Florida Housing Finance Corporation

Credit Underwriting Report

Seminole Gardens

RFA 2015-112 (2016-179BS)

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

Section A: Report Summary

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

Section C: Supporting Information and Schedules

Prepared by

AmeriNational Community Services, LLC d/b/a AmeriNat℠ in KY, GA, and FL

Final Report

July 22, 2016

Seminole Gardens

TABLE OF CONTENTS

Section A

Section B

Section C

Exhibits

Section A

Report Summary

Recommendation

AmeriNational Community Services, LLC d/b/a AmeriNat℠ in KY, GA, and FL (“AmeriNat”) recommends the issuance of MMRN in the amount of $7,250,000, a SAIL Loan in the amount of $2,800,000, an ELI Loan in the amount of $536,500, and an annual 4% HC allocation of $518,563 to SP SG Apartments, LLC (“Applicant” or “Borrower”) for the acquisition, rehabilitation, and permanent phase financing of Seminole Gardens (the “Development”).

DEVELOPMENT & SET-ASIDES	
Development Name:	Seminole Gardens
Program Numbers:	RFA 2015-112; 2016-179BS
Address:	1600 West 5th Street
City:	Sanford
Zip Code:	32771
County:	Seminole
County Size:	Medium
Development Category:	Acq. & Rehab./Mod. Rehab/Subst. Rehab
Development Type:	Garden
Construction Type:	Concrete

Demographic Commitment: Elderly: No Homeless: No ELI: 11 Units @ 40% AMI
Farmworker or Commercial Fish Worker: No Family: Yes Link: 6 Units

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1.0	1.0	2	435	40%	$439			$58	$700	$381	$700	$700	$700	$16,800
1.0	1.0	18	435	60%	$658			$58	$700	$600	$700	$700	$700	$151,200
2.0	1.0	7	567	40%	$527			$62	$810	$465	$810	$810	$810	$68,040
2.0	1.0	62	567	60%	$790			$62	$810	$728	$810	$840	$810	$602,640
3.0	1.0	2	725	40%	$608			$67	$925	$541	$925	$925	$925	$22,200
3.0	1.0	17	725	60%	$912			$67	$925	$845	$925	$925	$925	$188,700
		108	61598											$1,049,580

Rental Assistance Units: 108

Buildings:	Residential -	5	Non-Residential -	1
Parking:	Parking Spaces -	113	Accessible Spaces -	6

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
MMRN	100.0%	108	60%	50
SAIL/ELI Gap	10.0%	11	40%	50
SAIL	90.0%	97	60%	50
Housing Credits	100.0%	108	60%	50

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.

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

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

Absorption Rate: 15 units per month for 7 months.

Occupancy Rate at Stabilization: Physical Occupancy 97% Economic Occupancy 96%
Occupancy Comments: Physical occupancy was 99% as of 4/1/16.

DDA?: Yes
QCT?: Not in App
Site Acreage: 7.69
Density: 14
Flood Zone Designation: X
Zoning: MR-2 (Multiple-Family Residential)
Flood Insurance Required?: No

DEVELOPMENT TEAM		
		% Ownership
Applicant/Borrower:	SP SG Apartments, LLC	
General Partner 1:	SP SG Manager, LLC	0.01%
Limited Partner 1:	Raymond James Tax Credit Funds, Inc., or an affiliate	99.99%
Guarantor(s):	SP SG Apartments, LLC	
	SP SG Manager, LLC	
	SP and MS, LLC	
	J. David Page	
	Southport Development, Inc. d/b/a Southport Development Services, Inc.	
Developer:	Southport Development, Inc. d/b/a Southport Development Services, Inc.	
Principal 1	J. David Page	
General Contractor 1:	Vaughn Bay Construction, Inc.	
Management Company:	Cambridge Management, Inc. d/b/a Cambridge Management of Washington, Inc.	
Syndicator:	Raymond James Tax Credit Funds, Inc., or an affiliate	
Bond Issuer:	Florida Housing Finance Corporation	
Architect:	Architectonics Studio Inc. - Michael Arrigo	
Market Study Provider:	Novogradac & Company LLP	
Appraiser:	Novogradac & Company LLP	

PERMANENT FINANCING INFORMATION

	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	1	2	3			
Lender/Grantor	FHFC / JLL / Freddie Mac	FHFC - SAIL	FHFC - ELI			
Amount	$5,850,000	$2,800,000	$536,500			
All In Interest Rate	4.46%	1.00%	0.00%			
Loan Term	16	16	16			
Amortization	35	0	0			
Market Rate/Market Financing LTV	65.0%	96.1%	102.1%			
Restricted Market Financing LTV	66.5%	98.3%	104.4%			
Loan to Cost	39.8%	19.0%	3.6%			
Debt Service Coverage	1.46	1.35	1.35			
Operating/Deficit Service Reserve	$237,780					
Period of Operating Expenses/Deficit Reserve in Months	3.9					

Deferred Developer Fee	$1,049,594
Land Value	$1,100,000
As-Is Value (Rehabilitation)	$5,700,000
Market Rent/Market Financing Stabilized Value	$9,000,000
Rent Restricted Market Financing Stabilized Value	$8,800,000
Projected Net Operating Income (NOI) - Year 1	$482,291
Projected Net Operating Income (NOI) - 15 Year	$553,672
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	$1.065000071
Housing Credit Annual Allocation	$518,563

Construction/Permanent Sources:

CONSTRUCTION/PERMANENT SOURCES:				
Source	**Lender**	**Construction**	**Permanent**	**Perm Loan/Unit**
First Mortgage (Series A Note)	FHFC / JLL / Freddie Mac	$5,850,000	$5,850,000	$54,167
First Mortgage (Series B Note)	FHFC / JLL / Freddie Mac	$1,400,000	$0	$0
Second Mortgage - SAIL	FHFC	$2,800,000	$2,800,000	$25,926
Third Mortgage - ELI	FHFC	$536,500	$536,500	$4,968
HC Equity	RJTCF	$3,072,553	$4,472,553	$41,413
Deferred Developer Fee	Developer	$1,049,594	$1,049,594	$9,718
TOTAL		$14,708,647	$14,708,647	$136,192

Changes from the Application:

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

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

1. The Applicant, via an emailed letter to FHFC on April 21, 2016, requested an increase of MMRN from $6,750,000 to $7,250,000. The change was approved by FHFC via an email dated April 27, 2016.

   The Application included a letter of intent from Regions Bank providing a total capital contribution of $4,799,520. Regions Bank has been replaced by Raymond James Tax Credit Funds, Inc. (“RJTCF”) who will provide $4,472,553 in HC capital.

2. Total development costs have increased by $789,073, from $13,919,574 to $14,708,647 since the Application, primarily due to increases in Financial Costs, Developer Fee and Land Acquisition Costs.

The changes have no substantial material impact to the MMRN/SAIL/ELI/HC recommendation for this development.

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

According to the FHFC Asset Management Noncompliance Report dated May 11, 2016, the Development Team has no compliance issues.

According to the FHFC Past Due Report dated May 11, 2016, the Development Team has the following past due issues:

Southport Development, Inc.

- Georgia Arms – Seminole County (SAIL ELI 2014-311S); SAIL - Owes 2015 SAIL ELI servicer fees of $1,630.77 due 4/30/16. Reminder notices sent 3/28/16, 4/19/16 & past due notice sent 5/5/16.

Southport Financial Services, Inc.

- Johnson-Kenneth Court (Silver Oaks) - Hillsborough County (RFP2010-04/2010-015CX); TCEP - Owes $250 late fee for Failure to submit 2015 Audited Financials and SR-1 form by 5/2/2016. Failure to submit 2015 Audited Financials and SR-1 form. Late fee invoice sent out on 5/10/2016.

This recommendation is subject to satisfactory resolution, as determined by Florida Housing, of any outstanding non-compliance and past due issues applicable to the Development Team prior to the loan closings or the issuance of the HC recommendation herein.

Strengths:

1. The development team plans to retain residents and complete rehabilitation with tenants in place. Residents and their personal items will be temporarily housed on site in eleven completed units. The Development should experience minimal income loss due to vacancy during the planned rehabilitation period. As of April 1, 2016, physical occupancy was 99%.

2. The market study completed by Novogradac & Company, LLP (“Novogradac”) dated June 9, 2016 identified the Development’s Primary Market Area (“PMA”) for the purpose of determining comparable properties. The PMA indicated a weighted average physical occupancy rate of 98%.

3. Per the market study, the Development will benefit from the rental rate advantage it will have over market rents, in the event Section 8 Project Based Rental Assistance (“PBRA”) is lost. The units set-side for tenants with incomes at or below 40% of Area Median Income (“AMI”) will have an advantage over achievable market rents of between 80.2% and 96.9%. The units set-side for tenants with incomes at or below 60% of AMI will have an advantage over achievable market rents of between 15.4% and 25.0%. The average market rental rates are in excess of 110% of the applicable maximum HC rental rates for the area, in accordance with the Rule.

Other Considerations:

None

Issues and Concerns:

1. The Development currently operates all 108 of its units under the Housing Assistant Payments ("HAP") Program through the U.S. Department of Housing and Urban Development ("HUD"), according to a 5-year HAP Renewal Contract effective February 1, 2012 ("HAP Contract") along with contract rents approved by HUD per Form-92458 ("HUD Rent Schedule") effective February 1, 2016. Both the HAP Contract and HUD Rent Schedule expire on February 1, 2017.

   Mitigating factors:

   A HUD letter dated June 30, 2016, from representative, Belinda Koros, Chief Account Executive Branch Two of the Jacksonville Multifamily Satellite Office, indicates the following items are to be issued by North Tampa Housing Development Corporation: a mark–up-to-market HAP Renewal Contract with an effective date of August 1, 2016 and a term of 20 years, Appendix 15-2B and the preservation exhibit.

2. Mr. J. David Page, a financial beneficiary in the transaction, indicated two separate incidences of foreclosure, deed in lieu of foreclosure, short sale, loan default, or payment moratorium.

   Mitigating factors:

   AmeriNat received the following details regarding this item:

   a. Oak Creek Apartments (176 units of affordable multifamily housing located in Kansas City, MS) The community was owned by Oak Creek Investors, LP and through its general partnership entity, Oak Creek Associates, Inc., Mr. Page held a 33% ownership interest. Rehabilitation proceeds for a HUD 223(f) loan were provided on December 16, 2002 by GMAC Commercial Mortgage Corporation in the amount of $4,037,500; and a mortgage payment default occurred in August of 2010. Performance declined after 2004 due to the influx of newly developed and rehabilitated market and LIHTC apartments in the area offering superior amenities and rent concessions. Subsequent capital investments, operating expense controls, successful attempts to seek rental subsidy failed to improve operations, and the owners ceased funding operating deficits totaling $1,590,000 through 2009. The applicant represents HUD 2530 clearance has been maintained during this period. The note was acquired by Bockelman Investments, LLC and the company amicably agreed to a deed in lieu of foreclosure on September 20, 2011. The property was deeded to the new owner on January 2, 2012.

Waiver Requests:

None

Special Conditions:

Receipt of a HUD approved mark–up-to-market HAP Renewal Contract with an effective date of August 1, 2016 and a term of 20 years for 100% of the Development's units, Appendix 15-2B and the preservation exhibit, consistent with the proposed rent and utility allowances underwritten herein.

Additional Information:

1. The Borrower has applied to JLL Capital Markets ("JLL" or "Funding Lender") to provide acquisition/rehabilitation and permanent funding ("Funding Loan") of the Development pursuant to the Federal Home Loan Mortgage Corporation ("Freddie Mac") Multifamily Direct Purchase 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 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 Development. 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 including a first mortgage lien with respect to the property.

2. In accordance with the RFA, FHFC limits the Total Development Cost ("TDC") per unit for all Developments categorized by the construction type of the units as indicated by the Applicant in the RFA. The maximum TDC per unit for the construction specified by the Applicant (garden – concrete) is $157,692 per unit after applying a 2.0% escalation factor to the $154,600 per unit cost allowed for this construction type. The TDC per unit exclusive of land costs and operating deficit reserves for the proposed Development is $127,013 as underwritten.

3. Development and execution by the Applicant of the required memorandum of understanding with a designated supportive services referral agency that provides supportive services for persons with a disabling condition, along with establishing and creating an owner-adopted preference or limited preference in the Development's admission policies specifically for individuals or families referred by a partnering agency with the agency designated as a Special Needs Household referral agency in the county where the development is located, is due to FHFC six (6) months prior to the Development's anticipated place-in-service date of December 31, 2017.

Recommendation:

AmeriNat recommends MMRN in the amount of $7,250,000, a SAIL Loan in the amount of $2,800,000, an ELI Loan in the amount of $536,500, and an annual 4% HC allocation of $518,563 to the Applicant for the acquisition, rehabilitation, and permanent financing of the Development. Please see Exhibit 3 of this report for further information regarding the HC allocation calculation.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the MMRN and SAIL Program and ELI Loan Special and General Loan Closing Conditions, and HC Allocation

Recommendation and Contingencies (Section B). This recommendation is only valid for six months from the date of the report. The reader is cautioned to refer to these sections for complete information.

Prepared by:

Josh Bowersox
Credit Underwriter

Reviewed by:

Mark Fredericks
Mark Fredericks
SVP Multifamily Services

Overview

Construction Financing Sources:

Source	Lender	Applicant's Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Debt Service During Construction
First Mortgage (Series A Note)	FHFC / JLL / Freddie Mac	$6,750,000	$5,850,000	$5,850,000	4.46%	$330,489
First Mortgage (Series B Note)	FHFC / JLL / Freddie Mac	$0	$1,400,000	$1,400,000	1.90%	$39,900
Second Mortgage - SAIL	FHFC	$2,800,000	$2,850,000	$2,800,000		
Third Mortgage - ELI	FHFC	$536,500	$536,500	$536,500		
HC Equity	RJTCF	$3,839,616	$3,643,156	$3,072,553		
Deferred Developer Fee	Developer	$1,800,000	$1,692,921	$1,049,594		
	Total :	**$15,726,116**	**$15,972,577**	**$14,708,647**		**$370,389**

<u>Proposed First Mortgage and Tax Exempt MMRN Loan</u>:

The Applicant applied for $6,750,000 in tax-exempt bonds to be issued by Florida Housing for the acquisition/rehabilitation and permanent financing of this Development. AmeriNat reviewed a Letter of Intent ("LOI") provided by JLL dated May 5, 2016 to provide tax-exempt construction/permanent loan proceeds of $7,250,000, consisting of a permanent loan not to exceed $5,850,000 ("Series A Note") and a short-term construction loan of $1,400,000 ("Series B Note"). JLL is a Freddie Mac Seller/Servicer.

The LOI illustrates a Series A Note first mortgage loan with a term of 16 years from the initial funding date, amortizing payments due based on a 35-year amortization schedule, and an interest rate fixed at closing. Payments will be due and payable monthly. The interest rate will be based on the 10-year U.S. Treasury (1.85% as of the LOI) plus a spread of 212 basis points ("bps"), and includes 24 bps for the issuer fee and a cushion of 25 bps for rate volatility providing for an "all in" rate of 4.46%. The Series A Note is anticipated to be fully funded at closing. No prepayment is permitted within 10 years from issuance; thereafter prepayment is subject to standard maintenance fees up until 6 months prior to maturity, then a prepayment of 1% applies up until 90 days from maturity, with prepayment payable at par.

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 Development 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 on 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).

A co-first mortgage short-term Series B Note will be provided for $1,400,000 to satisfy the 50% tax-exempt bond Rule according to the LOI. The Series B Note will have its own separate Funding Loan Agreement for an 18-month term and no prepayment penalties will apply. The Series B Note is underwritten with a bank interest rate of 0.60% based on an interpolated 18 month U.S. Treasury index rate (as of 6/20/2016), plus a spread of 105 bps resulting in an "all in" interest rate of 1.90%, including a 25 bps cushion to allow for potential increases in interest rates. The Series B Note will be fully funded at closing and require monthly interest only payments from capitalized interest. The anticipated source of cash deposits will be proceeds from the FHFC SAIL or ELI loan, or an equity bridge loan.

<u>Proposed Second Mortgage – FHFC SAIL:</u>

The Applicant applied to Florida Housing for a $2,800,000 SAIL Program loan under RFA 2015-112 for the construction financing of the Development. The SAIL loan term will be 16 years, as requested by the HC syndicator and as permitted by the Rule. The SAIL loan shall be non-amortizing with a 1.00% interest rate over the life of the loan with payments based upon available cash flow as determined by Florida Housing. Any unpaid interest will be deferred until cash flow is available. However, at maturity, all principal and accrued interest will be due. Annual payments of all applicable fees will be required during its term. SAIL Program loan proceeds may be among the sources of funds utilized to collateralize the Series B Note during the construction phase. Based on the analysis presented herein, a total of $2,800,000 in SAIL Loan proceeds are necessary during the construction phase of the Development. SAIL loan proceeds shall be disbursed during the construction phase in an amount per construction draw, which does not exceed the ratio of the SAIL Loan to Total Development Costs, unless approved by the credit underwriter.

<u>Proposed Third Mortgage Loan – FHFC ELI:</u>

The Applicant requested an Extremely Low Income ("ELI") Loan in the amount of $536,500. The ELI loan will be non-amortizing at 0% interest per year over the life of the loan with principal forgivable at maturity, provided the units are targeted to ELI Households for the first 15 years of the 50-year Compliance Period. It shall have a term of 16 years, as requested by the HC syndicator and as permitted by the RFA. After 15 years, all of the ELI Set-Aside units may convert to serve residents at or below 60% of AMI. The Development must set aside fifty percent (50%) of the ELI Set-Aside units for Persons with a Disabling Condition. The Person with a Disabling Condition set-aside requirement must be maintained throughout the entire compliance period. ELI loan proceeds shall be disbursed during the construction phase in an amount per construction draw, which does not exceed the ratio of the ELI loan to Total Development Costs, unless approved by the credit underwriter.

<u>Additional Construction Sources of Funds:</u>

The Applicant provided an LOI dated April 22, 2016 by which RJTCF or an affiliate will make a net equity contribution of $4,472,553 for a 99.99% interest in the Applicant in return for a proportionate share of the total HC allocation they estimate to be $4,200,000. The HC allocation will be syndicated at a rate of $1.065000071 for each $1.00 of tax credits delivered. A total of $894,511 (20.00% of total equity available) is to be funded at construction loan closing, which is an amount sufficient to meet the 15% required by Rule. A total of $3,643,156 is available from the HC Syndicator during the construction phase prior to completion; however, AmeriNat estimates only $3,072,553 is needed.

Deferred Developer Fee:

The Applicant will be required to defer $1,049,594 of the developer fee during the construction phase, which represents approximately 50.31% of the total developer fee.

Permanent Financing Sources:

Source	Lender	Applicant's Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Amortization Years	Term Years	Annual Debt Service
First Mortgage (Series A Note)	FHFC / JLL / Freddie Mac	$6,750,000	$5,850,000	$5,850,000	4.46%	35	16	$330,489
Second Mortgage - SAIL	FHFC	$2,800,000	$2,850,000	$2,800,000	1.00%	0	16	$26,600
Third Mortgage - ELI	FHFC	$536,500	$536,500	$536,500	0.00%	0	16	$0
HC Equity	RJTCF	$4,799,520	$4,472,553	$4,472,553				
Deferred Developer Fee	Developer	$1,800,000	$863,524	$1,049,594				
	Total :	$16,686,020	$14,572,577	$14,708,647				$357,089

First Mortgage and Tax Exempt MMRN:

The Series A Note first mortgage loan in the amount of $5,850,000 will be fully funded at closing and will mature approximately 14.5 years following the termination of the construction phase and conversion to the permanent phase. Payments will be due and payable monthly, based on a 35-year amortization schedule and an interest rate determined at closing, based on the 10-year U.S Treasury (1.85% as of the LOI) plus a spread of 212 bps, and include 24 bps for the issuer fee and a cushion of 25bps for rate volatility providing for an "all in" rate of 4.46%.

At maturity, Borrower may satisfy the Series A Note repayment via refinance or sale of the Development 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).

Second Mortgage:

The Applicant applied to Florida Housing for a $2,800,000 SAIL Program loan under RFA 2015-112 for the construction financing of the Development. The SAIL loan term will be 16 years, as requested by the HC syndicator and as permitted by the Rule. The SAIL loan shall be non-amortizing with a 1.00% interest rate over the life of the loan with payments based upon available cash flow as determined by Florida Housing. Any unpaid interest will be deferred until cash flow is available, with all unpaid principal and interest due at maturity. Annual payments of all applicable fees will be required including the Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of $810 per month, subject to a minimum of $204 per month, and Compliance Monitoring Multiple Program Fee of $885.

Third Mortgage:

The $536,500 ELI loan will be non-amortizing at 0% interest over the life of the loan with principal forgivable at maturity provided the units are targeted to ELI Households for the first 15 years of the 50-year Compliance Period. It shall have a term of 16 years, as requested by the HC syndicator. Annual payments of all applicable fees will be required including the Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of $810 per month, subject to a minimum of $204 per month, and Compliance Monitoring Multiple Program Fee of $885. After 15 years, all of the ELI Set-Aside units may convert to serve residents at or below 60% of AMI. The Person with a Disabling Condition set-aside requirement must be maintained throughout the entire compliance period.

Additional Permanent Sources of Funds:

According to the LOI, RJTCF or an affiliate, as Investor Member, intends to purchase a 99.99% ownership interest in the Applicant at loan closing in return for a proportionate share of HC. With $4,200,000 of syndicated HC and a syndication rate of $1.065000071 per dollar of HC, the Investor Member anticipates a $4,472,553 net HC equity contribution to be paid as follows:

Capital Contributions	Amount	Percent of Total	Due upon
1st Installment	$894,511	20.00%	Prior to or simultaneous with the closing of construction financing, of which $25,000 will be held back for due diligence and legal expense reimbursement
2nd Installment	$894,511	20.00%	the later of: October 1, 2016 and 25% construction completion
3rd Installment	$894,511	20.00%	the later of: January 1, 2017 and 50% construction completion
4th Installment	$894,511	20.00%	the later of: April 1, 2017 and 75% construction completion
5th Installment	$65,112	1.46%	99% construction completion
6th Installment	$250,000	5.59%	the later of: July 1, 2017 and construction completion
7th Installment	$579,397	12.95%	the later of: October 1, 2017 and project stabilization; with receipt of IRS Form 8609
Total:	**$4,472,553**	**100%**	

Annual Credits Per Syndication Agreement	$420,000
Total Credits Per Syndication Agreement	$4,200,000
Calculated HC Rate:	$1.065000071
Limited Partner Ownership Percentage	99.99%
Proceeds During Construction	$3,643,156

Deferred Developer Fee:

The Applicant will be required to permanently defer $1,049,594 of total developer fee after stabilization, which represents approximately 50.31% of the total developer fee. According to the 15-Year Operating Proforma (Exhibit 1), the deferred developer fee after stabilization can be repaid within 9 years.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Rehab of Existing Rental Units	$4,482,662	$4,245,191	$4,245,191	$39,307	$0
General Conditions	$0	$84,904	$84,904	$786	$0
Overhead	$0	$254,711	$254,711	$2,358	$0
Profit	$575,000	$254,711	$254,711	$2,358	$0
Total Construction Contract/Costs	$5,057,662	$4,839,517	$4,839,517	$44,810	$0
Hard Cost Contingency	$409,046	$424,519	$483,951	$4,481	$0
Other: Payment and Performance Bond	$54,560	$62,148	$62,148	$575	$0
Other: Appliances	$0	$132,310	$132,310	$1,225	$0
Total Construction Costs:	**$5,521,268**	**$5,458,494**	**$5,517,926**	**$51,092**	**$0**

Notes to Actual Construction Costs:

1. A Standard Form of Agreement between the Owner and Vaughn Bay Construction, Inc. ("General Contractor" or "GC") where the basis of payment is the cost of the work plus a fee with a guaranteed maximum price in the amount of $4,971,827 (the "Construction Contract") has been provided. The Construction Contract was entered into as of March 22, 2016 and is executed by the Owner and the GC. The Construction Contract contains a production schedule indicating substantial completion by May 30, 2017 (approximately 10.5 months) from the date of commencement. Retainage of ten percent (10%) will be withheld from each application of funds on all work until fifty percent (50%) of the work is completed and no further retainage shall be withheld thereafter.

2. A plan and cost review was engaged by AmeriNat and performed by On Solid Ground, LLC ("OSG"), which summarized their review of the Schedule of Values in a report dated April 26, 2016. The review concludes that plans/specs are adequately prepared and provide sufficient information to construct the Development as proposed. OSG opines contract costs of $46,035 per unit are considered acceptable based on the comparable data presented by the consultant.

3. A 10% hard cost contingency was utilized by AmeriNat, supported by the plan and cost review and is within the 15% maximum permitted by the Rule. Hard cost contingency as well as Payment and Performance Bonds are not included as part of the Construction Contract; yet are presented in the Applicants budget.

4. General Contractor's Fee (consisting of general requirements, overhead, and profit) is based on the schedule of values contained in the executed Construction Contract and does not exceed 14.00% of allowable hard costs as permitted by Rule.

5. AmeriNat has received a letter of intent dated May 6, 2016 for a Payment and Performance Bond in the full amount of the construction contract that will be issued by International Fidelity Insurance Company ("IFIC"); who has a rating of "A-" by AMBest & Co., which meets the requirement. AmeriNat has shown the cost of the bond outside of the Construction Contract as it is not included as part of the Schedule of Values.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	$20,000	$20,000	$20,000	$185	$0
Appraisal	$10,000	$9,000	$7,000	$65	$0
Architect's Fee - Site/Building Design	$165,000	$110,000	$110,000	$1,019	$0
Architect's Fee - Supervision	$30,000	$20,000	$20,000	$185	$0
Building Permits	$79,602	$80,281	$80,281	$743	$0
Builder's Risk Insurance	$48,332	$35,000	$35,000	$324	$0
Capital Needs Assessment/Rehabilitation	$10,000	$0	$3,575	$33	$0
Engineering Fees	$40,000	$40,000	$40,000	$370	$0
Environmental Report	$10,000	$18,500	$18,500	$171	$0
FF&E paid outside Construction Contract	$0	$25,000	$25,000	$231	$0
FHFC Administrative Fees	$45,000	$45,000	$46,671	$432	$46,671
FHFC Application Fee	$3,000	$3,000	$3,000	$28	$3,000
FHFC Credit Underwriting Fee	$22,226	$22,292	$22,292	$206	$22,292
Lender Inspection Fees / Const Admin	$20,000	$15,000	$18,175	$168	$0
Insurance	$105,250	$55,000	$55,000	$509	$41,250
Market Study	$7,500	$9,012	$9,013	$83	$9,013
Plan and Cost Review Analysis	$0	$11,000	$1,875	$17	$0
Property Taxes	$64,522	$65,000	$65,000	$602	$32,500
Survey	$25,000	$15,000	$15,000	$139	$0
Tenant Relocation Costs	$0	$0	$77,760	$720	$0
Title Insurance and Recording Fees	$88,640	$98,556	$98,556	$913	$0
Soft Cost Contingency	$40,953.60	$100,000	$38,584	$357	$0
Total General Development Costs:	**$860,026**	**$796,641**	**$810,282**	**$7,503**	**$154,726**

Notes to the General Development Costs:

1. AmeriNat reflects actual costs for the market study, appraisal, capital needs assessment, and the plan and cost review analysis.

2. The costs associated with Architect Fees reflect the amounts represented in the executed contract between the consultant and the Owner as reviewed by the Underwriter.

3. The FHFC Administrative Fee is based on 9% of the recommended HC amount herein.

4. The FHFC Credit Underwriting Fee is inclusive of MMRN, SAIL, ELI and HC multiple program fees.

5. Lender Inspection Fees/Construction Admin consists of estimated fees associated with lender inspections for AmeriNat and Jones Lang LaSalle.

6. Tenant Relocation Costs of $77,760 represent costs associated with the on-site relocation of residents and their personal items into eleven designated and renovated temporary housing units, while each respective tenant unit is rehabilitated.

7. A soft cost contingency of 5% has been underwritten, which does not exceed the limit prescribed by the Rule and may be utilized by the Applicant.

8. The remaining General Development costs appear reasonable.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Application Fee	$0	$5,850	$7,250	$67	$0
Construction Loan Origination Fee	$65,000	$58,500	$58,500	$542	$0
Construction Loan Closing Costs	$10,000	$5,000	$22,500	$208	$0
Construction Loan Interest	$40,000	$84,650	$39,900	$369	$0
Construction Loan Servicing Fees	$0	$20,000	$85,920	$796	$0
Permanent Loan Origination Fee	$65,000	$58,500	$58,500	$542	$58,500
FHFC Bond Closing Costs	$10,000	$0	$0	$0	$0
SAIL Commitment Fee	$33,365	$33,865	$33,365	$309	$0
Reserves - Operating Deficit	$0	$237,780	$237,780	$2,202	$237,780
Reserves - Required by Lender	$0	$40,000	$40,000	$370	$40,000
Legal Fees - Borrower's Counsel	$240,000	$185,000	$185,000	$1,713	$0
Legal Fees - Lender's Counsel	$0	$60,000	$60,000	$556	$60,000
TEFRA Fee	$0	$1,000	$1,000	$9	$0
Other: FHFC Cost of Issuance	$274,915	$241,278	$204,335	$1,892	$0
Other: FHFC Placement Agent	$0	$35,000	$35,000	$324	$17,500
Other: Syndicator Legal Fees and Diligence	$0	$25,000	$25,000	$231	$25,000
Total Financial Costs:	**$738,280**	**$1,091,423**	**$1,094,050**	**$10,130**	**$438,780**

Notes to the Financial Costs

1. Financial costs were derived from the representations illustrated in the LOI's for equity and permanent and construction financing and appear reasonable to AmeriNat.

2. SAIL Commitment Fee is based on 1% of the SAIL and ELI Loan amounts.

3. Construction Loan Interest was calculated assuming the Series B Note is outstanding the entire 18 month term and accrues interest at the "all-in" rate of 1.90%.

4. An Operating Deficit Reserve ("ODR") is based on the RJTCF LOI which requires the Managing Member to establish a reserve account for operating deficits. The LOI states escrow is to be funded out of proceeds from the 7th Capital Contribution (the "Stabilization Capital Contribution"). The ODR represents approximately three months of expenses and debt service. The calculation of developer fee will be exclusive of the budgeted ODR and any ODR "proposed or required by an investor member or other lender" in excess of the amount of the ODR deemed satisfactory by the credit underwriter will be a subset of developer fee. At the end of the Compliance Period, any balance of the ODR will be used to pay FHFC debt; if there is no FHFC loan debt on the existing Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees, developer fee and member funding. In no event shall the payments of amounts to the Applicant or 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 a balance in the ODR 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 ODR must be acceptable to Florida Housing, its Servicer and its legal counsel.

5. It is anticipated that the property will maintain stabilized operations throughout the rehabilitation period, as the Development is a tenant in place rehab and amortized payments for the Series A Note will be required during this phase. However, at the time of transfer, the Development will not have sufficient built up of reserves from operations at that point in time. The Applicant represents

estimated lender reserves of $20,000 for real estate taxes and $20,000 for insurance to be held in escrow at closing.

6. The FHFC Cost of Issuance ("COI") line item includes Issuer Fees, Fiscal Agent Fees, FHFC Legal Fees, Financial Sufficiency Fees and other miscellaneous costs included in the Cost of Issuance. The cumulative COI fee appears reasonable and will be verified at loan closing.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Building	$0	$200,000	$200,000	$1,852	$200,000
Building Acquisition Cost	$4,500,000	$3,900,000	$4,246,575	$39,320	$0
Total Non-Land Acquisition Costs:	**$4,500,000**	**$4,100,000**	**$4,446,575**	**$41,172**	**$200,000**

Notes to the Non-Land Acquisition Costs:

1. A Purchase and Sale Agreement ("PSA") executed as of May 12, 2015 between the seller, Seminole Urban Holdings, LLC, and the purchaser, Southport Financial Services, Inc. was provided in the amount of $5,000,000. The PSA was assigned from Southport Financial Services, Inc. and assumed by the Applicant on June 15, 2015. The PSA as presented, includes two 60-day, followed by three 30-day extension options available, through a closing date no later than October 26, 2016.

2. Building acquisition cost as underwritten is based on the lessor of the buildings acquisition cost or the "As Is" value of the Development per the appraisal completed by Novogradac dated June 1, 2016, less a land value of $753,425 per lowest of the three methods of FHFC's Land Allocation criteria.

OTHER DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Development Cost Before Developer Fee	$11,619,574	$11,446,558	$11,868,833	$109,897	$793,506
Developer Fee on Acquisition of Buildings	$0	$667,000	$764,383	$7,078	$0
Developer Fee	$1,800,000	$1,315,580	$1,287,006	$11,917	$0
Consultant Fees	$0	$35,000	$35,000	$324	$0
Total Other Development Costs:	**$1,800,000**	**$2,017,580**	**$2,086,389**	**$19,318**	**$0**

Notes to the Other Development Costs:

1. Total Developer Fee of $2,091,649 does not exceed 18.00% of the Total Development Costs ("TDC"), less Developer Fee, Land, and Reserves.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Land Acquisition Costs	$500,000	$1,100,000	$753,425	$6,976	$753,425
Total Acquisition Costs:	**$500,000**	**$1,100,000**	**$753,425**	**$6,976**	**$753,425**

Notes to Land Acquisition Costs:

1. According to the appraisal performed by Novogradac, the "As Is" (vacant land) market value attributable to the property is $1,100,000. Based on FHFC's Land Allocation criteria, the lowest calculated land value is $753,425, which was derived from the "As Is" value of vacant land and a discount to that value to account for the current rent restrictions under the proposed Land Use Restriction Agreements and Extended Use Agreement.

TOTAL DEVELOPMENT COSTS:	**$13,919,574**	**$14,564,138**	**$14,708,647**	**$136,191**	**$1,546,931**

Notes to Total Development Costs:

1. Total Development Costs have increased by $789,073, from $13,919,574 to $14,708,647 since the Application, due to increases in Financial Costs, Developer Fee and Land Acquisition Costs.

2. In accordance with the RFA, FHFC limits the Total Development Cost ("TDC") per unit for all Developments categorized by the construction type of the units as indicated by the Applicant in the RFA. The maximum TDC per unit for the construction specified by the Applicant (garden – concrete) is $157,692 per unit after applying a 2.0% escalation factor to the $154,600/unit cost allowed for this construction type. With a total of 108 units, TDC as underwritten is within the maximum TDC allowable for the Development exclusive of operating deficit reserves and land costs of $13,717,442 (108 units at $127,013 per unit).

OPERATING PRO FORMA

FINANCIAL COSTS:				Year 1	Year 1 Per Unit
OPERATING PRO FORMA					
INCOME:	Gross Potential Rental Income			**$1,049,580**	**$9,718**
	Ancillary Income			$16,200	**$150**
	Gross Potential Income			**$1,065,780**	**$9,868**
	Less:				
	Physical Vac. Loss	Percentage:	3.00%	$31,973	**$296**
	Collection Loss	Percentage:	1.00%	$10,658	**$99**
Total Effective Gross Income				**$1,023,149**	**$9,474**
EXPENSES:	Fixed:				
	Real Estate Taxes			$93,413	**$865**
	Insurance			$37,800	**$350**
	Variable:				
	Management Fee	Percentage:	5.00%	$51,157	**$474**
	General and Administrative			$37,800	**$350**
	Payroll Expenses			$133,200	**$1,233**
	Utilities			$94,500	**$875**
	Maintenance and Repairs/Pest Control			$59,400	**$550**
	Reserve for Replacements			$33,588	**$311**
Total Expenses				**$540,858**	**$5,008**
Net Operating Income				**$482,291**	**$4,466**
Debt Service Payments					
First Mortgage - MMRN				$330,489	**$3,060**
Second Mortgage - SAIL				$28,000	**$259**
Third Mortgage - ELI				$0	**$0**
Other Fees - SAIL & ELI PLS / Fiscal Agent				$16,396	**$152**
Other Fees - MMRN / SAIL / ELI CM Fees				$4,746	**$44**
Total Debt Service Payments				**$379,631**	**$3,515**
Cash Flow after Debt Service				**$102,660**	**$951**
				Annual	Per Unit
Debt Service Coverage Ratios					
DSC - First Mortgage				**1.46**	
DSC - Second Mortgage				**1.35**	
DSC - Third Mortgage				**1.35**	
DSC - All Mortgages and Fees				**1.27**	
Financial Ratios					
Operating Expense Ratio				**52.86%**	
Break-even Economic Occupancy Ratio (all debt)				**86.37%**	

Notes to the Operating Pro Forma and Ratios:

1. The MMRN and SAIL/ELI programs do not impose any rent restrictions. However, the Development will be utilizing Housing Credits in conjunction with Tax-Exempt Bond financing which will impose rent restrictions. As restricted by the SAIL, HC, and Tax-Exempt Bond programs, 100% of the units will be set aside for households earning 60% or less of the Area Median Income ("AMI"), with a minimum of 10% (11 units) restricted as ELI units at 40% or less of AMI. In addition, at least 50% of the ELI units (6 units) will be set aside for Persons with a Disabling Condition.

   The Development currently receives Project Based Rental Assistance ("PBRA") under the terms of an existing HAP Contract, however the Applicant's forthcoming new mark-up-to-market HAP Contract will dictate the Development's rent levels (i.e. net contract rents) and utility allowances after rehabilitation is complete. Utility allowances reflected herein represent the conclusions of an energy consumption model ("ECM") performed by Matern Professional Engineering, Inc. dated January 11, 2016, provided to HUD. Gross potential rental revenue is based on the proposed net contract rents presented in a letter dated June 30, 2016 from HUD representative, Belinda Koros, Chief Account Executive Branch Two of the Jacksonville Multifamily Satellite Office. A rent roll for the Development property is illustrated in the following table:

   MSA (County): Orlando-Kissimmee-Sanford, FL MSA (Seminole)

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
1.0	1.0	2	435	40%	$439			$58	$700	$381	$700	$700	$700	$16,800
1.0	1.0	18	435	60%	$658			$58	$700	$600	$700	$700	$700	$151,200
2.0	1.0	7	567	40%	$527			$62	$810	$465	$810	$810	$810	$68,040
2.0	1.0	62	567	60%	$790			$62	$810	$728	$810	$840	$810	$602,640
3.0	1.0	2	725	40%	$608			$67	$925	$541	$925	$925	$925	$22,200
3.0	1.0	17	725	60%	$912			$67	$925	$845	$925	$925	$925	$188,700
		108	61598											$1,049,580

   PBRA will overlay the proposed HC rent and income restrictions. Maximum gross HC rents are per the Florida Housing Finance Corporation website for 2016. The HC rents are at achievable levels confirmed by the appraiser and represent rental advantages at 60% AMI of between 15.4% and 25.0%, and at 40% AMI of 80.2% and 96.9%, over the attainable market rents for the Development's area.

2. A 4% total economic vacancy rate (3% physical and 1% collection) was applied for underwriting purposes based on the appraisal and the comparables listed therein. Ancillary income is comprised of fees for late rent, damages, etc. estimated at $16,200 or $150 per unit.

3. AmeriNat utilized a real estate tax expense of $865 per unit based upon the current mileage rate for the municipality and an estimated assessment of $45,000 per unit presented by the appraiser considering the Development income restrictions. Comparable properties in the Development's area indicated a range of assessments from $26,950 to $59,406 per unit.

4. AmeriNat utilized an estimate of $350 per unit for insurance, which is within the property's historical range. Comparable data presented in the appraisal indicated a range of $296 to $356 per unit. The buildings are located in the flood zone designation "X", and appear to lie outside of the 100-year flood plain, which does not require flood insurance.

5. The Applicant submitted a management agreement between Cambridge Management, Inc. doing business as Cambridge Management of Washington, Inc. ("CMI") and the Applicant. The agreement provides for compensation to CMI in an amount equal to 5.00% of gross rental income collected during the month, which is within the appraisal indicated range of comparables of between 3% and 6%, supported by the appraiser's concluded expense of 5% of effective gross income.

6. AmeriNat utilized a utility expense of $875 per unit that is within the $655 to $978 range of comparables surveyed by the appraiser. Post renovation, the property will offer electric heating and hot water, which, along with air-conditioning, will be paid by the tenant. Existing tenant gas water heaters, and gas heat will be converted to electric per the proposed renovation.

7. AmeriNat utilized replacement Reserves of $311 per unit per year in accordance with a 20-year replacement reserve schedule within a Capital Needs Assessment performed by OSG, which meets the minimum requirement of the Rule.

8. AmeriNat utilized total operating expenses of $5,008 per unit that is within both the $4,354 to $5,289 range of comparables surveyed by the appraiser, and $4,895 to $7,394 historical range of the Development.

9. The estimated Net Operating Income ("NOI") for the Development's initial year of stabilized operations is $482,291. The First Mortgage, SAIL and ELI loans along with all associated servicing and monitoring fees can be supported by operations at a 1.27 to 1.00 Debt Service Coverage ratio ("DSC") in Year 1 of stabilized operations.

10. The MMRN / SAIL and ELI Permanent Loan Servicing / Fiscal Agent Fee of $16,396 is further illustrated as follows: MMRN Permanent Loan Servicing Fee of 2.3 bps subject to a minimum monthly fee of $204 ($2,448), SAIL and ELI Permanent Loan Servicing Fees (for each loan) of 25 bps subject to a minimum and maximum fee of $204 and $810, respectively ($9,448), and a Fiscal Agent Fee ($4,500).

11. The MMRN / SAIL and ELI loan Compliance Monitoring Fee is estimated to be $4,746, which breaks down as follows; a minimum monthly fee of $248 for MMRN ($2,976) and the multiple program fee of $885 for both the SAIL and ELI loans. The FHFC Compliance Monitoring Fees are subject to adjustment annually, but not decreased, based on the South Region Consumer Price Index for the twelve month period ending each November 30th, which this automatic increase shall not exceed three percent (3%) of the prior year's fee.

12. A 15-year Operating Pro Forma attached hereto as Exhibit 1 reflects rental income increasing at an annual rate of 2% and expenses increasing at an annual rate of 3%.

Section B

MMRN and SAIL Loan Program & ELI Loan
Special and General Loan Closing Conditions, and
HC Allocation Recommendation and Contingencies

Special Conditions

This recommendation is contingent upon the review and approval of the following items by FHFC and the Servicer, at least 30 days prior to MMRN, SAIL and ELI loan closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the loan closing date.

1. A mark–up-to-market HAP Renewal Contract providing for the rental income underwritten herein with an effective date of August 1, 2016 and a term of 20 years for 100% of the Development's units, Appendix 15-2B and the preservation exhibit.

General Conditions

This recommendation is contingent upon the review and approval of the following items by FHFC and the Servicer at least 30 days prior to MMRN, SAIL and ELI 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. Borrower is to comply with any and all recommendations noted in the Plan and Cost Review prepared by OSG.
2. 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.
3. Building permits and any other necessary approvals and permits, as applicable (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). An acceptable alternative to this requirement is receipt and satisfactory review of a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
4. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), 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.
5. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL and ELI Program loan proceeds shall be disbursed during the construction phase in an amount per Draw that does not exceed the ratio of the SAIL and ELI loans to the Total Development Cost, unless approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.
6. During construction/rehabilitation, the developer is only allowed to draw a maximum of 50% of the total developer fee during construction/rehabilitation, but in no case more than the payable developer fee, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" during construction/rehabilitation will be allowed to be disbursed at closing. The

remainder of the "developer's overhead" will be disbursed during the construction/rehabilitation on a pro rata basis, based on the percentage of completion of the Development, as approved by FHFC and Servicer. The remaining unpaid developer fee shall be considered attributable to "developer's profit" and may not be funded until the development has achieved 100% lien-free completion and retainage has been released.

7. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first 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.
8. Evidence of general liability, flood (if applicable), builder's risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, with coverages, deductibles and amounts satisfactory to Florida Housing.
9. A 100% Payment and Performance ("P&P") 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 the Servicer, Florida Housing, and its Legal Counsel.
10. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing 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, as applicable.
11. A copy of the Amended and Restated Limited Partnership Agreement ("LPA") or Operating Agreement ("OA") reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The LPA or OA shall be in a form and of financial substance satisfactory to Servicer, FHFC, and its Legal Counsel.
12. 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) and 67-48.0075(5) F.A.C., and in the RFA, of an Applicant or a Developer).
13. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications.
14. Satisfactory resolution of any outstanding past due and non-compliance notices issues by closing of the loan(s).
15. At the end of the Compliance Period, any balance of the Operating Deficit Reserve ("ODR") will be used to pay FHFC debt; if there is no FHFC loan debt on the existing Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees, developer fee and member funding. In no event shall the payments of amounts to the Applicant or 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 a balance in the ODR 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 ODR must be acceptable to Florida Housing, its Servicer and its legal counsel.

This recommendation is contingent upon the review and approval by FHFC and its Legal Counsel at least 30 days prior to MMRN, SAIL and ELI loan closing. Failure to receive approval of these items within this timeframe may result in postponement of the 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 Applicant, the guarantors, and any limited partners of the Applicant.
2. 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.
3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of MMRN, SAIL and ELI closings, 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 noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.
4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the MMRN, SAIL and ELI loans naming Florida Housing as the insured. All endorsements required by Florida Housing shall be provided.
5. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. FHFC shall be satisfied in its sole discretion that all legal and program requirements for the loan have been satisfied.
6. 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.
7. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to Florida Housing addressing the following matters:
   a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner or managing member of the Borrower (the "GP" or "MM") and of any corporation, partnership or company that is the managing member or managing general partner of the GP or MM, and of any corporate guarantor and any manager;
   b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
   c. The loan 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 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 FHFC or its legal counsel may require.

8. Evidence of compliance with local concurrency laws, if applicable.
9. 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 MMRN, SAIL and ELI loans.
10. UCC Searches for the Borrower, its partnerships, as requested by counsel.
11. Any other reasonable conditions established by FHFC and its Legal Counsel.

This recommendation is also contingent upon the following additional conditions:

1. Compliance with all applicable provisions of Sections 420.502, 420.507, 420.508, and 420.509, Florida Statutes, Rule Chapter 67-21 F.A.C., Rule Chapter 67-48 F.A.C, Rule Chapter 67-53 F.A.C., Rule Chapter 67-60 F.A.C., RFA 2015-112, Section 42 I.R.C., and any other applicable State and Federal requirements.
2. Development and execution by the Borrower of the required Memorandum of Understanding with a designated supportive services lead agency to assist Persons with a Disabling Condition, as outlined in Section Four A.7.b.(2)(b) of the RFA, due to FHFC six (6) months prior to the placed in service date of December 31, 2017.
3. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRN, SAIL and ELI Loans in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note, the Loan Agreement(s), the Mortgage and Security Agreement, and the Land Use Restriction Agreement(s).
4. For the MMRN, Guarantors are to provide the standard FHFC Operating Deficit Guarantee. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guarantee if all conditions are met, including achievement of a 1.15 DSC on the permanent First Mortgage MMRN as determined by the Corporation or the Servicer, 90 percent occupancy, and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public Accountant (“CPA”). The calculation of the DSC shall be made by the Corporation or the Servicer. Notwithstanding the above, the Operating Deficit Guarantee shall not terminate earlier than three (3) years following the final certificate of occupancy.
5. For the SAIL loan, 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 1.15 DSC on the combined permanent First Mortgage MMRN and SAIL loan, 90% occupancy and 90% of gross potential rental income net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent CPA. The calculation of the debt service coverage ratio shall be made by Florida Housing or the Servicer. Notwithstanding the above, the Operating Deficit Guarantee shall not terminate earlier than three years following the final certificate of occupancy.
6. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of real estate closing.
7. Guarantors to provide the standard Florida Housing Construction Completion Guaranty; to be released upon lien-free completion as approved by the Servicer.

8. Guarantors are to provide the standard Florida Housing Environmental Indemnity Guaranty.
9. Guarantors are to provide the standard Florida Housing Guaranty of Recourse Obligations.
10. Closing of all funding sources simultaneous with or prior to closing of the MMRN, SAIL and ELI loans.
11. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the MMRN, SAIL and ELI loans is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.
12. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee, the Fiscal Agent or the Servicer. In the event the reserve account is held by the Servicer, the release of funds shall be at Florida Housing's sole discretion.
13. Replacement Reserves funds in the amount of $311 per unit per year are required to be deposited on a monthly basis into a designated escrow account to be maintained by the First Mortgagee, the Fiscal Agent/Bond Trustee, or Florida Housing's loan servicing agent. The initial Replacement Reserve will have limitations on the ability to be drawn. Preservation or 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 report ("CNA") 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 10th year after the first residential building in the development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ('Initial Replacement Reserve Date'). A subsequent CNA is required no later than the 15th year after the Initial Replacement Reserve Date and subsequently every five (5) years thereafter.
14. On Solid Ground, LLC will act as Florida Housing's inspector during the construction period.
15. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy.
16. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.
17. All amounts necessary to complete construction or any phased pay-in of amount necessary to complete construction shall be contingent upon an unconditional obligation, through a Joint Funding Agreement or other mechanism acceptable to Florida Housing, of the entity providing HC Equity payments (and evidence that 100% of such amount is on deposit with such entity at Loan Closing) to pay, regardless of any default under any documents relating to the HC as long as the First Mortgage continues to be funded.
18. MMRN Program Loan - All amounts necessary to complete construction/rehabilitation, must be deposited with the Fiscal Agent prior to closing, or any phased pay-in of amount necessary to complete construction/rehabilitation shall be contingent upon an unconditional obligation, through a Joint Funding Agreement or other mechanism acceptable to Florida Housing, of the entity providing HC Equity payments (and evidence that 100% of such amount is on deposit with such entity at loan closing) to pay, regardless of any default under any documents relating to the HC as long as the First Mortgage continues to be funded.

19. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

Housing Credit Allocation Recommendation

AmeriNational recommends an annual Housing Credit allocation in the amount of $518,563 for the construction and permanent financing of the Development. Please refer to Exhibit 3 - HC Allocation Calculation for further detail.

HC Contingencies

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by AmeriNat and FHFC by the deadline established in the Preliminary Determination. Failure to resolve these contingencies within this timeframe may result in forfeiture of the HC allocation:

1. Closing of the MMRN consistent with the assumptions of this credit underwriting report.
2. Closing of the SAIL and ELI Loans consistent with the assumptions of this credit underwriting report.
3. On Solid Ground, LLC is to act as construction phase inspector for Florida Housing.
4. Award of Housing Credits and purchase of same by RJTCF or its assigns, under terms consistent with the assumptions of this report and most recent commitment letter.
5. Receipt of executed FHFC Fair Housing, Section 504 and ADA as-built certification forms 122, 127, and 129.
6. Receipt and satisfactory resolution of any outstanding past due and non-compliance issues.
7. Any other reasonable requirements of Florida Housing or its Servicer.

Seminole Gardens
15 Year Operating Pro Forma

	FINANCIAL COSTS:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	OPERATING PRO FORMA															
INCOME:	Gross Potential Rental Income	**$1,049,580**	**$1,070,572**	**$1,091,983**	**$1,113,823**	**$1,136,099**	**$1,158,821**	**$1,181,998**	**$1,205,638**	**$1,229,750**	**$1,254,345**	**$1,279,432**	**$1,305,021**	**$1,331,121**	**$1,357,744**	**$1,384,899**
	Ancillary Income	$16,200	$16,524	$16,854	$17,192	$17,535	$17,886	$18,244	$18,609	$18,981	$19,360	$19,748	$20,143	$20,546	$20,956	$21,376
	Gross Potential Income	**$1,065,780**	**$1,087,096**	**$1,108,838**	**$1,131,014**	**$1,153,635**	**$1,176,707**	**$1,200,241**	**$1,224,246**	**$1,248,731**	**$1,273,706**	**$1,299,180**	**$1,325,163**	**$1,351,667**	**$1,378,700**	**$1,406,274**
	Less:															
	Physical Vac. Loss Percentage: 3.00%	$31,973	$32,613	$33,265	$33,930	$34,609	$35,301	$36,007	$36,727	$37,462	$38,211	$38,975	$39,755	$40,550	$41,361	$42,188
	Collection Loss Percentage: 1.00%	$10,658	$10,871	$11,088	$11,310	$11,536	$11,767	$12,002	$12,242	$12,487	$12,737	$12,992	$13,252	$13,517	$13,787	$14,063
	Total Effective Gross Income	**$1,023,149**	**$1,043,612**	**$1,064,484**	**$1,085,774**	**$1,107,489**	**$1,129,639**	**$1,152,232**	**$1,175,276**	**$1,198,782**	**$1,222,758**	**$1,247,213**	**$1,272,157**	**$1,297,600**	**$1,323,552**	**$1,350,023**
EXPENSES:	Fixed:															
	Real Estate Taxes	$93,413	$96,215	$99,102	$102,075	$105,137	$108,291	$111,540	$114,886	$118,333	$121,883	$125,539	$129,305	$133,185	$137,180	$141,296
	Insurance	$37,800	$38,934	$40,102	$41,305	$42,544	$43,821	$45,135	$46,489	$47,884	$49,320	$50,800	$52,324	$53,894	$55,511	$57,176
	Variable:															
	Management Fee Percentage: 5.00%	$51,157	$52,181	$53,224	$54,289	$55,374	$56,482	$57,612	$58,764	$59,939	$61,138	$62,361	$63,608	$64,880	$66,178	$67,501
	General and Administrative	$37,800	$38,934	$40,102	$41,305	$42,544	$43,821	$45,135	$46,489	$47,884	$49,320	$50,800	$52,324	$53,894	$55,511	$57,176
	Payroll Expenses	$133,200	$137,196	$141,312	$145,551	$149,918	$154,415	$159,048	$163,819	$168,734	$173,796	$179,010	$184,380	$189,911	$195,609	$201,477
	Utilities	$94,500	$97,335	$100,255	$103,263	$106,361	$109,551	$112,838	$116,223	$119,710	$123,301	$127,000	$130,810	$134,734	$138,776	$142,940
	Maintenance and Repairs/Pest Control	$59,400	$61,182	$63,017	$64,908	$66,855	$68,861	$70,927	$73,055	$75,246	$77,504	$79,829	$82,223	$84,690	$87,231	$89,848
	Reserve for Replacements	$33,588	$33,588	$33,588	$33,588	$33,588	$33,588	$33,588	$33,588	$33,588	$33,588	$34,596	$35,634	$36,703	$37,804	$38,938
	Total Expenses	**$540,858**	**$555,565**	**$570,702**	**$586,284**	**$602,322**	**$618,830**	**$635,822**	**$653,313**	**$671,317**	**$689,850**	**$709,934**	**$730,608**	**$751,891**	**$773,799**	**$796,351**
	Net Operating Income	**$482,291**	**$488,047**	**$493,782**	**$499,490**	**$505,168**	**$510,809**	**$516,409**	**$521,963**	**$527,464**	**$532,908**	**$537,279**	**$541,549**	**$545,709**	**$549,754**	**$553,672**
	Debt Service Payments															
	First Mortgage - MMRN	$330,489	$330,489	$330,489	$330,489	$330,489	$330,489	$330,489	$330,489	$330,489	$330,489	$330,489	$330,489	$330,489	$330,489	$330,489
	Second Mortgage - SAIL	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000
	Third Mortgage - ELI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Other Fees - SAIL & ELI PLS / Fiscal Agent	$16,396	$16,396	$16,396	$16,396	$16,396	$16,396	$16,396	$16,396	$16,396	$16,396	$16,396	$16,396	$16,396	$16,396	$16,396
	Other Fees - MMRN / SAIL / ELI CM Fees	$4,746	$4,746	$4,746	$4,746	$4,746	$4,746	$4,746	$4,746	$4,746	$4,746	$4,746	$4,746	$4,746	$4,746	$4,746
	Total Debt Service Payments	**$379,631**	**$379,631**	**$379,631**	**$379,631**	**$379,631**	**$379,631**	**$379,631**	**$379,631**	**$379,631**	**$379,631**	**$379,631**	**$379,631**	**$379,631**	**$379,631**	**$379,631**
	Cash Flow after Debt Service	**$102,660**	**$108,416**	**$114,151**	**$119,859**	**$125,537**	**$131,178**	**$136,778**	**$142,332**	**$147,833**	**$153,277**	**$157,648**	**$161,918**	**$166,078**	**$170,123**	**$174,041**
	Debt Service Coverage Ratios															
	DSC - First Mortgage	**1.46**	**1.48**	**1.49**	**1.51**	**1.53**	**1.55**	**1.56**	**1.58**	**1.60**	**1.61**	**1.63**	**1.64**	**1.65**	**1.66**	**1.68**
	DSC - Second Mortgage	**1.35**	**1.36**	**1.38**	**1.39**	**1.41**	**1.42**	**1.44**	**1.46**	**1.47**	**1.49**	**1.50**	**1.51**	**1.52**	**1.53**	**1.54**
	DSC - Third Mortgage	**1.35**	**1.36**	**1.38**	**1.39**	**1.41**	**1.42**	**1.44**	**1.46**	**1.47**	**1.49**	**1.50**	**1.51**	**1.52**	**1.53**	**1.54**
	DSC - All Mortgages and Fees	**1.27**	**1.29**	**1.30**	**1.32**	**1.33**	**1.35**	**1.36**	**1.37**	**1.39**	**1.40**	**1.42**	**1.43**	**1.44**	**1.45**	**1.46**
	Financial Ratios															
	Operating Expense Ratio	**52.86%**	**53.23%**	**53.61%**	**54.00%**	**54.39%**	**54.78%**	**55.18%**	**55.59%**	**56.00%**	**56.42%**	**56.92%**	**57.43%**	**57.94%**	**58.46%**	**58.99%**
	Break-even Economic Occupancy Ratio (all debt)	**86.37%**	**86.03%**	**85.71%**	**85.40%**	**85.12%**	**84.85%**	**84.60%**	**84.37%**	**84.16%**	**83.97%**	**83.87%**	**83.78%**	**83.71%**	**83.66%**	**83.62%**

Seminole Gardens
RFA 2015-112 (2016-179BS)
Description of Features and Amenities

A. The Development will consist of 108 garden apartments located in 5 residential buildings.

Unit Mix:

Twenty (20) one bedroom/one bath units;

Sixty-nine (69) two bedroom/one bath units; and

Nineteen (19) three bedroom/one bath units.

108 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.

D. The Development must provide the following General Features:

- Termite prevention;
- Pest control;
- Window covering for each window and glass door inside each unit;
- 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;
- Full-size range and oven in all units;
- At least two (2) full bathrooms in all three (3) bedroom or larger new construction units;
- Bathtub with shower in at least one (1) bedroom in at least 90% of the new construction non-Elderly units; and
- 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**:**

a. All units must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of five percent (5%) of the total dwelling units, but not fewer than one (1) unit, to be accessible for individuals with mobility impairments. An additional two percent (2%) of the total units, but not fewer than one (1) 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.

Accessible Features:

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

F. All rehabilitation units must include the following General Features, Required Green Building Features and Additional Green Building Features:

1. Required Features in all Family Demographic Developments:

a. 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.

2. Required Green Building Features in all Family Demographic Developments:

   All rehabilitation units must include the following required Green Building features deemed structurally and financially feasible within the scope of the rehabilitation work as determined by the capital needs assessment performed during the credit underwriting process.

   a. Low or No-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
   b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
      i. Faucets: 1.5 gallons/minute or less,
      ii. Showerheads: 2.0 gallons/minute or less;
   c. Energy Star qualified refrigerator;
   d. Energy Star qualified dishwasher;
   e. Energy star qualified fan in all bedrooms;
   f. Energy Star water heater;
   g. Energy Star qualified ceiling fans with lighting fixtures in the bedrooms;
   h. Air Conditioning (choose in-unit or commercial);
      i. In-unit air conditioning: minimum 15 SEER; or **Provided**
      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:
         - 0-65 KBtuh: Energy Star certified; or
         - >65-135 KBtuh: 11.9 EER; or
         - >135-240 KBtuh: 12.3 EER; or
         - >240 KBtuh: 12.2 EER;
   i. Caulk, weather-strip, or otherwise seal all holes, gaps, cracks, penetrations, and electrical receptacles in building envelope;
   j. Seal and insulate heating and cooling system ducts with mastic or metal backed tape.

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

   a. _X_ Programmable thermostat in each unit (2 points)
   b. ___ Humidistat in each unit (2 points)
   c. ___ Water Sense certified dual flush toilets in all bathrooms (2 points)
   d. ___ Light colored concrete pavement instead of or on top of asphalt to reduce the heat-island effect (2 points)
   e. ____ Energy star qualified roof coating (2 points) *
   f. _X_ Energy star qualified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) (3 points) *
   g. ____ Eco-friendly cabinets – formaldehyde free, material certified by the Forest Stewardship Council or a certification program endorsed by the Programme for the Endorsement of Forest Certification (3 points)

h. ___ 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)
i. ____ High Efficiency HVAC with SEER of at least 16 (2 points) **
j. _X__ Energy efficient windows in each unit (3 points)
k. ___ Florida Yards and Neighborhoods certification on all landscaping (2 points)
l. _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 HVACs must meet the standards listed here, which exceed the minimum Green Building Features required of all Developments in Exhibit C.

G. The Applicant has committed to 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

Housing Credit Allocation Calculation

Qualified Basis Calculation

Acquisition

Acquistion Cost of Land and Existing Improvements	$5,000,000
Less Land Costs	$753,425
Plus Developer Fee Attributable to Acquisition	$764,383
Total Eligible Basis	$5,010,958
Applicable Fraction	100%
Qualified Basis	$5,010,958
Housing Credit Percentage (Federal allocation)	3.34%
Annual Housing Credit Allocation	$167,366

Rehabilitation

Total Development Cost	$14,708,647
Less Cost of Land and Existing Improvements	$5,000,000
Less Developer Fee on Acquistion of Buildings	$764,383
Less Other Ineligible Costs	$793,506
Total Eligible Basis	$8,150,758
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	130%
Qualified Basis	$10,595,985
Housing Credit Percentage (Federal allocation)	3.34%
Annual Housing Credit Allocation	$353,906

Annual Housing Credit Allocation Per Qualified Basis	$521,272

Notes to the Qualified Basis Calculation:

1. “Other Ineligible Costs” include Florida Housing administrative, application, and underwriting fees, insurance, property taxes, operating reserves, note related costs, lender required reserves and permanent loan origination fees.

2. The Development is 100% set-aside; therefore, the Applicable Fraction is 100%.

3. The Development is located in a Difficult Development Area (“DDA”); therefore, the 130% multiplier for Rehabilitation DDA/QCT Basis Credit was utilized.

4. Per the Rule, 15 bps are added to the actual percentage 3.19% reported as of March 7, 2016, the date of invitation to credit underwriting for Housing Credits. For purposes of this report, a total Housing Credit Percentage of 3.34% is therefore applied.

GAP Calculation

Total Development Cost (including land and ineligible costs)	$14,708,647
Less Mortgages	$9,186,500
Equity Gap	$5,522,147
HC Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$1.065000071
HC Required to meet Equity Gap	$5,185,633
Annual HC Required	$518,563

Notes to the GAP Calculation:

1. Mortgages include a First Mortgage from Freddie Mac, and Second and Third Mortgages from Florida Housing.

2. The HC Syndication Pricing of $1.065000071 per dollar and HC Percentage to Investor Member are based upon the letter of intent from RJTCF dated April 22, 2016 and applied in the GAP Calculation.

Summary

HC Per Qualified Basis	$521,272
HC Per GAP Calculation	$518,563
Annual HC Recommended	$518,563
HC Proceeds Recommended	$5,522,144

Notes to Summary:

1. The Annual HC Recommended is equal to the lesser of the Qualified Basis or the GAP Calculation. The GAP Calculation amount is therefore recommended.

50% Note Test

Total DEPRECIABLE Cost	$13,161,716
Plus: Land Cost	$753,425
Equals Aggregate Basis	$13,915,141
Tax Exempt Note Amount	$7,250,000
Equals Tax Exempt Proceeds Used for Building and Land	$7,250,000
Tax Exempt Proceeds as a Percentage of Aggregate Basis	52.10%

Notes to the 50% Note Test:

1. Based upon this analysis, the 50% Test is satisfactory.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Seminole Gardens
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 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 timeframe. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

FINAL REVIEW **REQUIRED ITEMS:**	**STATUS** **Satis. / Unsatis.**	**NOTE**
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.	
Final site plan and/or status of site plan approval.	Satis.	
Permit Status.	Satis.	
Pre-construction analysis ("PCA").	Satis.	
Survey.	Satis.	
Complete, thorough soil test reports.	Satis.	
Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
Market Study separate from the Appraisal.	Satis.	
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.	
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.	
Resumes and experience of applicant, general contractor, and management agent.	Satis.	
Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
Management Agreement and Management Plan.	Satis.	
Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
Firm commitment letter from the syndicator, if any.	Satis.	
Firm commitment letter(s) for any other financing sources.	Satis.	
Updated sources and uses of funds.	Satis.	
Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
Fifteen-year income, expense, and occupancy projection.	Satis.	

COMPLETENESS AND ISSUES CHECKLIST

FINAL REVIEW **REQUIRED ITEMS:**	**STATUS** **Satis. / Unsatis.**	**NOTE**
Executed general construction contract with “not to exceed” costs.	Satis.	
HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis	
Any additional items required by the credit underwriter.	Satis.	

NOTES AND DEVELOPER RESPONSES:

None