

Florida Housing Finance Corporation

Credit Underwriting Report

Towns of Okeechobee

HOME Financing to be Used for Rental Developments in Rural Areas

RFA 2016-101 (2016-317H)

Section A Report Summary

Section B HOME Loan Conditions

Section C Supporting Information and Schedules

Prepared by

Seltzer Management Group, Inc.

Final Report

March 10, 2017

SMG

Towns of Okeechobee

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Section A
Report Summary

MARCH 10, 2017

HOME PROGRAM CREDIT UNDERWRITING REPORT

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Recommendation

Seltzer Management Group, Inc. ("SMG" or "Seltzer") recommends a HOME loan in the amount of \$5,000,000 be awarded to this development by the Florida Housing Finance Corporation ("FHFC" or "Florida Housing") for its construction and permanent financing.

DEVELOPMENT & SET-ASIDES

Development Name: Towns of Okeechobee

Program Numbers: RFA 2016-101 2016-317H

Address: NW 22nd Lane City: Okeechobee Zip Code: 34972

County: Okeechobee County Size: Small

Development Category: New Construction Development Type: Townhomes

Construction Type: Shallow slab-on-grade foundation with wood frame with cement lap and shaker siding

Demographic Commitment: Elderly: No Homeless: No ELI: 6 Units @ 50% AMI
Farmworker or Commercial Fish Worker: No Family: Yes Link: Units

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HOME Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
3.0	2.0	4	1270	50%		\$647		\$74		\$573	\$552	\$573	\$573	\$27,504
3.0	2.0	18	1270	60%			\$814	\$74		\$740	\$719	\$740	\$740	\$159,840
3.0	2.0	1	1217	50%		\$647		\$74		\$573	\$552	\$573	\$573	\$6,876
3.0	2.0	1	1217	60%			\$814	\$74		\$740	\$719	\$740	\$740	\$8,880
3.0	2.0	1	1323	50%		\$647		\$74		\$573	\$552	\$573	\$573	\$6,876
3.0	2.0	1	1323	60%			\$814	\$74		\$740	\$719	\$740	\$740	\$8,880
		26	33020											\$218,856

HOME Subsidy Limits: Okeechobee County
26 3 Bedroom \$198,166 \$5,152,316

Buildings: Residential - 5 Non-Residential - 0
Parking: Parking Spaces - 65 Accessible Spaces - 3

Set Asides:	Program	% of Units	# of Units	% AMI	Term (Years)
	HOME	20.0%	6	50%	50
	HOME	80.0%	20	60%	50

All 26 units will be HOME assisted units.

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Absorption Rate 15 units per month for 2 months.

Occupancy Rate at Stabilization: Physical Occupancy 94.00% Economic Occupancy 93.00%
Occupancy Comments _____

DDA?: Yes QCT?: Yes
Site Acreage: 2.190 Density: 11.8721 Flood Zone Designation: X
Zoning: RG; Residential General Flood Insurance Required?: No

DEVELOPMENT TEAM

Applicant/Borrower:	Towns of Okeechobee, LLC	100% Ownership
General Partner 1:	REVA Development Corporation	100%
Guarantor(s):	Towns of Okeechobee, LLC	
	REVA Development Corporation	
	MFK REVA Development, LLC	
	Judd Roth Real Estate Development, Inc. and Judd K. Roth	
	Banyan Development Group, LLC	
	Lou Vogt	
	Scott Zimmerman	
	Jeffrey Kiss	
	Alexander Kiss	
Operating Deficit Guarantor(s):	Towns of Okeechobee, LLC	
	REVA Development Corporation	
	MFK REVA Development, LLC	
	Judd Roth Real Estate Development, Inc. and Judd K. Roth	
	Banyan Development Group, LLC	
	Lou Vogt	
	Scott Zimmerman	
	Jeffrey Kiss	
	Alexander Kiss	
Developer:	MFK/REVA Development, LLC	
	wholly owned subsidiary of REVA Development Corporation	
Co-Developer:	Judd Roth Real Estate Development, Inc.	
	Judd K. Roth	
Co-Developer:	Banyan Development Group, LLC	
	Scott Zimmerman	
	Lou Vogt	
	Jeffrey Kiss	
Principal 3	Alexander Kiss	
General Contractor 1:	GHD Construction Services, Inc.	
General Contractor 2:		
Management Company:	AGPM, LLC	
Const. Credit Enhancer:		
Perm. Credit Enhancer:		
Syndicator:		
Bond Issuer:		
Architect:	Forum Architecture & Interior Design, Inc.	
Market Study Provider:	Meridian Appraisal Group, Inc.	
Appraiser:	Meridian Appraisal Group, Inc.	

HOME PROGRAM CREDIT UNDERWRITING REPORT

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PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	First					
Lender/Grantor	FHFC	0	0	0	0	0
Amount	\$5,000,000	\$0	\$0.00	\$0.00	\$0.00	\$0.00
Underwritten Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
All In Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loan Term	20.00					
Amortization	N/A					
Market Rate/Market Financing LTV	161.3%					
Restricted Market Financing LTV	328.9%					
Loan to Cost	95.5%					
Debt Service Coverage	7.54					
Operating/Deficit Service Reserve	\$0.00					
Period of Operating Expenses/Deficit Reserve in Months	0					
Deferred Developer Fee				\$233,606		
Land Value				\$842,000		
Market Rent/Market Financing Stabilized Value				\$3,100,000		
Rent Restricted Market Financing Stabilized Value				\$1,520,000		
Rent Restricted Favorable Financing Stabilized Value				\$3,170,000		
Projected Net Operating Income (NOI) - Year 1				\$97,220		
Projected Net Operating Income (NOI) - 15 Year				\$112,414		
Year 15 Pro Forma Income Escalation Rate				2.00%		
Year 15 Pro Forma Expense Escalation Rate				3.00%		

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
First Mortgage	FHFC	\$5,000,000	\$5,000,000	\$192,308
Second Mortgage	Okeechobee	\$0	\$0	\$0
Deferred Developer Fee	Developer	\$233,606	\$233,606	\$8,985
TOTAL		\$5,233,606	\$5,233,606	\$201,293

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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?	X	
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?	X	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	N/A	
Is the Development in all other material respects the same as presented in the Application?	X	2

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

1. The application reflected a local government contribution from Okeechobee County in the amount of \$244,000. The local government verification of contribution – grant form reflected the source of the grant being a balance in the Impact Fee Fund. This contribution was not necessary to balance the sources and uses for this development. The county has now committed the funds towards a second phase.

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2. The Application reflected the proposed development meeting the requirements to be considered concrete construction. The plans and specifications provided reflect wood frame construction. Florida Housing has confirmed that this change did not affect scoring for this RFA and did not affect leveraging. Therefore, this change was approved.

These changes have no material impact to the loan recommendation for this development.

Does the Development Team have any FHFC Financed Developments on the Past Due/Noncompliance Report?

Florida Housing's Past Due Report of February 13, 2017 reflects no past due items. Florida Housing's Asset Management Noncompliance Report of January 5, 2017 reflects no noncompliance issues outside the correction period.

This recommendation is subject to satisfactory resolution (as determined by FHFC) of any outstanding past due and/or noncompliance issues prior to loan closing.

Strengths:

1. The appraiser estimates that the property is expected to be leased to stabilized occupancy of 94% by the time construction of the last townhome is completed.
2. The developers, Judd Roth Real Estate Development, Inc. and Banyan Development Group, LLC, and the management company are experienced in affordable multifamily housing.

Other Considerations: None

Mitigating Factors: None

Waiver Requests/Special Conditions: None

Additional Information:

1. The Pre-Construction Plan and Cost Analysis/Review ("PCA/PCR") prepared by C3 Consulting Group, Inc. listed some outstanding issues in connection to the GC Contract provided. C3 noted that the GC contract provided is not executed and that all exhibits to the contract (Davis Bacon) have not been submitted. Receipt and satisfactory review of Final PCA with all outstanding issues resolved is a condition to close.
2. GHD states that Payment and Performance ("P&P") Bonds will be provided, however has not provided evidence of the ability to secure said bonds from a properly rated surety company. Receipt and satisfactory review of a letter of insurability from a properly rated surety is a special condition due two weeks prior to closing. Fully executed P&P bonds will be a condition of this report.
3. An unexecuted draft GC Contract with GHD was submitted and not all the requirements of Davis Bacon have been met. Therefore, receipt and satisfactory review of a fully executed GC Contract with all attachments and exhibits including Davis Bacon with terms not substantially different from the draft is a condition to close.
4. Rule 67-48 specifies that for HOME, the maximum debt service coverage ("DSC") shall be 1.50 to 1.00 for the HOME loan, including all superior mortgages. Rule 67-48.0072 (11) states that in extenuating circumstances the DSC may exceed 1.50 to 1.00 if the Credit Underwriter's favorable

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recommendation is supported by the projected cash flow analysis. Based on the non-profit status of the sole member of the Applicant, the HOME loan bears a 0 percent interest rate. The HOME loan is the only source of funds on this transaction, therefore the only debt is the corresponding HOME fees which results in a DSC of 7.536 to 1.00; thus exceeding the 1.50 to 1.00 maximum per Rule.

Issues and Concerns: None

Recommendation:

SMG recommends a \$5,000,000 HOME loan for the construction and permanent financing of this development.

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 Loan Conditions (Section B). The reader is cautioned to refer to these sections for complete information.

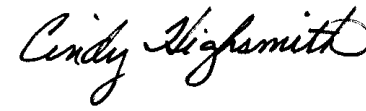
This recommendation is only valid for six months from the date of this report.

Prepared by:



Brian Barth
Credit Underwriter

Reviewed by:



Cindy Highsmith
Credit Underwriting Manager

Overview

Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
First Mortgage - HOME	FHFC	\$5,000,000	\$5,000,000	\$5,000,000	0.00%	\$0
Local Govt Contribution	Okeechobee	\$244,000	\$0	\$0	0.00%	\$0
Deferred Developer Fee	Developer	\$0	\$202,069	\$233,606		
Total		\$5,244,000	\$5,202,069	\$5,233,606		\$0

First Mortgage HOME Loan:

As outlined in the Permanent Financing Sources section, the Applicant has applied for a \$5,000,000 HOME loan to be issued by Florida Housing to finance this development. Please refer to that section for details of the Florida Housing loan.

Other Construction Sources of Funds:

Additional sources of funds for this development during construction are deferred developer fees.

SMG estimates that the developer will have to defer \$233,606 of developer fee after all available loan proceeds have been received during the construction period.

Construction/Stabilization Period:

The construction contract requires completion within 300 days (approximately 10 months) of commencement. Based on the assumption utilized in the appraisal of absorption of 15 units per month, stabilization of 94% is expected by construction completion.

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Permanent Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt
First - HOME	FHFC	\$5,000,000	\$5,000,000	\$5,000,000	0.00%	N/A	20	\$0
Local Govt Contribution	Okeechobee	\$244,000	\$0	\$0	0.00%	N/A	N/A	\$0
Def. Developer Fee	Developer	\$0	\$202,069	\$233,606				
Total		\$5,244,000	\$5,202,069	\$5,233,606				\$0

Proposed HOME Loan:

The Applicant applied for a \$5,000,000 HOME loan to be issued by Florida Housing to finance this development.

The loan will be non-amortizing and will bear 0% interest per annum with repayment of principal deferred until maturity. The loan term will be 20 years. Proceeds from the HOME loan will be used to fund construction costs pursuant to Rule 67-48.019(1), F.A.C. and HUD 24 CFR Part 92. Annual payments of all applicable fees will be required. Permanent Loan Servicing Fees of 0.20% of the HOME loan amount and Compliance Monitoring Fees of 0.06% of the HOME loan amount will be required to be paid by the Applicant and are shown on the Operating Pro Forma herein below.

Other Permanent Sources of Funds:

SMG also estimates that the developer will have to defer \$233,606 of developer fee for payment from development operations during the permanent phase.

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Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
Accessory Buildings	\$104,000				
Demolition					
Installation of Pre Fab Units					
New Rental Units	\$2,852,200	\$3,275,954	\$2,457,175	\$94,507	
Off-Site Work					
Recreational Amenities					
Rehab of Existing Common Areas					
Rehab of Existing Rental Units					
Site Work	\$125,000		\$321,355	\$12,360	
Swimming Pool					
General Conditions	\$291,600		\$55,572	\$2,137	
Overhead			\$166,711	\$6,412	
Profit			\$166,711	\$6,412	
Builder's Risk Insurance					
General Liability Insurance					
Payment and Performance Bonds			\$42,700	\$1,642	
Furniture, Fixture, & Equipment			\$65,730	\$2,528	
Total Construction Contract/Costs	\$3,372,800	\$3,275,954	\$3,275,954	\$125,998	\$0
Hard Cost Contingency	\$185,000	\$163,797	\$163,797	\$6,300	
Fees for LOC used as Construction Surety					
Other:					
Other:					
Other:					
Other:					
Other:					
Total Construction Costs:	\$3,557,800	\$3,439,751	\$3,439,751	\$132,298	\$0

Notes to the Actual Construction Costs:

1. The Applicant has provided an unexecuted construction contract dated February 21, 2017 between the Applicant and GHD Construction Services, Inc. ("GHD"). The contract is a standard form of Agreement between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price of \$3,275,954.

The date of commencement will be fixed in a notice to proceed, issued after the closing of the funding and filing of the notice of commencement. The contract requires the contractor to achieve substantial completion of the entire work not later than 300 days from the date of commencement. The contract provides for retainage of 10% until 50% completion and 0% until lien free completion.

Final payment will be made by the Owner to the Contractor when 1) the contractor has fully performed the contract except for the Contractor's responsibility to correct Work as provided in Section 12.2.2, and to satisfy other requirements, if any, which extend beyond final payment; 2) the contractor has submitted a final accounting for the Cost of the Work and a final application for payment; and 3) a final certificate for payment has been issued by the Architect. The Owner's

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auditors will review and report in writing on the contractor's final accounting within 30 days after delivery of the final accounting to the Architect by the contractor. The owner's final payment to the contractor shall be made no later than 30 days after the issuance of the Architect's final certificate for payment.

An addendum to the contract provides for compliance with the Federal Labor Standards and Wage Determination requirements pursuant to the Davis-Bacon Act as well as the Section 3 Clause.

2. General Contractor fee is within 14% which meets the Rule requirement. The cost of payment and performance bonds, appliances, blinds, and carpet are reflected in the Construction Contract Schedule of Values; however, they are excluded from construction hard costs in the General Contractor fee calculation.
3. A hard cost contingency equal to 5.00% of the total hard costs was provided for in the estimated development budget but is outside the construction contract as appropriate. No General Contractor fee is calculated on the hard cost contingency as appropriate.
4. SMG received a Pre-Construction Analysis /Plan and Cost Review ("PCA/PCR") from C3 Consulting Group, Inc. ("C3") dated February 23, 2017. Complete results of the PCA report are provided in Section C of this report.

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GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
Accounting Fees	\$5,000	\$5,000	\$5,000	\$192	
Appraisal	\$4,500	\$4,500	\$4,500	\$173	
Architect's and Planning Fees					
Architect's Fee - Green Initiative					
Architect's Fee - Landscape					
Architect's Fee - Site/Building Design	\$100,000	\$87,000	\$87,000	\$3,346	
Architect's Fee - Supervision	\$21,500	\$37,000	\$37,000	\$1,423	
Building Permits	\$155,000	\$15,000	\$15,000	\$577	
Builder's Risk Insurance	\$3,000	\$20,000	\$20,000	\$769	
Capital Needs Assessment/Rehabilitation					
Demolition paid outside Const Contract					
Engineering Fees	\$3,000	\$10,000	\$10,000	\$385	
Environmental Report	\$4,000	\$5,000	\$5,000	\$192	
Federal Labor Standards Monitoring					
FF&E paid outside Construction Contract					
FHFC Administrative Fees					
FHFC Application Fee					
FHFC Credit Underwriting Fee					
FHFC HC Compliance Fee (HC)					
FHFC Other Processing Fee(s)					
Impact Fee					
Lender Inspection Fees / Const Admin	\$10,000	\$15,000	\$15,000	\$577	
Green Building Cert. (LEED, FGBC, NAHB)	\$5,000				
Home Energy Rating System (HERS)					
Insurance	\$5,000				
Legal Fees	\$30,000	\$40,000	\$40,000	\$1,538	
Local Subsidy Underwriting Fee					
Market Study	\$5,000	\$4,000	\$5,000	\$192	
Marketing and Advertising	\$5,000	\$20,000	\$20,000	\$769	\$20,000
Plan and Cost Review Analysis			\$1,800	\$69	
Property Taxes					
Soil Test	\$3,000				
Start-Up/Lease-up Expenses					
Survey	\$7,000	\$10,000	\$10,000	\$385	
Tenant Relocation Costs					
Title Insurance and Recording Fees	\$10,000	\$15,000	\$15,000	\$577	
Traffic Study					
Utility Connection Fees					
Soft Cost Contingency		\$15,000	\$14,515	\$558	
Other:					
Other:					
Other:					
Other:					
Other:					
Total General Development Costs:	\$376,000	\$302,500	\$304,815	\$11,724	\$20,000

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Notes to the General Development Costs:

1. Appraisal Fees along with market study fees includes the total cost of the Appraisal/Market Study prepared by Meridian Appraisal Group.
2. Builder's Risk reflects the Applicant's liability and builder's risk insurance during construction.
3. Acquisition costs include a portion of engineering already completed by the Seller. Engineering fees shown here reflect the cost of additional engineering completed for the subject site.
4. The cost of the HUD Environmental Report is paid for the non-profit applicant by FHFC. The Environmental budget shown here is for the Phase I Environmental Assessment.
5. Federal Labor Standards Monitoring fees are paid for non-profit applicants by FHFC.
6. The underwriting fee is paid for non-profit applicants by FHFC.
7. There is no Administrative Fee or HC Compliance Fee as the development will not be applying for Housing Credits.
8. Lender Inspection Fees/Construction Administration reflects construction servicing fees. The FHFC inspector is paid by the HOME program and includes Davis Bacon Federal Labor Wage Standards monitoring.
9. Applicant initially was going to get a green building certification. Subsequently they are no longer pursuing a certification as it is not a requirement per RFA 2016-101.
10. Legal fees are made up of Real Estate/Land Use Attorney fees and Partnership Attorney fees. These fees are in connection with the real estate closing and other fees charged to the development for agreements for the developers and ownership of the development.
11. In the absence of Housing Credits, FHFC does not require a separately bound market study. Market study fees reflect a portion of the total cost of the Appraisal/Market Study prepared by Meridian Appraisal Group.
12. The Pre-Construction Analysis line item reflects the actual cost of the PCA completed by C3 Consulting Group, Inc.
13. Applicant initially had a budget for a soils test, however in connection to the purchase of the vacant land, KMJ Land, Inc. provided the Applicant with a soils test.
14. Soft cost contingency has been limited to 5% per Rule.
15. Other General Development Costs are the Applicant's estimates, which appear reasonable.

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FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
Construction Loan Application Fee					
Construction Loan Underwriting Fee					
Construction Loan Origination Fee	\$5,000				
Construction Loan Commitment Fee					
Construction Loan Closing Costs	\$5,000				
Construction Loan Interest	\$84,500				
Construction Loan Servicing Fees					
HOME Application Fee	\$3,000	\$3,000	\$3,000	\$115	\$3,000
HOME Underwriting Fee					
HOME Subsidy Layering Review					
HOME Origination Fee					
HOME Commitment Fee					
HOME Closing Costs					
HOME Interest					
HOME Servicing Fee					
Misc Loan Application Fee					
Misc Loan Underwriting Fee					
Misc Loan Subsidy Layering Review					
Misc Loan Origination Fee					
Misc Loan Closing Costs	\$5,000				
Misc Loan Interest					
Misc Loan Servicing Fee					
Total Financial Costs:	\$102,500	\$3,000	\$3,000	\$115	\$3,000

Notes to the Financial Costs:

- HOME Application Fee is based on the non-refundable fee of \$3,000 per RFA 2016-101.
- No origination fees are required by the FHFC financing.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
Brokerage Fees - Building					
Building Acquisition Cost					
Other: Intangible Improvements		\$280,000	\$280,000	\$10,769	
Other:					
Other:					
Total Non-Land Acquisition Costs:	\$0	\$280,000	\$280,000	\$10,769	\$0

Notes to the Non-Land Acquisition Costs:

- Based on the first addendum to the vacant land contract the purchase price of the land was reallocated to be comprised of \$562,000 being attributed to the real property and \$280,000 being attributed to the intangible personal property. See notes to Land Acquisition Costs for further explanation as to the intangible personal property.

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OTHER DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
Development Cost Before Developer Fee and Land Costs	\$4,036,300	\$4,025,251	\$4,027,566	\$154,906	\$23,000
Developer Fee on Acquisition of Buildings					
Developer Fee	\$645,700	\$644,040	\$644,040	\$24,771	
Developer Fee to fund Operating Debt Reserve					
Other: Brokerage Fees - Land					
Other: Consultant Fees					
Other: Excess Acquisition Costs					
Other: Excess Land Value					
Other: Guaranty Fees					
Other:					
Other:					
Other:					
Total Other Development Costs:	\$645,700	\$644,040	\$644,040	\$24,771	\$0

Notes to the Other Development Costs:

- Per the Joint Venture Agreement dated April 20, 2016, a Developer Fee is to be paid as follows: 25% to the MFK | REVA Development, LLC; 40% to Judd Roth Real Estate Development, Inc.; and 35% to Banyan Development Group, LLC. The Developer Fee does not exceed 16% of total development costs exclusive of land acquisition and reserves.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
Brokerage Fees - Land					
Land Acquisition Costs					
Land	\$562,000	\$562,000	\$562,000	\$21,615	
Land Lease Payment					
Land Carrying Costs					
Other:					
Other:					
Other:					
Total Acquisition Costs:	\$562,000	\$562,000	\$562,000	\$21,615	\$0

Notes to the Land Acquisition Costs:

- The Applicant submitted a Vacant Land Contract dated February 23, 2016 by and between KMJ Land, Inc., Seller, and Judd K. Roth, Purchaser, for a certain piece of land that consists of 27 lots in Okeechobee County for the purchase price of \$842,000. The Contract reflected additional property included with the purchase of prepaid sewer and development rights to be paid for per an addendum.

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A First Addendum to Vacant Land Contract was provided dated February 23, 2016. The purchase price was reallocated to be comprised of \$562,000 of the total purchase price being attributed to the real property and \$280,000 being attributed to the intangible personal property comprised of projected development and utility entitlements including the equivalent residential connection that the Seller had previously purchased for the benefit of the real property and its development. A Financing-Feasibility Study Period was introduced with an ending date of December 5, 2016. The closing will occur on a date mutually agreed to by the parties, but in no event later than December 31, 2016.

An Assignment and Assumption of Vacant Land Contract dated February 23, 2016 was provided reflecting Judd K. Roth assigning all of his rights, title, and interests in and under the Vacant Land Contract to Towns of Okeechobee, LLC.

A Second Addendum to the Vacant Land Contract was provided dated November 18, 2016. The legal description was modified to include the common areas which were owned by KMJ Land HOA, Inc. KMJ Land HOA, Inc. agrees to execute and deliver a quitclaim deed for the common areas on or before the closing date.

A Third Addendum to the Vacant Land Contract was provided dated December 2, 2016 reflecting the seller granting the buyer a 45 day extension to the original closing date of December 5, 2016; extending the closing date to January 20, 2017.

A Fourth Addendum to the Vacant Land Contract was provided dated February 17, 2017 reflecting the seller granting the buyer another 45 day extension to the closing date of January 20, 2017. The closing date was extended to March 6, 2017.

A Fifth Addendum to the Vacant Land Contract was provided dated March 9, 2017 reflecting the closing date under the Contract being hereby agreed to be May 31, 2017.

The purchase price of the parcel is supported by the appraised value of \$842,000.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HOME Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	\$5,244,000	\$5,231,291	\$5,233,606	\$201,293	\$23,000

Notes to the Total Development Costs:

1. Per RFA 2016-101, Total Development Costs ("TDC") is limited on a per unit basis based on the construction type of the units as indicated by the Applicant. The Applicant has indicated a construction type of non-concrete (new construction), which has a maximum allowable per unit cost of \$187,941. Per an analysis of the approved development costs, identified in this report, the costs presented do not exceed the maximum allowable TDC per the RFA.

HOME PROGRAM CREDIT UNDERWRITING REPORT

SMG

Operating Pro forma

OPERATING PRO FORMA		ANNUAL	PER UNIT
INCOME	Gross Potential Rental Income	\$218,856	\$8,418
	Rent Subsidy (ODR)	\$0	\$0
	Other Income:		
	Ancillary Income	\$6,240	\$240
	Miscellaneous	\$0	\$0
	Washer/Dryer Rentals	\$0	\$0
	Cable/Satellite Income	\$0	\$0
	Rent Concessions	\$0	\$0
	Alarm Income	\$0	\$0
	Gross Potential Income	\$225,096	\$8,658
	Less:		
	Economic Loss - Percentage:		\$0
	Physical Vacancy Loss - Percentage: 6.0%	(\$13,506)	(\$519)
Collection Loss - Percentage: 1.0%	(\$2,251)	(\$87)	
Total Effective Gross Revenue		\$209,339	\$8,052
EXPENSES	Fixed:		
	Ground Lease	\$0	\$0
	Sub-Ground Lease	\$0	\$0
	Real Estate Taxes	\$252	\$10
	Insurance	\$13,000	\$500
	Other	\$0	\$0
	Variable:		
	Management Fee - Percentage: 5.0%	\$10,467	\$403
	General and Administrative	\$5,850	\$225
	Payroll Expenses	\$33,800	\$1,300
	Utilities	\$20,150	\$775
	Marketing and Advertising	\$5,200	\$200
	Maintenance and Repairs	\$10,400	\$400
	Grounds Maintenance and Landscaping	\$2,600	\$100
	Resident Programs	\$0	\$0
	Contract Services	\$2,600	\$100
	Security	\$0	\$0
	Other-Pest Control	\$0	\$0
Reserve for Replacements	\$7,800	\$300	
Total Expenses		\$112,119	\$4,312
Net Operating Income		\$97,220	\$3,739
Debt Service Payments			
DEBT SERVICE	First Mortgage - HOME	\$0	\$0
	Second Mortgage Debt Service + Fees	\$0	\$0
	Third Mortgage	\$0	\$0
	Fourth Mortgage	\$0	\$0
	Fifth Mortgage	\$0	\$0
	All Other Mortgages	\$0	\$0
	First Mortgage Fees	\$12,900	\$496
	All Other Mortgage Fees	\$0	\$0
Total Debt Service Payments		\$12,900	\$496
Cash Flow After Debt Service		\$84,320	\$3,243

HOME PROGRAM CREDIT UNDERWRITING REPORT

SMG

Debt Service Coverage Ratios		
DSC - First Mortgage HOME loan + Fees		7.536
DSC - All Mortgages and Fees		7.536

Financial Ratios		
Operating Expense Ratio		53.6%
Break-Even Ratio		55.5%

Notes to the Operating Pro forma and Ratios:

- The rent schedule below outlines the 2016 maximum allowable HOME rents at 50% and 60% AMI. Net rents reflect the applicable utility allowances per an Okeechobee County HUD Utility Chart dated September 16, 2016 and reflects the Applicant paying for water, sewer, trash disposal and pest control and the resident paying for electricity. No manager/employee units are anticipated at this time.

The rent roll is shown below:

County: Okeechobee 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 HOME Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
3.0	2.0	4	1270	50%		\$647		\$74		\$573	\$552	\$573	\$573	\$27,504
3.0	2.0	18	1270	60%			\$814	\$74		\$740	\$719	\$740	\$740	\$159,840
3.0	2.0	1	1217	50%		\$647		\$74		\$573	\$552	\$573	\$573	\$6,876
3.0	2.0	1	1217	60%			\$814	\$74		\$740	\$719	\$740	\$740	\$8,880
3.0	2.0	1	1323	50%		\$647		\$74		\$573	\$552	\$573	\$573	\$6,876
3.0	2.0	1	1323	60%			\$814	\$74		\$740	\$719	\$740	\$740	\$8,880
		26	33020											\$218,856

- Washer and dryer hookups are being provided in each unit; however no washers or dryers are being provided. The tenants will have the option to rent a washer and dryer from a local vendor or bring their own appliances.
- Cable television hookups are available in the units as required; however, the residents will contract directly with the cable provider for service. Therefore, no cable television income to the property is anticipated.
- Ancillary income reflects revenues generated from vending income, late charges, forfeited security deposits, and other additional services equal to approximately \$20 per unit per month per the appraiser's estimate.
- Vacancy Loss of 6% and Collection Loss of 1% are based on the appraiser's estimate.
- This development is anticipated to be exempt from property taxes once completed and servicing low income residents. The above budget reflects the appraiser's estimate of non-ad valorem taxes which includes \$252 for personal property taxes.
- Management fees are based upon the management agreement which reflects the greater of \$500 per month or 5% of gross operating revenues.
- Utilities expense reflects water, sewer, trash disposal and pest control.

HOME PROGRAM CREDIT UNDERWRITING REPORT

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9. Replacement reserves are estimated at \$300 per unit per year, which meets the Florida Housing Rule minimum reserve requirement.
10. The Applicant will provide Resident Programs – Literacy Training and Financial Management Education at no cost to the residents. These Resident Programs will be provided by non-profit providers contracted with the management company and the cost of providing the Resident Programs will be paid out of general and administrative costs.
11. Other operating expense estimates are based on market comparables and are supported by the appraisal.
12. Debt service coverage ratios shown above are Seltzer’s estimates for the first stabilized year of operations. A 15-year income and expense projection utilizing income increasing at an annual rate of 2% and expenses increasing at an annual rate of 3% is attached to this report as Exhibit 1.
13. Rule 67-48 specifies that for HOME, the maximum debt service coverage (“DSC”) shall be 1.50 to 1.00 for the HOME loan, including all superior mortgages. Rule 67-48.0072 (11) states that in extenuating circumstances the DSC may exceed 1.50 to 1.00 if the Credit Underwriter’s favorable recommendation is supported by the projected cash flow analysis. Based on the non-profit status of the sole member of the Applicant, the HOME loan bears a 0 percent interest rate. The HOME loan is the only source of funds on this transaction, therefore the only debt is the corresponding HOME fees which results in a DSC of 7.536 to 1.00; thus exceeding the 1.50 to 1.00 maximum per Rule.

SMG

Section B

HOME Loan Conditions

MARCH 10, 2017

HOME PROGRAM CREDIT UNDERWRITING REPORT

SMG

Special Conditions

This recommendation is contingent upon the review and approval of the following items by SMG and Florida Housing at least two weeks prior to closing. Failure to receive approval of these items within this time frame may result in postponement of the closing date.

1. GHD states that P&P Bonds will be provided, however has not provided evidence of the ability to secure said bonds from a properly rated surety company. Receipt and satisfactory review of a letter of insurability from a properly rated surety is a condition to close.
2. A fully executed construction contract with all required attachments and exhibits including Davis Bacon and reflecting terms not substantially different from the unexecuted construction contract utilized herein for underwriting.
3. Banking and trade references were not provided for all guarantors. Receipt and satisfactory review of references for all guarantors is a condition to close.

General Conditions

This recommendation is contingent upon the review and approval of the following items by SMG and Florida Housing at least two weeks prior to closing. Failure to receive approval of these items within this time frame may result in postponement of the closing date.

1. Borrower to comply with any and all recommendations noted in the pre-construction analysis / plan and cost review which has been prepared by C3 Consulting Group, Inc.
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 (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). Acceptable alternatives to this requirement are receipt and satisfactory review of a letter from the local permitting and approval authority 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. The final "as permitted" (signed and sealed) site plans, building plans, and specifications showing all features and amenities committed to in the application. The Geotechnical Report must be bound within the final plans and specifications.
5. 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.

HOME PROGRAM CREDIT UNDERWRITING REPORT

SMG

6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. HOME Program loan proceeds shall be disbursed during the construction phase in an amount per Draw on a pro rata basis with other financing, unless otherwise approved by the Corporation or the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.
7. Evidence of insurance coverage pursuant to the Request for Application (RFA) governing this proposed transaction and, as applicable, the FHFC Insurance Guide.
8. If the development is not 100% lien-free completed, 100% Payment and Performance (“P&P”) Bonds 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 general contractor 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. Florida Housing 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 contain “evergreen” language and be in a form satisfactory to the Servicer, FHFC, and its Legal Counsel.
9. 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, the Americans with Disabilities Act, and Federal Fair Housing Act requirements, as applicable.
10. Completion of a Davis Bacon Federal Labor Standards and Section 3 pre-construction conference.
11. Satisfactory resolution of any outstanding past due and/or noncompliance items prior to closing of the loan.
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 67-48.0075(5) F.A.C., of an Applicant or a Developer).

This recommendation is contingent upon the review and approval of the following items by Florida Housing and its legal counsel at least two weeks before closing. Failure to receive approval of these items, along with all other items listed on legal counsel’s due diligence list, within this time frame 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.

HOME PROGRAM CREDIT UNDERWRITING REPORT

SMG

3. 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 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 Loan naming FHFC as the insured. All endorsements required by FHFC 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. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the HOME loan have been satisfied.
6. Evidence of insurance coverage pursuant to the Request for Application (RFA) governing this proposed transaction and, as applicable, the FHFC Insurance Guide.
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 of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager.;
 - b. Authorization, execution, and delivery by the Borrower and the 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 Florida Housing or its legal counsel may require.
8. Evidence of compliance with local concurrency laws, as 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 HOME Loan.
10. UCC Searches for the Borrower, its partnerships, as requested by counsel.
11. Any other reasonable conditions established by Florida Housing and its legal counsel.

Additional Conditions

This recommendation is also contingent upon the following additional conditions:

HOME PROGRAM CREDIT UNDERWRITING REPORT

SMG

1. Compliance with all provisions of Sections 420.507 and 420.5089, Florida Statutes, Rule Chapter 67-48, F.A.C., Rule Chapter 67-60, F.A.C., RFA 2016-101, HUD Rule 24 CFR Part 92 and any other local, State, and Federal requirements.
2. Acceptance by the Applicant and execution of all documents evidencing and securing the HOME 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.
3. At all times there will be un-disbursed loan funds (collectively held by Florida Housing, First Lender and any other sources) sufficient to complete the development. If at any time there are not sufficient funds (held by Florida Housing, First Lender and any other sources) 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 syndication and other 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 allowed to be disbursed at closing. The remainder of the "developer's overhead" will be disbursed during construction/ rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and 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.
5. If applicable, Guarantors are to provide the standard FHFC Construction Completion Guaranty, to be released upon lien free completion as approved by the Servicer.
6. Guarantors are to provide the standard FHFC Operating Deficit Guaranty. This guaranty will be released upon achievement of 1.15 to 1.00 debt service coverage for the permanent first mortgage HOME 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. 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.
7. Guarantors are to provide the standard FHFC Environmental Indemnity.
8. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.
9. Closing of the first mortgage loan, if any, simultaneous with or prior to closing of the HOME loan.
10. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the HOME Loan is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel.

HOME PROGRAM CREDIT UNDERWRITING REPORT

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11. Property tax and hazard insurance escrows are to be established and maintained by the First Lender or the Servicer. In the event the reserve account is held by Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing's sole discretion.
12. Replacement Reserve in the amount of \$300 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 or Florida Housing's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per the Rule in the amount of \$7,800 (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 developments shall not be allowed to draw during the first five (5) years or until 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 Capital Needs Assessment ("CNA") to be received by the Corporation or 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.
13. C3 Consulting Group, Inc. is to act as Florida Housing's inspector during the construction period.
14. A minimum of 10% retainage holdback on all construction draws until the Development is 50% completed, and 0% retainage thereafter is required. Retainage will not be released until successful lien free completion of construction and issuance of all certificates of occupancy. The GHD Construction Services, Inc, general construction contract indicates a 10% retainage holdback through 50% completion then 0% retainage holdback until lien free completion, which satisfies the minimum requirement.
15. HOME funds are subject to the National Environmental Policy Act ("NEPA") of 1969 and related federal environmental authorities and regulations at 24 CFR Part 58 "Environmental Review Procedures." No HOME funds may be committed to a development before completion of the environmental review process and HUD approval of the environmental review and Request for Release of Funds.
16. Satisfactory evidence of compliance with the Davis-Bacon Act and other applicable Federal Labor Standards during the construction of this development. Evidence of compliance must be through satisfactory completion of a compliance audit by HUD and its authorized subcontractor.
17. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or its Servicer, if applicable.
18. Any other reasonable requirements of the Servicer, Florida Housing or its legal counsel.

Exhibit 1
Towns of Okeechobee
15 Year Income and Expense Projection

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	\$218,856	\$223,233	\$227,698	\$232,252	\$236,897	\$241,635	\$246,467	\$251,397	\$256,425	\$261,553	\$266,784	\$272,120	\$277,562	\$283,114	\$288,776
	Rent Subsidy (ODR)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other Income:															
	Ancillary Income-Parking	\$6,240	\$6,365	\$6,492	\$6,622	\$6,754	\$6,889	\$7,027	\$7,168	\$7,311	\$7,457	\$7,607	\$7,759	\$7,914	\$8,072	\$8,234
	Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Washer/Dryer Rentals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Cable/Satellite Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Rent Concessions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Alarm Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Gross Potential Income	\$225,096	\$229,598	\$234,190	\$238,874	\$243,651	\$248,524	\$253,495	\$258,565	\$263,736	\$269,011	\$274,391	\$279,879	\$285,476	\$291,186	\$297,009
	Less:															
	Economic Loss - Percentage:															
Physical Vacancy Loss - Percentage: 6.0%	(\$13,506)	(\$13,776)	(\$14,051)	(\$14,332)	(\$14,619)	(\$14,911)	(\$15,210)	(\$15,514)	(\$15,824)	(\$16,141)	(\$16,463)	(\$16,793)	(\$17,129)	(\$17,471)	(\$17,821)	
Collection Loss - Percentage: 1.0%	(\$2,251)	(\$2,296)	(\$2,342)	(\$2,389)	(\$2,437)	(\$2,485)	(\$2,535)	(\$2,586)	(\$2,637)	(\$2,690)	(\$2,744)	(\$2,799)	(\$2,855)	(\$2,912)	(\$2,970)	
Total Effective Gross Revenue	\$209,339	\$213,526	\$217,797	\$222,153	\$226,596	\$231,127	\$235,750	\$240,465	\$245,274	\$250,180	\$255,183	\$260,287	\$265,493	\$270,803	\$276,219	
EXPENSES	Fixed:															
	Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Sub-Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Real Estate Taxes	\$252	\$260	\$267	\$275	\$284	\$292	\$301	\$310	\$319	\$329	\$339	\$349	\$359	\$370	
	Insurance	\$13,000	\$13,390	\$13,792	\$14,205	\$14,632	\$15,071	\$15,523	\$15,988	\$16,468	\$16,962	\$17,471	\$17,995	\$18,535	\$19,091	
	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Variable:															
	Management Fee - Percentage: 5.0%	\$10,467	\$10,676	\$10,890	\$11,108	\$11,330	\$11,556	\$11,788	\$12,023	\$12,264	\$12,509	\$12,759	\$13,014	\$13,275	\$13,540	
	General and Administrative	\$5,850	\$6,026	\$6,206	\$6,392	\$6,584	\$6,782	\$6,985	\$7,195	\$7,411	\$7,633	\$7,862	\$8,098	\$8,341	\$8,591	
	Payroll Expenses	\$33,800	\$34,814	\$35,858	\$36,934	\$38,042	\$39,183	\$40,359	\$41,570	\$42,817	\$44,101	\$45,424	\$46,787	\$48,191	\$49,636	
	Utilities	\$20,150	\$20,755	\$21,377	\$22,018	\$22,679	\$23,359	\$24,060	\$24,782	\$25,525	\$26,291	\$27,080	\$27,892	\$28,729	\$29,591	
	Marketing and Advertising	\$5,200	\$5,356	\$5,517	\$5,682	\$5,853	\$6,028	\$6,209	\$6,395	\$6,587	\$6,785	\$6,988	\$7,198	\$7,414	\$7,636	
	Maintenance and Repairs	\$10,400	\$10,712	\$11,033	\$11,364	\$11,705	\$12,056	\$12,418	\$12,791	\$13,174	\$13,570	\$13,977	\$14,396	\$14,828		
	Grounds Maintenance and Landscaping	\$2,600	\$2,678	\$2,758	\$2,841	\$2,926	\$3,014	\$3,105	\$3,198	\$3,294	\$3,392	\$3,494	\$3,599	\$3,707		
	Resident Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	Contract Services	\$2,600	\$2,678	\$2,758	\$2,841	\$2,926	\$3,014	\$3,105	\$3,198	\$3,294	\$3,392	\$3,494	\$3,599	\$3,707		
	Security	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	Other-Pest Control	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	Reserve for Replacements	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$8,034	\$8,034		
Total Expenses	\$112,119	\$115,144	\$118,257	\$121,462	\$124,761	\$128,157	\$131,652	\$135,249	\$138,953	\$142,765	\$146,922	\$150,961	\$155,119			
Net Operating Income	\$97,220	\$98,382	\$99,539	\$100,690	\$101,835	\$102,971	\$104,098	\$105,216	\$106,322	\$107,415	\$108,261	\$109,326	\$110,374			
Debt Service Payments																
DEBT SERVICE	First Mortgage - HOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Second Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	Third Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	Fourth Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	Fifth Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	All Other Mortgages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	All Other Mortgage Fees	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900		
Total Debt Service Payments	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900	\$12,900			
Cash Flow After Debt Service	\$84,320	\$85,482	\$86,639	\$87,790	\$88,935	\$90,071	\$91,198	\$92,316	\$93,422	\$94,515	\$95,361	\$96,426	\$97,474			
Debt Service Coverage Ratios																
DSC - First Mortgage HOME loan + Fees	7.536	7.627	7.716	7.805	7.894	7.982	8.070	8.156	8.242	8.327	8.392	8.475	8.556	8.636	8.714	
DSC - All Mortgages and Fees	7.536	7.627	7.716	7.805	7.894	7.982	8.070	8.156	8.242	8.327	8.392	8.475	8.556	8.636	8.714	
Financial Ratios																
Operating Expense Ratio	53.6%	53.9%	54.3%	54.7%	55.1%	55.4%	55.8%	56.2%	56.7%	57.1%	57.6%	58.0%	58.4%	58.9%	59.3%	
Break-Even Ratio	55.5%	55.8%	56.0%	56.2%	56.5%	56.8%	57.0%	57.3%	57.6%	57.9%	58.2%	58.5%	58.9%	59.2%	59.5%	

TOWNS OF OKEECHOBEE
RFA 2016-101 / 2016-317H
DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

26 units located in 5 residential buildings.

Unit Mix:

Twenty-six (26) three bedroom / two bath units.

26 Total Units

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

B. Applicant commits to provide the following General Features:

1. Termite prevention;
2. Pest control;
3. Window covering for each window and glass door inside each unit;
4. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV services 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 units;
7. Bathtub with shower in at least one bathroom in at least 90% of the units; and
8. Washer and dryer hook ups in each of the 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.

TOWNS OF OKEECHOBEE
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DESCRIPTION OF FEATURES AND AMENITIES

C. Applicant commits to provide the following Accessibility, Universal Design and Visitability Features:

1. All units of the proposed Development must meet all federal requirements and state building code requirements, including the following:
 - 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, Florida Statutes;
 - The 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 of 1990 as implemented by 28 CFR 35, incorporating the most recent amendments, regulations and rules.

For purposes of the Housing Credit Program, a Housing Credit allocation shall be deemed "Federal financial assistance" within the meaning of that term as used in Section 504 of the Rehabilitation Act of 1973 as implemented by 24 CFR Part 8 for all Housing Credit Developments.

2. All units that are located on an accessible route must have the following 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;
 - 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. Applicant commits to provide the following Green Building Features:

1. Provide reinforced walls for future installation of grab bars that meet or exceed 2010 ADA Standards for Accessibility 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 describing the unit's features, as well as including the language in each household's lease.

TOWNS OF OKEECHOBEE
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DESCRIPTION OF FEATURES AND AMENITIES

2. 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);
 3. Low-flow water fixtures in bathrooms---WaterSense labeled products or with the following specifications:
 - Toilets: 1.6 gallons/flush or less,
 - Faucets: 1.5 gallons/minute or less,
 - Showerheads: 2.0 gallons/minute or less;
 4. Energy Star qualified refrigerator;
 5. Energy Star qualified dishwasher;
 6. Energy Star qualified ventilation fan in all bathrooms;
 7. Energy Star water heater
 8. Energy Star qualified ceiling fans with lighting fixtures in bedrooms;
 9. Air Conditioning minimum efficiency specifications (choose in-unit or commercial):
 - In-unit air conditioning: minimum 15 SEER; or
 - 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.
- E. Applicant must commit to provide at least two (2) of the following resident programs outlined below. The Applicant will make the actual selection of the specific programs during the credit underwriting process. These resident programs may be provided in partnership with an entity(s) that has the qualifications to provide services or resources relevant to the program. The Applicant must have an executed memorandum of understanding or agreement with the partnering entity(s) describing each partner's roles and responsibilities. Florida Housing shall have the right to review and approve these executed partnerships during credit underwriting or anytime during the commitment term:
1. 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.

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DESCRIPTION OF FEATURES AND AMENITIES

2. Financial Management Education – The Applicant or its Management Company must make available, at no cost to the resident, a program of scheduled Financial Management Education workshops or trainings. These activities shall be provided by a government or non-profit entity that is qualified to conduct the workshops or trainings and shall adhere to a recognized financial education or literacy program for low and moderate households. The workshops or trainings may not be part of selling a service or product. A minimum of six scheduled workshops or trainings shall be held annually. Such a program includes, but is not limited to, topics regarding developing and managing a household budget, financial literacy, savings and building assets, building and maintaining good credit, consumer knowledge and safety, and available public resources that may benefit a household with managing finances and building assets. Activities must be on-site.

Completeness and Issues Checklist

DEVELOPMENT NAME: Towns of Okeechobee

DATE: March 10, 2017

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. 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 allotted time frame. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Report Summary.

CREDIT UNDERWRITING REQUIRED ITEMS:	STATUS	NOTE
	Satis. / Unsatis.	
1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and/or status of site plan approval.	Satis.	
3. Permit Status.	Satis.	
4. Pre-construction analysis ("PCA").	Satis.	
5. Survey.	Satis.	
6. Complete, thorough soil test reports.	Satis.	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
8. Market Study separate from the Appraisal.	Satis.	1
9. Environmental Site Assessment – Phase I and/or 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 the Rule for credit enhancers, Applicant, general partner, principals, guarantors and general contractor.	Unsatis.	2
11. Resumes and experience of Applicant, general contractor and management agent.	Satis.	

HOME PROGRAM CREDIT UNDERWRITING REPORT

SMG

12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Satis.	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	N/A	
15. Firm commitment letter from the syndicator, if any.	N/A	
16. Firm commitment letter(s) for any other financing sources.	Satis.	
17. Updated sources and uses of funds.	Satis.	
18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
19. Fifteen-year income, expense, and occupancy projection.	Satis.	
20. Executed general construction contract with “not to exceed” costs.	Unsatis.	3
21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	N/A	
22. Any additional items required by the credit underwriter.	Satis.	4

NOTES AND APPLICANT’S RESPONSES:

1. A market study separate from the appraisal has not been provided.
 Applicant’s Response: No Housing Credits are requested for this development, which typically triggers the need for a separate market study. The Appraisal includes an extensive market analysis section that is sufficient to reflect current market conditions. FHFC Staff and SMG concur.
2. Instead of audited financial statements, the general contractor provided certified financial statements dated July 2016. The financial statements are more than 90 days old. GHD states that P&P Bonds will be provided, however has not provided evidence of the ability to secure said bonds from a properly rated surety company. Receipt and satisfactory review of a letter of insurability from a properly rated surety is a condition to close.
3. An unexecuted draft GC Contract was submitted but not all requirements of Davis Bacon have been met. Therefore, a fully executed GC Contract with all attachment and exhibits including Davis Bacon and terms not substantially different from the unexecuted construction contract utilized herein for underwriting is a condition to close.
4. Banking and trade references were not provided for all guarantors. Receipt and satisfactory review of references for all guarantors is a condition to close.