Florida Housing Finance Corporation

Credit Underwriting Report

Hampton Villa Apartments

Multifamily Mortgage Revenue Note ("MMRN" or "Note"), State Apartment Incentive Loan Program ("SAIL"), Extremely Low Income Loan ("ELI"), and 4% Non-Competitive Housing Credits ("HC")

MMRN / SAIL / ELI RFA 2015-112 (2016-186BS)

Section A: Report Summary

Section B: MMRN, SAIL, and ELI Loan Special and General Conditions, and 4% HC Allocation Recommendation and Contingencies

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

July 22, 2016

Hampton Villa Apartments

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Section A

Report Summary

Recommendation

First Housing Development Corporation of Florida ("First Housing") recommends a Multifamily Mortgage Revenue Tax-Exempt Note in the amount up to $3,800,000, a SAIL loan in the amount of $2,000,000, an ELI loan in the amount of $340,800 and an annual 4% Housing Credit Allocation of $252,314 to finance the acquisition/rehabilitation and permanent financing of Hampton Villa Apartments ("Development" or "Subject"). In addition, First Housing recommends a permanent period Note amount of $2,300,000.

DEVELOPMENT & SET-ASIDES

Development Name: Hampton Villa Apartments

Program Numbers: RFA 2015-112 | 2016-186BS

Address: 3190 Edgewood Avenue West | City: Jacksonville | Zip Code: 32209

County: Duval | County Size: Large

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

Construction Type: Stucco over CMU walls and concrete

Demographic Commitment: Elderly: No | Homeless: No | ELI: 6 Units @ 35% AMI

Farmwork or Commercial Fish Worker: No | Family: Yes | Link: 3 Units

Duval County / Jacksonville HMFA; Jacksonville 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	6	544	35%	$426	N/A	N/A	$62	$660	$364	$660	$660	$660	$47,520
1	1.0	54	544	60%	$731	N/A	N/A	$62	$660	$669	$660	$660	$660	$427,680
		60												$475,200

The Development is not located in and does not qualify as a Limited Development Area ("LDA"); therefore, the Applicant must commit to set aside ten percent (10%) of the total units as ELI Set-Aside Units.

Person with a Disabling Condition Set-Aside Commitment: The proposed Development must set aside 50% of the ELI Set-Aside units for Persons with a Disabling Condition that are referred by a Special Needs Household Referral Agency that provides supportive services for Persons with a Disabling Condition for the county where the proposed development will be located. 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.

In addition, for properties that have a Housing Assistance Payment Contract but are not HUD Section-202 or HUD Section 811, the Borrower shall establish an owner-adopted preference in the admission policies for the Development, allowing the Borrower to create a preference or limited preference specifically for individuals or families who are referred by a partnering service agency. The partnering service agency must be a designated Special Needs Household Referral Agency in the county where the Development is located (Duval County). The Applicant is required by HUD to submit a written request to their local HUD Field Office specifying this type of preference with a full description of the preference and how it will be implemented. Such HUD approval must be demonstrated to FHFC by a date that is six (6) months prior to the anticipated placed in service date which is December 31, 2017. Some or all of the units set aside to meet this Person with a Disabling Condition set-aside commitment can be the same units that are set aside to meet the ELI Set-Aside commitment.

Buildings: Residential - 8 Non-Residential - 0

Parking: Parking Spaces - 74 Accessible Spaces - 4

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
Housing Credits	100.0%	60	60%	50 years
FHFC ELI	10.0%	6	35%	50 years
FHFC SAIL	90.0%	54	60%	50 years
MMRN	100.0%	60	60%	50 years

Absorption Rate: 20 units per month for 0 months. (Note: Currently 100% Occupied)

Occupancy Rate at Stabilization: Physical Occupancy 95% Economic Occupancy 95%

Occupancy Comments Currently 100% occupied

DDA?: No QCT?: Yes

Site Acreage: 3.495 acres +/- Density: 17.2 units per acre Flood Zone Designation: X

Zoning: C-O Commercial Office which allows residential up to 20 units per acre Flood Insurance Required?: No

DEVELOPMENT TEAM

Applicant/Borrower:	SP HV Apartments LLC ("Borrower")	
General Partner 1:	SP HV Manager, LLC ("SP GP")	0.01%
Limited Partner 1:	Regions Bank ("Regions")	99.99%
Construction Completion	March 31, 2017	
Guarantor(s):	SP HV Apartments, LLC	
	SP HV Manager, LLC	
	SP and MS, LLC	
	J. David Page	
	Southport Development, Inc. dba Southport Development Services, Inc. ("SDSI")	
Developer:	Southport Development, Inc. dba Southport Development Services, Inc.	
General Contractor 1:	Vaughn Bay Construction, Inc.("Vaughn Bay")	
Management Company:	Cambridge Management, Inc. dba Cambridge Management of Washington, Inc. ("Cambridge")	
Syndicator:	Regions Bank	
Architect:	Architectronics Studio, Inc.	
Market Study Provider:	Novogradac & Company LLP ("Novogradac")	
Appraiser:	Novogradac	

PERMANENT FINANCING INFORMATION			
	1st Source	2nd Source	3rd Source
Lien Position	First	Second	First
Lender/Grantor	FHFC/JLL Capital Markets / Freddie Mac	FHFC/SAIL	FHFC/ELI
Amount	$2,300,000	$2,000,000	$340,800
Underwritten Interest Rate	4.30%	1.00%	0.00%
All In Interest Rate	4.30%	1.00%	0.00%
Loan Term	16	16.5	16.5
Amortization	35	0	0
Market Rate/Market Financing LTV	76.67%	143.33%	154.69%
Restricted/Market Financing LTV	69.70%	130.30%	140.63%
Loan to Cost	31%	27%	5%
Debt Service Coverage	1.32	1.12	1.10
Operating/Deficit Service Reserve	$100,000		
Period of Operating Expenses/Deficit Reserve in Months	Approx. 3 months		

Deferred Developer Fee	$406,136
Land Value	$430,000
As-Is Value (Rehabilitation)	$2,200,000
Market Rent/Market Financing Stabilized Value	$3,000,000
Rent Restricted Market Financing Stablized Value	$3,300,000
As-is Market Value	$2,400,000
Projected Net Operating Income (NOI) - Year 1	$194,457
Projected Net Operating Income (NOI) - 15 Year	$216,367
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Privately Placed/ Freddie Mac Tax Exempt Loan Structure
Housing Credit Syndication Price	$1.02
Housing Credit Annual Allocation	$252,314

Note: Currently the Section-8 rents are lower than achievable market rents allowing for a higher "as is" market value than the "as is" restricted value. Upon rehabilitation it is anticipated that the Section-8 rents will then be higher than the achievable market rents thus allowing for a higher "as proposed" restricted rent value than the anticipated "as proposed" market rent value.

CONSTRUCTION/PERMANENT SOURCES:				
Source	**Lender**	**Construction**	**Permanent**	**Perm Loan/Unit**
First	FHFC/JLL Capital Markets / Freddie Mac	$2,300,000	$2,300,000	$38,333
Co-First	FHFC/JLL Capital Markets / Freddie Mac	$1,500,000	$0	$0
Second	FHFC SAIL	$2,000,000	$2,000,000	$33,333
Third	FHFC ELI	$340,800	$340,800	$5,680
Housing Credit Equity	Regions Bank	$944,438	$2,444,438	$40,741
Deferred Developer Fee	Southport Development Services, Inc.	$406,136	$406,136	$6,769
TOTAL		$7,491,374	$7,491,374	$124,856

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?	**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?		**1.**
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?		**2.**
Is the Development in all other material respects the same as presented in the Application?	**X**	

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

1. The total development costs have increased by $513,874 from $6,977,500 to $7,491,374 or 7.4% since the application primarily due to increases in anticipated financing costs partly offset in decreases in hard construction costs.

2. The intended HC Equity provider, Regions Bank (“Regions”), has increased the rate of syndication from $0.97 to $1.02. Regions Bank is also providing a bridge loan that has resulted in an increase in the amount of funding available during construction.

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

According to the FHFC May 11, 2016 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 May 11, 2016 there was one outstanding issue that has been subsequently resolved. 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 considered to be in an average location for multifamily use and is physically capable of supporting a variety of legally permissible uses.

2. The subject is currently reporting a 100% occupancy rate. The Development currently benefits from a HAP Contract (#FL29M000064) which expires on March 31, 2018.

3. If the Subject were hypothetically 100% vacant, the MSP believes it could absorb approximately 20 units per month, for an absorption period of three (3) months. It should be noted that this absorption analysis is hypothetical because the subject is currently operating at a stabilized occupancy and will retain a majority of its residents.

4. 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.

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

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

Other Considerations:

1. The permanent Series A note and the short-term Series B (cash collateralized) note will initially be funded by JLL for subsequent purchase by and delivery to Freddie Mac, shortly after closing.

Waiver Requests/Special Conditions:

None

Issues and Concerns:

1. The Series A note matures 16 years from the funding date which includes an 18 month rehabilitation period. There is a risk associated with refinancing of the First Mortgage if the Section-8 project-based vouchers are not renewed. If a refinancing does not occur, the SAIL and ELI loans are at risk of not being repaid.

Mitigating Factors:

1. Receipt of an executed 20 year AHAP Contract or satisfactory letter that supports the HAP rents is a condition to close.

Additional Information:

1. 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 an acquisition/rehabilitation garden style property and as such is limited to a TDC of no more than $154,600 per unit. Applying the 2.0% escalation factor allowable for the Development Category of acquisition/rehabilitation garden style, the maximum TDC per unit cost is $157,692. Based on the instructions set forth in Exhibit C. 8 of the RFA, the TDC per unit exclusive of land costs and permanent period Operating Deficit Reserve for the Development is $116,023 as underwritten which meets the requirements of the RFA.

2. The SAIL request of $2,000,000 does not exceed the 35% of Total Development Costs Limitation per Rule.

3. The amount of any superior mortgages combined with the SAIL mortgage shall be less than the appraised value of the Development as stated in the RFA. The combined loan to value ("LTV") for the first mortgage and SAIL Loan, as proposed, for the Development as underwritten equals 143.33% under the market rate scenario. However, per statute F.S. 420.5087 (5), FHFC may waive this requirement for developments in rural areas or urban infill areas which have market rate rents that are less than the allowable rents pursuant to applicable state and federal guidelines, and for developments which reserve units for extremely-low-income persons. As such, the Development is exempt from the requirement.

4. The Borrower has applied to JLL Capital Markets ("JLL" or "Funding Lender") to provide acquisition/rehabilitation and permanent funding ("Funding Loan") of Hampton Villa Apartments pursuant to the Federal Home Loan Mortgage Corporation ("Freddie Mac") Multifamily Direct Purchase of Tax-Exempt Loan Program (the "TEL Program"). The Funding Loan is requested pursuant to any Federal, State or local requirements concerning the proposed tax exempt private activity allocation and/or the Low Income Housing Tax Credit requirements. The Funding loan will be originated by JLL on behalf of Florida Housing ("Governmental Lender") for subsequent purchase by and delivery

to Freddie Mac, shortly after closing. The proceeds of the Funding Loan will be used by Florida Housing to fund a mortgage loan with matching economic terms ("Development Loan") to the Borrower to finance the acquisition/rehabilitation and permanent financing of the Subject. The Funding Loan will be a non-recourse obligation of FHFC secured solely by receipts and revenues from the Development Loan and the collateral pledged therefor (including a first mortgage lien with respect to the property). Under the TEL program, the Development Loan replaces the purchase by Freddie Mac of tax-exempt bonds. Like other bond private placement transactions, the structure eliminates many of the costs, complexities, inefficiencies and potential delays associated with a public offering of fully funded, rated publicly offered bonds, but simply uses "loan" terminology versus "bond/securities" terminology to produce this result.

Recommendation:

First Housing recommends MMRN Tax Exempt Note in the amount of $3,800,000, a SAIL loan in the amount of $2,000,000, an ELI loan in the amount of $340,800 and a $252,314 annual 4% Federal Housing Credit ("HC") determination to finance the acquisition/rehabilitation 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 Permanent Period Tax-Exempt Note amount of $3,210,000, 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 MMRN, SAIL, and ELI Loan Special and General Conditions and 4% 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:

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Reviewed by:

Ed Busansky
Senior Vice President

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
First Mortgage	FHFC/JLL Capital Markets / Freddie Mac	$2,300,000	$2,300,000	$2,300,000	4.30%	$98,900
Co-First Mortgage	FHFC/JLL Capital Markets / Freddie Mac	$396,894	$944,800	$1,500,000	1.97%	$29,550
Second Mortgage	FHFC/SAIL	$2,000,000	$2,000,000	$2,000,000	1.00%	$20,000
Third Mortgage	FHFC/ELI	$340,800	$340,800	$340,800	0.00%	$0
Housing Credit Equity	Regions Bank	$1,939,806	$1,939,806	$944,438	N/A	N/A
Deferred Developer Fee	Southport Development Services, Inc.	$0	$0	$406,136	N/A	N/A
Total		$6,977,500	$7,525,406	$7,491,374		$148,450

Tax-Exempt Notes:

The Applicant applied for a $3,800,000 in tax exempt notes to be issued by Florida Housing for the acquisition/rehabilitation and permanent financing of this Development. First Housing reviewed a Proposed Summary of Terms and Conditions provided by JLL, dated March 10, 2016 to provide tax-exempt rehabilitation and permanent loan proceeds of $3,800,000, consisting of a permanent loan not to exceed $2,300,000 (“Series A Note”) and a short term construction loan of $1,500,000 (“Series B Note”). JLL is a Freddie Mac Seller/Servicer.

At closing two Series of Notes will be issued pursuant to separate Funding Loan Agreements. The permanent Series A Note will be written for $2,300,000 and the short-term Series B Note made for 50% rule purposes will be written for $1,500,000. The Series B Note will have an 18 month term subject to earlier prepayment if 100% rehabilitation completion and stabilization occurs prior to maturity. The Series B Note will be required to be cash collateralized at closing. (The expected source of such cash collateral is the equity bridge loan and SAIL Loan proceeds). The Series B Note is written at a rate of 1.72% and a credit underwriter cushion of 25 bps for a total base rate of 1.97%. As this rate has been confirmed by JLL as locked, the Credit Underwriter has utilized a rehabilitation period underwriting rate of 1.97%. The Series B Note will be fully funded at closing and require monthly interest only payments during the duration of its term.

The Series A Note terms include a fixed rate first mortgage loan in the amount of $2,300,000. The term of the Series A Note is sixteen years (16) years from initial funding. Payments will be based upon a 35 year amortization schedule. The rate will be fixed at closing. The rate is currently calculated to be 3.8% without Governmental Lender and Fiscal Agent fees. In addition to the actual Note rate, there are 24 bps in Governmental Lender fees plus servicing fees, compliance monitoring fees, and fiscal agent fees included in the Debt Service Coverage ratio analysis. The Credit Underwriter has included a 50 bps spread to allow for potential increases in interest rate, consequently a base rate of 4.30% has been utilized for purposes of this report. The Series A Note will be fully funded at closing and require amortized monthly principal and interest payments during the duration of its term.

The Series A Note will mature approximately 14.5 years following the termination of the Construction Phase and conversion to the Permanent Phase. At maturity, Borrower may satisfy the Series A Note repayment via refinance or sale of the Subject Property pending market feasibility. In the event the Borrower is unable to refinance or effectuate a sale to fund payoff of the Series A Note, such event would not cause an event of default under the loan documents. Rather, should this situation occur, it would trigger a "Mortgage Assignment Event" whereby Freddie Mac agrees to cancel the Series A Note in exchange for an assignment by the Fiscal Agent of the mortgage and all other related documents and accounts. The Fiscal Agent would cancel the Series A Note and discharge the lien of the Funding Loan Agreement, and it would then assign the mortgage loan and any other related documents and collateral to Freddie Mac, effectively ending the tax-exempt financing provided by FHFC. Under this scenario, the Series A Note will have been redeemed/cancelled not by payment of cash but by the assignment of the mortgage loan documents and there is no default. As the new direct mortgagee, Freddie Mac would then be in position to work with the Borrower to arrive at a resolution without involvement of either FHFC or the Fiscal Agent (as the Note would have been cancelled and would no longer be outstanding).

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

First Housing reviewed an invitation to enter credit underwriting, dated March 21, 2016, from FHFC with a preliminary SAIL loan in the amount of $2,000,000 and a preliminary ELI loan in the amount of $340,800. As required by Freddie Mac and permitted by the Rule, the SAIL and ELI Loans will be coterminous with the First Mortgage Loan plus six (6) months resulting in a term of 15.5 years after construction completion for a total term of 16.5 years (one year construction period plus 15.5 year permanent period). The SAIL loan is non-amortizing with an interest rate of 1% plus servicing and compliance fees. Annual payments of all applicable fees will be required. 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 loan is non-amortizing with an interest rate of 0% plus servicing and compliance fees. Annual payments of all applicable fees will be required. Principal is forgivable at maturity, provided the units for which the ELI loan 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.

The annual Compliance Fee of $885 for each of the SAIL loan and the ELI loan will be billed annually after loan closing. The Servicing Fees will be billed based upon the outstanding loan amounts, with a monthly fee of 25 bps of the outstanding loan amount, with a minimum monthly fee of $204 for each loan, and a maximum monthly fee of $810 for each loan, billed annually following loan closing.

<u>Equity Bridge Loan:</u>

First Housing has reviewed a bridge loan commitment from the equity provider, Regions Bank. The commitment is dated July 19, 2016 and provides up to $1,200,000 during the acquisition and rehabilitation period. It is anticipated that the bridge loan will be repaid with HC equity disbursements upon 100% completion/stabilization. Required payments of interest only will be based on the current 1 month Libor rate plus 300 basis points. For underwriting purposes the Credit Underwriter included an additional 50 bps cushion to protect against potential Libor rate increases between underwriting and loan redemption. The "All-In" rate utilized is 3.93%. This loan is collateralized by assignment of the LIHTC's and General Partnership interest and is not a lien against the subject property. The equity bridge loan is used to collateralize the short term Series B Note. By including both the equity bridge loan and the Series B Note, we would be double counting sources. This makes it seem as the transaction is overfunded, which is not the case. The Credit Underwriter did not show the equity bridge loan in the construction sources and uses chart, even though it is used during construction to collateralize the short term Series B Note.

<u>Housing Credit Equity:</u>

First Housing has reviewed a Proposal dated July 19, 2016 indicating Regions, 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 $239,675, and a syndication rate of $1.02 per dollar, Regions anticipates a net capital contribution of $2,444,438 and has committed to make available $1,868,529 of the total net equity during the construction period (However, as depicted in the Construction Sources chart on page A-9, it is anticipated that due to the required permanent period deferred developer fee and the availability of $1,200,000 in the equity bridge loan that only approximately $944,438 will be needed during the construction period). An additional $575,909 will be available at or after construction completion, issuance of 100% of CO's, stabilization, and upon receipt of the Form 8609 for a total invested amount of $2,444,438. The first installment in the amount of $480,088 or 19.64% meets the FHFC requirement that 15% of the total equity must be contributed at or prior to the closing.

Deferred Developer Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer 38.36% of the Developer Fee or $406,136.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
First Mortgage	FHFC/JLL Capital Markets / Freddie Mac	$2,211,942	$2,300,000	$2,300,000	16	35	4.30%	$127,221
Second Mortgage	FHFC/SAIL	$2,000,000	$2,000,000	$2,000,000	16.5	0	1.00%	$20,000
Third Mortgage	FHFC/ELI	$340,800	$340,800	$340,800	16.5	0	0.00%	$0
Housing Credit Equity	Regions Bank	$2,424,758	$2,424,758	$2,444,438	N/A	N/A	N/A	N/A
Deferred Developer Fee	Southport Development $	$0	$459,848	$406,136	N/A	N/A	N/A	N/A
Total		$6,977,500	$7,525,406	$7,491,374				$147,221

Tax-Exempt Note:

The Applicant applied for a $3,800,000 in tax exempt notes to be issued by Florida Housing for the acquisition/rehabilitation and permanent financing of this Development. First Housing reviewed a Proposed Summary of Terms and Conditions provided by JLL, dated March 10, 2016. JLL is a Freddie Mac Seller/Servicer.

The terms indicate that at the time of rehabilitation completion/stabilization, or at 18 months after closing, the $1,500,000 Series B Note will mature. The term of the remaining $2,300,000 Series A Note will be 16 years from the initial acquisition closing. The Series A Note terms include a fixed rate to be locked at initial closing. Payments will be based upon a 35 year amortization schedule. The rate will be fixed at closing. The rate is currently calculated to be 3.8% without Governmental Lender and Fiscal Agent fees. The Credit Underwriter has included a 50 bps spread to allow for potential increases in interest rate, consequently a base rate of 4.30% has been utilized for purposes of this report. A first year annual Debt Service Payment is anticipated to be $147,145 (including related fees). In addition to the actual Note rate, there are 24 bps in Governmental Lender fees plus servicing fees, compliance monitoring fees, and Fiscal Agent fees included in the Debt Service Coverage ratio analysis.

The Series A Note will mature approximately 14.5 years following the termination of the Construction Phase and conversion to the Permanent Phase. At maturity, Borrower may satisfy the Series A Note repayment via refinance or sale of the Subject Property pending market feasibility. In the event the Borrower is unable to refinance or effectuate a sale to fund payoff of the Series A Note, such event would not cause an event of default under the loan documents. Rather, should this situation occur, it would trigger a “Mortgage Assignment Event” whereby Freddie Mac agrees to cancel the Series A Note in exchange for an assignment by the Fiscal Agent of the mortgage and all other related documents and accounts. The Fiscal Agent would cancel the Series A Note and discharge the lien of the Funding Loan Agreement, and it would then assign the mortgage loan and any other related documents and collateral to Freddie Mac, effectively ending the tax-exempt financing provided by FHFC. Under this scenario, the Series A Note will have been redeemed/cancelled not by payment of cash but by the assignment of the mortgage loan documents and there is no default. As the new direct mortgagee, Freddie Mac would then be in position to work with the Borrower to arrive at a resolution without involvement of either FHFC or the Fiscal Agent (as the Note would have been cancelled and would no longer be outstanding).

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

First Housing reviewed an invitation to enter credit underwriting; dated March 21, 2016, from FHFC with a preliminary SAIL loan in the amount of $2,000,000 and a preliminary ELI loan in the amount of $340,800. As required by Freddie Mac and permitted by the Rule, the SAIL and ELI Loans will be coterminous with the First Mortgage Loan plus six (6) months resulting in a term of 15.5 years after construction completion for a total term of 16.5 years (one year construction period plus 15.5 year permanent period). The SAIL loan is non-amortizing with an interest rate of 1% plus servicing and compliance fees. Annual payments of all applicable fees will be required. 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 loan is non-amortizing with an interest rate of 0% plus servicing and compliance fees. Annual payments of all applicable fees will be required. Principal is forgivable at maturity, provided the units for which the ELI loan 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.

The annual Compliance Fee of $885 for each of the SAIL loan and the ELI loan will be billed annually after loan closing. The Servicing Fees will be billed based upon the outstanding loan amounts, with a monthly fee of 25 bps of the outstanding loan amount, with a minimum monthly fee of $204 for each loan, and a maximum monthly fee of $810 for each loan, billed annually following loan closing.

<u>Housing Credit Equity:</u>

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 July 19, 2016 indicating Regions Bank (“Regions”), 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 $239,675, and a syndication rate of $1.02 per dollar, Regions anticipates a net capital contribution of $2,444,438. Regions will provide HC equity as follows:

Syndication Contributions

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	$480,088	19.64%	Initial Construction Loan closing
2nd Installment	$1,388,441	56.80%	98% lien free construction completion
3rd Installment	$525,799	21.51%	At stabilization defined as having a 1.20x debt service coverage ratio for 90 consecutive days.
4th Installment	$50,110	2.05%	100% Tax Credit qualified and receipt of final 8609's
Total	$2,444,438	100.00%	

Annual Credit Per Syndication Agreement	$239,675
Calculated HC Exchange Rate	$1.02
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	$1,868,529

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer 38.36% of the Developer Fee or $406,136.

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	$2,400,000	$2,228,325	$2,228,325	$37,139	$0
General Conditions	$300,000	$133,699	$133,699	$2,228	$0
Overhead	$0	$44,567	$44,567	$743	$0
Profit	$0	$133,699	$133,699	$2,228	$0
Furniture, Fixture, & Equipment	$0	$107,814	$107,814	$1,797	$107,814
Total Construction Contract/Costs	$2,700,000	$2,648,104	$2,648,104	$44,135	$107,814
Hard Cost Contingency	$275,000	$222,832	$222,832	$3,714	$0
Other: P and P Bond	$0	$28,710	$28,710	$479	$0
Total Construction Costs:	**$2,975,000**	**$2,899,646**	**$2,899,646**	**$48,327**	**$107,814**

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract dated July 8, 2016 in the amount of $2,648,104. This is a Cost of Work Plus a Fee with a Guaranteed Maximum Price Agreement between the Applicant, SP HV Apartments LLC, and the Contractor, Vaughn Bay Construction, Inc. Per this contract substantial completion is to be achieved by March 31, 2017 (6 months) from recording of the Notice of Commencement. The Applicant will make monthly progress payments to the Contractor, based upon Applications for Payment approved by the Architect. The Contract calls for a minimum of 10% retainage holdback on all construction draws through substantial completion, which exceeds the requirements of FHFC.

2. The Hard Cost Contingency does not exceed the maximum of 15% of the total construction costs.

3. 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.

4. The Furniture, Fixtures and Equipment line item includes the costs of ranges, hoods, dishwashers, refrigerators, and the cost of temporary tenant relocation. All of these costs have been excluded from the GC Fee calculation.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Accounting Fees	$30,000	$60,000	$60,000	$1,000	$0
Appraisal	$7,500	$9,000	$9,000	$150	$0
Architect's and Planning Fees	$70,000	$88,000	$88,000	$1,467	$0
Architect's Fee - Supervision	$25,000	$18,000	$18,000	$300	$0
Building Permits	$60,000	$44,566	$44,566	$743	$0
Builder's Risk Insurance	$20,000	$20,000	$20,000	$333	$0
Capital Needs Assessment/Rehabilitation	$7,500	$8,000	$8,000	$133	$0
Engineering Fees	$25,000	$0	$0	$0	$0
Environmental Report	$7,500	$5,500	$5,500	$92	$0
FHFC Administrative Fees	$0	$24,300	$22,709	$378	$22,709
FHFC Application Fee	$0	$6,000	$3,000	$50	$3,000
FHFC Credit Underwriting Fee	$20,000	$22,226	$22,292	$372	$22,292
Lender Inspection Fees / Const Admin	$15,000	$15,000	$15,000	$250	$0
Green Building Cert. (LEED, FGBC, NAHB)	$0	$6,000	$6,000	$100	$0
Insurance	$30,000	$15,000	$15,000	$250	$15,000
Legal Fees	$200,000	$157,500	$157,500	$2,625	$31,250
Market Study	$7,500	$0	$4,500	$75	$4,500
Plan and Cost Review Analysis	$0	$2,500	$2,500	$42	$2,500
Property Taxes	$20,000	$22,500	$22,500	$375	$22,500
Survey	$7,500	$8,500	$8,500	$142	$8,500
Title Insurance and Recording Fees	$90,000	$90,000	$90,000	$1,500	$27,500
Soft Cost Contingency	$0	$50,000	$31,180	$520	$0
Other: Tenant Relocation	$0	$40,000	$40,000	$667	$40,000
Total General Development Costs:	**$642,500**	**$712,592**	**$693,747**	**$11,562**	**$199,751**

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 9% of the recommended annual housing credit allocation.

4. FHFC Compliance Fees are to be paid annually.

5. The JLL/Freddie legal fees of $60,000 and an anticipated $31,000 Fiscal Agent Placement Fee are included in the legal fees line item.

6. Anticipated due diligence fees are included in the Lender Inspection Fees, Phase 1 cost, property Condition report, and Appraisal cost line items.

7. The Soft Cost Contingency line item has been reduced so as to not exceed 5% of the General Development Costs less the soft cost contingency as required by Rule.

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	$20,000	$23,000	$0	$0	$0
Construction Loan Closing Costs	$10,000	$0	$0	$0	$0
Construction Loan Interest	$0	$20,625	$20,625	$344	$0
Permanent Loan Application Fee	$0	$2,300	$2,300	$38	$0
Permanent Loan Origination Fee	$20,000	$23,000	$46,000	$767	$46,000
Permanent Loan Closing Costs	$10,000	$15,754	$15,754	$263	$15,753
Bridge Loan Origination Fee	$0	$9,000	$9,000	$150	$0
Bridge Loan Interest	$0	$8,000	$8,000	$133	$0
FHFC MMRN Note Cost of Issuance	$0	$200,000	$193,335	$3,222	$193,335
SAIL Commitment Fee	$0	$23,408	$23,408	$390	$11,704
Reserves - Operating Deficit	$0	$100,000	$100,000	$1,667	$100,000
Other: Insurance and Tax Reserve	$0	$20,833	$20,833	$347	$20,333
Total Financial Costs:	**$60,000**	**$445,920**	**$439,255**	**$7,321**	**$387,125**

Notes to the Financial Costs:

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

2. The FHFC Cost of Issuance line item includes Issuer fees, Fiscal Agent fees, legal fees, TEFRA fee, fiscal sufficiency fees, and other miscellaneous costs included in the Cost of Issuance.

3. The Operating Deficit Reserve of $100,000 is required by the HC Equity Provider. At the end of the compliance period any balance of the Operating Deficit Reserve will be used to pay FHFC debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees, deferred developer fee and partner funding. In no event shall the payment of amounts to the Applicant or the Developer from the Reserve Account cause the developer fee or the General contractor Fee exceed the applicable percentage limitations provided for in the Rule. If any balance in the Operating Deficit Account is remaining after the payments above, the amount should be placed in a replacement reserve account for the Development. Any and all terms and of the Operating Deficit Reserve must be acceptable to Florida Housing, its Servicer, and its legal counsel.

4. The construction loan interest is the anticipated interest on the Series B Note.

5. The SAIL Loan Commitment Fee line item includes a 1% commitment fee for both the SAIL Loan and the ELI Loan.

6. Bridge loan interest is the anticipated interest on that portion of the bridge loan anticipated to be needed through the construction period.

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	$2,100,000	$1,970,000	$1,970,000	$32,833	$0
Total Non-Land Acquisition Costs:	**$2,100,000**	**$1,970,000**	**$1,970,000**	**$32,833**	**$0**

Notes to the Non-Land Acquisition Costs:

1. First Housing reviewed a Purchase and Sale Agreement ("PSA") dated October 14, 2015 by and between Kashil Holdings, LLC, ("Seller") and SP Financial Real Estate, LLC ("Buyer'). The Purchase Price is $2,400,000. An Assignment and Assumption by and between SP Financial Real Estate, LLC ("Assignor") and SP HV Apartments LLC ("Assignee") was executed on November 6, 2015.

2. The Subject's hypothetical leased fee market value of the real estate (land and buildings) assuming achievable market rents "As Is" as of January 26, 2016 is $2,400,000.

OTHER DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Development Cost Before Developer Fee and	**$5,777,500**	**$6,028,158**	**$6,002,648**	**$100,044**	**$694,690**
Developer Fee on Acquisition of Buildings	$0	$329,600	$329,600	$5,493	$0
Developer Fee	$900,000	$712,648	$704,126	$11,735	$0
Consultant Fees	$0	$25,000	$25,000	$417	$25,000
Total Other Development Costs:	**$900,000**	**$1,067,248**	**$1,058,726**	**$17,645**	**$25,000**

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

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Land	$300,000	$430,000	$430,000	$7,167	$430,000
Total Acquisition Costs:	**$300,000**	**$430,000**	**$430,000**	**$7,167**	**$430,000**

Notes to Acquisition Costs:

1. First Housing reviewed a Purchase and Sale Agreement ("PSA") dated October 14, 2015 by and between Kashil Holdings, LLC, ("Seller") and SP Financial Real Estate, LLC ("Buyer'). The Purchase Price is $2,400,000. An Assignment and Assumption by and between SP Financial Real Estate, LLC ("Assignor") and SP HV Apartments LLC ("Assignee") was executed on November 6, 2015.
2. The Appraiser's indicated "as is" land value is $430,000.

TOTAL DEVELOPMENT COSTS:	**$6,977,500**	**$7,525,406**	**$7,491,374**	**$124,856**	**$1,149,690**

Notes to Total Development Costs:

1. The total development costs have increased by $513,874 from $6,977,500 to $7,491,374 or 7.4% since the application primarily due to increases in construction hard costs, required operating deficit reserves and an increase in Developer Fee.

Operating Pro Forma – Hampton Villa Apartments

FINANCIAL COSTS:					Year 1	Year 1 Per Unit
OPERATING PRO FORMA						
INCOME:	Gross Potential Rental Income				$475,200	$7,920
	Other Income				$7,500	$125
	Gross Potential Income				$482,700	$8,045
	Less:					
		Physical Vac. Loss	Percentage:	4.00%	$19,308	$322
		Collection Loss	Percentage:	1.00%	$4,827	$80
	Total Effective Gross Income				$458,565	$7,643
EXPENSES:	Fixed:					
		Real Estate Taxes			$41,260	$688
		Insurance			$15,000	$250
	Variable:					
		Management Fee	Percentage:	5.00%	$22,928	$382
		General and Administrative			$18,000	$300
		Payroll Expenses			$69,420	$1,157
		Utilities			$37,500	$625
		Marketing and Advertising			$1,500	$25
		Maintenance and Repairs/Pest Control			$32,500	$542
		Grounds Maintenance and Landscaping			$8,000	$133
	Reserve for Replacements				$18,000	$300
	Total Expenses				$264,108	$4,402
	Net Operating Income				$194,457	$3,241
	Debt Service Payments					
	First Mortgage Plus Fees - FHFC/JLL Capital/Freddie Mac				$147,145	$2,452
	Second Mortgage Plus Fees - FHFC SAIL				$25,885	$431
	Third Mortgage plus fees - FHFC ELI				$3,333	$56
	Total Debt Service Payments				$176,363	$2,939
	Cash Flow after Debt Service				$18,093	$302
					Annual	
	Debt Service Coverage Ratios					
	DSC - First Mortgage - FHFC/JLL Capital/Freddie Mac				1.32	
	DSC - Second Mortgage - FHFC SAIL				1.12	
	DSC - Third Mortgage - FHFC ELI				1.10	
	DSC - All Mortgages and Fees				1.10	
	Financial Ratios					
	Operating Expense Ratio				57.59%	
	Break-even Economic Occupancy Ratio (all debt)				91.25%	

Notes to the Operating Pro Forma and Ratios:

1. The MMRN and SAIL/ELI programs do not impose any rent restrictions. However, this development will be utilizing HC's in conjunction with the MMRN and SAIL/ELI financing, which will impose rent restrictions. The Housing Credit rents are the 2016 rents published by FHFC. The development is currently supported by project based Section-8 Rental Assistance on 100% of the units. HUD has indicated that they will provide a revised, twenty year commitment for rental assistance based upon the anticipated rehabilitation to be completed with rents being upgraded at the time of acquisition closing.

2. The anticipated 2016 Project based Section-8 rents were utilized. Below is the rent roll for the subject property:

Duval County / Jacksonville HMFA; Jacksonville 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	6	544	35%	$426	N/A	N/A	$62	$660	$364	$660	$660	$660	$47,520
1	1.0	54	544	60%	$731	N/A	N/A	$62	$660	$669	$660	$660	$660	$427,680
		60												$475,200

3. The Vacancy and Collection loss rate of 5% is based on the Credit Underwriter's estimate.

4. Other Income is comprised of vending income, community laundry facilities, late fees, interest income, pet deposits, and forfeited security deposits. Total other income of $125 per unit/ per year is supported by the appraisal.

5. The General and Administrative expense line item includes all professional fees for items such as legal, accounting and marketing. $300 per unit/ per year is supported by the appraisal.

6. 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.

7. The Applicant has submitted an executed but undated Property Management Agreement which reflects a management fee of 5% of gross rental income collected.

8. The tenant is responsible for electric utility expenses. The landlord will be responsible for trash, water, sewer, and common area electric. The Appraiser has estimated the utilities line item at $625 per unit based on historical data and comparables with the greatest weight placed on the developments historical data.

9. Replacement Reserves have been increased to $300 per unit per year, as required by the Rule.

10. 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

MMRN, SAIL, and ELI Loan Special and General Conditions & 4% 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 note 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. Satisfactory receipt and review of updated financials for the Guarantors dated within 90 days of closing or audited financials for the most recent fiscal year end.

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

3. Receipt and satisfactory review of the Final Plan and Cost review.

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

5. The Applicant is expecting a 20 year Section-8 HAP Contract. Receipt of an executed AHAP Commitment or satisfactory letter that supports the anticipated HAP rents is a condition to close.

6. Satisfactory receipt and review of an executed and dated Management Agreement.

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. and 67-48.0075 (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. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. 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 loan proceeds shall be disbursed during the construction phase in an amount per draw which does not exceed the ratio of the ELI 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 any remaining balance will be used to pay FHFC debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding

FHFC fees, deferred developer fee and partner funding. In no event shall the payment of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. If any balance in the Operating Deficit Reserve account is remaining after the payments above, the amount should be placed in a replacement reserve account for the development. Any and all terms and conditions of the Operating Deficit Reserve must be acceptable to Florida Housing, its Servicer, and its legal counsel.

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 Regions Bank 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, 420.5087 and 420.509, Florida Statutes, Rule Chapter 67-21, F.A.C. (MMRB Program Loan and Non-Competitive Housing Credits), Rule Chapter 67-48, F.A.C. (SAIL and ELI Loan Program), Rule Chapter 67-60, F.A.C., RFA 2015-112 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 the RFA, due 6 months prior to the placed in service date stated by the Applicant, which is anticipated to be December 31, 2017.

3. In addition, for properties that have a Housing Assistance Payment Contract and/or an Annual Contributions Contract with HUD, but are not HUD Section 202 or HUD Section 811, the Applicant shall establish an owner-adopted preference in the admission policies for the Development, allowing the Applicant to create a preference or limited preference specifically for individuals or families who are referred by a partnering service agency. The partnering service agency must be a designated Special Needs Household Referral Agency in the county where the Development is located. Following Chapter 4 of the HUD Handbook 4350.3, the Applicant is required by HUD to submit a written request to their local HUD Field Office specifying this type of preference with a full description of the preference and how it will be implemented. Such HUD approval must be demonstrated to the Corporation by a date that is six (6) months prior to the anticipated placed-in-service date stated by the Applicant at question 5.i of Exhibit A.

4. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRN, 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).

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

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

7. All amounts necessary to complete construction must be deposited with the Fiscal Agent 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 Fiscal Agent at the MMRN 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 MMRN loan, and sufficient amounts will be drawn from the bridge loan at MMRN closing in order to satisfy the 15% requirement.

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

9. For the MMRN, 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 a 1.15x debt service coverage ratio on the MMRN 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.

10. 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 a 1.15x debt service coverage for the combined permanent first mortgage MMRN 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.

11. Guarantors to provide the Standard FHFC Environmental Indemnity.

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

13. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel. The form of the title policy must be approved prior to closing.

14. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgage Lender, Fiscal Agent, 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.

15. Replacement Reserves in the amount of $300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's loan(s) servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per Rule 67-21 F.A.C. and 67-48 F.A.C., in the amount of $18,000 (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.

16. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The GC contract indicates a 10% retainage holdback through substantial completion, which exceeds the requirements of FHFC.

17. Closing of all funding sources prior to or simultaneous with the MMRN, SAIL and ELI loans.

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

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

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

Housing Credit Allocation Recommendation

First Housing Development Corporation has estimated a preliminary annual HC allocation of $252,314. 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 MMRN, SAIL, and ELI loans consistent with the assumptions of this Credit Underwriting Report.

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

3. Satisfactory resolution of any outstanding past due and/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: Hampton Villa Apartments 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	$475,200	$484,704	$494,398	$504,286	$514,372	$524,659	$535,152	$545,855	$556,773	$567,908	$579,266	$590,851	$602,669	$614,722	$627,016
Other Income	$7,500	$7,650	$7,803	$7,959	$8,118	$8,281	$8,446	$8,615	$8,787	$8,963	$9,142	$9,325	$9,512	$9,702	$9,896
Gross Potential Income	**$482,700**	**$492,354**	**$502,201**	**$512,245**	**$522,490**	**$532,940**	**$543,599**	**$554,471**	**$565,560**	**$576,871**	**$588,409**	**$600,177**	**$612,180**	**$624,424**	**$636,912**
Less:															
Physical Vac. Loss Percentage: 4.00%	$19,308	$19,694	$20,088	$20,490	$20,900	$21,318	$21,744	$22,179	$22,622	$23,075	$23,536	$24,007	$24,487	$24,977	$25,476
Collection Loss Percentage: 1.00%	$4,827	$4,924	$5,022	$5,122	$5,225	$5,329	$5,436	$5,545	$5,656	$5,769	$5,884	$6,002	$6,122	$6,244	$6,369
Total Effective Gross Income	**$458,565**	**$467,736**	**$477,091**	**$486,633**	**$496,366**	**$506,293**	**$516,419**	**$526,747**	**$537,282**	**$548,028**	**$558,988**	**$570,168**	**$581,571**	**$593,203**	**$605,067**
EXPENSES: Fixed:															
Real Estate Taxes	$41,260	$42,498	$43,773	$45,086	$46,438	$47,832	$49,267	$50,745	$52,267	$53,835	$55,450	$57,113	$58,827	$60,592	$62,409
Insurance	$15,000	$15,450	$15,914	$16,391	$16,883	$17,389	$17,911	$18,448	$19,002	$19,572	$20,159	$20,764	$21,386	$22,028	$22,689
Variable:															
Management Fee Percentage: 5.00%	$22,928	$23,387	$23,855	$24,332	$24,818	$25,315	$25,821	$26,337	$26,864	$27,401	$27,949	$28,508	$29,079	$29,660	$30,253
General and Administrative	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867	$21,493	$22,138	$22,802	$23,486	$24,190	$24,916	$25,664	$26,434	$27,227
Payroll Expenses	$69,420	$71,503	$73,648	$75,857	$78,133	$80,477	$82,891	$85,378	$87,939	$90,577	$93,295	$96,094	$98,976	$101,946	$105,004
Utilities	$37,500	$38,625	$39,784	$40,977	$42,207	$43,473	$44,777	$46,120	$47,504	$48,929	$50,397	$51,909	$53,466	$55,070	$56,722
Marketing and Advertising	$1,500	$1,545	$1,591	$1,639	$1,688	$1,739	$1,791	$1,845	$1,900	$1,957	$2,016	$2,076	$2,139	$2,203	$2,269
Maintenance and Repairs/Pest Control	$32,500	$33,475	$34,479	$35,514	$36,579	$37,676	$38,807	$39,971	$41,170	$42,405	$43,677	$44,988	$46,337	$47,727	$49,159
Grounds Maintenance and Landscaping	$8,000	$8,240	$8,487	$8,742	$9,004	$9,274	$9,552	$9,839	$10,134	$10,438	$10,751	$11,074	$11,406	$11,748	$12,101
Reserve for Replacements	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,000	$18,540	$19,096	$19,669	$20,259	$20,867
Total Expenses	**$264,108**	**$271,262**	**$278,626**	**$286,206**	**$294,009**	**$302,041**	**$310,310**	**$318,821**	**$327,582**	**$336,601**	**$346,425**	**$356,538**	**$366,949**	**$377,667**	**$388,700**
Net Operating Income	**$194,457**	**$196,474**	**$198,465**	**$200,426**	**$202,356**	**$204,251**	**$206,109**	**$207,926**	**$209,700**	**$211,427**	**$212,564**	**$213,630**	**$214,622**	**$215,536**	**$216,367**
Debt Service Payments															
First Mortgage Plus Fees- FHFC/JLL Capital/Freddie Mac	$147,145	$147,235	$147,327	$147,421	$147,519	$147,619	$147,723	$147,830	$147,939	$148,052	$148,169	$148,289	$148,413	$148,540	$148,671
Second Mortgage Plus Fees- FHFC SAIL	$25,885	$25,912	$25,939	$25,967	$25,996	$26,026	$26,057	$26,088	$26,121	$26,155	$26,189	$26,225	$26,262	$26,300	$26,339
Third Mortgage Plus Fees- FHFC ELI	$3,333	$3,360	$3,387	$3,415	$3,444	$3,474	$3,505	$3,536	$3,569	$3,603	$3,637	$3,673	$3,710	$3,748	$3,787
Total Debt Service Payments	**$176,363**	**$176,506**	**$176,652**	**$176,804**	**$176,959**	**$177,119**	**$177,284**	**$177,454**	**$177,630**	**$177,810**	**$177,996**	**$178,187**	**$178,384**	**$178,587**	**$178,796**
Cash Flow after Debt Service	**$18,093**	**$19,968**	**$21,812**	**$23,623**	**$25,397**	**$27,132**	**$28,825**	**$30,472**	**$32,071**	**$33,617**	**$34,568**	**$35,443**	**$36,238**	**$36,949**	**$37,571**
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Debt Service Coverage Ratios															
DSC - First Mortgage - FHFC/JLL Capital/Freddie Mac	**1.32**	**1.33**	**1.35**	**1.36**	**1.37**	**1.38**	**1.40**	**1.41**	**1.42**	**1.43**	**1.43**	**1.44**	**1.45**	**1.45**	**1.46**
DSC - Second Mortgage - FHFC SAIL	**1.12**	**1.13**	**1.15**	**1.16**	**1.17**	**1.18**	**1.19**	**1.20**	**1.20**	**1.21**	**1.22**	**1.22**	**1.23**	**1.23**	**1.24**
DSC - Third Mortgage - FHFC ELI	**1.10**	**1.11**	**1.12**	**1.13**	**1.14**	**1.15**	**1.16**	**1.17**	**1.18**	**1.19**	**1.19**	**1.20**	**1.20**	**1.21**	**1.21**
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**	**1.19**	**1.20**	**1.20**	**1.21**	**1.21**
Financial Ratios															
Operating Expense Ratio	**57.59%**	**57.99%**	**58.40%**	**58.81%**	**59.23%**	**59.66%**	**60.09%**	**60.53%**	**60.97%**	**61.42%**	**61.97%**	**62.53%**	**63.10%**	**63.67%**	**64.24%**
Break-even Economic Occupancy Ratio (all debt)	**91.25%**	**90.94%**	**90.66%**	**90.39%**	**90.14%**	**89.91%**	**89.70%**	**89.50%**	**89.33%**	**89.17%**	**89.13%**	**89.09%**	**89.08%**	**89.08%**	**89.10%**

HC Allocation Calculation

Section I: Qualified Basis Calculation

Rehabilitation

Total Development Cost(including land and ineligible costs)	$7,491,374
Less Land and Building Costs	$2,400,000
Less Developer Fee on Building Acquisition	$329,600
Less Other Ineligible Costs	$719,690
Total Eligible Basis	$4,042,084
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	$5,254,709
Housing Credit Percentage	3.34%
Annual Housing Credit Allocation	$175,507

Acquisition

Acquisition Cost for Land and Existing Buildings	$2,400,000
Less Land Costs	$430,000
Plus Other Eligible Acquisition Costs	$329,600
Less Other Ineligible Costs	$0
Total Eligible Basis	$2,299,600
Applicable Fraction	100%
DDA/QCT Basis Credit	100%
Qualified Basis	$2,299,600
Housing Credit Percentage	3.34%
Annual Housing Credit allocation for 4% HC's	$76,807
Total Annual Tax Credit Allocation	$252,314

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 3.34% was applied for the qualified basis credit allocation based on the rate at time of Invitation into Credit Underwriting in March of 2016 (3.19%) plus 15 bps.

Section II: GAP Calculation

Total Development Costs(including land and ineligible Costs)	$7,491,374
Less Mortgages	$4,640,800
Less Grants	$0
Equity Gap	$2,850,574
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$1.02
HC Required to meet Equity Gap	$2,794,960
Annual HC Required	$279,496

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from the revised executed Letter of Intent executed July 19, 2016, from Regions Bank.

Section III: Summary

HC Per Syndication Agreement	$239,675
HC Per Qualified Basis	$252,314
HC Per GAP Calculation	$279,496
Annual HC Recommended	$252,314
Syndication Proceeds based upon Syndication Agreement	$2,444,438

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.

50% Test for Acquisition Rehab.

Tax-Exempt MMRN Amount	$3,800,000
Less: Debt Service Reserve Funded with Tax Exempt Note Proceeds	$0
Less Proceeds Used for Cost of Issuance	$0
Other:	$0
Equals Net Tax-Exempt Note Amount	$3,800,000
Total Depreciable Cost	$4,371,684
Plus Building/Land Cost	$2,400,000
Aggregate Basis	$6,771,684
Net Tax-Exempt Note to Aggregate Basis Ratio	56.12%

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

EXHIBIT "B"
(HAMPTON VILLA APARTMENTS / RFA 2015-112 / 2016-186BS)

MMRN, SAIL , ELI and 4% HC's DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

60 Garden Apartments located in 8 residential buildings.

Unit Mix:
Sixty (60) one bedroom/one bath units.

60 Total Units

B. The Development must meet all requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act as implemented by 24 CFR 100, the 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, F.S., Section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act ("ADA") of 1990 as implemented by 28 CFR 35, incorporating the most recent amendments, regulations, and rules, as applicable.

C. All rehabilitation units must include as many of the required Accessibility, General and Green Building features as are structurally and financially feasible within the scope of the rehabilitation work, utilizing a capital needs assessment and accessibility review ordered by the Credit Underwriter and performed by an independent third party(ies).

D. The Development must provide the following General Features and Accessibility, Universal Design and Visitability 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 Department's residents from a primary provider of cable or satellite TV;
5. Full-size range and oven in all units;
6. At least two full bathrooms in all 3 bedroom or larger new construction units;

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

8. Washer and dryer hook ups in each of the Development’s units or an on-site laundry facility for resident use. If the proposed Development consists of an on-site laundry facility, there must be a minimum of one (1) Energy Star qualified washer and one (1) dryer per every 15 units. To determine the required number of washers and dryers for the on-site laundry facility; divide the total number of the Developments’ units by 15, and then round the equation’s total up to the nearest whole number.

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

All units must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not less than one unit, must be accessible for persons with hearing or vision impairments.

All rehabilitation units that are located on an accessible route must incorporate the features listed below to the maximum extent feasible within the scope of the rehabilitation work planned by the Applicant. The maximum extent feasible shall be determined by the scope of work and the construction features that are affected by the rehabilitation work. Any major change affecting the features such as remodeling, renovation, rearrangement of structural parts or walls or full-height partitions requires compliance with accessibility requirements below. For the purposes of this RFA, normal maintenance, re-roofing, painting or wallpapering, or changes to mechanical and electrical systems are not considered alterations. Where an alteration affects a construction feature, accessibility is required to the maximum extent feasible.

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

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

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

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

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

F. General Features required in all Family Demographic Developments:

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

G. Green Building Features required in all Family and Elderly Demographic Developments:

a. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);

b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
   i. Faucets: 1.5 gallons/minute or less, and
   ii. Showerheads: 2.0 gallons/minute or less;

c. Energy Star qualified refrigerator;

d. Energy Star qualified dishwasher;

e. Energy Star qualified ventilation fan in all bathrooms;

f. Energy Star water heater;

g. Energy Star qualified ceiling fans with lighting fixtures in bedrooms; and

h. Air Conditioning minimum efficiency specifications:
   i. In-unit air conditioning: Minimum 15 SEER
   ii. Packaged units are allowed in studio/efficiency units and one-bedroom units: Minimum 13.8 EER; or

iii. Central chiller AC system – based on size:
   a. 0-65 KBtuh: Energy Star certified; or
   b. >65-135 KBtuh: 11.9 EER; or
   c. >135-240 KBtuh: 12.3 EER; or
   d. >240 KBtuh: 12.2 EER

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

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

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

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

2. ___ Humidistat in each unit (2 points)

3. ___ Water Sense certified dual flush toilets in all bathrooms (2 points)

4. ___ Light colored concrete pavement instead of or on top of asphalt to reduce the heat-island effect (2 points)

5. ___ Energy star qualified roof coating (2 points)

6. _X_ Energy star qualified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) (3 points) *

7. ___ Eco-friendly cabinets – formaldehyde free and material must be certified by the Forest Stewardship Council or a certification program endorsed by the Programme for the Endorsement of Forest Certification (3 points)

8. ___ Eco-friendly flooring for entire unit – Carpet and Rug Institute Green Label certified carpet and pad, bamboo, cork, 80 percent recycled content tile, and/or natural linoleum (3 points)

9. ___ High Efficiency HVAC with SEER of at least 16 (2 points)**

10. _X_ Energy efficient windows in each unit (3 points)

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

12. _X_ Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points)

* Applicant may choose only one option related to Energy Star qualified roofing.
** Applicants who choose high efficiency HVAC's must meet the standards listed here, which exceed the minimum Green Building Features required of all Developments in Exhibit C.

I. The Applicant must provide the following Resident Programs:

1. After School Program for Children – This program requires the Applicant or its Management Company to provide supervised, structured, age-appropriate activities for children during after school hours, Monday through Friday. Activities must be on-site.

2. Literacy Training – The 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.

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

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

DEVELOPMENT
NAME: **Hampton Villa Apartments**
DATE: **July 22, 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	**STATUS**	**NOTE**
REQUIRED ITEMS:	**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.	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.	Unsatis	**1.**
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:

1. Closing is conditioned upon receipt and satisfactory review of a dated and executed Management Agreement.

Applicant's Response:

- None