
Florida Housing Finance Corporation

Credit Underwriting Report

Casanas Village at Frenchtown Square

Housing Credit Program (“HC”)

State Apartment Incentive Loan Program (“SAIL”)

HC / SAIL Loan RFA 2015-103 (2015-231CS/2016-004CS)

Section A: Report Summary

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

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

September 6, 2016

Casanas Village at Frenchtown Square

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Section A | |
| Report Summary | |
| Recommendation | A1-A8 |
| Overview | A9-A13 |
| Uses of Funds | A14-A18 |
| Operating Pro Forma | A19-A21 |
| Section B | |
| SAIL Loan Special and General Conditions | B1-B8 |
| Housing Credit Allocation Recommendations and Contingencies | B9 |
| Section C | |
| Supporting Information & Schedules | |
| Additional Development & Third Party Information | C1-C9 |
| Applicant Information | C10-C15 |
| Guarantor Information | C16 |
| General Contractor Information | C17-C18 |
| Syndicator Information | C19 |
| Property Management Information | C20-C21 |
| Exhibits | |
| 15 Year Pro Forma | 1. |
| Housing Credit Allocation | 2. 1-2 |
| SAIL/HC Description of Features and Amenities | 3. 1-5 |
| Completion and Issues Checklist | 4. 1-2 |

Section A
Report Summary

SAIL & HC CREDIT UNDERWRITING REPORT

Recommendation

First Housing Development Corporation of Florida (“First Housing”) recommends a State Apartment Incentive Loan (“SAIL”) in an amount of \$2,000,000, and a Housing Credit (“HC”) allocation of \$1,510,000 for the construction and permanent financing of Casanas Village at Frenchtown Square (“Development”).

| DEVELOPMENT & SET-ASIDES | | | | | | | | | | | | | | | | | |
|--------------------------|--|--|--|--|--|--|--|--|--|-----------------|--|--|--|-----------------|--|--|--|
| Development Name: | | Casanas Village at Frenchtown Square | | | | | | | | | | | | | | | |
| Program Numbers: | | RFA 2015-103 | | | | 2015-231CS | | | | 2016-004CS | | | | | | | |
| Address: | | 448 West Georgia Street | | | | City: Tallahassee | | | | Zip Code: 32301 | | | | | | | |
| County: | | Leon | | | | County Size: Medium | | | | | | | | | | | |
| Development Category: | | New Construction | | | | Development Type: Mid Rise (5 stories) | | | | | | | | | | | |
| Construction Type: | | Concrete Construction | | | | | | | | | | | | | | | |
| Demographic Commitment: | | Elderly: No | | | | Homeless: No | | | | ELI: 9 | | | | Unit: @ 33% AMI | | | |
| | | Farmwork or Commercial Fish Worker: No | | | | Family: X | | | | Link: 5 | | | | Units | | | |

Tallahassee HMFA; Tallahassee MSA / Leon County

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Gross HC Rent | Low HOME Rents | High HOME Rents | Utility Allow | RD/HUD Cont Rents | Net HC Rent | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|-----------|------------|-------|-------------|--------|---------------|----------------|-----------------|---------------|-------------------|-------------|-----------------|-----------------|----------|----------------------|
| 1 | 1.0 | 2 | 641 | 33% | \$403 | N/A | N/A | \$87 | N/A | \$316 | \$300 | \$316 | \$316 | \$7,584 |
| 1 | 1.0 | 16 | 670 | 60% | \$732 | N/A | N/A | \$87 | N/A | \$645 | \$600 | \$645 | \$645 | \$123,840 |
| 1 | 1.0 | 2 | 670 | Market | N/A | N/A | N/A | N/A | N/A | N/A | \$600 | \$720 | \$720 | \$17,280 |
| 2 | 2.0 | 5 | 903 | 33% | \$483 | N/A | N/A | \$107 | N/A | \$376 | \$357 | \$376 | \$376 | \$22,560 |
| 2 | 2.0 | 43 | 903 | 60% | \$879 | N/A | N/A | \$107 | N/A | \$772 | \$720 | \$772 | \$772 | \$398,352 |
| 2 | 2.0 | 5 | 903 | Market | N/A | N/A | N/A | N/A | N/A | N/A | \$720 | \$855 | \$855 | \$51,300 |
| 3 | 2.0 | 2 | 1,164 | 33% | \$558 | N/A | N/A | \$136 | N/A | \$422 | \$397 | \$422 | \$422 | \$10,128 |
| 3 | 2.0 | 12 | 1,164 | 60% | \$1,016 | N/A | N/A | \$136 | N/A | \$880 | \$825 | \$880 | \$880 | \$126,720 |
| 3 | 2.0 | 1 | 1,164 | Market | N/A | N/A | N/A | N/A | N/A | N/A | \$825 | \$990 | \$990 | \$11,880 |
| | | 88 | | | | | | | | | | | | \$769,644 |

SAIL & HC CREDIT UNDERWRITING REPORT

Buildings: Residential - One (1) Non-Residential - One (1)
 Parking: Parking Spaces - 115 Accessible Spaces - 8

Set Asides:

| Program | % of Units | # of Units | % AMI | Term (Years) |
|---------|------------|------------|-------|--------------|
| SAIL/HC | 10.0% | 9 | 33% | 50 |
| SAIL/HC | 80.0% | 71 | 60% | 50 |

Absorption Rate 12 units per month for 7 months.

Occupancy Rate at Stabilization: Physical Occupancy 93.00% Economic Occupancy 92.00%
 Occupancy Comments _____

DDA?: No QCT?: Yes
 Site Acreage: 2.32 +/- Acres Density: 38 units/acre Flood Zone Designation: X
 Zoning: CU-45, Central Urban District Flood Insurance Required?: No

- For purposes of RFA 2015-103, the Applicant must set aside 10 percent of the proposed Development’s total units for ELI Households. For Leon County, the Extremely Low Income (“ELI”) set-aside AMI level is 33%.
- For purposes of RFA 2015-103, the Applicant must set aside 50% percent of the proposed Development’s ELI Set-Aside units (5 units) for Special Needs Households and develop and execute a Memorandum of Understanding (“MOU”) with at least one designated Special Needs Household Referral Agency for the County where the proposed Development will be located. As outlined in the carryover agreement, the fully executed MOU is due to Florida Housing by June 30, 2017.

SAIL & HC CREDIT UNDERWRITING REPORT

| DEVELOPMENT TEAM | | |
|-------------------------|--|-----------------------------|
| Applicant/Borrower: | Frenchtown Square Partners, LLC | |
| General Partner 1: | PHG-Frenchtown Square, LLC (Authorized Member) | 0.0085% |
| General Partner 2: | BBCDC Frenchtown Square, LLC (Administrative Member) | 0.0015% |
| Limited Partner 1: | Wells Fargo Community Lending and Investment, or an affiliate thereof | 99.99% |
| Guarantor(s): | Frenchtown Square Partners, LLC | |
| | PHG-Frenchtown Square, LLC | |
| | BBCDC Frenchtown Square, LLC | |
| | Pinnacle Housing Group, LLC | |
| | David O. Deutch | |
| | Mitchell M. Friedman | |
| | Mitchell M. Friedman as Trustee of the Mitchell M. Friedman Living Trust | |
| | Michael D. Wohl | |
| | Louis Wolfson III | |
| | Developer: | Pinnacle Housing Group, LLC |
| Principal 1 | Louis Wolfson III | |
| Principal 2 | Michael D. Wohl | |
| Principal 3 | David O. Deutch | |
| Principal 4 | Mitchell M. Friedman | |
| Co-Developer: | Big Bend Community Development Corporation (Florida Not-for-Profit) | |
| DEVELOPMENT TEAM (cont) | | |
| General Contractor 1: | Brooks & Freund, LLC | |
| Management Company: | Professional Management, Inc. | |
| Syndicator: | Wells Fargo Community Lending and Investment, or an affiliate thereof | |
| Architect: | JRA Architects, Inc. | |
| Market Study Provider: | Meridian Appraisal Group, Inc. | |
| Appraiser: | Meridian Appraisal Group, Inc. | |

SAIL & HC CREDIT UNDERWRITING REPORT

| PERMANENT FINANCING INFORMATION | | |
|--|---------------------------|-------------|
| | 1st Source | 2nd Source |
| Lien Position | First | Second |
| Lender/Grantor | Wells Fargo Bank, N.A. | FHFC/SAIL |
| Amount | \$1,685,000 | \$2,000,000 |
| Underwritten Interest Rate | 5.89% | 1.00% |
| All In Interest Rate | 5.89% | 1.00% |
| Loan Term | 15 | 15.0 |
| Amortization | 30 | 0 |
| Market Rate/Market Financing LTV | 25.80% | 56.43% |
| Restricted/Market Financing LTV | 46.68% | 102.08% |
| Loan to Cost | 8% | 10% |
| Debt Service Coverage | 1.83 | 1.50 |
| Operating/Deficit Service Reserve | N/A | N/A |
| Period of Operating Expenses/Deficit Reserve in Months | N/A | N/A |
| Deferred Developer Fee | \$251,478 | |
| Land Value | \$970,000 | |
| Market Rent/Market Financing Stabilized Value | \$6,530,000 | |
| Rent Restricted Market Financing Stabilized Value | \$3,610,000 | |
| Projected Net Operating Income (NOI) - Year 1 | \$219,221 | |
| Projected Net Operating Income (NOI) - 15 Year | \$145,903 | |
| Year 15 Pro Forma Income Escalation Rate | 1.53% | |
| Year 15 Pro Forma Expense Escalation Rate | 3.00% | |
| Housing Credit Syndication Price | \$1.10 | |
| Housing Credit Annual Allocation | \$1,510,000 | |

Note: Annual anticipated rental income increases at an annual rate of 1.53% based on the Credit Underwriter's analysis of 17 year historical averages for Leon County.

SAIL & HC CREDIT UNDERWRITING REPORT

| CONSTRUCTION/PERMANENT SOURCES: | | | | |
|---------------------------------|--------------------------------------|--------------|--------------|----------------|
| Source | Lender | Construction | Permanent | Perm Loan/Unit |
| First | Wells Fargo Bank, N.A. | \$1,685,000 | \$1,685,000 | \$19,148 |
| Second | FHFC/SAIL | \$2,000,000 | \$2,000,000 | \$22,727 |
| Housing Credit Equity | Wells Fargo Bank CLI | \$15,775,594 | \$16,608,339 | \$188,731 |
| Deferred Developer | Pinnacle Housing Group/ Big Bend CDC | \$1,084,223 | \$251,478 | \$2,858 |
| TOTAL | | \$20,544,817 | \$20,544,817 | \$233,464 |

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? | | 1. |
| 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 initial application contemplated a City of Tallahassee loan of \$341,118 for the construction and permanent financing of Casanas Village at Frenchtown Square. The loan is not being used due to the favorable pricing of the HC equity. This local government contribution was not a scored item in RFA 2015-103.
2. The total development costs have increased by \$993,235 from \$19,551,582 to \$20,544,817 or 5.1% since the application primarily due to increases in construction costs offset in part by reductions in financing costs.

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

According to the FHFC Asset Management Non-Compliance Report, dated July 15, 2016, the Development team has the following non-compliance item(s) not in the correction period:

- None

According to the FHFC Past Due Report, dated July 15, 2016, the Development team has the following past due item(s):

- None

Closing of the loan is conditioned upon verification that any outstanding past due, and/or non-compliance items noted at the time closing, have been satisfied.

Strengths:

The location of the site is central to neighborhood shopping, employment and healthcare facilities. All necessary utilities and services are available to the site to support the existing development. Based on these investigations, the Market Study Provider is of the opinion that the subject site is suitable for apartment development.

SAIL & HC CREDIT UNDERWRITING REPORT

A recap of 1,958 units within 13 affordable apartment complexes in Leon County indicates an overall occupancy rate of 93.2%. The average gross rent is \$784, or \$78 below the maximum allowable average rent. The subject will be new upon completion and superior to most of the comparables. The Market Study Provider estimates that the subject property will command rental rates at its maximum gross rent allowed.

The subject will set aside 10% of its total units (9 units) at or below 33% of the Area Median Income (AMI), 80% of its total units (71 units) at or below 60% AMI and the remaining 10% of its total units (8 units) at market rate. Also, 50% of the ELI units (5 units) will be set aside for Special Needs Households. The Developments in the CMA have the vast majority of their units at the 60% AMI level. There are no Guarantee Fund Developments in the PMA.

Issues and Concerns:

- None

Mitigating Factors:

- None

Other Considerations:

- None

Waiver Requests/Special Conditions:

- None

Additional Information:

1. The Development includes eight (8) market rate units. Two of these units are to be considered Live/Work Lofts, one 1-bedroom and one 2-bedroom, respectively. Each residential portion of these two units will be on the second floor and are attached through a private interior stairwell to a ground floor space in the pedestal which is about 400 square

feet +/- . The purpose is to attract young professional entrepreneurs who will conduct low volume professional activities on the first floor, and live above. Eligible basis for HC's is not impacted as they are within the designated market rent units and no retail income is utilized in the pro forma for the Development.

2. Per the RFA, FHFC limits the Total Development Cost ("TDC") per unit for new construction midrise properties to no more than \$229,762 per unit, including escalation factor and exclusive of land and permanent reserves. The subject's per unit total development cost less land and reserves is \$225,029 which meets the TDC requirement.

Recommendation:

First Housing recommends a SAIL loan in an amount of \$2,000,000 ("SAIL") and a Housing Credit ("HC") allocation of \$1,510,000 for the construction and permanent financing of Casanas Village at Frenchtown Square ("Development"). Please see Exhibit 3 of this report for further information regarding the HC allocation calculation.

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

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

Prepared by:



William J. Metler
Asst. Vice President
Senior Credit Underwriter

Reviewed by:



Ed Busansky
Senior Vice President

Overview

Construction Financing Sources:

| Construction Sources | Lender | Application | Revised Applicant | Underwriter | Construction Interest Rate | Annual Construction Debt Service |
|------------------------|------------------------|--------------|-------------------|--------------|----------------------------|----------------------------------|
| First Mortgage | Wells Fargo Bank, N.A. | \$4,376,746 | \$2,773,658 | \$1,685,000 | 2.96% | \$156,880 |
| Second Mortgage | FHFC/SAIL | \$2,000,000 | \$2,000,000 | \$2,000,000 | 1.00% | \$20,000 |
| Third Mortgage | City of Tallahassee | \$341,118 | \$0 | \$0 | 0.00% | \$0 |
| Housing Credit Equity | Wells Fargo CLI | \$12,833,718 | \$15,792,456 | \$15,775,594 | N/A | N/A |
| Deferred Developer Fee | PHG/BBCD | \$0 | \$0 | \$1,084,223 | N/A | N/A |
| Total | | \$19,551,582 | \$20,566,114 | \$20,544,817 | | \$176,880 |

First Mortgage:

First Housing reviewed a letter of interest, dated May 13, 2016, from Wells Fargo Bank, N.A. (“Wells Fargo”) outlining the terms of a construction and permanent loan for the proposed development. The construction loan amount is estimated to be up to \$5,300,000 for a term of 24 months with the option of two three-month extensions available. The construction loan will be interest only with the floating rate equal to, 30 day LIBOR (currently 46 basis points (“bps”)), subject to a floor of 15 bps, plus 250 bps; however, Wells Fargo reserves the right, until closing, to increase the spread to reflect market conditions. Today’s rate is equal to 2.96%. The Applicant may acquire an interest rate swap or other swap transaction, provided that the terms, conditions and the provider of the swap are acceptable to Wells Fargo. The committed first mortgage amount exceeds the required amount to balance the Sources and Uses; therefore, the underwriter has utilized \$1,685,000 for the first mortgage amount, the maximum SAIL Loan amount so as to not exceed the maximum 1.50 debt service coverage allowed by the Rule, and a deferred developer fee during the construction period of \$1,084,223.

SAIL Loan:

The Applicant has applied for a SAIL loan in the amount of \$2,000,000. The SAIL loan shall be non-amortizing and shall have an interest rate of 1% for the life of the loan. Annual payments of all applicable fees will be required. In addition and to the extent that development cash flow is available, annual interest payments at the 1% rate will be required; any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL loan, all principal and unpaid interest will be due. The SAIL Loan will have a maximum total term of seventeen and one-half years.

SAIL Compliance Monitoring Fee is estimated at \$885 per year. Permanent Loan Servicing Fee is based on an annual fee of 25 bps on the unpaid principal balance of the loan.

Housing Credit Equity:

First Housing reviewed a letter of interest, dated August 17, 2016, from Wells Fargo Community Lending and Investment (“Wells Fargo CLI”), indicating it would provide equity syndication services for the subject development. The letter indicates Wells Fargo CLI or an affiliate would be admitted to the partnership as a Limited Partner with a 99.99% ownership interest in the development partnership. Based on a syndication rate of \$1.10, Wells Fargo CLI anticipates a net capital contribution of \$16,608,339 paid in four installments. Of this amount, \$5,812,919 (35%) will be available at construction closing. This satisfies the FHFC requirement that 15% of the total equity is available at or prior to construction loan closing. This recommendation is contingent upon closing of the HC purchase consistent with the terms noted in this report.

Deferred Developer Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer 40.44% of the Developer Fee or \$1,084,223.

SAIL & HC CREDIT UNDERWRITING REPORT

Permanent Financing Sources:

| Permanent Sources | Lender | Application | Revised Applicant | Underwriter | Term Yrs. | Amort. Yrs. | Interest Rate | Annual Debt Service |
|------------------------|------------------------|--------------|-------------------|--------------|-----------|-------------|---------------|---------------------|
| First Mortgage | Wells Fargo Bank, N.A. | \$1,300,000 | \$1,200,000 | \$1,685,000 | 15 | 30 | 5.89% | \$119,803 |
| Second Mortgage | FHFC/SAIL | \$2,000,000 | \$2,000,000 | \$2,000,000 | 15 | 0 | 1.00% | \$20,000 |
| Third Mortgage | City of Tallahassee | \$341,118 | \$0 | \$0 | N/A | 0 | 0.00% | \$0 |
| Housing Credit Equity | Wells Fargo CLI | \$15,098,490 | \$16,608,339 | \$16,608,339 | N/A | N/A | N/A | N/A |
| Deferred Developer Fee | PHG/BBCD | \$811,974 | \$757,775 | \$251,478 | N/A | N/A | N/A | N/A |
| Total | | \$19,551,582 | \$20,566,114 | \$20,544,817 | | | | \$139,803 |

First Mortgage:

First Housing reviewed a letter of interest, dated May 13, 2016, from Wells Fargo Bank, N.A. (“Wells Fargo”) outlining the terms of a construction and permanent loan for the proposed development. The permanent period loan terms include a loan amount of up \$1,685,000 with a fixed rate for a term of 15 years from the time of conversion. The amortization of the loan will be based on thirty (30) years with a balloon payment due at maturity. The fixed rate will be locked within five (5) days of construction loan closing through a 24 month forward commitment that allows for two (2) three-month extensions. The fixed rate will be determined by Wells Fargo and will be based on the 10-year Treasury bill yield (currently 171bps) plus a spread of 368 bps, subject to a rate floor of 5.40%. The fixed rate and spread over treasury are subject to change and the calculated rate will vary as the index and overall market conditions vary. The Credit Underwriter has used the current rate of 5.39% plus an underwriting spread of 50 bps for a total rate of 5.89%.

SAIL Loan:

The Applicant has applied for a SAIL loan in the amount of \$2,000,000. The SAIL loan shall be non-amortizing and shall have an interest rate of 1% for the life of the loan. Annual payments of all applicable fees will be required. In addition and to the extent that development cash flow is available, annual interest payments at the 1% rate will be required; any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL loan, all principal and unpaid interest will be due. The SAIL Loan will have a maximum total term of seventeen and one-half years.

SAIL Compliance Monitoring Fee is estimated at \$885 per year. Permanent Loan Servicing Fee is based on an annual fee of 25 bps (\$5,000) on the unpaid principal balance of the loan.

Housing Credit Equity:

First Housing reviewed a letter of interest, dated August 17, 2016, from Wells Fargo CLI indicating it would provide equity syndication services for the subject development. The letter indicates Wells Fargo CLI or an affiliate would be admitted to the partnership as a Limited Partner with a 99.99% ownership interest in the development partnership. Based on a syndication rate of \$1.10, Wells Fargo CLI anticipates a net capital contribution of \$16,608,339 paid in four installments. Of this amount, \$5,812,919 (35%) will be available at construction closing. This satisfies the FHFC requirement that 15% of the total equity is available at or prior to construction loan closing. This recommendation is contingent upon closing of the HC purchase consistent with the terms noted in this report.

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent period, the Developer is required to defer 9.38% of the Developer Fee or \$251,478.

Syndication Contributions

| Capital Contributions | Amount | Percentage of Total | When Due |
|-----------------------|---------------------|---------------------|---|
| 1st Installment | \$5,812,919 | 35.00% | Initial Construction Loan closing |
| 2nd Installment | \$5,812,919 | 35.00% | 50% construction completion |
| 3rd Installment | \$4,149,756 | 24.99% | 95% construction completion |
| 4th Installment | \$832,745 | 5.01% | Upon the later of: (i) lien free completion, (ii) Final Certificates of Occupancy for all units, (iii) permanent loan conversion, (iv) attainment of 1.15x debt service coverage and 90% occupancy for 90 consecutive days, (v) 100% qualified occupancy, (vi) Final Cost Certification, (vii) receipt of tenant file audit from the accountants and receipt of IRS 8609s |
| Total | \$16,608,339 | 100.00% | |

Annual Credit Per Syndication Agreement \$1,510,000

Calculated HC Exchange Rate \$1.10

Limited Partner Ownership Percentage 99.99%

Proceeds Available During Construction \$15,775,594

Uses of Funds

| CONSTRUCTION COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Underwriters Total Costs Per Unit - CUR | HC Ineligible Costs - CUR |
|--|---------------------|-------------------------|--------------------------------|---|---------------------------|
| Demolition | \$25,000 | \$0 | \$0 | \$0 | \$0 |
| New Rental Units | \$10,498,486 | \$11,367,878 | \$11,367,878 | \$129,180 | \$386,118 |
| General Conditions | \$629,459 | \$511,556 | \$511,556 | \$5,813 | \$0 |
| Overhead | \$209,820 | \$227,357 | \$227,357 | \$2,584 | \$0 |
| Profit | \$629,459 | \$682,073 | \$682,073 | \$7,751 | \$0 |
| Furniture, Fixture, & Equipment | \$0 | \$154,615 | \$154,615 | \$1,757 | \$154,615 |
| Total Construction Contract/Costs | \$11,992,224 | \$12,943,479 | \$12,943,479 | \$147,085 | \$540,733 |
| Hard Cost Contingency | \$599,611 | \$647,173 | \$647,173 | \$7,354 | \$0 |
| Other: Washers and Dryers | \$140,800 | \$140,800 | \$140,800 | \$1,600 | \$140,800 |
| Other: Furniture, Fixtures and Equipment | \$225,000 | \$270,000 | \$270,000 | \$3,068 | \$270,000 |
| Total Construction Costs: | \$12,957,635 | \$14,001,452 | \$14,001,452 | \$159,107 | \$951,533 |

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract dated August 25, 2016. The GC Contract is to be written for \$12,943,479. The GC Contract is a Standard Form of Agreement between the Owner, Frenchtown Square Partners, LLC and the Contractor, Brooks & Freund, LLC were the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price. Per this contract, substantial completion is to be achieved within Three hundred and ninety (390) days from recording of the Notice of Commencement. The Owner will make monthly progress payments to the Contractor, based upon Applications for Payment approved by the Architect. The GC Contract calls for a minimum of 10% retainage holdback on all construction draws until the development is 50% complete and 0% thereafter.
2. Builder's risk was not included in the GC Contract.
3. The Hard Cost Contingency is within the maximum of 5% of the total construction costs per the Rule.
4. The GC fee is within the maximum 14% of hard costs allowed by the requirements in the Rule. An updated schedule of values showing the GC fee within the maximum allowed is a condition for closing. The Furniture, Fixtures, & Equipment line item within the GC Contract for the purchase of appliances and window treatments was excluded from the GC Fee calculation.

SAIL & HC CREDIT UNDERWRITING REPORT

5. The GC Contract includes the cost of a Payment and Performance Bond to secure the construction contract.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Underwriters Total Costs Per Unit - CUR | HC Ineligible Costs - CUR |
|---|--------------------|-------------------------|--------------------------------|---|---------------------------|
| Accounting Fees | \$71,500 | \$71,500 | \$71,500 | \$813 | \$0 |
| Appraisal | \$12,500 | \$12,500 | \$5,000 | \$57 | \$0 |
| Architect's and Planning Fees | \$360,000 | \$360,000 | \$360,000 | \$4,091 | \$0 |
| Architect's Fee - Supervision | \$40,000 | \$40,000 | \$40,000 | \$455 | \$0 |
| Building Permits | \$105,600 | \$105,600 | \$105,600 | \$1,200 | \$0 |
| Builder's Risk Insurance | \$143,607 | \$151,124 | \$151,124 | \$1,717 | \$0 |
| Engineering Fees | \$112,500 | \$112,500 | \$112,500 | \$1,278 | \$0 |
| Environmental Report | \$67,500 | \$67,500 | \$67,500 | \$767 | \$33,750 |
| FHFC Administrative Fees | \$135,900 | \$135,900 | \$135,900 | \$1,544 | \$135,900 |
| FHFC Application Fee | \$3,000 | \$3,000 | \$3,000 | \$34 | \$3,000 |
| FHFC Credit Underwriting Fee | \$17,105 | \$17,106 | \$18,621 | \$212 | \$18,621 |
| FHFC HC Compliance Fee (HC) | \$210,509 | \$215,509 | \$210,509 | \$2,392 | \$210,509 |
| Impact Fee | \$114,853 | \$114,853 | \$114,853 | \$1,305 | \$0 |
| Lender Inspection Fees / Const Admin | \$85,000 | \$85,000 | \$85,000 | \$966 | \$0 |
| Green Building Cert. (LEED, FGBC, NAHB) | \$75,000 | \$50,000 | \$50,000 | \$568 | \$0 |
| Insurance | \$79,200 | \$79,200 | \$79,200 | \$900 | \$79,200 |
| Legal Fees | \$300,000 | \$300,000 | \$300,000 | \$3,409 | \$201,000 |
| Market Study | \$7,500 | \$7,500 | \$5,500 | \$63 | \$5,500 |
| Marketing and Advertising | \$100,000 | \$100,000 | \$100,000 | \$1,136 | \$100,000 |
| Plan and Cost Review Analysis | \$0 | \$0 | \$2,600 | \$30 | \$0 |
| Property Taxes | \$74,800 | \$62,040 | \$62,040 | \$705 | \$62,040 |
| Soil Test | \$7,500 | \$7,500 | \$7,500 | \$85 | \$3,750 |
| Survey | \$37,500 | \$37,500 | \$37,500 | \$426 | \$0 |
| Title Insurance and Recording Fees | \$175,000 | \$175,000 | \$175,000 | \$1,989 | \$0 |
| Utility Connection Fees | \$327,886 | \$327,886 | \$327,886 | \$3,726 | \$0 |
| Soft Cost Contingency | \$139,840 | \$145,602 | \$131,416 | \$1,493 | \$0 |
| Total General Development Costs: | \$2,803,800 | \$2,784,320 | \$2,759,749 | \$31,361 | \$853,270 |

Notes to the General Development Costs:

SAIL & HC CREDIT UNDERWRITING REPORT

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. The Credit Underwriter has utilized actual costs for: FHFC credit underwriting, application fees, appraisal, and market study.
3. The FHFC Administrative Fee is based on 9% of the recommended annual housing credit allocation required of for-profit Applicants.
4. FHFC Compliance Fees is an estimate. The actual fees will be determined based on the current contract, including any addendum, for services between the Corporation and the Compliance Monitor(s). The full Housing Credit Extended Use Period fee will be collected at final allocation.
5. The Soft Cost Contingency line item has been adjusted to be within 5% of the General Development Costs less the soft cost contingency, as allowed by the Rule.

| FINANCIAL COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Underwriters Total Costs Per Unit - CUR | HC Ineligible Costs - CUR |
|-----------------------------------|------------------|-------------------------|--------------------------------|---|---------------------------|
| Construction Loan Origination Fee | \$70,000 | \$55,250 | \$53,000 | \$602 | \$0 |
| Construction Loan Closing Costs | \$42,250 | \$72,500 | \$72,500 | \$824 | \$55,000 |
| Construction Loan Interest | \$270,861 | \$145,273 | \$145,273 | \$1,651 | \$81,326 |
| Permanent Loan Origination Fee | \$33,000 | \$14,250 | \$16,850 | \$191 | \$12,000 |
| Permanent Loan Closing Costs | \$42,250 | \$72,500 | \$72,500 | \$824 | \$55,000 |
| Total Financial Costs: | \$458,361 | \$359,773 | \$360,123 | \$4,092 | \$203,326 |

Notes to the Financial Costs:

1. Construction Loan Origination Fee is based on 1% of the loan amount, based on the Wells Fargo term sheet dated May 13, 2016.
2. Permanent Loan Origination fee is based on the greater of 1% of the loan amount or \$10,000, based on the Wells Fargo term sheet dated May 13, 2016. Additionally, a conversion fee of \$7,500, plus counsel fees will be payable at conversion to permanent.
3. The 1% SAIL Loan Extension Fee and the 1% SAIL Loan Commitment Fee have been included in the Permanent Loan Closing Costs line item.

SAIL & HC CREDIT UNDERWRITING REPORT

4. Construction Loan Interest was based on 24 months anticipated construction/stabilization period.
5. Loan Closing Costs are the Applicant's estimates.
6. An Operating Deficit Reserve for this Development has not been required by the HC Equity provider. However, the co-managing members and guarantors have agreed to provide unlimited operating deficit loans until all conditions of the capital contributions have been satisfied.

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

1. Since this is a new construction development, there are no non-land acquisition costs.

| OTHER DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Underwriters Total Costs Per Unit - CUR | HC Ineligible Costs - CUR |
|---------------------------------------|--------------------|-------------------------|--------------------------------|---|---------------------------|
| Development Cost Before Developer Fee | \$16,219,796 | \$17,145,545 | \$17,121,324 | \$194,561 | \$2,008,129 |
| Developer Fee | \$2,589,549 | \$2,678,332 | \$2,681,256 | \$30,468 | \$0 |
| Total Other Development Costs: | \$2,589,549 | \$2,678,332 | \$2,681,256 | \$30,468 | \$0 |

1. The recommended Developer's Fee does not exceed 16% of total development cost before developer fee, operating deficit reserves and escrows as allowed by the Rule.

| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Underwriters Total Costs Per Unit - CUR | HC Ineligible Costs - CUR |
|---------------------------------|------------------|-------------------------|--------------------------------|---|---------------------------|
| Land | \$742,237 | \$742,237 | \$742,237 | \$8,435 | \$742,237 |
| Total Acquisition Costs: | \$742,237 | \$742,237 | \$742,237 | \$8,435 | \$742,237 |

Notes to Land Acquisition Costs:

1. Land costs represents a Capital Lease payment required by a Ground Lease Agreement between BBCDC and Frenchtown Square Partners, LLC.

2. The market value of the fee simple interest in the subject site, as is, as vacant land, based on Market conditions prevailing on March 24, 2016 was \$970,000.

| | | | | | |
|---------------------------------|---------------------|---------------------|---------------------|------------------|--------------------|
| TOTAL DEVELOPMENT COSTS: | \$19,551,582 | \$20,566,114 | \$20,544,817 | \$233,463 | \$2,750,366 |
|---------------------------------|---------------------|---------------------|---------------------|------------------|--------------------|

1. The total development costs have increased by \$993,235 from \$19,551,582 to \$20,544,817 or 5.1% since the application primarily due to due to increases in construction costs offset in part by reductions in financing costs.
2. Per the RFA, FHFC limits the Total Development Cost (“TDC”) per unit for new construction midrise properties to no more than \$229,762 per unit, exclusive of land and permanent reserves. The subject’s per unit total development cost less land and reserves is \$225,029 which meets the TDC requirement.

SAIL & HC CREDIT UNDERWRITING REPORT

Operating Pro Forma – Casanas Village at Frenchtown Square

| FINANCIAL COSTS: | | | Year 1 | Year 1 Per Unit |
|--|--------------------------------------|-------------------|------------------|--------------------|
| OPERATING PRO FORMA | | | | |
| INCOME: | Gross Potential Rental Income | | \$769,644 | \$8,746 |
| | Other Income | | | \$0 |
| | Miscellaneous | | \$15,840 | \$180 |
| | Washer/Dryer Rentals | | \$23,760 | \$270 |
| | Gross Potential Income | | \$809,244 | \$9,196 |
| | Less: | | | |
| | Physical Vac. Loss | Percentage: 7.00% | \$56,647 | \$644 |
| | Collection Loss | Percentage: 1.00% | \$8,092 | \$92 |
| Total Effective Gross Income | | | \$744,504 | \$8,460 |
| EXPENSES: | Fixed: | | | |
| | Real Estate Taxes | | \$62,058 | \$705 |
| | Insurance | | \$52,800 | \$600 |
| | Variable: | | | |
| | Management Fee | Percentage: 5.00% | \$37,225 | \$423 |
| | General and Administrative | | \$30,000 | \$341 |
| | Payroll Expenses | | \$149,600 | \$1,700 |
| | Utilities | | \$96,800 | \$1,100 |
| | Marketing and Advertising | | \$8,800 | \$100 |
| | Maintenance and Repairs/Pest Control | | \$35,200 | \$400 |
| Grounds Maintenance and Landscaping | | \$26,400 | \$300 | |
| Reserve for Replacements | | \$26,400 | \$300 | |
| Total Expenses | | | \$525,283 | \$5,969 |
| Net Operating Income | | | \$219,221 | \$2,491 |
| Debt Service Payments | | | | |
| First Mortgage Plus Fees - Wells Fargo | | \$119,803 | \$1,361 | |
| Second Mortgage Plus Fees - FHFC SAIL | | \$25,885 | \$294 | |
| Total Debt Service Payments | | \$145,688 | \$1,656 | |
| Cash Flow after Debt Service | | \$73,533 | \$836 | |
| | | | Annual | |
| Debt Service Coverage Ratios | | | | |
| DSC - First Mortgage plus fees | | 1.83 | | |
| DSC - Second Mortgage plus fees | | 1.50 | | |
| DSC - All Mortgages and Fees | | 1.50 | | |
| Financial Ratios | | | | |
| Operating Expense Ratio | | 70.55% | | |
| Break-even Economic Occupancy Ratio (all debt) | | 82.91% | | |

SAIL & HC CREDIT UNDERWRITING REPORT

Notes to the Operating Pro Forma and Ratios:

1. The SAIL program does not impose any rent restrictions. However, this development will be utilizing Housing Credits in conjunction with SAIL financing, which will impose rent restrictions.
2. The Market Study concluded the Subject's 33% AMI and 60% AMI units will achieve the maximum allowable rent levels. See rent roll below with rents from FHFC's website for 2016:

Tallahassee HMFA; Tallahassee MSA / Leon County

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Gross HC Rent | Low HOME Rents | High HOME Rents | Utility Allow | RD/HUD Cont Rents | Net HC Rent | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|-----------|------------|-----------|-------------|--------|---------------|----------------|-----------------|---------------|-------------------|-------------|-----------------|-----------------|----------|----------------------|
| 1 | 1.0 | 2 | 641 | 33% | \$403 | N/A | N/A | \$87 | N/A | \$316 | \$300 | \$316 | \$316 | \$7,584 |
| 1 | 1.0 | 16 | 670 | 60% | \$732 | N/A | N/A | \$87 | N/A | \$645 | \$600 | \$645 | \$645 | \$123,840 |
| 1 | 1.0 | 2 | 670 | Market | N/A | N/A | N/A | N/A | N/A | N/A | \$600 | \$720 | \$720 | \$17,280 |
| 2 | 2.0 | 5 | 903 | 33% | \$483 | N/A | N/A | \$107 | N/A | \$376 | \$357 | \$376 | \$376 | \$22,560 |
| 2 | 2.0 | 43 | 903 | 60% | \$879 | N/A | N/A | \$107 | N/A | \$772 | \$720 | \$772 | \$772 | \$398,352 |
| 2 | 2.0 | 5 | 903 | Market | N/A | N/A | N/A | N/A | N/A | N/A | \$720 | \$855 | \$855 | \$51,300 |
| 3 | 2.0 | 2 | 1,164 | 33% | \$558 | N/A | N/A | \$136 | N/A | \$422 | \$397 | \$422 | \$422 | \$10,128 |
| 3 | 2.0 | 12 | 1,164 | 60% | \$1,016 | N/A | N/A | \$136 | N/A | \$880 | \$825 | \$880 | \$880 | \$126,720 |
| 3 | 2.0 | 1 | 1,164 | Market | N/A | N/A | N/A | N/A | N/A | N/A | \$825 | \$990 | \$990 | \$11,880 |
| | | 88 | | | | | | | | | | | | \$769,644 |

3. The Vacancy and Collection loss rate of 8% is based on the average vacancy rate.
4. Other Income is comprised of washer and dryer rentals, vending income, late fees, pet deposits, and forfeited security deposits. Total other income of \$39,600 annually is projected by the appraisal.
5. The General and Administrative expense line item includes all professional fees for items such as legal, accounting and marketing, office supplies, telephone service for the office, postage, licenses, permits, etc. which is estimated at \$30,000 per year is supported by the appraisal.
6. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and the Credit Underwriter's independent due diligence, First Housing

represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

7. Payroll expenses include the addition of a Family Support Coordinator as required by the RFA.
8. The Applicant has submitted an executed Property Management Agreement which reflects a management fee of 5% of revenue and contains the appropriate verbiage regarding compliance with tenant income and rent restrictions. The Credit Underwriter has utilized an industry standard 5% management fee.
9. The tenant is responsible for all electric utility expenses for the occupied apartments. The landlord will be responsible for trash, water, sewer, and common area electric. The appraiser estimated the Utilities line item at \$1,100 per unit.
10. Replacement Reserves have been increased to \$300 per unit per year, as required by the Rule.
11. The minimum DSC ratio shall be 1.10 for the SAIL loan, including all superior mortgages. The maximum DSC ratio shall be 1.50 for the SAIL loan, including all superior mortgages per the Rule.
12. Refer to Exhibit 1, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 1.53% based on the Credit Underwriter's analysis of historical averages for Leon County. Expenses are increasing at an annual rate of 3%.

Section B

SAIL Loan Special and General Conditions, and HC Allocation Recommendation and Contingencies

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least 30 days prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the closing date:

1. Receipt and satisfactory review of a final Plan and Cost Review from GLE Associates, Inc.
2. Satisfactory receipt and review of updated financials for the General Contractor, Guarantors, and Developer.
3. Receipt and satisfactory review of the Final signed, sealed “approved for construction” plans and specifications by the Construction Consultant and the Servicer.
4. Receipt and satisfactory review of the renewed 2016-2017 GC Contractors State License.
5. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least 30 days prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the closing date:

1. Payment of any outstanding arrearages to the Corporation, its legal counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-48.0075 (5) F.A.C., of an Applicant or a Developer).
2. GLE Associates, Inc. is to act as construction inspector during the construction phase.
3. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first mortgage lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development Costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.
4. During construction, the developer is only allowed to draw a maximum of 50% of the total developer fee but in no case more than the payable developer fee during construction, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" will be funded at closing. The remainder of the "developer's overhead" will be disbursed during construction on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and the Servicer. The remaining unpaid developer fee (if applicable) shall be considered attributable to "developer's profit", and may not be funded until the development has achieved 100% lien free completion, and only after retainage has been released.
5. Signed and sealed survey, dated within 90 days of loan closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of

the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

6. Building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, Department of Transportation, etc.) or a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
7. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications.
8. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction loan interest based upon the final draw schedule, documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.
9. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL Program loan proceeds shall be disbursed during the construction phase in an amount per draw that does not exceed the ratio of the SAIL loan to the total development costs, unless approved by the Credit Underwriter. The closing draw must include appropriate backup and ACH wiring instructions.
10. Evidence of general liability, flood (if applicable), builder's risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, with coverage, deductibles, and amounts satisfactory to Florida Housing.
11. A 100% Payment and Performance Bond or a Letter of Credit (LOC) in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the GC and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds must be from a company rated at least "A-" by A.M. Best & Co with a financial size category of at least FSC VI. FHFC, and/or legal counsel must approve the source, amount(s) and all terms of the P&P bonds, or LOC. If the LOC option is utilized, the LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.

12. Architect, Construction Consultant, and Developer Certifications on forms provided by FHFC will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.
13. Borrower is to comply with any and all recommendations noted in the Plan and Cost Review prepared by GLE Associates, Inc.

This recommendation is contingent upon the review and approval by Florida Housing, and its legal counsel **at least 30 days prior to Real Estate Loan Closing**. Failure to receive approval of these items, along with all other items listed on Florida Housing counsel's due diligence, within this time frame may result in postponement of the loan closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/manager(s) of the Borrower, the guarantor, and any limited partners of the Borrower.
2. Award of HC's and purchase of same by Wells Fargo CLI, or an affiliate, under terms consistent with the assumptions of this report.
3. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
4. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of closing, unless otherwise approved by Florida Housing, and legal counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations and remediation restrictions noted in the Environmental Assessment(s) and Updates and the Environmental Review, if applicable.
5. Title insurance pro forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan(s) naming FHFC as the insured. All endorsements required by FHFC shall be provided.

6. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.
7. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to Florida Housing.
8. Receipt of a legal opinion from the Borrower's legal counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is member of the Borrower and of any corporation, limited liability company, or partnership that is the managing member of the member, of any corporate guarantor and any manager;
 - b. Authorization, execution, and delivery by the Borrower and the guarantor, of all Loan(s) documents;
 - c. The Loan(s) documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. The Borrower's and the guarantor's execution, delivery and performance of the Loan(s) documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement and;
 - e. Such other matters as Florida Housing or its legal counsel may require.
9. Evidence of compliance with the local concurrency laws, if applicable.
10. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its legal counsel in form and substance acceptable to Florida housing or its legal counsel, in connection with the Loan(s).
11. UCC Searches for the Borrower, its partnerships, as requested by counsel.

12. Any other reasonable conditions established by Florida Housing and its legal counsel.

Additional Conditions

This recommendation is also contingent upon satisfaction of the following additional conditions:

1. Compliance with all provisions of Sections 420.507, and 420.5087, Florida Statutes, Rule Chapter 67-48, F.A.C. (SAIL Loan), , Rule Chapter 67-53, F.A.C., Rule Chapter 67-60, F.A.C., RFA 2015-103 and Section 42 I.R.C. (Housing Credits), and any other State or Federal requirements.
2. Development and execution by the Borrower of the required Memorandum of Understanding (“MOU”) with at least one designated Special Needs Household Referral Agency for the county where the proposed Development will be located. As outlined in the Carryover Allocation Agreement, the fully executed MOU is due to Florida Housing by June 30, 2017.
3. Acceptance by the Borrower and execution of all documents evidencing and securing the SAIL Loan in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note, the Loan Agreement, the Mortgage and Security Agreement, and the Land Use Restriction Agreement and/or Extended Land Use Agreement.
4. The operating agreement from Wells Fargo CLI, or an affiliate, shall be in a form and of financial substance satisfactory to FHFC, FHFC's Counsel and FHDC.
5. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and Wells Fargo CLI, or an affiliate, that requires funding of all HC Equity Installments during construction, even if the Borrower is in default under the Operating Agreement.
6. All amounts necessary to complete construction must be deposited with the FHFC prior to closing, or any phased HC Equity pay-in amount necessary to complete construction shall be contingent upon an obligation of the entity providing payments, regardless of any default under any documents relating to the HC’s, as long as the First Mortgage continues to be funded. Notwithstanding the foregoing, at least 15% of all HC Equity (but not less than provided for in the Syndication Agreement or such higher amount as recommended by the Credit Underwriter) shall be deposited with the FHFC at the loan closing unless a lesser amount is approved by FHFC prior to closing. If bridge loan proceeds are used in lieu of HC equity funding during construction, said loan must close

simultaneously or prior to the First Mortgage loan, and sufficient amounts will be drawn from the bridge loan at First Mortgage loan closing in order to satisfy the 15% requirement.

7. Guarantors to provide the standard FHFC Construction Completion Guarantee, to be released upon lien-free completion, as approved by the Servicer.
8. For the SAIL Loan, Guarantors are to provide an Operating Deficit Guarantee. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guarantee if all conditions are met, including achievement of a 1.15x debt service coverage for the combined permanent first mortgage loan and SAIL loan, as determined by the Corporation or its agent, and 90 percent occupancy, and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all as certified by an independent Certified Public Accountant and verified by the Credit Underwriter. The calculation of the debt service coverage ratio shall be made by the Corporation or its agent. Notwithstanding the above, the operating deficit guarantee shall not terminate earlier than three (3) years following the final certificate of occupancy.
9. Guarantors to provide the standard FHFC Environmental Indemnity.
10. Guarantors to provide the standard FHFC Guaranty of Recourse Obligations.
11. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the Loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel. The form of the title policy must be approved prior to closing.
12. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgage Lender, Trustee, or the Servicer. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release of funds shall be at Florida Housing's sole discretion.
13. Replacement Reserves in the amount of \$300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's Loan(s) servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per Rule 67-48 F.A.C., in the amount of \$26,400 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election,

if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of \$300 per unit per year for years 1 and 2, followed by \$300 per unit per year thereafter. The initial replacement reserve will have limitations on the ability to be drawn. New Construction or Rehabilitation Developments (with or without acquisition) shall not be allowed to draw during the first five years or until the establishment of a minimum balance equal to the accumulation of five (5) years of replacement reserves per unit. The amount established as a replacement reserve shall be adjusted based on a CNA to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the 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. 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 lien-free completion of construction. The GC contract indicates a 10% retainage holdback until 50% completion and 0% thereafter which satisfies the minimum requirement.
15. Closing of all funding sources prior to or simultaneous with the SAIL loan.
16. Satisfactory completion of a pre-loan closing compliance audit conducted by FHFC or Servicer, if applicable.
17. Closing is conditioned upon satisfactory receipt and review of executed “as designed” Fair Housing, Section 504, and ADA Certifications.
18. Satisfactory resolution of any outstanding past due and/or non-compliance issues prior to closing.
19. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

Housing Credit Allocation Recommendation and Contingencies

First Housing Development Corporation has estimated a preliminary annual HC allocation of \$1,510,000. Please see the HC Allocation Calculation in Exhibit 2 of this report for further details.

Contingencies

The HC allocation will be contingent upon the receipt and satisfactory review of the following items by First Housing and Florida Housing by the deadline established in the Preliminary Determination. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. Closing of all funding sources prior to or simultaneous with the SAIL Loan.
2. Purchase of the HC's by Wells Fargo CLI, or an affiliated entity, under terms consistent with assumptions of this report.
3. Satisfactory resolution of any outstanding past due and/or non-compliance issues.
4. Receipt of executed FHFC Fair Housing, Section 504 and ADA as-built certification forms 122, 127, and 129.
5. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

SAIL & HC CREDIT UNDERWRITING REPORT

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 | \$769,644 | \$781,420 | \$793,375 | \$805,514 | \$817,838 | \$830,351 | \$843,056 | \$855,954 | \$869,050 | \$882,347 | \$895,847 | \$909,553 | \$923,469 | \$937,599 | \$951,944 |
| | Miscellaneous | \$15,840 | \$16,082 | \$16,328 | \$16,578 | \$16,832 | \$17,089 | \$17,351 | \$17,616 | \$17,886 | \$18,160 | \$18,437 | \$18,719 | \$19,006 | \$19,297 | \$19,592 |
| | Washer/Dryer Rentals | \$23,760 | \$24,124 | \$24,493 | \$24,867 | \$25,248 | \$25,634 | \$26,026 | \$26,425 | \$26,829 | \$27,239 | \$27,656 | \$28,079 | \$28,509 | \$28,945 | \$29,388 |
| | Gross Potential Income | \$809,244 | \$821,625 | \$834,196 | \$846,960 | \$859,918 | \$873,075 | \$886,433 | \$899,995 | \$913,765 | \$927,746 | \$941,940 | \$956,352 | \$970,984 | \$985,840 | \$1,000,924 |
| | Less: | | | | | | | | | | | | | | | |
| | Physical Vac. Loss Percentage: 7.00% | \$56,647 | \$57,514 | \$58,394 | \$59,287 | \$60,194 | \$61,115 | \$62,050 | \$63,000 | \$63,964 | \$64,942 | \$65,936 | \$66,945 | \$67,969 | \$69,009 | \$70,065 |
| Collection Loss Percentage: 1.00% | \$8,092 | \$8,216 | \$8,342 | \$8,470 | \$8,599 | \$8,731 | \$8,864 | \$9,000 | \$9,138 | \$9,277 | \$9,419 | \$9,564 | \$9,710 | \$9,858 | \$10,009 | |
| Total Effective Gross Income | \$744,504 | \$755,895 | \$767,461 | \$779,203 | \$791,125 | \$803,229 | \$815,518 | \$827,996 | \$840,664 | \$853,526 | \$866,585 | \$879,844 | \$893,305 | \$906,973 | \$920,850 | |
| EXPENSES: | Fixed: | | | | | | | | | | | | | | | |
| | Real Estate Taxes | \$62,058 | \$63,920 | \$65,837 | \$67,812 | \$69,847 | \$71,942 | \$74,100 | \$76,324 | \$78,613 | \$80,972 | \$83,401 | \$85,903 | \$88,480 | \$91,134 | \$93,868 |
| | Insurance | \$52,800 | \$54,384 | \$56,016 | \$57,696 | \$59,427 | \$61,210 | \$63,046 | \$64,937 | \$66,885 | \$68,892 | \$70,959 | \$73,088 | \$75,280 | \$77,539 | \$79,865 |
| | Variable: | | | | | | | | | | | | | | | |
| | Management Fee Percentage: 5.00% | \$37,225 | \$37,795 | \$38,373 | \$38,960 | \$39,556 | \$40,161 | \$40,776 | \$41,400 | \$42,033 | \$42,676 | \$43,329 | \$43,992 | \$44,665 | \$45,349 | \$46,042 |
| | General and Administrative | \$30,000 | \$30,900 | \$31,827 | \$32,782 | \$33,765 | \$34,778 | \$35,822 | \$36,896 | \$38,003 | \$39,143 | \$40,317 | \$41,527 | \$42,773 | \$44,056 | \$45,378 |
| | Payroll Expenses | \$149,600 | \$154,088 | \$158,711 | \$163,472 | \$168,376 | \$173,427 | \$178,630 | \$183,989 | \$189,509 | \$195,194 | \$201,050 | \$207,081 | \$213,294 | \$219,693 | \$226,283 |
| | Utilities | \$96,800 | \$99,704 | \$102,695 | \$105,776 | \$108,949 | \$112,218 | \$115,584 | \$119,052 | \$122,623 | \$126,302 | \$130,091 | \$133,994 | \$138,014 | \$142,154 | \$146,419 |
| | Marketing and Advertising | \$8,800 | \$9,064 | \$9,336 | \$9,616 | \$9,904 | \$10,202 | \$10,508 | \$10,823 | \$11,148 | \$11,482 | \$11,826 | \$12,181 | \$12,547 | \$12,923 | \$13,311 |
| | Maintenance and Repairs/Pest Control | \$35,200 | \$36,256 | \$37,344 | \$38,464 | \$39,618 | \$40,806 | \$42,031 | \$43,292 | \$44,590 | \$45,928 | \$47,306 | \$48,725 | \$50,187 | \$51,692 | \$53,243 |
| | Grounds Maintenance and Landscaping | \$26,400 | \$27,192 | \$28,008 | \$28,848 | \$29,713 | \$30,605 | \$31,523 | \$32,469 | \$33,443 | \$34,446 | \$35,479 | \$36,544 | \$37,640 | \$38,769 | \$39,932 |
| | Reserve for Replacements | \$26,400 | \$26,400 | \$26,400 | \$26,400 | \$26,400 | \$26,400 | \$26,400 | \$26,400 | \$26,400 | \$26,400 | \$26,400 | \$26,400 | \$26,400 | \$26,400 | \$26,400 |
| | Total Expenses | \$525,283 | \$539,703 | \$554,546 | \$569,826 | \$585,556 | \$601,750 | \$618,420 | \$635,581 | \$653,248 | \$671,435 | \$690,951 | \$711,043 | \$731,727 | \$753,022 | \$774,946 |
| Net Operating Income | \$219,221 | \$216,193 | \$212,915 | \$209,376 | \$205,568 | \$201,479 | \$197,098 | \$192,415 | \$187,416 | \$182,091 | \$175,634 | \$168,801 | \$161,578 | \$153,951 | \$145,903 | |
| Debt Service Payments | | | | | | | | | | | | | | | | |
| First Mortgage Plus Fees | \$119,803 | \$119,803 | \$119,803 | \$119,803 | \$119,803 | \$119,803 | \$119,803 | \$119,803 | \$119,803 | \$119,803 | \$119,803 | \$119,803 | \$119,803 | \$119,803 | \$119,803 | |
| Second Mortgage Plus Fees | \$25,885 | \$25,912 | \$25,939 | \$25,967 | \$25,996 | \$26,026 | \$26,057 | \$26,088 | \$26,121 | \$26,155 | \$26,189 | \$26,225 | \$26,262 | \$26,300 | \$26,339 | |
| Total Debt Service Payments | \$145,688 | \$145,714 | \$145,742 | \$145,770 | \$145,799 | \$145,829 | \$145,860 | \$145,891 | \$145,924 | \$145,958 | \$145,992 | \$146,028 | \$146,065 | \$146,103 | \$146,141 | |
| Cash Flow after Debt Service | \$73,533 | \$70,478 | \$67,173 | \$63,607 | \$59,769 | \$55,650 | \$51,239 | \$46,523 | \$41,492 | \$36,133 | \$29,642 | \$22,773 | \$15,514 | \$7,848 | -\$238 | |
| | Annual | Annual | Annual | Annual | Annual | Annual | Annual | Annual | Annual | Annual | Annual | Annual | Annual | Annual | Annual | |
| Debt Service Coverage Ratios | | | | | | | | | | | | | | | | |
| DSC - First Mortgage plus fees | 1.83 | 1.80 | 1.78 | 1.75 | 1.72 | 1.68 | 1.65 | 1.61 | 1.56 | 1.52 | 1.47 | 1.41 | 1.35 | 1.29 | 1.22 | |
| DSC - Second Mortgage plus fees | 1.50 | 1.48 | 1.46 | 1.44 | 1.41 | 1.38 | 1.35 | 1.32 | 1.28 | 1.25 | 1.20 | 1.16 | 1.11 | 1.05 | 1.00 | |
| DSC - All Mortgages and Fees | 1.50 | 1.48 | 1.46 | 1.44 | 1.41 | 1.38 | 1.35 | 1.32 | 1.28 | 1.25 | 1.20 | 1.16 | 1.11 | 1.05 | 1.00 | |
| Financial Ratios | | | | | | | | | | | | | | | | |
| Operating Expense Ratio | 70.55% | 71.40% | 72.26% | 73.13% | 74.02% | 74.92% | 75.83% | 76.76% | 77.71% | 78.67% | 79.73% | 80.81% | 81.91% | 83.03% | 84.16% | |
| Break-even Economic Occupancy Ratio (all deb | 82.91% | 83.42% | 83.95% | 84.49% | 85.05% | 85.63% | 86.22% | 86.83% | 87.46% | 88.11% | 88.85% | 89.62% | 90.40% | 91.20% | 92.02% | |

Housing Credit Calculation

| | |
|--|--------------|
| Total Development Costs(including land and ineligible Costs) | \$20,544,817 |
| Less Land Costs | \$742,237 |
| Less Federal Grants and Loans | \$0 |
| Less Other Ineligible Costs | \$2,008,129 |
| Total Eligible Basis | \$17,794,451 |
| Applicable Fraction | 90% |
| DDA/QCT Basis Credit | 130% |
| Qualified Basis | \$20,819,508 |
| Housing Credit Percentage | 9.00% |
| Annual Housing Credit Allocation | \$1,873,756 |

Qualified Basis

1. Other ineligible costs include legal fees, marketing and advertising costs, and certain administrative costs.
2. The development has 90% of the units' set-aside so the calculation is based on 90% of the housing credit eligible costs.
3. For purposes of this analysis, the development is located in a Qualified Census Tract ("QCT") and/or Difficult Development Area ("DDA") therefore; the 130% basis credit was applied.
4. For purposes of this recommendation, a HC percentage of 9.00 was applied for the Housing Credit Percentage based on the Housing and Economic Recovery Act of 2008 as updated in 2015.

GAP Calculation

| | |
|--|--------------|
| Total Development Costs(including land and ineligible Costs) | \$20,544,817 |
| Less Mortgages | \$3,685,000 |
| Less Grants | \$0 |
| Equity Gap | \$16,859,817 |
| HC Syndication Percentage to Investment Partnership | 99.99% |
| HC Syndication Pricing | \$1.10 |
| HC Required to meet Equity Gap | \$15,328,639 |
| Annual HC Required | \$1,532,864 |

1. HC Syndication Pricing and Percentage to Investment Partnership are based on the letter of interest from Wells Fargo CLI.

Summary

| | |
|---|--------------|
| HC Per Syndication Agreement | \$1,510,000 |
| HC Per Qualified Basis | \$1,873,756 |
| HC Per GAP Calculation | \$1,532,864 |
| | |
| Annual HC Recommended | \$1,510,000 |
| | |
| Syndication Proceeds based upon Syndication Agreement | \$16,608,339 |

1. The estimated housing credit allocation is limited to the lesser of the application request, qualified basis calculation, or the gap calculation. The recommendation is based on the application request.
2. FHFC reserves the right to resize the Housing Credits preliminary awarded to the Applicant. The next opportunity for a feasibility review of this transaction will be at Cost Certification. If the Cost Certification indicates a need to resize the HC allocation, FHFC will do so at that time.

EXHIBIT "B"
RFA 2015-103 - REVITALIZATION
CASANAS VILLAGE AT FRENCHTOWN SQUARE / 2015-231CS/2016-004CS
DESCRIPTION OF FEATURES AND AMENITIES

A. **The Development will consist of:**

88 Mid-Rise Apartment Units located in 1 residential 5-story building with 2 elevators.

Unit Mix:

Two (2) one bedroom/one bath units containing a minimum of 641 square feet of heated and cooled living area; and

Eighteen (18) one bedroom/one bath units containing a minimum of 670 square feet of heated and cooled living area; and

Fifty-three (53) two bedroom/two bath units containing a minimum of 903 square feet of heated and cooled living area; and

Fifteen (15) three bedroom/two bath units containing a minimum of 1164 square feet of heated and cooled living area.

88 Total Units

The Development is to be constructed in accordance with the final plans and specifications approved by the appropriate city or county building or planning department or equivalent agency, and approved as reflected in the Pre-Construction Analysis prepared for Florida Housing or its Servicer, unless a change has been approved in writing by Florida Housing or its Servicer. The Development will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, the 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, Florida Statutes, Federal Fair Housing Act as implemented by 24 CFR 100, 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. All units must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairment.

The Applicant commits to locate each feature and amenity that is non unit-specific on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

B. The Development will provide the following General Features and Accessibility, Universal Design and Visitability Features in all units:

1. Termite prevention;
2. Pest control;
3. Window covering for each window and glass door inside each unit;
4. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;
5. Full-size range and oven in all units;
6. At least two full bathrooms in all 3 bedroom or larger new construction units; and
7. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units.
8. Washer and dryer hooks ups in each of the Development's units or an on-side laundry facility for resident use. If the 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-side laundry facility, divide the total number of the Developments' units by 15, and the round up to the nearest whole number.

C. All new construction units that are located on an accessible route will provide the following features:

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

D. All new construction units must include the following general Features and Green Building Features:

All Family Demographic Developments will 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.

Green Building Features in all Family and Elderly Demographic Developments:

- a) Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint).
- b) Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
 - i. Faucets: 1.5 gallons/minute or less,
 - ii. Showerheads: 2.2 gallons/minute or less;
- c) Energy Star Qualified refrigerator;
- d) Energy Star Qualified dishwasher;
- e) Energy Star Qualified ventilation fan in all bathrooms;
- f) Water heating minimum efficiency specifications (choose gas, electric, gas tankless, or boiler/hot water maker):
 - i. Gas:
 - 1. 30 gal = .63 EF; or
 - 2. 40 gal = .61 EF; or
 - 3. 50 gal = .59 EF; or
 - 4. 60 gal = .57 EF ; or
 - 5. 70 gal = .55 EF; or
 - 6. 80 gal = .53 EF; or
 - ii. Electric:
 - 1. 30 gal = .94 EF; or
 - 2. 40 gal = .93 EF; or
 - 3. 50 gal = .92 EF; or
 - 4. 60 gal = .91 EF; or
 - 5. 70 gal = .90 EF; or
 - 6. 80 gal = .89 EF; or

- iii. Tankless gas water heater: minimum .80 EF; or
- iv. Boiler or hot water maker:
 - 1. <300,000 Btu/h: 85% Et (thermal efficiency); or
 - 2. 300,000 Btu/h or higher: 80% Et (thermal efficiency)
- v. Energy Star qualified ceiling fans with lighting fixtures in bedroom;
- vi. Air Conditioning minimum efficiency specifications (choose in-unit or commercial):
 - 1. In-unit air conditioning: minimum 14 SEER;
 - 2. Packaged units are allowed in studio/efficiency and one-bedroom units: minimum 11.7 EER; or
 - 3. Central chiller AC system – based on size:
 - a. 0-65 KBtuh: Energy Star certified; or
 - b. >65-135 KBtuh: 11.3 EER/11.5 IPLV; or
 - c. >135-240 KBtuh: 11.0 EER/11.5 IPLV; or
 - d. >240 KBtuh: 10.6 EER/11.2 IPLV.

E. This New Construction Development commits to provide the following Green Building Certification program:

- Leadership in Energy and Environmental Design (LEED); or
- Florida Green Building Coalition (FGBC); or
- ICC 700 National Green Building Standard (NGBS).

F. This Family Development will provide the following resident programs:

- 1. Literacy Training - Applicant or its Management Company must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site. Electronic media, if used, must be used in conjunction with live instruction. If the Development consists of Scattered Sites, this resident program must be provided on the Scattered Site with the most units.
- 2. Employment Assistance Program – Applicant or its Management Company must provide, at no cost to the resident, a minimum of quarterly scheduled Employment Assistance Program workshops/meetings offering employment counseling by a knowledgeable employment counselor. Such a program includes employability skills workshops providing instruction in the basic skills necessary for getting, keeping, and doing well in a job. The instruction must include, but not be limited to, the following:

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

If the Development consists of Scattered Sites and the training is provided on site, it must be provided on the Scattered Site with the most units. If the training is not provided on-site, transportation at no cost to the resident must be provided. Electronic media, if used, must be used in conjunction with live instruction.

3. Family Support Coordinator - The Applicant must provide a Family Support Coordinator at no cost to the resident. The Family Support Coordinator shall assist residents in assessing needs and obtaining services, with the goal of promoting successful tenancies and helping residents achieve and maintain maximum independence and self-sufficiency. Responsibilities shall include linking residents with public and private resources in the community to provide needed assistance, develop and oversee on-site programs and activities based on the needs and interests of residents, and support residents in organizing group activities to build community and to address and solve problems such as crime and drug activity. The duties of the Family Support Coordinator shall not be performed by property management staff. The Coordinator shall be on-site and available to residents at least 20 hours per week, within the hours of 9 a.m. and 8 p.m. The Coordinator may be an employee of the Development or, through an agreement, an employee of a third party agency or organization that provides these services.

SAIL & HC CREDIT UNDERWRITING REPORT

DEVELOPMENT

NAME: Casanas Village at Frenchtown Square

DATE: September 6, 2016

In accordance with the applicable Program Rule(s), the applicant is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by the Florida Housing Finance Corporation ("FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the applicant that the transaction can close within the allowed time frame. Unsatisfactory items, if any, are noted below in the "Issues and Concerns" section of the Executive Summary.

| FINAL REVIEW | STATUS | NOTE |
|---|--------------------------|-------------|
| REQUIRED ITEMS: | Satis. / Unsatis. | |
| 1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing. | Unsatis. | 1. |
| 2. Final site plan and/or status of site plan approval. | Satis. | |
| 3. Permit Status. | Unsatis. | |
| 4. Pre-construction analysis ("PCA"). | Unsatis. | 2. |
| 5. Survey. | Satis. | |
| 6. Complete, thorough soil test reports. | Satis. | |
| 7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice. | Satis. | |
| 8. Market Study separate from the Appraisal. | Satis. | |
| 9. Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status. | Satis. | |
| 10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor. | Unsatis. | |
| 11. Resumes and experience of applicant, general contractor and management agent. | Satis. | |
| 12. Credit authorizations; verifications of deposits and mortgage loans. | Satis. | |
| 13. Management Agreement and Management Plan. | Satis. | |
| 14. Firm commitment from the credit enhancer or private placement purchaser, if any. | Satis. | |
| 15. Firm commitment letter from the syndicator, if any. | Satis. | |
| 16. Firm commitment letter(s) for any other financing sources. | Satis. | |

SAIL & HC CREDIT UNDERWRITING REPORT

| | | |
|--|--------|--|
| 17. Updated sources and uses of funds. | Satis. | |
| 18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period. | Satis. | |
| 19. Fifteen-year income, expense, and occupancy projection. | Satis. | |
| 20. Executed general construction contract with "not to exceed" costs. | Satis. | |
| 21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing. | Satis. | |
| 22. Any additional items required by the credit underwriter. | Satis. | |
| 23. Executed Fair Housing, Section 504, and ADFA Design Certification Forms 121, 126, and 128 | Satis. | |

NOTES AND DEVELOPER RESPONSES:

Notes:

1. Final Plans and Specs as submitted for permitting have not been provided to the Credit Underwriter as of the completion of the subject Credit Underwriting Report.
2. A final Plan and Cost Review has not been provided to the Credit Underwriter as of the completion of the subject Credit Underwriting Report.

Applicant's Response:

- None