Florida Housing Finance Corporation

Credit Underwriting Report

Phoenix Apartments

Tax-Exempt Multifamily Mortgage Revenue Bonds (“MMRB”) and 4% Non-Competitive Housing Credits (“HC”)

2015-100B

Section A: Report Summary

Section B: MMRB General Conditions & HC Allocation Recommendation and Contingencies

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

March 2, 2016

Phoenix Apartments

TABLE OF CONTENTS

	Page
Section A	
Report Summary	
Recommendation	A1-A7
Overview	A8-A11
Uses of Funds	A12-A16
Operating Pro Forma	A17-A18
Section B	
MMRB General Conditions	B1-B8
HC Allocation Recommendation and Contingencies	B9
Section C	
Supporting Information & Schedules	
Additional Development & Third Party Information	C1-C8
Applicant Information	C9-C11
Guarantor Information	C12
General Contractor Information	C13-C14
Syndicator Information	C15-C16
Property Management Information	C17-C18
Exhibits	
15 Year Pro Forma	1
Housing Credit Allocation	2. 1-3
Description of Features and Amenities	3. 1-2
Completion and Issues Checklist	4. 1-2

Section A

Report Summary

Recommendation

First Housing Development Corporation ("First Housing") recommends Multifamily Mortgage Revenue Tax Exempt Bonds ("MMRB" or "Bonds") in the amount of $10,500,000 and an annual 4% HC Allocation of $687,441 to finance the acquisition/rehabilitation of Phoenix Apartments ("Subject" or "Development").

DEVELOPMENT & SET-ASIDES

Development Name: Phoenix Apartments

Program Numbers: 2015-100B | 93L-094 (Existing HC) | 93HD-034 (Existing HOME)

Address: 1554 NE 8th Street City: Homestead Zip Code: 33033

County: Miami-Dade County Size: Large

Development Category: Acquisition and Rehabilitation Development Type: Garden Apartments

Construction Type: Wood Frame

Demographic Commitment: Elderly: No Homeless: No ELI: N/A Units @ ___ AMI

Farmwork or Commercial Fish Worker: No Family: Yes Link: ___ Units

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
2	1.0	18	788	50%	$762			$119		$643	$643	$643	$643	$138,888
2	1.0	26	788	60%	$915			$119		$796	$796	$796	$796	$248,352
3	2.0	48	1,038	50%	$880			$132		$748	$747	$747	$748	$430,848
3	2.0	72	1,038	60%	$1,056			$132		$924	$923	$923	$924	$798,336
		164												**$1,616,424**

Please note, the monthly utility allowances reflect the planned energy and water efficiency retrofit at the property, which are subject to approval by Florida Housing Finance Corporation ("FHFC" or "Florida Housing").

Buildings: Residential - 11 Non-Residential - 2

Parking: Parking Spaces - 328 Accessible Spaces - 8

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
MMRB	40%	66	50%	30
MMRB	60%	98	60%	30
Housing Credits	40%	66	50%	30
Housing Credits	60%	98	60%	30

Absorption Rate N/A units per month for N/A months.

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

Occupancy Comments 100% occupied as of October 31, 2015

DDA?: Yes QCT?: No

Site Acreage: 10.9 Density: 15.05 Flood Zone Designation: X

Zoning: B-1A, Professional Business Restricted District Flood Insurance Required?: No

DEVELOPMENT TEAM

Applicant/Borrower:	Phoenix Apartments Venture LP	
General Partner 1:	Phoenix GP LLC	0.01%
Limited Partner 1:	RBC Tax Credit Equity, LLC	99.989%
Limited Partner 2:	RBC Tax Credit Manager II, Inc.	0.001%
Guarantor(s):	Phoenix Apartments Venture LP	
	Phoenix GP LLC	
	MRK Partners Inc.	
	Sydne Garchik	
	Stephen Garchik	
Developer:	MRK Partners Inc.	
Principal 1	Sydne Garchik	
Principal 2	Stephen Garchik	

DEVELOPMENT TEAM (cont)

General Contractor 1:	United Renovations Specialty Group, LLC
Management Company:	Apartment Management Consultants, L.L.C.
Syndicator:	RBC Capital Markets - Tax Credit Equity Group
Bond Underwriter:	RBC Capital Markets
Architect:	Blumentals Architecture, Inc.
Market Study Provider:	Integra Realty Resources
Appraiser:	Integra Realty Resources

PERMANENT FINANCING INFORMATION

	1st Source
Lien Position	First Mortgage
Lender/Grantor	JLL/FHA
Amount	$13,374,600
Underwritten Interest Rate	3.535%
All In Interest Rate	3.535%
Loan Term	35
Amortization	35
Market Rate/Market Financing LTV	67.75%
Restricted Market Financing LTV	104.82%
Loan to Cost	62.05%
Debt Service Coverage	1.18
Operating/Deficit Service Reserve	$341,468
Period of Operating Expenses/Deficit Reserve in Months	5.20

Deferred Developer Fee	$1,498,890
Land Value	$2,050,000
As-Is Value (Rehabilitation)	$11,100,000
Market Rent/Market Financing Stabilized Value	$19,740,000
Rent Restricted/Market Financing Stablized Value	$12,760,000
Projected Net Operating Income (NOI) - Year 1	$786,334
Projected Net Operating Income (NOI) - 15 Year	$914,970
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Public
Housing Credit Syndication Price	$1.02
Housing Credit Annual Allocation	$687,441

CONSTRUCTION/PERMANENT SOURCES:

Source	Lender	Construction	Permanent	Perm Loan/Unit
First Mortgage	JLL/FHA	$13,374,600	$13,374,600	$81,552
Housing Credit Equity	RBC Capital Markets	$5,145,026	$6,681,852	$40,743
Deferred Developer Fee	MRK Partners	$2,917,445	$1,498,890	$9,140
Developer	MRK Partners/Property Cash Flow	$118,271	$0	$0
TOTAL		$21,555,342	$21,555,342	$131,435

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	X	
Are all funding sources the same as shown in the Application?		1.
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?	X	
Does the applicant have site control at or above the level indicated in the Application?	X	
Does the applicant have adequate zoning as indicated in the Application?	X	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development costs remained equal to or less than those listed in the Application?		2.
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	N/A	
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.

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

1. Since the application, the Syndicator has changed from Boston Financial to RBC Capital Markets and the amount requested for Corporation-issued MMRB has decreased from $11,600,000 to $10,500,000.

2. The total development costs have increased from $21,048,318 to $21,555,342 or 2.41% since the Application.

3. Based on a letter dated January 9, 2016, the Applicant has requested to swap Energy Star qualified Roofing Material or Coating with Air Conditioners with a Minimum Seer of 14. This request has been approved by Florida Housing.

The above changes have no substantial material impact to the Bonds/HC recommendation for this Development.

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

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

- None

According to the FHFC Past Due report dated December 31, 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.

Strengths:

1. Based on a Rent Roll, dated October 31, 2015, the Subject is 100% occupied; no units are expected to be taken off-line during the rehabilitation period.

2. The Principals have sufficient experience and the financial resources to renovate and operate the proposed Development.

3. The scope of renovations will enhance the subject property to continue to compete with new and/or existing affordable housing rental stock in the primary market area.

Other Considerations:

None

Mitigating Factors:

None

Waiver Requests/Special Conditions:

None

Additional Information:

1. First Housing received a Satisfaction of Mortgage for The Phoenix Apartments / HOME/ 93HD-034, dated July 31, 2012. However, the property is currently restricted by the existing HOME Land Use Restriction Agreement ("LURA") and Extended Low-Income Housing Agreement ("ELIHA") for 93L-094 (exiting HC), which both agreements require 40% of the units (66 units) to be set-aside at 50% AMI and 60% of the units (remaining units) to be set-aside at 60% AMI for 50 years.

2. The utility allowances contained in the report are based on the planned energy and water efficiency retrofit at the property and are subject to approval by FHFC.

3. The FHFC tax-exempt MMRB will be cash collateralized and repaid at the completion of rehabilitation when the development is placed-in-service. This is expected to occur within twelve (12) to eighteen (18) months of issuance. FHFC is not involved in the permanent first mortgage loan which will be provided by Jones Lang LaSalle Multifamily, LLC ("JLL") via the Federal Housing Administration ("FHA") and guaranteed as to timely payment of principal and interest due under Government National Mortgage Association mortgage-backed ("GNMA") securities.

Issues and Concerns:

None

Recommendation:

First Housing recommends MMRB Tax Exempt Bonds in the amount of $10,500,000 and a $687,441 Annual 4% HC Allocation to finance the acquisition/rehabilitation of the Development.

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

Stephanie Petty

Stephanie Petty

Reviewed by:

Ed Busansky, Senior Vice President

Overview

Rehabilitation Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
First Mortgage	JLL/FHA	$13,294,000	$13,294,000	$13,374,600	3.535%	$666,570
Housing Credit Equity	RBC	$5,145,026	$5,577,044	$5,145,026	N/A	N/A
Deferred Developer Fee	MRK Partners	$3,009,958	$2,944,949	$2,917,445	N/A	N/A
Developer Equity	MRK Partners	$0	$0	$118,271	N/A	N/A
Total		$21,448,984	$21,815,993	$21,555,342		$666,570

Tax-Exempt Bonds:

The Applicant has requested $10,500,000 in tax exempt bonds to be issued by Florida Housing for the acquisition and rehabilitation of the Development. First Housing reviewed a Summary of Financing Assumptions and Results provided by RBC Capital Markets, dated January 12, 2016, outlining the terms of a public offering of the tax exempt bonds. The funds will be held in cash or eligible investments that will secure the repayment of the bonds. The release of the bond proceeds to fund acquisition and rehabilitation of the Subject will be restricted, contingent upon a like sum being funded to the trustee and placed in a collateral account (cash collateralized at all times). The cash collateral account will be funded from proceeds from the sale of GNMA securities, draws on a warehouse line available to JLL or other funds of JLL that do not constitute proceeds of the FHA mortgage. These proceeds will be used to pay-off the bonds at construction completion. The bonds will pay interest semi-annually (based on current market conditions, the bond interest rate is expected to be approximately 1.00%) for a term of 18 months from closing or their earlier date of redemption. In addition, a Trustee fee equal to 0.03% of the MMRB amount plus a FHFC Issuer fee of 0.24% of the MMRB amount will be due. The method of sale of the MMRB is via public offering with underwriting by RBC. The MMRB will be issued as fully registered bonds in book entry form and will be issued in dominations of $5,000 or any integral multiple thereof. The bonds will be fully drawn at closing and funded to the Trustee. The FHA first mortgage will be fully funded at closing.

First Housing reviewed an Engagement Letter, dated August 19, 2015, from JLL and an Executed HUD-92013 Form, dated September 30, 2015. The construction/permanent first mortgage is anticipated to be in the amount of $13,374,600, with a term of thirty-five (35) years, amortized over the thirty-five (35) year period. On February 23, 2016, the Borrower indicated the interest rate was locked at 3.535%, including Mortgage Insurance Premium ("MIP"). Since this is an acquisition and rehabilitation, with tenants in place, monthly payments of principal, interest, and MIP will be required. The FHFC-issued bonds will be in a second mortgage position during the construction period behind the FHA first mortgage.

Housing Credit Equity:

First Housing has reviewed a Letter of Interest dated, January 8, 2016, indicating RBC Tax Credit Equity, LLC ("RBC") will acquire 99.989% ownership interest and RBC Tax Credit Manger II, Inc. ("RBC Manager") will acquire a 0.001% interest in the Partnership. Based on the Letter of Interest, the annual HC allocation is estimated to be in the amount of $655,149, and a syndication rate of $1.02 per dollar, RBC anticipates a net capital contribution of $6,681,852 and has committed to make available 77% or $5,145,026 of the total net equity during the construction period. An additional $1,536,826 will be available after project completion, achievement of 1.15 DSCR for 90 days, and upon receipt of the Form 8609. RBC will hold back the developer fee in case the project needs to cover any shortfall. The first installment, in the amount of $1,336,370, meets the FHFC requirement that 15% of the total equity must be contributed at or prior to the closing. Approximately $200,000 of the initial Housing Credits may be converted to a Bridge Loan to cover the Capitalized Interest expense at closing.

Deferred Fee:

To balance the sources and uses of funds during rehabilitation, the Developer is required to defer 100% of the Developer Fee or $2,917,445. In addition the Developer will need to provide approximately $118,271 of equity to balance the sources and uses. The equity will be provided through the property's cash flow.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
First Mortgage	JLL/FHA	$13,294,000	$13,294,000	$13,374,600	35	35	3.535%	$666,570
Housing Credit Equity	RBC	$7,439,458	$5,577,044	$6,681,852	N/A	N/A	N/A	N/A
Deferred Developer Fee	MRK Partners	$3,009,958	$2,944,949	$1,498,890	N/A	N/A	N/A	N/A
		$23,743,416	$21,815,993	$21,555,342				$666,570

First Mortgage:

Upon completion of rehabilitation and reaching the placed in service date, the tax exempt bonds, in the amount of $10,500,000, will be redeemed and the FHA mortgage provided by JLL will remain in the first lien position. The construction/permanent first mortgage loan is anticipated to be in the amount of $13,374,600. The term of the loan is thirty-five (35) years, amortized over the thirty-five (35) year period. Based on the Borrower, the interest rate was locked at 3.535% (including MIP). Monthly payments of principal, interest and MIP will be required.

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.

Based on a Letter of Interest, dated January 8, 2016, RBC will provide HC equity as follows:

Syndication Contributions

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	$1,336,370	20.00%	Closing of financing sources
2nd Installment	$1,804,100	27.00%	25% Construction Completion
3rd Installment	$1,403,189	21.00%	75% Construction Completion
4th Installment	$601,367	9.00%	Substantial Completion
5th Installment	$1,202,733	18.00%	Achievement of 1.15 DSCR for 90 days
6th Installment	$334,093	5.00%	8609s
Total	$6,681,852	100.00%	

Annual Credit Per Syndication Agreement	$655,149
Calculated HC Exchange Rate	$1.02
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	$5,145,026

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent phase, the Developer is required to defer 51.38% of the Developer Fee or $1,498,890.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Rehab of Existing Rental Units	$5,322,807	$5,475,657	$4,977,870	$30,353	$0
General Conditions	$745,193	$696,902	$298,672	$1,821	$0
Overhead	$0	$0	$99,557	$607	$0
Profit	$0	$0	$298,672	$1,821	$0
Total Construction Contract/Costs	$6,068,000	$6,172,559	$5,674,772	$34,602	$0
Hard Cost Contingency	$326,370	$0	$497,787	$3,035	$0
Other: P and P Bond	$0	$62,223	$62,223	$379	$0
Total Construction Costs:	**$6,394,370**	**$6,234,782**	**$6,234,782**	**$38,016**	**$0**

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract dated December 7, 2015 in the amount of $5,674,771.80. This is a Standard Form of Agreement between Owner, Phoenix Apartments Venture, LP and Contractor, United Renovations Specialty Group LLC where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price. Per this contract, substantial completion is to be achieved by December 31, 2016.

2. The Underwriter used the Schedule of Values from the construction contract to breakout General Conditions, Overhead, and Profit.

3. The Underwriter adjusted Hard Cost Contingency to 10% of the total construction contract less the GC Fee, which is within the allowable 15% of total hard costs for acquisition/rehabilitation developments by the applicable Rule.

4. The General Contractor fee is within the maximum 14% of hard costs allowed by Rule. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process as per Rule Chapter 67-21.

5. The Applicant 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	$25,000	$25,000	$25,000	$152	$0
Appraisal	$5,000	$5,000	$6,500	$40	$0
Architect's Fee - Site/Building Design	$111,875	$111,875	$111,875	$682	$0
Architect's Fee - Supervision	$33,125	$33,125	$33,125	$202	$0
Building Permits	$73,800	$73,800	$73,800	$450	$0
Builder's Risk Insurance	$60,680	$57,246	$57,246	$349	$0
Capital Needs Assessment/Rehabilitation	$0	$10,000	$10,000	$61	$0
Engineering Fees	$0	$5,000	$5,000	$30	$0
Environmental Report	$4,500	$4,500	$4,500	$27	$0
FHFC Administrative Fees	$66,198	$66,198	$61,870	$377	$61,870
FHFC Application Fee	$4,000	$4,000	$3,000	$18	$3,000
FHFC Credit Underwriting Fee	$17,845	$17,845	$18,077	$110	$18,077
FHFC HC Compliance Fee (HC)	$116,962	$116,962	$125,755	$767	$125,755
Lender Inspection Fees / Const Admin	$60,680	$60,680	$60,680	$370	$0
Green Building Cert. (LEED, FGBC, NAHB)	$0	$15,000	$15,000	$91	$0
Insurance	$0	$84,788	$0	$0	$0
Legal Fees	$0	$150,000	$150,000	$915	$75,000
Market Study	$5,000	$5,000	$4,700	$29	$0
Marketing and Advertising	$5,000	$5,000	$5,000	$30	$5,000
Property Taxes	$0	$173,231	$0	$0	$0
Survey	$7,500	$7,500	$7,500	$46	$0
Title Insurance and Recording Fees	$46,529	$46,529	$46,529	$284	$40,500
Soft Cost Contingency	$335,585	$0	$41,258	$252	$0
Total General Development Costs:	**$979,279**	**$1,078,279**	**$866,414**	**$5,283**	**$329,202**

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, market study and appraisal.

3. The Credit Underwriter estimated $75,000 of the total legal fees will be an ineligible cost.

4. The FHFC Administrative Fee is based on 9% of the recommended annual 4% housing credit allocation.

5. FHFC Compliance Fee of $125,755 is based on the 2015 compliance fee calculator spreadsheet provided by FHFC.

6. Annual insurance and taxes will continue to be paid from on-going operations.

7. FHFC Compliance Fee is to be paid at bond redemption in accordance with the contract in place at the time of the redemption for a period of 30 years.

8. The Underwriter adjusted the Soft Cost Contingency to be 5% of the General Development Costs less the contingency, as allowed by the applicable Rule for acquisition/rehabilitation developments.

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	$133,000	$133,000	$0	$0	$0
Construction Loan Closing Costs	$50,000	$100,000	$0	$0	$0
Construction Loan Interest	$216,126	$150,000	$0	$0	$0
Permanent Loan Application Fee	$0	$12,000	$40,124	$245	$40,124
Permanent Loan Underwriting Fee	$0	$25,000	$0	$0	$0
Permanent Loan Commitment Fee	$132,940	$265,940	$267,492	$1,631	$267,492
Permanent Loan Origination Fee	$0	$0	$0	$0	$0
Permanent Loan Closing Costs	$232,645	$0	$25,000	$152	$0
Permanent Loan Interest	$0	$498,750	$472,792	$2,883	$373,506
FHFC Bond Underwriting Fee	$0	$0	$72,000	$439	$0
FHFC Bond Origination Fee(Short Term Fee)	$0	$0	$34,650	$211	$34,650
FHFC Bond Closing Costs(COI)	$0	$0	$204,775	$1,249	$204,775
FHFC Bond Interest	$0	$0	$140,000	$854	$0
Reserves - Operating Deficit	$0	$341,468	$341,468	$2,082	$341,468
Total Financial Costs:	**$764,711**	**$1,526,158**	**$1,598,301**	**$9,746**	**$1,262,015**

Notes to the Financial Costs:

1. The Permanent Loan Application Fee equals 0.3% of the requested loan amount of $13,374,600 and was payable to JLL at time of the submission of the FHA Application to U.S. Department of Housing and Urban Development.

2. The Permanent Commitment Fee is equal to 2% of the loan amount of $13,374,600, which shall be fully earned upon JLL's issuance of a loan commitment.

3. The Underwriter estimated $25,000 in closing costs on the FHA first mortgage.

4. The Permanent Loan Interest is the interest anticipated by the Applicant to be paid during the rehabilitation/stabilization period for the JLL/FHA first mortgage. Approximately $99,286 is considered construction interest and is an eligible cost.

5. The FHFC Bond Underwriting Fee of $72,000 are the fees associated with RBC/Bond Underwriter.

6. FHFC Bond Short Term Fee is the FHFC anticipated short term MMRB commitment fee equal to 33 bps of the amount of the MMRB if the bonds are redeemed in 18 months or

less. If the redemption occurs within 18 to 24 months, the short term fee decreases to 25 bps. In either case, the short term fee is payable at the time of bond redemption.

7. Bond Closing Costs are comprised of the Cost of Issuance ("COI") and include fees and expenses of the Issuer, Real Estate Counsel, Bond Counsel, Disclosure Counsel, Trustee, and other fees.

8. The FHFC Bond Interest is based on an anticipated interest rate of 1% for an estimated period of 16 months on the Cash Collateralized Bonds.

9. An Operating Deficit Reserve of $341,468 for the Subject is required by the HC Equity provider. It will be funded post-construction completion. If there is no Corporation loan debt on the proposed Development at the end of the Compliance Period, any remaining balance will be used to pay any outstanding FHFC fees, deferred developer fee (in no event shall the amount exceed the total permissible under Florida Housing's rule) and then partner funding. If any balance in the operating deficit reserve account is remaining, the amount should be placed in a replacement reserve account for the development.

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	$8,910,000	$7,821,000	$7,850,000	$47,866	$0
Total Non-Land Acquisition Costs:	**$8,910,000**	**$7,821,000**	**$7,850,000**	**$47,866**	**$0**

Notes to the Non-Land Acquisition Costs:

1. The building acquisition cost of $7,850,000 is based on the Purchase and Sale Agreement amount of $9,900,000 less the Appraisal's land value of $2,050,000. The "As Is" market value of the subject is $11,100,000 which supports the purchase price.

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	**$17,048,360**	**$16,660,219**	**$16,549,497**	**$100,911**	**$1,591,216**
Developer Fee on Acquisition of Buildings	$0	$0	$1,413,000	$8,616	$0
Developer Fee	$3,009,958	$2,944,949	$1,504,445	$9,173	$0
Total Other Development Costs:	**$3,009,958**	**$2,944,949**	**$2,917,445**	**$17,789**	**$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	$990,000	$2,079,000	$2,050,000	$12,500	$2,050,000
Other: Extension Fees	$0	$0	$38,400	$234	$38,400
Total Acquisition Costs:	**$990,000**	**$2,079,000**	**$2,088,400**	**$12,734**	**$2,088,400**
TOTAL DEVELOPMENT COSTS:	**$21,048,318**	**$21,684,168**	**$21,555,342**	**$131,434**	**$3,679,616**

Notes to Acquisition Costs:

1. First Housing reviewed a Purchase and Sale Contract dated April 3, 2015, between Riverfront Capital IV, LLC (“Seller”) and MRK Partners Inc. (“Buyer”). The purchase price is $9,900,000 with a closing date of January 8, 2016, and one (1) thirty day extension. Based on a letter from the purchaser’s attorney, dated December 14, 2015, the Purchaser provided written notice to Seller of its election to extend the Closing Date until March 15, 2016. First Housing reviewed an Amendment to Purchase and Sale Contract, dated January 22, 2016. At the Buyer’s request, Seller has agreed to extend the Closing Date to, on or before May 16, 2016. For each calendar day the Final Closing Date is extended beyond March 15, 2016, the Buyer shall pay to Seller an additional $1,600 at closing.

2. In an Assignment and Assumption of Purchase and Sale Contract, dated December 7, 2015, the Buyer has assigned its rights to Phoenix Apartments Venture LP (“Applicant”).

3. The Underwriter has included $38,400 in extension fees, as the Applicant is anticipating an April 8, 2016 closing date.

4. The land acquisition cost is based on the Appraiser’s indicated “as is” land value of $2,050,000.

Notes to Total Development Costs:

1. The total development costs have increased from $21,048,318 to $21,555,342 or 2.41% since the Application, primarily due to increases in general development costs and financial costs.

Operating Pro Forma – Phoenix Apartments

FINANCIAL COSTS:			Year 1	Year 1 Per Unit
OPERATING PRO FORMA				
INCOME:	Gross Potential Rental Income		$1,616,424	$9,856
	Miscellaneous		$40,508	$247
	Gross Potential Income		$1,656,932	$10,103
	Less:			
	Physical Vac. Loss	Percentage: 5.00%	$82,847	$505
	Total Effective Gross Income		$1,574,085	$9,598
EXPENSES:	Fixed:			
	Real Estate Taxes		$167,280	$1,020
	Insurance		$84,788	$517
	Variable:			
	Management Fee	Percentage: 4.00%	$62,963	$384
	General and Administrative		$58,220	$355
	Payroll Expenses		$192,700	$1,175
	Utilities		$32,800	$200
	Marketing and Advertising		$12,300	$75
	Maintenance and Repairs/Pest Control		$82,000	$500
	Grounds Maintenance and Landscaping		$25,000	$152
	Other		$20,500	$125
	Reserve for Replacements		$49,200	$300
	Total Expenses		$787,751	$4,803
	Net Operating Income		$786,334	$4,795
	Debt Service Payments			
	First Mortgage -		$666,570	$4,064
	Total Debt Service Payments		$666,570	$4,064
	Cash Flow after Debt Service		$119,764	$730
			Annual	
	Debt Service Coverage Ratios			
	DSC - First Mortgage		1.18	
	Financial Ratios			
	Operating Expense Ratio		50.05%	
	Break-even Economic Occupancy Ratio (all debt)		87.77%	

Notes to the Operating Pro Forma and Ratios:

1. The MMRB program does not impose any rent restrictions. However, this development will be utilizing Housing Credits in conjunction with the tax-exempt bond financing, which will impose rent restrictions. Phoenix Apartments 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 comparable surveyed. Applicant committed to set aside 40% of the units (66 units) at 50% AMI and 60% of the units (98 units) at 60% AMI for the Bonds and 4% Housing Credits for 30 years. Below is the rent roll for the subject property:

Miami-Fort Lauderdale-Pompano Beach 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
2	1.0	18	788	50%	$762			$119		$643	$643	$643	$643	$138,888
2	1.0	26	788	60%	$915			$119		$796	$796	$796	$796	$248,352
3	2.0	48	1,038	50%	$880			$132		$748	$747	$747	$748	$430,848
3	2.0	72	1,038	60%	$1,056			$132		$924	$923	$923	$924	$798,336
		164												$1,616,424

2. The Vacancy and Collection loss rate of 5.00% is based on the underwriter’s estimate and is supported by the appraisal.

3. Other Income is comprised of fees, interest income, late charges and laundry income. Total other income of $247 per unit/per year is supported by the appraisal.

4. 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. The Credit Underwriter has increased the total expenses, from what was anticipated by the Appraiser and Developer, based on First Housing’s experience.

5. The Applicant has submitted a draft Management Agreement which reflects a management fee of 4.00% of gross rental income collected. The Appraisal indicates typical management fees for properties of this type range from 2% to 7%. Integra concluded to an overall management fee of 5% of effective gross income; however the Credit Underwriter utilized 4%.

6. The tenant is responsible for electric, water, sewer, trash, cable, and broadband. The landlord will be responsible for common area water and electric.

7. Replacement Reserves reflect $300 per unit per year, as required by FHFC Rule.

8. 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%.

Section B

MMRB General Conditions & HC Allocation Recommendation and Contingencies

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. A Firm Commitment for cash collateralization of the Bonds with terms and conditions that are not substantially different than those utilized in this credit underwriting report.

2. Notwithstanding any and all provisions including those pertaining to release, expenditure, or other conditions to the Operating Deficit Reserve within the Letter of Interest dated January 8, 2016, or any subsequent Operating Agreement, any and all terms and conditions of the Operating Deficit Reserve must be acceptable to Florida Housing, its Servicer, and its legal counsel.

3. FHFC's approval of Utility Allowances.

4. Assumption of the existing HOME LURA and ELIHA.

5. 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 maximum 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 specifications, if applicable.

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. 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.

10. 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.

11. 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.

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

13. If there is no Corporation loan debt on the proposed Development at the end of the Compliance Period, any remaining balance in the Operating Deficit Reserve will be used to pay any outstanding FHFC fees, deferred developer fee (in no event shall the amount exceed the total permissible under Florida Housing's rule) and then partner funding. If any balance in the operating deficit reserve account is remaining, the amount should be placed in a replacement reserve account for the development.

14. A copy of an Amended and Restated Limited Partnership Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Limited Partnership Agreement shall be in a form and of financial substance satisfactory to Servicer and to FHFC and its Legal Counsel.

This recommendation is contingent upon the review and approval of following items 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 4% Housing Credits and purchase of HC by RBC 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 the MMRB 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 MMRB 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 420.509, Florida Statutes, Rule Chapter 67-21, F.A.C. (MMRB Program Loan and Non-Competitive 4% Housing Credits), Rule Chapter 67-53, F.A.C., Rule Chapter 67-60 F.A.C., and any other State or Federal requirements.

2. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRB 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) and Final Cost Certificate.

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

4. 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.

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

6. For the Bonds, Guarantors are to provide the standard FHFC Operating Deficit Guarantee. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guarantee if all conditions are met, including achievement of a 1.15x debt service coverage ratio on the MMRB Loan as determined by the Corporation or the Servicer and 90 percent occupancy and 90 percent of the gross potential rental income, net of utility allowances, if applicable, all 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 the Servicer. Notwithstanding the above, the operating deficit guarantee shall not terminate earlier than three (3) years following the final certificate of occupancy.

7. Guarantors to provide the Standard FHFC Environmental Indemnity Guaranty.

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

9. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.

10. 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.

11. 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.

12. 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 $49,200 (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. Rehabilitation Developments (with or without acquisition) shall not be allowed to draw until the start of the scheduled replacement activities as outlined in the pre-construction capital needs assessment (“CNA”) report subject to the activities completed in the scope of rehabilitation, but not sooner than the third year. 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.

13. 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.

14. Closing of all funding sources prior to or simultaneous with the MMRB loan.

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

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

17. 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 4% HC allocation of $687,441. 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 loan consistent with the assumptions of this Credit Underwriting Report.

2. Purchase of the HC's by RBC, 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. Receipt of executed FHFC Fair Housing, Section 504 and ADA as-built certification forms 122, 127, and 129.

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

	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	$1,616,424	$1,648,752	$1,681,728	$1,715,362	$1,749,669	$1,784,663	$1,820,356	$1,856,763	$1,893,898	$1,931,776	$1,970,412	$2,009,820	$2,050,016	$2,091,017	$2,132,837
	Miscellaneous	$40,508	$41,318	$42,145	$42,987	$43,847	$44,724	$45,619	$46,531	$47,462	$48,411	$49,379	$50,367	$51,374	$52,401	$53,449
	Gross Potential Income	**$1,656,932**	**$1,690,071**	**$1,723,872**	**$1,758,349**	**$1,793,516**	**$1,829,387**	**$1,865,975**	**$1,903,294**	**$1,941,360**	**$1,980,187**	**$2,019,791**	**$2,060,187**	**$2,101,390**	**$2,143,418**	**$2,186,287**
	Less:															
	Physical Vac. Loss Percentage: 5.00%	$82,847	$84,504	$86,194	$87,917	$89,676	$91,469	$93,299	$95,165	$97,068	$99,009	$100,990	$103,009	$105,070	$107,171	$109,314
	Total Effective Gross Income	**$1,574,085**	**$1,605,567**	**$1,637,678**	**$1,670,432**	**$1,703,841**	**$1,737,917**	**$1,772,676**	**$1,808,129**	**$1,844,292**	**$1,881,178**	**$1,918,801**	**$1,957,177**	**$1,996,321**	**$2,036,247**	**$2,076,972**
EXPENSES:	Fixed:															
	Real Estate Taxes	$167,280	$172,298	$177,467	$182,791	$188,275	$193,923	$199,741	$205,733	$211,905	$218,262	$224,810	$231,555	$238,501	$245,656	$253,026
	Insurance	$84,788	$87,332	$89,952	$92,650	$95,430	$98,293	$101,241	$104,279	$107,407	$110,629	$113,948	$117,366	$120,887	$124,514	$128,249
	Variable:															
	Management Fee Percentage: 4.00%	$62,963	$64,223	$65,507	$66,817	$68,154	$69,517	$70,907	$72,325	$73,772	$75,247	$76,752	$78,287	$79,853	$81,450	$83,079
	General and Administrative	$58,220	$59,967	$61,766	$63,619	$65,527	$67,493	$69,518	$71,603	$73,751	$75,964	$78,243	$80,590	$83,008	$85,498	$88,063
	Payroll Expenses	$192,700	$198,481	$204,435	$210,568	$216,886	$223,392	$230,094	$236,997	$244,107	$251,430	$258,973	$266,742	$274,744	$282,986	$291,476
	Utilities	$32,800	$33,784	$34,798	$35,841	$36,917	$38,024	$39,165	$40,340	$41,550	$42,797	$44,080	$45,403	$46,765	$48,168	$49,613
	Marketing and Advertising	$12,300	$12,669	$13,049	$13,441	$13,844	$14,259	$14,687	$15,127	$15,581	$16,049	$16,530	$17,026	$17,537	$18,063	$18,605
	Maintenance and Repairs/Pest Control	$82,000	$84,460	$86,994	$89,604	$92,292	$95,060	$97,912	$100,850	$103,875	$106,991	$110,201	$113,507	$116,912	$120,420	$124,032
	Grounds Maintenance and Landscaping	$25,000	$25,750	$26,523	$27,318	$28,138	$28,982	$29,851	$30,747	$31,669	$32,619	$33,598	$34,606	$35,644	$36,713	$37,815
	Security	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Other	$20,500	$21,115	$21,748	$22,401	$23,073	$23,765	$24,478	$25,212	$25,969	$26,748	$27,550	$28,377	$29,228	$30,105	$31,008
	Reserve for Replacements	$49,200	$49,200	$49,200	$49,200	$49,200	$49,200	$49,200	$49,200	$49,200	$49,200	$50,676	$52,196	$53,762	$55,375	$57,036
	Total Expenses	**$787,751**	**$809,278**	**$831,438**	**$854,251**	**$877,734**	**$901,908**	**$926,794**	**$952,413**	**$978,786**	**$1,005,936**	**$1,035,362**	**$1,065,655**	**$1,096,842**	**$1,128,949**	**$1,162,003**
	Net Operating Income	**$786,334**	**$796,289**	**$806,240**	**$816,181**	**$826,107**	**$836,009**	**$845,881**	**$855,716**	**$865,506**	**$875,242**	**$883,439**	**$891,522**	**$899,479**	**$907,299**	**$914,970**
	Debt Service Payments															
	First Mortgage -	$666,570	$666,570	$666,570	$666,570	$666,570	$666,570	$666,570	$666,570	$666,570	$666,570	$666,570	$666,570	$666,570	$666,570	$666,570
	Total Debt Service Payments	**$666,570**	**$666,570**	**$666,570**	**$666,570**	**$666,570**	**$666,570**	**$666,570**	**$666,570**	**$666,570**	**$666,570**	**$666,570**	**$666,570**	**$666,570**	**$666,570**	**$666,570**
	Cash Flow after Debt Service	**$119,764**	**$129,718**	**$139,670**	**$149,611**	**$159,536**	**$169,439**	**$179,311**	**$189,146**	**$198,935**	**$208,671**	**$216,869**	**$224,952**	**$232,909**	**$240,728**	**$248,399**
		Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
	Debt Service Coverage Ratios															
	DSC - First Mortgage	**1.18**	**1.19**	**1.21**	**1.22**	**1.24**	**1.25**	**1.27**	**1.28**	**1.30**	**1.31**	**1.33**	**1.34**	**1.35**	**1.36**	**1.37**
	Financial Ratios															
	Operating Expense Ratio	**50.05%**	**50.40%**	**50.77%**	**51.14%**	**51.52%**	**51.90%**	**52.28%**	**52.67%**	**53.07%**	**53.47%**	**53.96%**	**54.45%**	**54.94%**	**55.44%**	**55.95%**
	Break-even Economic Occupancy Ratio (all deb	**87.77%**	**87.32%**	**86.90%**	**86.49%**	**86.10%**	**85.74%**	**85.39%**	**85.06%**	**84.75%**	**84.46%**	**84.26%**	**84.08%**	**83.92%**	**83.77%**	**83.64%**

HC Allocation Calculation

Section I: Qualified Basis Calculation

Rehabilitation

Total Development Cost(including land and ineligible costs)	$21,555,342
Less Land and Building Costs	$9,938,400
Less Developer Fee on Building Acquisition	$1,413,000
Less Other Ineligible Costs	$1,591,216
Total Eligible Basis	$8,612,726
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	$11,196,544
Housing Credit Percentage	3.36%
Annual Housing Credit Allocation	$376,204

Acquisition

Acquisition Cost for Land and Existing Buildings	$9,938,400
Less Land Costs	$2,088,400
Plus Other Eligible Acquisition Costs	$1,413,000
Less Other Ineligible Costs	$0
Total Eligible Basis	$9,263,000
Applicable Fraction	100%
DDA/QCT Basis Credit	100%
Qualified Basis	$9,263,000
Housing Credit Percentage	3.36%
Annual Housing Credit allocation for 4% HC's	$311,237
Total Annual Tax Credit Allocation	$687,441

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include; FHFC Fees, origination fees, closing costs, advertising/marketing fees, and operating reserves required by lender.

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 Rehabilitation Allocation Calculation.

4. For purposes of this recommendation, a HC percentage of 3.36% was applied for the qualified basis credit allocation based on the rate at time of Invitation into Credit Underwriting in October 2015 (3.21%) plus 15 bps.

Section II: GAP Calculation

Total Development Costs(including land and ineligible Costs)	$21,555,342
Less Mortgages	$13,374,600
Less Grants	$0
Equity Gap	$8,180,742
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$1.02
HC Required to meet Equity Gap	$8,021,138
Annual HC Required	$802,114

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from the Letter of Interest dated January 8, 2016 from RBC.

Section III: Summary

HC Per Syndication Agreement	$655,149
HC Per Qualified Basis	$687,441
HC Per GAP Calculation	$802,114
Annual HC Recommended	$687,441
Syndication Proceeds based upon Syndication Agreement	$6,681,852

1. The estimated annual 4% 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 for Acquisition Rehab.

Tax-Exempt Bond Amount	$10,500,000
Less: Debt Service Reserve Funded with Tax Exempt Bond Proceeds	$0
Less Proceeds Used for Cost of Issuance	$0
Other:	$0
Equals Net Tax-Exempt Bond Amount	$10,500,000
Total Depreciable Cost	$10,025,726
Plus Building/Land Cost	$9,938,400
Aggregate Basis	$19,964,126
Net Tax-Exempt Bond to Aggregate Basis Ratio	52.59%

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

EXHIBIT "B"
(PHOENIX APARTMENTS / 2015-100B / MMRB)
DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

164 Garden Apartment units located in 11 residential buildings, a clubhouse, and a maintenance shop.

Unit Mix:

Forty-four (44) two bedroom/one bath units; and

One-hundred and twenty (120) three bedroom/two bath units;

164 Total Units

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

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

1. Community Center or Clubhouse

2. Swimming pool

3. Car care area (for car cleaning/washing/vacuuming)

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

1. Energy Star exhaust fans in bathrooms

2. Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings

3. Low-flow water fixtures in bathrooms—WaterSense labeled products or the following specifications:
   - Toilets:1.6 gallons/flush or less: and
   - Faucets: 1.5 gallons/minute or less; and
   - Showerheads: 2.2 gallons/minute or less

4. 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)

5. Minimum SEER of 14 for unit air conditioners

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

1. Financial Counseling – This service must be provided by the Applicant or its Management Company, at no cost to the resident, and must include the following components: must be regularly scheduled at least once each quarter; must include tax preparation assistance by qualified professionals; must include educational workshops on such topics as “Learning to Budget”, “Handling Personal Finances”, “Predatory Lending”, or “Comparison Shopping for the Consumer”. Counseling sessions must be held between the hours of 9:00 a.m. and 8:00 p.m. and electronic media, if used, must be used in conjunction with live instruction.

DEVELOPMENT
NAME: Phoenix Apartments
DATE: March 2, 2016

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**	**NOTE**
	Satis. / Unsatis.	
1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and/or status of site plan approval.	Unsatis.	1.
3. Permit Status.	Unsatis.	2.
4. Pre-construction analysis ("PCA").	Satis.	
5. Survey.	Unsatis.	3.
6. Complete, thorough soil test reports.	N/A	
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.	N/A	
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.	Unsatis.	4.
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:

1. The drawings provided have been signed and sealed by their respective engineers and architects but are not approved by Miami-Dade County. A copy of the "Permitted" drawings are required, once available.

2. A copy of the building permit is required, once available.

3. Need survey dated within 90 days for closing and Certified to First Housing as agent for Florida Housing.

4. A HUD-5372- Construction Progress Schedule, has been provided, however a construction draw schedule is required, once available.

Applicant's Response:

- None