to assist those residents that need additional assistance with coordination of community-based services. Property management and resident community-based services coordination should not be the responsibility of the same staff persons; the functions should be entirely separate.

2. Manager On-Site 24 Hours Per Day: Applicant shall provide management personnel on the Development's premises at all times who will be available and accessible to the residents 24 hours per day, seven days per week. The on-site management personnel shall be available at all times to receive calls from residents and help determine the approach to address a resident's issue. The Development's owner or designated manager shall develop and implement policies and procedures for receiving a resident call and how to assess and handle the call based on a resident's request and/or need. Residents shall be informed, at move-in and via a written notice(s) clearly displayed in the Development's common or public areas, that staff are on-site to receive resident calls at all times.

The Applicant further commits to provide all additional Resident Services and Best Practices as described below:

1. Services provided at no cost
2. Job Club/Employment Seminars
3. Ongoing job supports
4. Message Alert System
5. Volunteer Services

DEVELOPMENT
NAME: **The Arc Village**
DATE: **January 15, 2015**

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 Florida Housing Finance Corporation ("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 time frame. Unsatisfactory items, if any, are noted below in the "Issues and Concerns" section of the Executive Summary.

FINAL REVIEW **REQUIRED ITEMS:**	**STATUS** **Satis. / Unsatis.**	**NOTE**
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.	
4. Pre-construction analysis ("PCA").	Satis.	
5. Survey.	Unsatis.	
6. Complete, thorough soil test reports.	Satis.	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
8. Market Study separate from the Appraisal.	Satis.	
9. Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor.	Satis.	
11. Resumes and experience of applicant, general contractor and management agent.	Satis.	
12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Unsatis.	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
15. Firm commitment letter from the syndicator, if any.	Satis.	
16. Firm commitment letter(s) for any other financing sources.	Satis.	

EXHIBIT "B"

(THE ARC VILLAGE / RFA 2014-113 / 2015-001C / RFA 2013-004 / 2013-133CGS)

DESCRIPTION OF FEATURES AND AMENITIES

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.	Unsatis.	
19. Fifteen-year income, expense, and occupancy projection.	Satis.	
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.	Satis.	
22. Any additional items required by the credit underwriter.	Satis.	

NOTES AND DEVELOPER RESPONSES:

Notes:

Applicant's Response: