Florida Housing Finance Corporation

Credit Underwriting Report

Valencia Grove

Multifamily Mortgage Revenue Bonds (“MMRB), State Apartment Incentive Loan Program (“SAIL”), Extremely Low Income Gap Loan (“ELI”), and 4% Non-Competitive Housing Credits (“HC”)

MMRB 2014-135B / SAIL / ELI RFA 2014-111 (2014-433S)

Section A: Report Summary

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

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Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

September 3, 2015

Valencia Grove

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Section A

Report Summary

Recommendation

First Housing recommends a Multifamily Mortgage Revenue Tax-Exempt Bond ("MMRB" or "Bond") in the amount up to $12,000,000, a SAIL loan in the amount of $5,000,000, ELI Gap Funding in the amount of $383,600 and an annual 4% Housing Credit Allocation of $776,325 to finance the construction and permanent financing of Valencia Grove ("Development"). In addition, First Housing recommends a permanent period Bond amount of $6,250,000 to allow for a 1.10 to 1.00 Debt Service Coverage Ratio ("DSCR").

DEVELOPMENT & SET-ASIDES

Development Name: Valencia Grove

Program Numbers: 2014-135B | RFA 2014-111 | 2014-433S

Address: Huffstetler Drive and Kurt Street | City: Eustis | Zip Code: 32726

County: Lake County | County Size: Medium

Development Category: New Construction | Development Type: Garden Apartments

Construction Type: Wood Construction

Demographic Commitment: Elderly: No | Homeless: No | ELI: 8 Units @ 40% AMI

Farmwork or Commercial Fish Worker: No | Family: Yes | Link: 15 Units

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	2	674	40%	$438	N/A	N/A	$80	N/A	$358	$358	$358	$358	$8,592
1	1.0	22	674	60%	$657	N/A	N/A	$80	N/A	$577	$577	$577	$577	$152,328
2	2.0	4	918	40%	$525	N/A	N/A	$100	N/A	$425	$425	$425	$425	$20,400
2	2.0	92	918	60%	$787	N/A	N/A	$100	N/A	$687	$687	$687	$687	$758,448
3	2.0	2	1,150	40%	$606	N/A	N/A	$119	N/A	$487	$487	$487	$487	$11,688
3	2.0	22	1,150	60%	$909	N/A	N/A	$119	N/A	$790	$790	$790	$790	$208,560
		144												$1,160,016

Buildings: Residential - Six (6) Non-Residential - 1

Parking: Parking Spaces - 271 Accessible Spaces - 10

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
MMRB	5.0%	8	40%	30 years
MMRB	95.0%	136	60%	30 years
SAIL/ELI	5.0%	8	40%	50 years
SAIL	95.0%	136	60%	50 years
4% HC's	5.0%	8	40%	30 Years
4% HC's	95.0%	136	60%	30 years

Person with a Disabling Condition Set-Aside Commitment: The proposed Development must set aside 10% of the total units for Persons with a Disabling Condition that are referred by a supportive services lead agency that serves Persons with a Disabling Condition and are designated by the Corporation. As of the place-in-service date for the proposed Development, this requirement will be deemed to be met with any existing units occupied by residents that do not qualify as a Person with a Disabling Condition; however, this set-aside commitment must be met as new units are rented after the place-in-service date.

Some or all of the units set aside to meet this 10 percent Person with a Disabling Condition set-aside commitment can be the same units that are set aside to meet the ELI Set-Aside commitment; however, at least 50% of the Development's dwelling units set aside for the Person with a Disabling Condition set-aside commitment shall be ELI Set-Aside units.

Absorption Rate 20 units per month for 7.2 months.

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

DDA?: Yes QCT?: No

Site Acreage: 9.25 +/- Density: 15.56 Flood Zone Designation: X

Zoning: MCR Mixed Commercial/Residential District Flood Insurance Required?: No

DEVELOPMENT TEAM

Applicant/Borrower:	HTG Valencia, LLC	
General Partner 1:	HTG Affordable, LLC	0.0080%
General Partner 2:	Rieger Holdings, LLC	0.0020%
Limited Partner 1:	U.S. Bancorp Community Development Corporation	99.9900%
Construction Completion	390 days from Notice of Commencement (13 months)	
Guarantor(s):	HTG Valencia, LLC (Borrower); HTG Affordable, LLC (Member); Rieger Holdings, LLC (Member)	
	HTG Valencia Developer, LLC (Developer)	
	Randy Rieger, Individually	
	Balogh Family Investments, LP	
	Balogh Family Partnership	
Developer:	HTG Valencia Developer, LLC	
Principal 1	HTG Affordable, LLC	
Principal 2	Rieger Holdings, LLC	
Principal 3	Matthew Rieger	
Principal 4	Randy Rieger	
Co-Developer:	N/A	
General Contractor 1:	HTG Hennessy, LLC	
Management Company:	HTG Management, LLC	
Syndicator:	U.S. Bancorp Community Development Corporation	
Architect:	Fugleberg Koch, PLLC	
Market Study Provider:	Meridian Appraisal Group, Inc.	
Appraiser:	Meridian Appraisal Group, Inc.	

PERMANENT FINANCING INFORMATION				
	1st Source	2nd Source	3rd Source	4th Source
Lien Position	First	Second	Third	Fourth
Lender/Grantor	FHFC MMRB/Suntrust	FHFC SAIL Loan	FHFC ELI Loan	City of Eustis Grant
Amount	$6,250,000	$5,000,000	$383,600	$37,500
Underwritten Interest Rate	4.64%	1.00%	0.0%	0.0%
All In Interest Rate	4.64%	1.00%	0.0%	0.0%
Loan Term	15	15	15	0
Amortization	35	0	0	0
Market Rate/Market Financing LTV	44.39%	79.90%	82.63%	82.89%
Restricted Rent/Favorable Financing LTV	64.17%	115.50%	119.44%	119.83%
Loan to Cost	58%	24%	2%	0.0%
Debt Service Coverage	1.37	1.21	1.21	N/A
Operating/Deficit Service Reserve	$263,676	N/A	N/A	N/A
Period of Operating Expenses/Deficit Reserve in Months	Three Months expenses, replacement reserves and hard debt	N/A	N/A	N/A

Deferred Developer Fee	$1,138,749
Land Value	$1,730,000
Market Rent/Market Financing Stabilized Value	$14,080,000
Rent Restricted Favorable Financing Stablized Value	$9,740,000
Projected Net Operating Income (NOI) - Year 1	$496,696
Projected Net Operating Income (NOI) - 15 Year	$549,230
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Private Placement
Housing Credit Syndication Price	$1.065
Housing Credit Annual Allocation	$776,325

Source	Lender	Construction	Permanent	Perm Loan/Unit
Tax Exempt Bonds	FHFC MMRB/Suntrust	$12,000,000	$6,250,000	$43,403
SAIL Loan	FHFC SAIL Loan	$5,000,000	$5,000,000	$34,722
ELI GAP	FHFC ELI Loan	$383,600	$383,600	$2,664
Grant	City of Eustis	$37,500	$37,500	$260
Housing Credit Equity	U.S. Bancorp CDC	$1,187,605	$7,917,366	$54,982
Deferred Developer	HTG Valencia Developer, LLC	$2,118,510	$1,138,749	$7,908
TOTAL		$20,727,215	$20,727,215	$143,939

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	X	
Are all funding sources the same as shown in the Application?	X	
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?		1.
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?		3,4.

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

1. FHFC has approved a change in the Features and Amenities chosen in the initial application. The Applicant has requested that Energy Star qualified roof coating (2 points), Water Sense certified dual flush toilets in all bathroom (2 points), and daylight

sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points) be replaced with Energy Star qualified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles (3 points) and Energy Star rating for all windows in each unit (3 points).

2. The total development costs have decreased by $1,127,353 to $20,727,215 or -5.16% since the application primarily due to decreases in general development, financial costs, and land costs.

3. The application indicated Royal American Management, Inc. as the proposed Management Company. The Applicant has requested a change in Management Company to their own affiliate, HTG Management, LLC.

4. The application indicated Robert B. Kennedy, Inc. as the proposed General Contractor. The Applicant has requested to change the General Contractor to HTG Hennessy, LLC.

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

According to the FHFC, June 30, 2015 Asset Management Non-Compliance Report, the Development team has the following non-compliance item(s) not in the correction period:

- None

According to the FHFC Past Due report dated June 30, 2015, the Development team has the following past due item(s):

- None

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. The Market Study Provider ("MSP") indicates that the subject site is of a size and configuration that appears to be well suited for a variety of developments, including rental apartments. Overall, exposure and access are considered average

to good for multi-family purposes and the location of the site is central to neighborhood shopping, employment, medical and educational facilities. All necessary utilities and services are available to the site to support the proposed development. Based on these investigations, we are of the opinion that the subject site is suitable for a multi-family development. Based on the data provided by the developer and the MSP's assumptions regarding the improvements they are of the opinion that the proposed improvements are well suited for their proposed use as apartments. Further, based on their review of the area and interviews with leasing agents, they indicate that the property should be well accepted within the market.

2. The subject's current Competitive Market Area weighted average occupancy rate is 96.5%.

3. The Principals, Developer, General Contractor and the Management Company are experienced in affordable multifamily housing.

4. The Principals have sufficient experience and substantial financial resources to develop, renovate and operate the proposed Development.

Other Considerations:

- None

Mitigating Factors:

- None

Waiver Requests/Special Conditions:

- None

Issues and Concerns:

- None

Additional Information:

1. It should be noted that the proposed property owner is affiliated with the proposed general contractor and the proposed Management Company.

2. The first mortgage lender has required a $5,000,000 net worth and a $1,000,000 liquidity to be verified annually

3. Per the RFA, FHFC limits the Total Development Cost ("TDC") per unit to a figure based on the average cost to deliver new construction units and rehabilitation units for proposed Developments requesting Non-Competitive HC. Based on the Application, the Applicant indicated the Development is a new construction garden style property and as such is limited to a TDC of no more than $170,900 per unit. Applying the 1.8% escalation factor allowable for the Development Category of New Construction Garden Wood, the maximum TDC per unit cost is $173,976. Based on the instructions set forth in Exhibit D.1.d.(2) of the RFA, the TDC per unit exclusive of land costs and permanent period Operating Deficit Reserve for the Development is $130,727 as underwritten.

<u>Recommendation</u>:

First Housing recommends MMRB Tax Exempt Bonds in the amount of $12,000,000, a SAIL loan in the amount of $5,000,000, ELI Gap Funding in the amount of $383,600 and a $776,325 4% Federal Housing Credit ("HC") determination to finance the construction and permanent financing of the development.

Based on a 1.00 to 1.00 DSC ratio required by the State Board of Administration in their fiscal sufficiency determination, the current Net Operating Income at the current interest rate would support a Tax-Exempt Bond amount of $7,033,000, including fees.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A), and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the MMRB, SAIL, and ELI Loan Conditions and 4% HC Allocation Recommendation (Section B). **This recommendation is only valid for six months from the date of the report.**

The reader is cautioned to refer to these sections for complete information.

William J. Metler
Asst. Vice President
Senior Credit Underwriter

Reviewed by:

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
Tax Exempt Bonds	FHFC MMRB/Suntrust	$12,000,000	$12,000,000	$12,000,000	3.00%	$360,000
SAIL Loan	FHFC SAIL Loan	$5,000,000	$5,000,000	$5,000,000	1.00%	$50,000
ELI GAP	FHFC ELI Loan	$383,600	$383,600	$383,600	0.00%	$0
Grant	City of Eustis	$37,500	$37,500	$37,500	0.00%	$0
Housing Credit Equity	U.S. Bancorp CDC	$2,223,313	$2,223,313	$1,187,605	N/A	N/A
Deferred Developer Fee	HTG Valencia Developer, LLC	$2,210,155	$1,109,481	$2,118,510	N/A	N/A
Total		$21,854,568	$20,753,894	$20,727,215		$410,000

<u>Tax-Exempt Bonds</u>:

The Applicant applied for $12,000,000 in tax exempt bonds to be issued by Florida Housing Finance Corporation ("FHFC") for the Construction of this Development. First Housing reviewed a Proposed Summary of Terms and Conditions provided by the proposed buyer of the Bonds for construction and permanent financing for the development, dated August 4, 2015. The proposed buyer, STI Institutional and Government ("STI"), is an institutional buyer and an affiliate of Suntrust Bank.

The terms include a construction period first mortgage loan in the amount of $12,000,000. The term of the loan is two (2) years from initial funding. Payments will be interest only payable monthly until conversion to permanent. The rate will be based upon 75% of the sum of the 1-month LIBOR rate plus 300 basis points. This rate is currently calculated to be 2.39%. The Credit Underwriter has used a 3.00% rate for purposes of this report.

<u>SAIL Loan/ ELI Gap Funding:</u>

First Housing reviewed an invitation to enter credit underwriting; dated December 19, 2014, from FHFC with a preliminary SAIL loan allocation in the amount of $5,000,000 and a preliminary ELI gap funding allocation in the amount of $383,600. The SAIL loan is non-amortizing with an interest rate of 1% plus servicing and compliance fees and will be for a total term of 17 years. Annual payments of all applicable fees will be required. In addition and to the extent that development cash flow is available, annual interest payments at the 1% rate will be required; any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL loan, all principal and unpaid interest will be due. The ELI gap funding allocation is non-amortizing with an interest rate of 0% plus servicing and compliance fees and a total loan term of 17 years. Annual payments of all applicable fees will be required. Principal is forgivable at maturity provided the units for which the ELI gap funding amount is awarded are targeted to ELI households for the first 15 years of the 50 year compliance period. However, after 15 years, all of the ELI set aside units may convert to serve residents at or below 60% AMI. The Person with a Disabling Condition set aside requirement must be maintained through the entire compliance period.

City of Eustis Grant:

First Housing has reviewed a City of Eustis City Commission resolution #14-53 authorizing an affordable housing incentive grant of $37,500 to Valencia Grove.

Housing Credit Equity:

First Housing has reviewed a Proposal dated April 21, 2015 and revised on May 26, 2015 and again on August 5, 2015 indicating US Bancorp Community Development Corporation (‘USBCDC”), or an affiliate thereof, will be admitted to the limited liability company(“LLC”) as a member concurrent with, or prior to, closing with a 99.99% membership interest in the LLC. Based on the annual HC allocation estimated to be in the amount of $743,415, and a syndication rate of $1.065 per dollar, USBCDC anticipates a net capital contribution of $7,917,366 and has committed to make available $1,187,605 of the total net equity during the construction period. An additional $6,729,761 will be available at or after project completion, issuance of 100% of CO’s, stabilization, and upon receipt of the Form 8609 for a total invested amount of $7,917,366. The first installment in the amount of $1,187,605 meets the FHFC requirement that 15% of the total equity must be contributed at or prior to the closing.

Deferred Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer 73.89% of the Developer Fee or $2,118,510 .

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Tax Exempt Bonds	FHFC MMRB/Suntrust	$8,604,598	$7,083,869	$6,250,000	15	35	4.64%	$361,473
SAIL Loan	FHFC SAIL Loan	$5,000,000	$5,000,000	$5,000,000	15	0	1.00%	$50,000
ELI GAP	FHFC ELI Loan	$383,600	$383,600	$383,600	15	0	0.00%	$0
Grant	City of Eustis	$37,500	$37,500	$37,500	0	0	0.00%	$0
Housing Credit Equity	U.S. Bancorp CDC	$7,760,034	$7,411,042	$7,917,366	N/A	N/A	N/A	N/A
Deferred Developer Fee	HTG Valencia Developer, LLC	$68,836	$837,883	$1,138,749	N/A	N/A	N/A	N/A
Total		$21,854,568	$20,753,894	$20,727,215				$411,473

<u>Tax-Exempt Bonds:</u>

The Applicant applied for $12,000,000 in tax exempt bonds to be issued by Florida Housing Finance Corporation ("FHFC") for the Construction/Permanent financing of this Development. First Housing reviewed a Proposed Summary of Terms and Conditions provided by the proposed buyer of the Bonds dated August 4, 2015. The proposed buyer, STI Institutional and Government ("STI"), is an institutional buyer and an affiliate of SunTrust Bank.

The terms indicate that at the time of conversion to permanent financing, the interest only construction period loan will be reduced to a maximum of $8,000,000 and will convert to a fifteen (15) year term with principal and interest payments based upon a thirty-five (35) year amortization. At the time of construction loan closing the proposed owner will be required to enter into a rate hedge agreement which will fix the interest rate during the permanent period. The Hedge agreement must have no more than a two year forward starting date and a minimum fifteen (15) year term from the start date. The current estimated swap rate available from the lender's affiliate as of July 29, 2015 is 4.14% which includes the 24 month forward commitment and appropriate issuer and servicing fees. The swap rate is subject to change at any time before the closing occurs. The Credit Underwriter has used an "all-in" rate of approximately 4.64% which includes a credit underwriting spread of 50 bps to cover the potential of increased rates between the date of this report and the lock-in date. In addition to the actual Bond rate there are 24 bps in issuer fees, servicing fees, compliance monitoring fees and trustee fees included in the DSCR analysis. Based upon the aforementioned rates the credit underwriter is recommending a $6,250,000 permanent period Bond amount.

SAIL Loan/ ELI Gap Funding:

First Housing reviewed an invitation to enter credit underwriting dated December 19, 2014 from FHFC with a preliminary SAIL loan allocation in the amount of $5,000,000 and a preliminary ELI gap funding allocation in the amount of $383,600. The SAIL loan is non-amortizing with an interest rate of 1% plus servicing and compliance fees and will be for a permanent loan term of 15 years. Annual payments of all applicable fees will be required. In addition and to the extent that development cash flow is available, annual interest payments at the 1% rate will be required; any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL loan, all principal and unpaid interest will be due. The ELI gap funding allocation is non-amortizing with an interest rate of 0% plus servicing and compliance fees and a permanent loan term of 15 years. Annual payments of all applicable fees will be required. Principal is forgivable at maturity provided the units for which the ELI gap funding amount is awarded are targeted to ELI households for the first 15 years of the 50 year compliance period. However, after 15 years, all of the ELI set aside units may convert to serve residents at or below 60% AMI. The Person with a Disabling Condition set aside requirement must be maintained through the entire compliance period.

City of Eustis Grant:

First Housing has reviewed a City of Eustis City Commission resolution #14-53 authorizing an affordable housing incentive grant of $37,500 to Valencia Grove in consideration of Florida Housing Finance Corporation’s Housing Credit Program’s local government grant requirement.

Housing Credit Equity:

The Applicant has applied to FHFC to receive 4% Housing Credits directly from the U.S. Treasury in conjunction with tax exempt financing. A HC calculation is contained in Exhibit 2 of this credit underwriting report.

First Housing has reviewed a Proposal dated April 21, 2015 and revised on May 26, 2015 and again on August 5, 2015 indicating US Bancorp Community Development Corporation (‘USBCDC”), or an affiliate thereof, will provide housing credit equity as follows:

Syndication Contributions

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	$1,187,605	15.00%	Initial Construction Loan closing, fully executed partnership agreement and closing of all subordinate debt.
2nd Installment	$3,958,683	50.00%	The later of January 1, 2017, temporary certificates of occupancy, AIA certificate of construction completion and free and clear title.
3rd Installment	$1,084,957	13.70%	The later of 4/1/2017 or at USBCDC's option receipt of estoppel certificates from all lenders.
4th Installment	$585,000	7.39%	The later of 4/1/2017 or receipt of permanent certificates of occupancy, receipt of "as built" survey, receipt of draft cost certification and, at USBCDC's option, receipt of estoppel certificates from all lenders.
5th Installment	$1,001,121	12.65%	The later of 4/1/2017, or permanent loan closing, 100% lease up, receipt of initial tenant files, acheivement of 1.20 DSC for three (3) consecutive months, Final cost certificate, receipt of first year partnership tax returns, evidence of verification of real estate taxes, and verification of 8609 package being submitted to the State.
6th Installment	$100,000	1.26%	Receipt of 8609 forms and evidence that the EUA has been recorded.
Total	$7,917,366	100.00%	

Annual Credit Per Syndication Agreement	$743,415
Calculated HC Exchange Rate	$1.065
Member Ownership Percentage	99.99%
Proceeds Available During Construction	$1,187,605

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer 39.7% of the Developer Fee or $1,138,749.

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	$9,729,378	$9,933,912	$9,933,912	$68,986	$0
Recreational Amenities	$432,500	$432,500	$432,500	$3,003	$310,200
General Conditions	$609,712	$621,985	$621,985	$4,319	$0
Overhead	$203,237	$207,328	$207,328	$1,440	$0
Profit	$609,713	$621,985	$621,985	$4,319	$0
General Liability Insurance	$0	$90,653	$49,613	$345	$0
Payment and Performance Bonds	$54,000	$54,000	$95,040	$660	$0
Total Construction Contract/Costs	$11,638,540	$11,962,363	$11,962,363	$83,072	$310,200
Hard Cost Contingency	$588,727	$598,118	$598,118	$4,154	$0
Other: Furniture, Fixtures and Equipment	$190,000	$244,665	$244,665	$1,699	$0
Total Construction Costs:	**$12,417,267**	**$12,805,146**	**$12,805,146**	**$88,925**	**$310,200**

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract dated July 22, 2015 in the amount of $11,962,363. This is a Stipulated Sum Agreement between the Owner, HTG Valencia, LLC and the Contractor, HTG Hennessy, LLC. Per this contract substantial completion is to be achieved within 390 days (13 months) from recording of the Notice of 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 then retainage will not be deducted from the remaining construction draws. The General Contractor entity is an affiliate of the Owner. Please NOTE that the SAIL RFA 2014-111 requires a guaranteed maximum price construction contract (Part I, (C), (12) at page 127). Receipt and satisfactory review of same with numbers and pricing remaining the same will be a condition of closing.

2. The Hard Cost Contingency has been adjusted so as to not exceed the maximum of 5% of the total construction costs.

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

4. The GC Contract includes the cost of 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	$40,000	$40,000	$40,000	$278	$20,000
Appraisal	$10,000	$8,750	$5,000	$35	$0
Architect's and Planning Fees	$223,637	$205,750	$205,750	$1,429	$0
Architect's Fee - Supervision	$29,211	$60,000	$60,000	$417	$0
Building Permits	$81,214	$143,352	$143,352	$996	$0
Builder's Risk Insurance	$201,600	$158,400	$158,400	$1,100	$0
Engineering Fees	$40,000	$18,800	$18,800	$131	$0
Environmental Report	$4,000	$3,275	$3,275	$23	$0
FHFC Administrative Fees	$64,673	$59,479	$62,106	$431	$62,106
FHFC Application Fee	$6,500	$6,000	$6,000	$42	$6,000
FHFC Credit Underwriting Fee	$21,941	$21,941	$21,941	$152	$0
FHFC HC Compliance Fee (HC)	$228,458	$0	$0	$0	$0
Impact Fee	$829,779	$878,978	$878,978	$6,104	$0
Lender Inspection Fees / Const Admin	$21,802	$22,185	$22,185	$154	$0
Green Building Cert. (LEED, FGBC, NAHB)	$20,000	$0	$0	$0	$0
Insurance	$80,640	$57,600	$57,600	$400	$57,600
Legal Fees	$170,000	$156,500	$156,500	$1,087	$11,500
Market Study	$10,000	$5,000	$5,000	$35	$0
Marketing and Advertising	$100,000	$100,000	$100,000	$694	$100,000
Plan and Cost Review Analysis	$0	$8,790	$8,790	$61	$4,395
Property Taxes	$52,547	$2,000	$2,000	$14	$0
Soil Test	$5,000	$5,000	$5,000	$35	$0
Survey	$20,000	$10,000	$10,000	$69	$0
Title Insurance and Recording Fees	$114,742	$120,086	$120,086	$834	$35,931
Utility Connection Fees	$535,000	$83,029	$83,029	$577	$0
Soft Cost Contingency	$52,659	$130,326	$109,242	$759	$0
Other: Interior Design Fee	$0	$5,500	$5,500	$38	$0
Other: Reliance Letters	$0	$2,500	$2,500	$17	$0
Other: Traffic Study	$0	$5,200	$5,200	$36	$0
Total General Development Costs:	**$2,963,403**	**$2,318,441**	**$2,296,234**	**$15,946**	**$297,532**

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: FHFC credit underwriting, application fees, appraisal, market study, and the appropriate FHFC fees.

3. The FHFC Administrative Fee is based on 8% of the recommended annual housing credit allocation.

4. FHFC Compliance Fees are to be paid annually. The Applicant’s anticipated pre-paid compliance fee has been eliminated.

5. The Soft Cost Contingency line item has been revised to equal 5% of the General Development Costs less the soft cost contingency.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Construction Loan Origination Fee	$118,934	$0	$0	$0	$0
Construction Loan Commitment Fee	$0	$87,468	$87,468	$607	$0
Construction Loan Interest	$241,436	$323,275	$323,275	$2,245	$132,715
Construction Loan Servicing Fees	$0	$19,611	$19,611	$136	$19,611
Permanent Loan Subsidy Layering Review	$0	$3,907	$3,907	$27	$0
Permanent Loan Commitment Fee	$0	$51,000	$51,000	$354	$51,000
Permanent Loan Origination Fee	$78,454	$0	$0	$0	$0
Bridge Loan Origination Fee	$156,908	$0	$0	$0	$0
FHFC Bond Commitment Fee	$53,836	$0	$0	$0	$0
FHFC Bond Credit Enhancement Fee	$173,852	$0	$0	$0	$0
FHFC Bond Closing Costs	$356,803	$275,000	$165,000	$1,146	$165,000
SAIL Commitment Fee	$0	$53,836	$53,836	$374	
SAIL Closing Costs	$15,000	$15,000	$15,000	$104	$7,500
Reserves - Operating Deficit	$407,425	$263,676	$263,676	$1,831	$263,676
Financial Advisor Fee	$0	$0	$5,000	$35	$5,000
Legal Fees - Bond Counsel	$0	$0	$60,000	$417	$60,000
Legal Fees - Issuer's Counsel	$0	$0	$45,000	$313	$45,000
TEFRA Fee	$0	$500	$500	$3	$0
Total Financial Costs:	**$1,602,648**	**$1,093,273**	**$1,093,273**	**$7,592**	**$749,502**

Notes to the Financial Costs:

1. Construction Loan Interest was based on 15 months anticipated construction period and a rate of 3.0%.

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

3. The FHFC Bond Closing Costs line item includes Trustee fees, bond delivery fees, and other miscellaneous costs included in the Cost of Issuance.

4. An Operating Deficit Reserve of $263,676 for this Development is required by the HC Equity provider. It will be funded post-construction completion. Upon the expiration of the Operating Deficit Reserve, 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 for the proposed development. In no event shall the remaining balance in said Operating

Deficit Reserve be used to pay the developer fee of any deferred developer fee (or exceeding the amount permissible under Florida Housing's rules).

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

Notes to the Non-Land Acquisition Costs:

1. None.

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	**$16,983,318**	**$16,216,860**	**$16,194,653**	**$112,463**	**$1,357,234**
Developer Fee	$2,790,000	$2,871,573	$2,867,101	$19,910	$0
Other:	$0	$0	$0	$0	$0
Total Other Development Costs:	**$2,790,000**	**$2,871,573**	**$2,867,101**	**$19,910**	**$0**

Notes to the Other Development Costs:

1. The recommended Developer's Fee does not exceed 18% of total development cost before developer fee, operating deficit reserves and escrows as allowed by Rule 67-21.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Land	$2,081,250	$1,665,461	$1,665,461	$11,566	$1,665,461
Other:	$0	$0	$0	$0	$0
Total Acquisition Costs:	**$2,081,250**	**$1,665,461**	**$1,665,461**	**$11,566**	**$1,665,461**

Notes to Acquisition Costs:

1. First Housing reviewed a Purchase and Sale Agreement ("PSA") dated July 15, 2014 by and between Ann Huffstetler Rou, individually and as Trustee of the Ann Huffstetler Rou Family Trust ("Seller") and Housing Trust Group, LLC ("Buyer'). The initial sales price was $2,081,250. Subsequent to an assignment of the contract from the Buyer to the proposed owner HTG Valencia, LLC, four (4) amendments were executed. The fourth amendment was executed on March 15, 2015. The PSA and addendums were all written between Ann Huffstetler Rou, individually and as Trustee of the Ann Huffstetler Rou Family Trust ("Seller") and HTG Valencia, LLC ("Assignee"). The contract purchase price was reduced to $1,665,461 as part of the second amendment executed and dated on October 31, 2014.

2. The land acquisition cost is based on the revised PSA. The Appraiser's indicated "as is" land value of is $1,730,000.

TOTAL DEVELOPMENT COSTS:	**$21,854,568**	**$20,753,894**	**$20,727,215**	**$143,939**	**$3,022,695**

Notes to Total Development Costs:

1. The total development costs have decreased by $1,127,353 to $20,727,215 or -5.16% since the application primarily due to decreases in construction, general development and financial costs.

Operating Pro Forma – Valencia Grove

FINANCIAL COSTS:				Year 1	Year 1 Per Unit
OPERATING PRO FORMA					
INCOME:	Gross Potential Rental Income			$1,160,016	$8,056
	Other Income			$0	$0
	Ancillary Income			$34,560	$240
	Washer/Dryer Rentals			$43,805	$304
	Gross Potential Income			$1,238,381	$8,600
	Less:				
	Physical Vac. Loss	Percentage:	4.00%	$49,535	$344
	Collection Loss	Percentage:	1.00%	$12,384	$86
Total Effective Gross Income				$1,176,462	$8,170
EXPENSES:	Fixed:				
	Real Estate Taxes			$140,703	$977
	Insurance			$57,600	$400
	Variable:				
	Management Fee	Percentage:	5.00%	$58,823	$408
	General and Administrative			$36,000	$250
	Payroll Expenses			$180,000	$1,250
	Utilities			$50,400	$350
	Marketing and Advertising			$12,240	$85
	Maintenance and Repairs/Pest Control			$57,600	$400
	Grounds Maintenance and Landscaping			$43,200	$300
	Reserve for Replacements			$43,200	$300
Total Expenses				$679,766	$4,721
Net Operating Income				$496,696	$3,449
Debt Service Payments					
	First Mortgage - Suntrust/FHFC			$361,473	$2,510
	Second Mortgage - FHFC SAIL			$50,000	$347
	Third Mortgage - FHFC ELI			$0	$0
	Other Fees - Agency/Trustee/Servicer			$39,910	$277
Total Debt Service Payments				$451,383	$3,135
Cash Flow after Debt Service				$45,313	$315
				Annual	
Debt Service Coverage Ratios					
	DSC - First Mortgage P&I only			1.37	
	DSC - Second Mortgage Interest only			1.21	
	DSC - Third Mortgage Interest only			1.21	
	DSC - All Mortgages and Fees			1.10	
Financial Ratios					
	Operating Expense Ratio			57.78%	
	Break-even Economic Occupancy Ratio (all debt)			91.34%	

Notes to the Operating Pro Forma and Ratios:

1. The MMRB and SAIL/ELI programs do not impose any rent restrictions. However, this development will be utilizing Housing credits in conjunction with the tax-exempt bond and SAIL/ELI financing, which will impose rent restrictions. Valencia Grove is projected to achieve 2015 Maximum Allowable HC Rents published by Florida Housing on all units based upon the appraiser's estimate of achievable rents per the comparables surveyed.

2. The 2015 maximum rents were utilized. Below is the rent roll for the subject property:

Lake County / Orlando-Kissimmee-Sanford MSA

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	2	674	40%	$438	N/A	N/A	$80	N/A	$358	$358	$358	$358	$8,592
1	1.0	22	674	60%	$657	N/A	N/A	$80	N/A	$577	$577	$577	$577	$152,328
2	2.0	4	918	40%	$525	N/A	N/A	$100	N/A	$425	$425	$425	$425	$20,400
2	2.0	92	918	60%	$787	N/A	N/A	$100	N/A	$687	$687	$687	$687	$758,448
3	2.0	2	1,150	40%	$606	N/A	N/A	$119	N/A	$487	$487	$487	$487	$11,688
3	2.0	22	1,150	60%	$909	N/A	N/A	$119	N/A	$790	$790	$790	$790	$208,560
		144												**$1,160,016**

3. The Vacancy and Collection loss rate of 5% is based on the underwriter's estimate and is supported by the appraisal.

4. The subject developer will offer washer and dryer appliances for rent to tenants. The appraiser projects 65% participation and a monthly premium of $39 per unit or $43,805 annually.

5. Other Income is comprised of vending income, late fees, interest income, pet deposits, and forfeited security deposits. Total other income of $240 per unit/ per year is supported by the appraisal.

6. The General and Administrative expense line item includes all professional fees for items such as legal, accounting and marketing. $250 per unit/ per year is supported by the appraisal.

7. 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.

8. The Applicant has submitted an executed Property Management Agreement which reflects a management fee of 4% of gross rental income collected or $2,500 monthly, whichever is greater and contains the appropriate verbiage regarding compliance with tenant income and rent restrictions. The proposed Management Company is an affiliate of the principals of the ownership entity. The Credit Underwriter has utilized an industry standard 5% management fee.

9. The tenant is responsible for all gas and electric utility expenses. The landlord will be responsible for trash, common area water, sewer, and electric. The appraiser estimated the Utilities line item at $350 per unit based on historical data.

10. Replacement Reserves have been increased to $300 per unit per year, as required by FHFC rule.

11. Refer to Exhibit 1, 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%.

Section B

MMRB, SAIL, and ELI Loan Conditions &4% HC Allocation Recommendation

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least 30 days prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the bond pricing date and/or closing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the notice of bond sale:

1. SAIL RFA 2014-111 requires a guaranteed maximum price construction contract. Receipt and satisfactory review of same, with numbers and pricing remaining the same as the provided Stipulated Sum Contract, will be a condition of closing.

2. Satisfactory receipt and review of updated financials for the Guarantors and the Developer.

3. Receipt and satisfactory review of updated bank and trade references for the Developer.

4. Receipt and satisfactory review of the Final signed, sealed "approved for construction" plans and specifications by the Construction Consultant and the Servicer.

5. Notwithstanding any and all provisions including those pertaining to release, expenditure, or other conditions to the Operating Deficit Reserve within the Letter of Intent dated April 21, 2015 and revised on May 26, 2015 and again on August 5, 2015, 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.

6. 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 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. 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) F.A.C., of an Applicant or a Developer).

2. On Solid Ground is to act as construction inspector during the construction phase.

3. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first mortgage 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.

4. During construction/ rehabilitation, the developer is only allowed to draw a <u>maximum</u> of 50% of the total developer fee but in no case more than the payable developer fee during construction/rehabilitation, 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/rehabilitation 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.

5. 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.

6. 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.

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

8. 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.

9. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. MMRB Program loan proceeds shall be disbursed pro-rata with other funding sources during the construction period, unless otherwise approved by the Credit Underwriter. SAIL Program loan proceeds shall be disbursed during the construction phase in an amount per draw that does not exceed the ratio of the SAIL loan to the total development costs, unless approved by the Credit Underwriter. ELI Gap Loan proceeds shall be disbursed during the construction phase in an amount per draw which does not exceed the ratio of the ELI Gap Loan to the total development cost, unless approved by the Credit Underwriter. The closing draw must include appropriate backup and ACH wiring instructions.

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

11. 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 Florida Housing, its Servicer and its Legal Counsel.

12. 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.

13. Borrower is to comply with any and all recommendations noted in the Plan and Cost Review prepared by On Solid Ground.

14. Upon the expiration of the Operating Deficit Reserve, 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 for the proposed development. In no event shall the remaining balance in said Operating Deficit Reserve be used to pay the developer fee of any deferred developer fee (or exceeding the amount permissible under Florida Housing's rules).

This recommendation is contingent upon the review and approval by Florida Housing, and its legal counsel **at least 30 days prior to Real Estate Loan Closing**. Failure to receive approval of these items, 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 Housing Credits ("HC") and purchase of HC by U.S. Bancorp Community Development Corporation 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 member of the Borrower and of any corporation, limited liability company, or partnership that is the managing member of the member, 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, 420.509, and 420.5089, Florida Statutes, Rule Chapter 67-21, F.A.C. (MMRB Program Loan and Non-Competitive Housing Credits), Rule Chapter 67-53, F.A.C., Rule Chapter 67-60, F.A.C., RFA 2014-111 and Section 42 I.R.C. (Housing Credits), and any other State or Federal requirements.

2. Development and execution by the Borrower of the required Memorandum of Understanding (“MOU”) with a designated supportive services lead agency to assist Persons with a Disabling Condition, as outlined in section Four A.7.b.(2) of the RFA, due 6 months prior to the construction completion date.

3. 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(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).

4. The operating agreement from USBCDC or an affiliate shall be in a form and of financial substance satisfactory to FHFC, FHFC's Counsel and FHDC.

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

6. All amounts necessary to complete construction must be deposited with the Bond Trustee prior to closing, or any phased HC Equity pay-in amount necessary to complete

construction shall be contingent upon an obligation of the entity providing payments, regardless of any default under any documents relating to the HC's, as long as the First Mortgage continues to be funded. Notwithstanding the foregoing, at least 15% of all HC Equity (but not less than provided for in the Syndication Agreement or such higher amount as recommended by the Credit Underwriter) shall be deposited with the Bond Trustee at the MMRB Loan closing unless a lesser amount is approved by FHFC prior to closing. If bridge loan proceeds are used in lieu of HC equity funding during construction, said loan must close simultaneously or prior to the MMRB loan, and sufficient amounts will be drawn from the bridge loan at MMRB Loan closing in order to satisfy the 15% requirement.

7. Guarantors to provide the standard FHFC Construction Completion Guarantee, to be released upon lien-free completion, as approved by the Servicer.

8. For the Bonds, Guarantors are to provide the standard FHFC Operating Deficit Guarantee. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guarantee if all conditions are met, including achievement of an average 1.15x debt service coverage ratio on the MMRB Loan as determined by the Corporation or its agent and 90 percent occupancy and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all certified by an independent Certified Public Accountant, and verified by the Credit Underwriter. The calculation of the debt service coverage ratio shall be made by the Corporation or its agent. Notwithstanding the above, the operating deficit guarantee shall not terminate earlier than three (3) years following the final certificate of occupancy.

9. For the SAIL Loan, Guarantors are to provide an Operating Deficit Guarantee. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guarantee if all conditions are met, including achievement of an average 1.15x debt service coverage for the combined permanent first mortgage MMRB loan and SAIL loan, as determined by the Corporation or its agent, and 90 percent occupancy, and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all as certified by an independent Certified Public Accountant and verified by the Credit Underwriter. The calculation of the debt service coverage ratio shall be made by the Corporation or its agent. Notwithstanding the above, the operating deficit guarantee shall not terminate earlier than three (3) years following the final certificate of occupancy.

10. Guarantors to provide the Standard FHFC Environmental Indemnity.

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

12. 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.

13. 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 of funds shall be at Florida Housing's sole discretion.

14. 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 67-21 F.A.C., in the amount of $43,200 (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. New Construction or Rehabilitation Developments (with or without acquisition) shall not be allowed to draw during the first five 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 tenth 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.

15. 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 no further retainage holdback thereafter, which satisfies the minimum requirement.

16. Closing of all funding sources prior to or simultaneous with the MMRB, SAIL and ELI Gap Funding loans.

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. 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 $776,325. 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 MMRB, SAIL and ELI Gap Funding loans consistent with the assumptions of this Credit Underwriting Report.

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

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

4. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

Exhibit 1: Valencia Grove 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	$1,160,016	$1,183,216	$1,206,881	$1,231,018	$1,255,639	$1,280,751	$1,306,366	$1,332,494	$1,359,144	$1,386,327	$1,414,053	$1,442,334	$1,471,181	$1,500,604	$1,530,616
Other Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ancillary Income	$34,560	$35,251	$35,956	$36,675	$37,409	$38,157	$38,920	$39,699	$40,493	$41,302	$42,128	$42,971	$43,830	$44,707	$45,601
Washer/Dryer Rentals	$43,805	$44,681	$45,575	$46,486	$47,416	$48,364	$49,332	$50,318	$51,325	$52,351	$53,398	$54,466	$55,555	$56,666	$57,800
Gross Potential Income	**$1,238,381**	**$1,263,149**	**$1,288,412**	**$1,314,180**	**$1,340,463**	**$1,367,273**	**$1,394,618**	**$1,422,511**	**$1,450,961**	**$1,479,980**	**$1,509,580**	**$1,539,771**	**$1,570,567**	**$1,601,978**	**$1,634,017**
Less:															
Physical Vac. Loss Percentage: 4.00%	$49,535	$50,526	$51,536	$52,567	$53,619	$54,691	$55,785	$56,900	$58,038	$59,199	$60,383	$61,591	$62,823	$64,079	$65,361
Collection Loss Percentage: 1.00%	$12,384	$12,631	$12,884	$13,142	$13,405	$13,673	$13,946	$14,225	$14,510	$14,800	$15,096	$15,398	$15,706	$16,020	$16,340
Total Effective Gross Income	**$1,176,462**	**$1,199,991**	**$1,223,991**	**$1,248,471**	**$1,273,440**	**$1,298,909**	**$1,324,887**	**$1,351,385**	**$1,378,413**	**$1,405,981**	**$1,434,101**	**$1,462,783**	**$1,492,038**	**$1,521,879**	**$1,552,317**
EXPENSES:															
Fixed:															
Real Estate Taxes	$140,703	$144,924	$149,272	$153,750	$158,362	$163,113	$168,007	$173,047	$178,238	$183,586	$189,093	$194,766	$200,609	$206,627	$212,826
Insurance	$57,600	$59,328	$61,108	$62,941	$64,829	$66,774	$68,777	$70,841	$72,966	$75,155	$77,410	$79,732	$82,124	$84,588	$87,125
Variable:															
Management Fee Percentage: 5.00%	$58,823	$60,000	$61,200	$62,424	$63,672	$64,945	$66,244	$67,569	$68,921	$70,299	$71,705	$73,139	$74,602	$76,094	$77,616
General and Administrative	$36,000	$37,080	$38,192	$39,338	$40,518	$41,734	$42,986	$44,275	$45,604	$46,972	$48,381	$49,832	$51,327	$52,867	$54,453
Payroll Expenses	$180,000	$185,400	$190,962	$196,691	$202,592	$208,669	$214,929	$221,377	$228,019	$234,859	$241,905	$249,162	$256,637	$264,336	$272,266
Utilities	$50,400	$51,912	$53,469	$55,073	$56,726	$58,427	$60,180	$61,986	$63,845	$65,761	$67,733	$69,765	$71,858	$74,014	$76,235
Marketing and Advertising	$12,240	$12,607	$12,985	$13,375	$13,776	$14,190	$14,615	$15,054	$15,505	$15,970	$16,450	$16,943	$17,451	$17,975	$18,514
Maintenance and Repairs/Pest Control	$57,600	$59,328	$61,108	$62,941	$64,829	$66,774	$68,777	$70,841	$72,966	$75,155	$77,410	$79,732	$82,124	$84,588	$87,125
Grounds Maintenance and Landscaping	$43,200	$44,496	$45,831	$47,206	$48,622	$50,081	$51,583	$53,131	$54,724	$56,366	$58,057	$59,799	$61,593	$63,441	$65,344
Reserve for Replacements	$43,200	$43,200	$43,200	$43,200	$43,200	$43,200	$43,200	$43,200	$43,200	$44,496	$45,831	$47,206	$48,622	$50,081	$51,583
Total Expenses	**$679,766**	**$698,275**	**$717,327**	**$736,939**	**$757,127**	**$777,908**	**$799,300**	**$821,320**	**$843,988**	**$868,619**	**$893,974**	**$920,076**	**$946,947**	**$974,610**	**$1,003,087**
Net Operating Income	**$496,696**	**$501,716**	**$506,664**	**$511,532**	**$516,313**	**$521,001**	**$525,588**	**$530,065**	**$534,424**	**$537,362**	**$540,126**	**$542,706**	**$545,091**	**$547,269**	**$549,230**
Debt Service Payments															
First Mortgage - Suntrust/FHFC	$361,473	$361,473	$361,473	$361,473	$361,473	$361,473	$361,473	$361,473	$361,473	$361,473	$361,473	$361,473	$361,473	$361,473	$361,473
Second Mortgage - FHFC SAIL	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Third Mortgage - FHFC ELI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Fees - Agency/Trustee/Servicer	$39,910	$39,908	$39,903	$39,895	$39,883	$39,867	$39,847	$39,823	$39,793	$39,758	$39,718	$39,672	$39,619	$39,560	$39,493
Total Debt Service Payments	**$451,383**	**$451,381**	**$451,376**	**$451,368**	**$451,356**	**$451,340**	**$451,320**	**$451,296**	**$451,266**	**$451,231**	**$451,191**	**$451,145**	**$451,092**	**$451,033**	**$450,966**
Cash Flow after Debt Service	**$45,313**	**$50,335**	**$55,288**	**$60,164**	**$64,957**	**$69,661**	**$74,267**	**$78,769**	**$83,158**	**$86,131**	**$88,935**	**$91,561**	**$93,999**	**$96,236**	**$98,263**
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Debt Service Coverage Ratios															
DSC - First Mortgage	**1.37**	**1.39**	**1.40**	**1.42**	**1.43**	**1.44**	**1.45**	**1.47**	**1.48**	**1.49**	**1.49**	**1.50**	**1.51**	**1.51**	**1.52**
DSC - Second Mortgage	**1.21**	**1.22**	**1.23**	**1.24**	**1.25**	**1.27**	**1.28**	**1.29**	**1.30**	**1.31**	**1.31**	**1.32**	**1.32**	**1.33**	**1.33**
DSC - Third Mortgage	**1.21**	**1.22**	**1.23**	**1.24**	**1.25**	**1.27**	**1.28**	**1.29**	**1.30**	**1.31**	**1.31**	**1.32**	**1.32**	**1.33**	**1.33**
DSC - All Mortgages and Fees	**1.10**	**1.11**	**1.12**	**1.13**	**1.14**	**1.15**	**1.16**	**1.17**	**1.18**	**1.19**	**1.20**	**1.20**	**1.21**	**1.21**	**1.22**
Financial Ratios															
Operating Expense Ratio	**57.78%**	**58.19%**	**58.61%**	**59.03%**	**59.46%**	**59.89%**	**60.33%**	**60.78%**	**61.23%**	**61.78%**	**62.34%**	**62.90%**	**63.47%**	**64.04%**	**64.62%**
Break-even Economic Occupancy Ratio (all deb	**91.34%**	**91.02%**	**90.71%**	**90.42%**	**90.15%**	**89.91%**	**89.67%**	**89.46%**	**89.27%**	**89.18%**	**89.11%**	**89.05%**	**89.01%**	**88.99%**	**88.99%**

HC Allocation Calculation

Section I: Qualified Basis Calculation

Qualified Basis	
Total Development Costs(including land and ineligible Costs)	$20,727,215
Less Land Costs	$1,665,461
Less Federal Grants and Loans	$0
Less Other Ineligible Costs	$1,357,234
Total Eligible Basis	$17,704,520
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	$23,015,876
Housing Credit Percentage	3.37%
Annual Housing Credit Allocation	$776,325

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 located in a Difficult Development Area ("DDA") and/or Qualified Census Tract ("QCT"); therefore the 130% basis credit was applied for the HC calculation.

4. For purposes of this recommendation, a HC percentage of 3.37% was applied for the qualified basis credit allocation based on the rate at time of Invitation into Credit Underwriting in December 2014 (3.22%) plus 15 bps.

Section II: GAP Calculation

GAP Calculation	
Total Development Costs(including land and ineligible Costs)	$20,727,215
Less Mortgages	$11,671,100
Less Grants	$0
Equity Gap	$9,056,115
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$1.065
HC Required to meet Equity Gap	$8,504,245
Annual HC Required	$850,424

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from the revised executed Letter of Intent dated August 5, 2015 from U.S. Bancorp Community Development Corporation.

Section III: Summary

HC Per Syndication Agreement	$743,415
HC Per Qualified Basis	$776,325
HC Per GAP Calculation	$850,424
Annual HC Recommended	$776,325
Syndication Proceeds based upon Syndication Agreement	$7,917,366

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

50% Test

Tax-Exempt Bond Amount	$12,000,000
Less: Debt Service Reserve Funded with Tax Exempt Bond Proceeds	$0
Other:	$0
Other:	$0
Equals Net Tax-Exempt Bond Amount	$12,000,000
Total Depreciable Cost	$17,704,520
Plus Land Cost	$1,665,461
Aggregate Basis	$19,369,981
Net Tax-Exempt Bond to Aggregate Basis Ratio	61.95%

Based on the development budget, the development appears to meet the 50% test for 4% Housing Credits.

EXHIBIT "B"
(VALENCIA GROVE / 2014-135B)
MMRB and 4% HC's DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

144 units located in 6 residential buildings.

Unit Mix:

Twenty-four (24) one bedroom / one bath units containing 674 square feet each; and

Ninety-six (96) two bedroom / two bath units containing 918 square feet each; and

Twenty-four (24) three bedroom / two bath units containing 1,150 square feet each.

144 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 has committed to the following amenities in the Development:

1. Community Center or Clubhouse.
2. Outside recreation facility: volleyball court.
3. Laundry hook-ups and space for full-size washer and dryer inside each unit.

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

1. Programmable thermostat in each unit.
2. Energy Star rating for all windows.
3. FL Yards and Neighborhoods certification on all landscaping.
4. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:

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

5. Low-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.

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

1. Health and Nutrition Classes – At least eight hours per year, provided on-site at no cost to the residents. Classes must be held between the hours of 8:00 a.m. and 7:00 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.

SAIL DESCRIPTION OF FEATURES AND AMENITIES

(VALENCIA GROVE 2014-433S / RFA 2014-111)

A. The Development will consist of:

144 garden apartment units located in 6 residential buildings.

Unit Mix:

Twenty-four (24) one bedroom / one bath units

Ninety-six (96) two bedroom / two bath units

Twenty-four (24) three bedroom / two bath units

144 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 American 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; and

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:

1. Primary entrance door shall have a threshold with no more a ½ inch rise;
2. All door handles on primary entrance door and interior doors must have lever handles;
3. Lever handles on all bathroom faucets and kitchen sink faucets;
4. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and
5. Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.

E. In all new construction units, 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's 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.

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

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. Water heating minimum efficiency specifications (choose gas, electric, or gas tankless or boiler/hot water maker);

    a. Gas:
        i. 30 gal = .63 EF; or
        ii. 40 gal = .61 EF; or
        iii. 50 gal = .59 EF, or
        iv. 60 gal = .57 EF, or
        v. 70 gal = .55 EF, or
        vi. 80 gal = .53 EF, or

    b. Electric:
        i. 30 gal = .94 EF; or
        ii. 40 gal = .93 EF; or
        iii. 50 gal = .92 EF, or
        iv. 60 gal = .91 EF, or
        v. 70 gal = .90 EF, or
        vi. 80 gal = .89 EF, or

    c. Tankless gas water heater: minimum .80 EF

    d. Boiler or hot water maker:

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

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

7. Air Conditioned (choose in-unit or commercial);

    a. In-unit air conditioned: minimum 14 SEER; or

    b. Central Chiller AC system – based on size:

        i. 0-65 KBtuh: Energy Star certified; or
        ii. >65 -135 KBtuh: 11.3 EER/11.5 IPLV; or
        iii. U>135-240 KBtuh: 11.0 EER/11.5 IPLV; or
        iv. >240 KBtuh: 10.6 EER/11.2 IPLV.

In addition to the Required Green Building Features above, the following Green Building Features were committed to in the application:

1. Programmable thermostat in each unit;

2. Energy Star qualified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles);

3. Energy Star rating on all windows in each unit.

4. Florida Yards and Neighborhoods certification on all landscaping; and

G. The Applicant must 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;
   - 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.

DEVELOPMENT
NAME: **Valencia Grove**
DATE: **September 3, 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.	Satis.	
4. Pre-construction analysis ("PCA").	Satis.	
5. Survey.	Satis.	
6. Complete, thorough soil test reports.	Satis.	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
8. Market Study separate from the Appraisal.	Satis.	
9. Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor.	Satis.	
11. Resumes and experience of applicant, general contractor and management agent.	Satis.	
12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Satis.	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
15. Firm commitment letter from the syndicator, if any.	Satis.	
16. Firm commitment letter(s) for any other financing sources.	Satis.	

17. Updated sources and uses of funds.	Satis.	
18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
19. Fifteen-year income, expense, and occupancy projection.	Satis.	
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:

- None

Applicant's Response:

- None