



CORNELL COLONY, LLC

221 TULANE DRIVE, AVON PARK, FL 33825

Via Email

May 25, 2016

Ken Reecy
Director of Multifamily Programs
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: Cornell Colony (2014-404H) - FHLBank AHP Grant Funding
RFA 2014-109 HOME Financing To Be Used for Rental Developments with
Avon Park, Highlands County, FL

Dear Mr. Reecy:

Cornell Colony, LLC is pleased to inform Florida Housing Finance Corporation (the "Corporation") that Cornell Colony (the "Development") has been awarded a \$500,000 AHP grant from the FHLBank Atlanta. The Corporation holds Cornell Colony's second mortgage. Therefore, we respectfully request the Corporation's staff and the board of director's consideration for the approval and use of the AHP proceeds.

The AHP funding will be used primarily to finance additional improvements and reduce the first mortgage loan. Accordingly, the debt service coverage ratio will increase; thereby, making the development more secure for all mortgagees, including the Corporation. Heartland National Bank ("HNB") is the Development's first lender and the FHLB member granting/loaning the AHP proceeds to Cornell Colony, LLC. HNB will record a junior lien mortgage (4th position) on the property solely to secure FHLB's 15 year compliance period. The FHLB compliance requirements will be incorporated as a rider to the Mortgage and Security Agreement. FHLB's template rider is provided under Exhibit "A". The note will stipulate a 0% interest rate and a 15 year term. HNB will forgive the loan at maturity pari passu with FHLB's 15 year compliance requirements.

AmeriNational Community Services is the Corporation's HOME loan servicer. As of the April 2016 draw ("Draw #9"), the Development's construction is approximately 90% complete.



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Enclosed as Exhibit "B" are the latest AmeriNational Source and Use schedules reflecting the "final budget" through Draw #9, as well as a notated schedule showing the addition of the AHP sources/uses. The pending change order for the additional Improvements is provided for reference as Exhibit "C".

Given the status of construction, the installation of the additional improvements is time sensitive. Therefore, Cornell Colony, LLC respectfully request the Corporation consider this matter for approval at the August 5, 2016 board meeting.

Should you have any questions or comments, please do not hesitate to contact me at (786) 347-4529, or via email at chriss@htgf.com.

Sincerely,

Chris Shear
Cornell Colony, LLC

Cc: Nicole Gibson, FHFC
David Westcott, FHFC
David Woodward, FHFC
Mark Fredericks, AmeriNational Community Services

enclosure

Exhibit A
Sample FHLB Compliance Docs

Retention Agreement

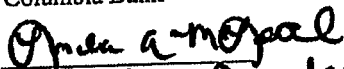
Valley Youth House Committee acknowledges that this Retention Agreement is made part of the mortgage between The Columbia Bank and Valley Youth House Committee dated December 2, 2015 on 829 Linden Street, Allentown, Lehigh County, PA.

Valley Youth House Committee, a recipient of a direct subsidy through the Affordable Housing Program ("AHP") of the Federal Home Loan Bank of Atlanta ("FHLB Atlanta"), agrees to be bound by (i) the AHP regulations, as amended, of the Federal Housing Finance Board ("FHFB"), or its successor, and (ii) AHP guidelines and requirements of FHLB Atlanta, or its successors.


Valley Youth House Committee agrees to be bound by the following restrictions for a defined retention period of 15 years from date of project completion: (i) the project's rental units, or applicable portion thereof, must remain occupied by and affordable for households with incomes at or below the levels committed to be served in the AHP application for the duration of the retention period, (ii) the FHLB Atlanta or its designee must be given notice of any sale or refinancing of the project prior to the end of the retention period, (iii) in the case of a sale or refinancing of the project prior to the end of the retention period, an amount equal to the full amount of the direct subsidy shall be repaid to FHLB Atlanta, unless the project continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism incorporating the income eligibility and affordability restrictions committed to in the AHP application for the duration of the retention period, and (iv) the income eligibility and affordability restrictions applicable to the project terminate after any foreclosure.


If the direct subsidy has been lent to the project by the project sponsor or the member, any repayments or principal and payments of interest received by either must be paid forthwith to FHLB Atlanta.

The Columbia Bank

By: 
Name/Title: Vice President
HINO A. McLEOD

VALLEY YOUTH HOUSE COMMITTEE

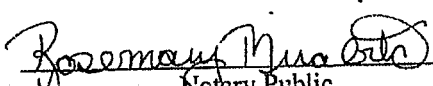
By: 
Name: Lesley Fallon
Title: Chairperson

By: 
Name: Kathryn Brown
Title: Treasurer

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF Lehigh)

On the 7th day of December, 2015, before me a Notary Public for said Commonwealth and County, the undersigned officer, personally appeared Lesley Fallon and Kathryn Brown, who acknowledged themselves to be designated signers of VALLEY YOUTH HOUSE COMMITTEE, a Pennsylvania non-profit corporation, and that as being such designated signers being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company by themselves as such designated parties.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Notary Public

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Rosemary Mirabito, Notary Public
City of Bethlehem, Lehigh County
My Commission Expires March 7, 2017
MEMBER PENNSYLVANIA ASSOCIATION OF NOTARIES

**RIDER TO OPEN-END CONSTRUCTION MORTGAGE AND SECURITY INSTRUMENT
FEDERAL HOME LOAN BANK OF ATLANTA AFFORDABLE HOUSING PROGRAM
RETENTION MECHANISM AGREEMENT**

This Rider to Open-End Construction Mortgage And Security Instrument – Federal Home Loan Bank of Atlanta Affordable Housing Program Retention Agreement (Rental Project) (this “Rider”) is attached to and made part of the foregoing open-end construction mortgage and security instrument (the “Security Instrument”). In this Rider, the beneficiary of the Security Instrument is referred to as the “Lender” and the trustor or grantor under the Security Instrument is referred to as the “Owner” or “Borrower.” This Rider is a form of “retention mechanism agreement” referred to below.

RECITALS:

- A **Whereas**, pursuant to Section 721 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (“FIRREA”), the Federal Housing Finance Agency (“Finance Agency”) is required to cause each Federal Home Loan Bank to establish an affordable housing program (“AHP”) to assist members of each Federal Home Loan Bank to finance affordable housing for very low-, low-, or moderate-income households.
- B **Whereas**, the Federal Home Loan Bank of Atlanta (“FHLBank Atlanta”) has also established an Affordable Housing Program Implementation Plan (as the same may be modified from time to time, the “**Implementation Plan**”), and AHP policies, procedures, guidelines, and instructions covering, among other things, feasibility, funding, monitoring and modifying affordable housing projects participating in the Bank’s AHP (together with the Implementation Plan, collectively, as the same may be modified from time to time, the “**Bank’s AHP Policies and Procedures**”; and together with the AHP Regulations, collectively, “**AHP Requirements**”);
- C **Whereas**, Lender, a member of FHLBank Atlanta, submitted an application to FHLBank Atlanta (the “AHP Application”) for an AHP subsidy (defined below) in connection with the real property identified in the AHP Application and the improvements and tangible and intangible personal property associated or connected therewith, all of which is encumbered by the Security Instrument (the “Project”).
- D **Whereas**, pursuant to applicable regulations (including, without limitation, those contained in 12 CFR Part 1291) promulgated by the Finance Agency pursuant to FIRREA (the “AHP Regulations”), members of each Federal Home Loan Bank are required to provide for the repayment of any direct subsidy should said direct subsidy or the Project or a portion of the Project be unused or improperly used.
- E **Whereas**, in connection with the Project, Borrower as “Project Owner” entered into an Affordable Housing Program Agreement (Rental Project) (the “AHP Agreement”) with FHLBank Atlanta and Lender, pursuant to which Borrower and Lender agreed to be bound by the AHP Regulations and perform certain monitoring functions with respect to the Project and related AHP Subsidy (defined below).

- F** **Whereas**, Lender has advanced or agreed to advance the AHP Subsidy to Borrower in connection with Borrower's purchase, construction and/or rehabilitation of real property described in the Security Instrument, and in connection with the AHP Subsidy, Borrower has executed the Security Instrument, which includes this Rider.
- G** **Whereas**, the Parties desire to cause the Income and Affordability Restrictions and related covenants and restrictions required by the AHP Agreement to become recorded restrictions burdening the Project as defined below.

By signing the Security Instrument, Borrower hereby agrees as follows:

1. Project Information

Name and address of the Project Owner	Valley Youth House Committee 829 Linden Street Allentown, PA. 18101
Name and address of the Project	Valley Youth House Great Beginnings 739-753 East Tilgham Street Allentown, PA. 18109-2072
AHP Project Number	14A04005
Amount of the AHP Subsidy	\$146,785

- 2. AHP Subsidy.** The secured obligation described in and secured by the Security Instrument represents the "AHP Subsidy" used or to be used in connection with the purchase, construction or rehabilitation of the Project.
- 3. Definitions.** As used in this Rider, the following capitalized terms have the following meanings:

"Income and Affordability Restrictions" means income limitations as amended or modified or adjusted annually according to the current applicable median income data from time to time with the approval of FHLBank Atlanta and rent limitations such that the Project units are affordable for households with incomes at or below the levels committed to be served in the AHP Application.

"Loan" means the advance of funds evidenced by the Note.

"Loan Documents" means the Note, the AHP Agreement, the Security Instrument, and all other documents relating to or securing the Note, each as renewed, amended, modified, restated and extended from time to time.

"Note" means the promissory note secured by the Security Instrument.

All other capitalized terms not otherwise defined herein or in the Security Instrument shall be as defined in the AHP Agreement.


4. Covenants


- a. The Project's rental units, or applicable portion thereof, must remain occupied by and affordable for households with incomes at or below the levels committed to be served in the AHP Application, for the duration of the 15-year AHP Retention Period, which ends 15 years from the date of project completion (as defined in the AHP Implementation Plan),
- b. Each of FHLBank Atlanta and the Lender is to be given notice of any sale or refinancing of the project occurring prior to the end of the 15-year AHP Retention Period,
- c. In the case of a sale or refinancing of the project prior to the end of the 15-year AHP Retention Period, (a) with respect to a direct subsidy, an amount equal to the full amount of the direct subsidy shall be repaid to FHLBank Atlanta, and (b) with respect to a subsidized advance, the full amount of the interest rate subsidy received by the project owner, based upon a pro rata portion of the interest rate subsidy imputed to the subsidized advance during the period the project owner owned the property prior to the sale or refinancing, shall be repaid to FHLBank Atlanta, in each case unless the Project continues to be subject to a retention mechanism agreement incorporating the income eligibility and affordability restrictions committed to in the AHP Application for the duration of the 15-year AHP Retention Period, and
- d. The income-eligibility and affordability restrictions applicable to the Project terminate after any foreclosure, conveyance by deed in lieu of foreclosure or any assignment of the first mortgage to the Secretary of HUD. However, any obligation to repay the AHP subsidy for any period of noncompliance arising prior to the foreclosure, deed in lieu, or assignment to the Secretary of HUD shall not be extinguished by such actions.
- e. In the event that the AHP Subsidy is disbursed to the Project Owner prior to completion of construction of the Project, then at all times prior to completion, (a) any sale of the property (or any portion thereof) to any person or entity shall be prohibited without the prior written consent of the Lender; and (b) any failure to develop the property in accordance with the AHP Agreement for the Project, or any other failure by the Project Sponsor to comply with said AHP Agreement, the Retention Mechanism agreement, or any AHP Regulation, shall result in a default requiring repayment of the subsidy to FHLBank Atlanta.
- f. The Project may not receive funds from multiple AHP competitive or set-aside product(s) offered by FHLBank Atlanta during the 15-year AHP retention period.

5. **Inconsistent Provisions.** The provisions of this Rider shall supersede any conflicting provision contained in the Security Instrument, but only to the extent of such inconsistency. No provision herein shall impair any obligation of Borrower under the AHP Requirements.

IN WITNESS WHEREOF, Borrower has caused this instrument to be executed and sealed the day and year first above written.

Valley Youth House Committee,
a Pennsylvania Non-Profit Corporation

By: 

Name: Leslie Fallon 

Title: Chairperson 

By: 

Name: Kathryn Brown

Title: Treasurer



Witness

EXHIBIT B

Amerinational Final Budget Per AmeriNational Draw Schedule (April 2016)			Final Budget With AHP Sources and Uses		
Final Budget (April 2016)		CONSTRUCTION COSTS:	with AHP Source and Use		Comments on Changes
\$	3,080,490.80	New Rental Units	\$	3,080,490.80	
\$	831,238.20	Site Work	\$	831,238.20	
\$	179,293.00	General Conditions	\$	179,293.00	
\$	78,947.00	Overhead	\$	78,947.00	
\$	236,842.00	Profit	\$	236,842.00	
\$	14,054.00	Builder's Risk Insurance	\$	14,054.00	
\$	43,495.00	Payment and Performance Bonds	\$	43,495.00	
\$	35,000.00	Furniture, Fixture, & Equipment	\$	35,000.00	
\$	47,301.53	Changer Order #1	\$	47,301.53	
\$	41,064.44	Change Order #2	\$	41,064.44	
\$	5,791.20	Change Order #3	\$	5,791.20	
\$	88,853.76	Change Order #4	\$	88,853.76	
\$	14,885.64	Change Order #5	\$	14,885.64	
\$	4,697,256.57	Total Construction Contract/Costs	\$	4,697,256.57	
\$	27,071.43	Hard Cost Contingency	\$	27,071.43	
\$	-	Additional Improvments	\$	152,558.00	Improvments - See Pending Change Order
\$	-	RETAINAGE	\$	-	
\$	4,724,328.00	Total Construction Costs:	\$	4,876,886.00	

Final Budget (April 2016)			AHP REVISED Budget	
\$	15,000.00	Accounting Fees	\$	15,000.00
\$	6,750.00	Appraisal	\$	6,750.00
\$	37,634.81	Architect's Fee - Site/Building Design	\$	37,634.81
\$	16,174.92	Building Permits	\$	16,174.92
\$	65,125.00	Engineering Fees	\$	65,125.00
\$	2,500.00	Environmental Report	\$	2,500.00
\$	25,000.00	FF&E paid outside Construction Contract	\$	25,000.00
\$	3,000.00	FHFC Application Fee	\$	3,000.00
\$	40,361.00	Lender Inspection Fees / Const Admin	\$	40,361.00
\$	25,066.00	Insurance	\$	25,066.00
\$	4,500.00	Market Study	\$	4,500.00
\$	7,000.00	Marketing and Advertising	\$	7,000.00
\$	3,350.00	Plan and Cost Review Analysis	\$	3,350.00
\$	2,580.00	Soil Test	\$	2,580.00
\$	7,750.00	Survey	\$	7,750.00
\$	40,644.67	Title Insurance and Recording Fees	\$	40,644.67
\$	3,061.19	Traffic Study	\$	3,061.19
\$	117,750.27	Utility Connection Fees	\$	117,750.27
\$	6,625.74	Soft Cost Contingency	\$	6,625.74
\$	700.00	Other:	\$	700.00
\$	300.00	Other:	\$	300.00
\$	430,873.60	Total General Development Costs:	\$	430,873.60

Final Budget (April 2016)	FINANCIAL COSTS:	AHP REVISED Budget	Estimated Closing Cost Per Hertland National Bank's AHP Term Sheet
\$ -	AHP Closing Cost	\$ 7,590.50	
\$ -	Construction Loan Application Fee	\$ -	
\$ 1,500.00	Construction Loan Origination Fee	\$ 1,500.00	
\$ 607.00	Construction Loan Closing Costs	\$ 607.00	
\$ 78,870.00	Construction Loan Interest	\$ 78,870.00	
\$ 11,500.00	Permanent Loan Origination Fee	\$ 11,500.00	
\$ 2,300.00	Permanent Loan Closing Costs	\$ 2,300.00	
\$ -	HOME Closing Costs	\$ -	
\$ 117,476.82	Reserves - Operating Deficit	\$ 117,476.82	
\$ 84,000.00	Reserves - Required by Lender ODR for Per	\$ 84,000.00	
\$ 155,000.00	Legal Fees - Borrower's Counsel	\$ 155,000.00	
\$ -	Legal Fees - Issuer's Counsel	\$ -	
\$ 25,000.00	Legal Fees - Lender's Counsel	\$ 25,000.00	
\$ 476,253.82	Total Financial Costs:	\$ 483,844.32	

Final Budget (April 2016)	OTHER DEVELOPMENT COSTS	AHP REVISED Budget	16% Dev Fee Recalculated
\$ 729,006.52	Developer Fee	\$ 754,630.34	
\$ 3,000.00		\$ 3,000.00	
\$ 136,789.66		\$ 136,789.66	
\$ 868,796.18	Total Other Development Costs:	\$ 894,420.00	

Final Budget (April 2016)	LAND ACQUISITION COSTS	AHP REVISED Budget
\$ 310,000.00	Land	\$ 310,000.00
\$ 310,000.00	Total Acquisition Costs:	\$ 310,000.00

Final Budget (April 2016)	TOTAL DEVELOPMENT COSTS	AHP REVISED Budget
6,810,251.60	TOTAL DEVELOPMENT COSTS	6,996,023.92

Final Budget (April 2016)	Sources of Funds	AHP REVISED Budget	
\$ 1,300,000.00	HeartLand Bank Const Loan 1st Mtg	\$ 1,300,000.00	
\$ 5,103,486.00	FHFC HOME Loan 2nd Mtg	\$ 5,103,486.00	
\$ 321,000.00	Highland County SHIP Loan 3rd Mtg	\$ 321,000.00	
\$ 1,300,000.00	Permanent First Mortgage	\$ 1,050,000.00	Reduced from \$1,300,000
\$ 85,765.60	Deferred Developer Fee	\$ 21,537.92	Reduced from \$85,765.60
\$ (1,300,000.00)	Construction Loan Paydown	\$ (1,300,000.00)	
\$ -	AHP	\$ 500,000.00	Added Source
\$ 6,810,251.60	TOTAL DRAW AMOUNT:	\$ 6,996,023.92	
\$ -	ADDITIONAL SOURCES NEEDED / (OVERS	\$ -	

Exhibit C
AHP Change Order



MARMER
CONSTRUCTION

License: CGC1516900

Change Order

Order#: 7

Order Date: 05/25/2016

To: Cornell Colony, LLC
21 Tulane Drive
Avon Park FL 33825

Project: 201500004
Cornell Colony
38165 Ezra Circle
Avon Park FL 33825

The contractor agrees to perform and the owner agrees to pay for the following changes to this contract.

Plans Attached

Ordered By: 2 Martin Wohl

Customer Order:

Specifications Attached

Description of Work	Amount
Fencing 6' high by 5' wide security fence at each unit	10,032.00
Speed Bumps Add 6 composite speed bumps the width of the travel lanes	6,156.00
Washer & Dryers Energy Star rated washers & dryers in 44 units	54,265.00
Gutters & Downspouts 6" seamless aluminum gutters & downspouts	41,040.00
Wireless Security System Provide equipment and install a wireless networking system.	41,065.00

Notes

Negative changes will lower the overall contract price requiring no additional payment by owner.

Requested Amount of Change **152,558.00**

The original Contract Sum was	4,499,360.00
Net change by previous Change Orders	231,194.83
The Contract Sum prior to this Change Order	4,730,554.83
The Contract Sum will be changed by this Change Order	152,558.00
The new Contract Sum including this Change Order will be	4,883,112.83
The Contract Time will be changed by	0 Days

Owner: *[Signature]* Date: 5/26/16
 Architect: _____ Date: _____
 Contractor: *[Signature]* Date: 5/26/16