

**CONTRACT FOR  
CREDIT UNDERWRITING, CONSTRUCTION AND PERMANENT LOAN  
SERVICING, AND COMPLIANCE MONITORING SERVICES BETWEEN  
FLORIDA HOUSING FINANCE CORPORATION  
AND  
SELTZER MANAGEMENT GROUP, INC.**

This Contract for Credit Underwriting, Construction and Permanent Loan Servicing, and Compliance Monitoring Services, 083-2017 (Contract) is entered into by and between the FLORIDA HOUSING FINANCE CORPORATION (Florida Housing), a public corporation and a public body corporate and politic, with headquarters located at 227 North Bronough Street, Suite 5000, Tallahassee, FL 32301, and SELTZER MANAGEMENT GROUP, INC. (Servicer), located at 17633 Ashley Drive, Panama City Beach, Florida 32413. Upon execution by both parties, this Contract shall become effective as of the date the last party signs (Effective Date).

**RECITALS**

- A. The Servicer represents that it is fully qualified and possesses the requisite skills, knowledge, qualifications and experience to provide Credit Underwriting, Construction and Permanent Loan Servicing, and Compliance Monitoring Services identified herein and offers to perform those services described in Exhibit A, Request for Qualifications (RFQ) 2017-01 attached hereto and incorporated herein.
- B. Florida Housing has a need for such services and does hereby accept the offer of the Servicer upon the terms and conditions outlined in this Contract.
- C. Florida Housing has the authority pursuant to Florida law to direct disbursement of funds for compensation to the Servicer under the terms and provisions of this Contract.

**AGREEMENT**

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**A. ATTACHMENTS**

This Contract has the following attachments, which are incorporated herein:

Exhibit A, RFQ 2017-01  
Exhibit B, Compensation

**B. ENGAGEMENT OF THE SERVICER**

The Servicer agrees to provide Credit Underwriting, Construction and Permanent Loan Servicing, and Compliance Monitoring Services in accordance with the terms and

conditions hereinafter set forth. The Servicer agrees to perform the services set forth in Exhibit A, and as otherwise stated in this Contract. The Servicer understands and agrees that all services under this Contract are to be performed solely by the Servicer, and may not be subcontracted or assigned without the prior written approval and consent of Florida Housing.

**C. TERM OF CONTRACT**

The initial term of this Contract shall be for five years from the Effective Date. If the parties mutually agree in writing, the Contract may be renewed once for an additional three-year period. Renewals are at the discretion of Florida Housing, and shall be contingent upon satisfactory performance evaluations by Florida Housing.

**D. MODIFICATION OF CONTRACT**

Either party may request a modification of the provisions of this Contract. Modifications that are mutually agreed upon shall be valid only when reduced to writing and signed by the parties.

**E. INVOICES**

The Servicer shall submit invoices to the program contact person in Section J, Administration of Contract. Each invoice for fees shall be in a format that is clearly itemized so that the invoice states the specific services performed and when and where the services were performed. Payment of an undisputed invoice shall be made within a reasonable period of time not to exceed 30 days after receipt of the invoice. If the Servicer is found to be in non-compliance with Florida laws, federal laws, Florida Housing rules or Florida Housing policies governing its duties hereunder, or fails to perform its duties hereunder, any compensation received in connection with this Contract shall be subject to forfeiture to Florida Housing.

**F. FEES/COSTS**

The Servicer shall be compensated as described in the Fees/Costs Schedule attached hereto in Exhibit B.

**G. LIABILITY; INDEPENDENT CONTRACTOR; COMPLIANCE WITH LAWS**

1. Florida Housing shall not be deemed to have assumed any liability for the acts, omissions, or negligence of the Servicer, its agents, its servants, or employees, and the Servicer specifically accepts responsibility for its acts, omissions or negligence and for the acts, omissions or negligence of its agents, servants or employees, and shall defend and hold Florida Housing harmless from and against the claims of any party arising out of or claimed to arise out of any such acts, omissions, or negligence.

2. This Contract is executed on behalf of Florida Housing by the signatory

only in his or her designated capacity as representative and on behalf of Florida Housing. Such individual shall neither have nor incur any individual or personal responsibility or liability under this Contract as a result of such execution.

3. Nothing herein shall be construed as a waiver of sovereign immunity by Florida Housing; it being the intent to reserve all such rights and immunities to the fullest extent of the law.

4. The Servicer, together with its agents, suppliers, subcontractors, officers, and employees, shall have and always retain under this Contract the legal status of an independent contractor, and in no manner shall they be deemed employees of Florida Housing or deemed to be entitled to any benefits associated with such employment. During the term of this Contract, the Servicer shall maintain at its sole expense those benefits to which its employees would otherwise be entitled to by law. The Servicer remains responsible for all applicable federal, state, and local taxes, and all FICA contributions.

5. The Servicer shall comply with all laws, rules, codes, ordinances, and licensing requirements that are applicable to the conduct of its business, including those of federal, state and local agencies having jurisdiction and authority. In addition, and by way of non-exhaustive example, the Servicer shall comply with Florida Housing policies while on Florida Housing premises and in the conduct of its business with Florida Housing personnel.

6. The Servicer specifically accepts responsibility for payment of all taxes, assessments, or contributions that may be required to be paid to any unit of government as a result of the payments being paid to or by the Servicer, if any, in conjunction with the services rendered pursuant to this Contract. At no time shall the Servicer make any commitments for or incur any charges or expenses for, or in the name of, Florida Housing.

7. The Servicer shall not be relieved of liability to Florida Housing for damages sustained by Florida Housing by virtue of any termination or breach of this Contract by the Servicer.

8. The Servicer must maintain, at all times and at its own expense, a blanket fidelity bond and errors and omissions insurance coverage. These policies must insure the Servicer against losses resulting from dishonest or fraudulent acts committed by the Servicer's personnel. Florida Housing will require that the coverage protect Florida Housing against dishonest or fraudulent acts committed by the Servicer's principal owner, if the Servicer is able to obtain this type of coverage under the terms of its fidelity bond (or a separate rider to the bond). All such policies of insurance shall be issued by an insurance company, with coverage satisfactory to Florida Housing and shall name Florida Housing as the insured or additional insured under said policies.

If any officer (or other person for whom coverage is required) of the Servicer organization cannot be covered by the fidelity bond, then the Servicer also must obtain a direct surety bond to cover any officer of the Servicer organization who cannot be covered by the fidelity bond.

The Servicer that is a subsidiary of another institution may use its parent's fidelity bond and errors and omissions insurance policy as long as it is named as a joint insured under the bond or policy. The Servicer must maintain its own coverage if there are any restrictions in the parent's coverage that would prevent the full amount of coverage Florida Housing requires from being available at all times for the Servicer's protection. If the parent's deductible amount exceeds the maximum deductible that Florida Housing would allow for the Servicer's total servicing portfolio, the Servicer must obtain a fidelity bond in its own name for an amount that is at least equal to the amount of the parent's deductible amount, with a separate deductible that is no higher than the maximum amount Florida Housing allows for that Servicer.

Florida Housing shall also accept coverage under the Mortgage Bankers Blanket Bond Policy or the Savings and Loan Blanket Bond Policy for corporate Servicers. Florida Housing requires individual coverage if the Servicer is a sole proprietorship or a partnership, and will accept fidelity bond coverage underwritten by an insurer that is affiliated with Lloyd's of London.

The Servicer must provide Florida Housing with proof that the insurer has agreed to notify Florida Housing if the required coverage is canceled or reduced for any reason, if the insurer deletes the requirement to provide Florida Housing with prior notice, or if any officers of the Servicer organization are removed from the coverage. In addition, the Servicer must promptly advise Florida Housing of any case of embezzlement or fraud in its organization, even if Florida Housing funds are not involved or if no loss has been incurred. The Servicer's report should indicate the total amount of any loss regardless of whether a claim was filed with an insurer.

a. The Servicer's fidelity bond coverage must be equal to a percentage of the total portfolio that the Servicer services for itself and all other investors, including Florida Housing. The amount of coverage is determined in accordance with the following:

<b>Coverage Required</b>	<b>Unpaid Principal Balances of All Mortgages Serviced</b>
\$300,000	\$100,000,000 or less
+ 150% of the next	\$400,000,000
+ 125% of the next	\$500,000,000
+ 100% of any amount over	\$1,000,000,000

In no case shall the coverage be less than \$500,000.

The policy's deductible clause may be for any amount up to the greater of \$100,000 or 5 percent of the bond's face amount. The Servicer that needs a higher deductible amount should send a written request, explain the reason for the request and provide its most recent audited financial statements to Florida Housing. Before approving the Servicer's request, Florida Housing will determine the acceptability of the Servicer's financial position and performance in servicing its Florida Housing multifamily portfolio, paying particular attention to mortgage accounting and delinquent loan servicing.

b. The errors and omissions policy must, at least, protect the Servicer against negligence and errors and omissions in:

- i. Maintaining all required insurance coverages;
  - ii. Maintaining FHA or conventional mortgage insurance;
  - iii. Determining whether properties are located in Special Flood Hazard Areas;
  - iv. Paying real estate taxes, leasehold payments, and any special assessments;
- and
- v. Complying with reporting requirements of FHA or mortgage insurers.

The policy must cover all mortgages serviced by the Servicer and should be written on an occurrence basis. The amount of coverage is the same as required for fidelity bonds. For the purposes of this calculation, the MMRB portfolio is the unpaid principal balance of all bonds where an ongoing Permanent Loan Servicing fee is paid. However, in no case will the coverage be less than \$1,000,000. Policies that provide for coverage per mortgage are acceptable as long as the insurer's liability per mortgage is at least equal to the highest unpaid principal balance that the Servicer has in its servicing portfolio. The Servicer must review the balances of the mortgages it services prior to each premium renewal date to determine if this limitation needs to be increased as the result of the origination of higher balance mortgages during the last coverage period. If the policy provides coverage per mortgage, the maximum deductible amount for each mortgage is 5 percent of the insurer's liability per mortgage.

Coverage that allows the insurer to limit its liability for each category of errors and omissions losses (other than the property insurance category) is acceptable. These "sublimits" of liability must at least equal 15 percent of the limit of liability that applies to property insurance (which, in effect, would be the coverage per mortgage limitation).

As long as Florida Housing receives substantially the same coverage that an errors and omissions policy would provide, Florida Housing may accept a Mortgage Impairment Insurance policy as a substitute.

c. Each fidelity bond or errors and omissions insurance policy must include the following provisions, if they can be obtained:

i. Florida Housing will be named as “loss payee” on drafts the insurer issues to pay claims for covered losses that Florida Housing incurs;

ii. Florida Housing will have the right to file a claim directly with the insurer if the Servicer fails to file a claim for covered losses that Florida Housing incurs; and

iii. The insurer agrees to notify Florida Housing at least 30 days before it cancels, reduces, declines to renew, or imposes a restrictive modification to the Servicer’s coverage for any reason other than a partial or full exhaustion of the insurer’s limit of liability under the policy. The insurer also agrees to notify Florida Housing within ten days after it receives the Servicer’s request to cancel or reduce any coverage. All notices to Florida Housing will be sent to Florida Housing’s Contract Administrator.

The Servicer must submit satisfactory evidence that it has obtained, and has in effect, fidelity bond and errors and omissions coverage meeting the requirements of this section commensurate with the signing of the contract. Each insurance certificate should show the insurer's name, the bond or policy number, the named insured, the type and amount of coverage (specifying whether the insurer's liability limits are on a per loss or per Mortgage basis), the effective date of the coverage, and the deductible amount. If the Servicer obtains an endorsement to the bond or policy or obtains optional coverage, it should also provide a copy of the endorsement or the description of the additional coverage, unless this information can be summarized substantively on the insurance certificate. (Reference to a form or endorsement number does not provide a substantive summary for Florida Housing purposes.)

d. The Servicer must also report certain events to Florida Housing within ten business days after they occur. Specific events that must be reported include:

i. The occurrence of a single fidelity or errors and omissions loss that exceeds \$100,000 – even when no claim will be filed or when Florida Housing's interest will not be affected; and

ii. The receipt of a notice from the insurer regarding the intended cancellation, reduction, non-renewal, or restrictive modification of the Servicer's fidelity bond or errors and omissions policy. The Servicer must provide Florida Housing with a copy of the insurer's notice, describe in detail the reason for the insurer's action if it is not stated in the notice, and explain the efforts it has made to obtain replacement coverage or to otherwise satisfy Florida Housing’s insurance requirements

The Servicer should consult with Florida Housing’s Contract Administrator if it has any questions regarding the requirements described in this section.

## H. DEFAULT AND REMEDIES

1. If any of the events listed in subparagraph 2. of this section occur, all obligations on the part of Florida Housing to continue doing business with the Servicer or assign any future transaction to the Servicer shall, if Florida Housing so elects, terminate and Florida Housing may, at its option, exercise any of its remedies set forth herein, or as otherwise provided by law. However, Florida Housing may continue doing business with the Servicer as a participant after the happening of any event listed in subparagraph 2. of this section without waiving the right to exercise such remedies, without constituting a course of dealing, and without becoming liable to include the Servicer in the transaction or any future transaction.

2. The Events of Default shall include, but not be limited to, the following:

a. If any report, information or representation provided by the Servicer in this Contract is inaccurate, false or misleading in any respect;

b. If any warranty or representation made by the Servicer in this Contract or any other outstanding agreement with Florida Housing is deemed by Florida Housing to be inaccurate, false or misleading in any respect;

c. If the Servicer fails to keep, observe, or perform any of the terms or covenants contained in this Contract, or is unable or unwilling to meet its obligations as defined in this Contract;

d. If, in the sole discretion of Florida Housing, the Servicer has failed to perform or complete any of the services identified in the attachments;

e. If the Servicer has not complied with all Florida laws, federal laws, Florida Housing rules or Florida Housing policies applicable to the work;

f. If the Servicer has discriminated on the grounds of race, color, religion, sex, national origin, or disability in performing any service identified in the attachments;

g. If the Servicer does not comply with the terms and conditions set forth in Section 420.512(5), Fla. Stat.;

h. If the Servicer commits fraud in the performance of its obligations under this Contract; or

i. If the Servicer refuses to permit public access to any document, paper, letter, computer files, or other material subject to disclosure under Florida's Public Records Law.

Upon the occurrence of any Event of Default listed in subparagraph 2. above, Florida Housing will provide written notice of the Default detailing the grounds that constitute the

Event of Default (Notice of Default), delivered by courier service or electronic mail to the address set forth in Section J, Administration of Contract, herein.

3. Upon the occurrence of any Event of Default listed in subparagraph 2. above, Florida Housing may provide the Servicer a reasonable period of time to cure the Event of Default (Cure Period). If Florida Housing provides a Cure Period, Florida Housing will notify the Servicer of the length of the Cure Period in the Notice of Default.

4. If Florida Housing provides a Cure Period and if the Servicer is unable or unwilling to cure the Event of Default within the Cure Period, Florida Housing may exercise any remedy permitted by law. The pursuit of any one of the following remedies shall not preclude Florida Housing from pursuing any other remedies contained herein or otherwise provided at law or in equity. The remedies include, but are not limited to the following:

a. Florida Housing may terminate the Contract on the tenth (10<sup>th</sup>) day after the Servicer receives the Notice of Default or upon the conclusion of any applicable Cure Period, whichever is later;

b. Florida Housing may commence an appropriate legal or equitable action to enforce performance of the terms and conditions of this Contract;

c. Florida Housing may exercise any corrective or remedial actions including, but not limited to, requesting additional information from the Servicer to determine the reasons for or the extent of non-compliance or lack of performance, issuing a written warning to advise that more serious measures may be taken if the situation is not corrected, advising the Servicer to suspend, discontinue or refrain from incurring fees or costs for any activities in question or requiring the Servicer to reimburse Florida Housing for the amount of costs incurred; or

d. Florida Housing may exercise any other rights or remedies that may be otherwise available under law.

## I. TERMINATION

1. Florida Housing may terminate the contract, without cause, at any time upon ten (10) days written notice delivered by courier service or electronic mail to the Servicer at the address set forth in Section J, Administration of Contract, herein.

2. The Servicer may terminate this Contract, without cause, at any time upon ninety (90) days written notice delivered by courier service or electronic mail to Florida Housing at the physical or electronic address, as applicable, set forth in Section J, Administration of Contract, herein. The Servicer shall be responsible for all costs arising from the resignation of the Servicer and the costs associated with the appointment of and transition to a successor Servicer. Notwithstanding any other



provision of this Contract, no removal, resignation, or termination of the Servicer shall take effect until a successor shall be appointed.

J. ADMINISTRATION OF CONTRACT

1. Florida Housing's contract administrator for this Contract is:

Contract Administrator  
Florida Housing Finance Corporation  
227 North Bronough St., Suite 5000  
Tallahassee, Florida 32301-1329  
Phone: 850.488.4197  
E-mail: Contract.Admin@floridahousing.org

2. Florida Housing's program contacts for this Contract are:

Compliance: Laura Cox, Director of Asset Management and Guarantee Program,  
Laura.Cox@floridahousing.org

CWHIP, HAP, HHF, and HOME: Nicole Gibson, Assistant Director of  
Homeownership Programs, Nicole.Gibson@floridahousing.org

Demonstration Loans and PLP: Robert Dearduff, Special Programs Administrator  
and Local Government Liasion, Robert.Dearduff@floridahousing.org.

Housing Credit Program, SAIL, and EHCL: Melissa Levy, Assistant Director of  
Multifamily Programs, Melissa.Levy@floridahousing.org

MMRB: Brantley Henderson, Assistant Director of Multifamily Programs,  
Brantley.Henderson@floridahousing.org

Permanent Loan Servicing: Kenny Derrickson, Assistant Comptroller,  
Kenny.Derrickson@floridahousing.org.

Florida Housing Finance Corporation  
227 North Bronough St., Suite 5000  
Tallahassee, Florida 32301-1329  
Phone: 850.488.4197  
**or their designated successor(s).**

3. The Servicer's contract manager for this Contract is:

Benjamin S. Johnson  
President  
17633 Ashley Drive  
Panama City Beach, Florida 32413  
Office: 850.233.3616 x. 223  
Cell: 850.832.2006  
ben@seltzermangement.com  
**or their designated successor(s).**

4. All written approvals referenced in this Contract shall be obtained from the parties' contract manager or their respective designees.

5. All notices shall be given to the parties' contract manager.

**K. PUBLIC RECORDS; CONFIDENTIALITY; COPYRIGHT, PATENT, TRADEMARK; FILES**

1. Public Records

Files Subject to Florida's Public Records Law: Any file, report, record, document, paper, letter, or other material received, generated, maintained or sent by the Servicer in connection with this Contract is subject to the provisions of Section 119.01-.15, Fla. Stat., as may be amended from time to time (Florida's Public Records Law). The Servicer represents and acknowledges that it has read and understands Florida's Public Records Law and agrees to comply with Florida's Public Records Law.

Pursuant to Section 119.0701(2)(b), Fla. Stat., the Servicer will be required to comply with public records laws, specifically to:

- a. Keep and maintain public records required by the public agency to perform the service.
- b. Upon request from the public agency's custodian of public records, provide the public agency with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in this chapter or as otherwise provided by law.
- c. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract. If the contractor does not transfer the records to the public agency.
- d. Upon completion of the contract, transfer, at no cost, to the public agency all public records in possession of the contractor upon termination of the contract.

or keep and maintain public records required by the public agency to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the public agency, upon request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency.

Notwithstanding anything contained herein to the contrary, the provisions and requirements of this paragraph shall only apply if and when the Servicer is acting on behalf of Florida Housing.

**If the Contractor has questions regarding the application of Chapter 119, Florida Statutes, to the Contractor's duty to provide public records relating to this contract, contact the Corporation Clerk at:**

**Corporation Clerk  
227 N. Bronough Street, Suite 5000  
Tallahassee, Florida 32301-1329  
Phone: 850.488.4197  
E-mail: Corporation.Clerk@floridahousing.org**

2. Confidentiality

a. If the Servicer asserts that any information or materials intended to be delivered or provided under this Contract constitute a trade secret, or are otherwise confidential or exempt from the public records disclosure requirements of Florida's Public Records Law, such assertion must be made writing to Florida Housing's Contracts Manager upon submitting them to Florida Housing.

b. It is the Servicer's obligation and responsibility to maintain the secrecy of trade secrets and the confidentiality of other confidential information by adequately marking such materials as confidential or exempt before forwarding such information or materials to Florida Housing.

c. In the case of work product furnished to Florida Housing pursuant to this Contract that is confidential, the Servicer will treat such materials as confidential and will not reveal or discuss such materials or any other information learned as a result of this Contract with any other person or entity, except as authorized or directed by Florida Housing.

d. Working papers, copies, internal documents, procedures, methods and related materials considered confidential and/or proprietary shall be treated as confidential and/or proprietary and shall not be revealed or discussed with any other person or entity, except as authorized or directed by Florida Housing. All such

records and materials will remain the property of Florida Housing.

e. If the Servicer is required to disclose or publish the existence or terms of transactions under this Contract pursuant to Florida's Public Records Law, then the Servicer shall notify Florida Housing in writing of such disclosure within two (2) days after receipt of the Public Records request.

### 3. Copyright, Patent and Trademark

a. If the Servicer brings to the performance of this Contract a pre-existing copyright, patent or trademark, the Servicer shall retain all rights and entitlements to that pre-existing copyright, patent or trademark unless the Contract provides otherwise.

b. If any discovery or invention arises or is developed in the course of or as a direct result of work or services performed under this Contract, the Servicer shall refer the discovery or invention to Florida Housing for a determination whether patent protection will be sought in the name of Florida Housing. Any and all patent rights accruing under or in connection with the performance of this Contract are hereby reserved to Florida Housing. In the event that any books, manuals, films, or other copyrightable material are produced, the Servicer shall notify Florida Housing in writing. Any and all copyrights or trademarks created by or in direct connection with the performance under this Contract are hereby reserved to Florida Housing.

c. All subcontracts or other arrangements entered into, by the Servicer, with prior written approval and consent of Florida Housing, for the purpose of developing or procuring copyrightable materials (e.g. audiovisuals, computer programs, software, publications, curricula, research materials or training materials, etc.) shall specifically reference and reserve Florida Housing's exclusive rights to use and exploit copyrights and licenses to the extent permitted by copyright law and Florida Statutes.

### 4. Files

a. Contents of the Files: The Servicer shall maintain files containing documentation to verify all compensation to the Servicer in connection with this Contract, as well as reports, records, documents, papers, letters, computer files, or other material received, generated, maintained or filed by the Servicer in connection with this Contract. The Servicer shall also keep files, records, computer files, and reports that reflect any compensation it receives or will receive in connection with this Contract.

b. Retaining the Files: The Servicer shall maintain these files for five years after the fiscal year in which the files become inactive, except that, if any litigation, claim or audit is commenced with respect to the transactions documented by such

files before the end of the aforementioned five-year period and extends beyond the expiration of the five-year period, these files will be retained until all litigation, claims, or audit findings involving the files have been resolved.

c. Access to the Files: Upon reasonable notice, the Servicer and its employees shall allow Florida Housing or its agent(s) access to its files during normal business hours, 9:00 a.m. to 5:00 p.m., Monday through Friday, provided such day is not a holiday.

d. Return of the Files: In the event this Contract is terminated, all finished or unfinished documents, data, studies, computer files, correspondence, and other products prepared by or for the Servicer under this Contract shall be submitted to Florida Housing within 15 days of such termination at the expense of the Servicer.

#### L. PERSONALLY IDENTIFIABLE INFORMATION (PII); SECURITY

1. If the Servicer or any of its subcontractors may or will create, receive, store or transmit PII under the terms of this Contract, the Servicer shall provide for the security of such PII, in a form acceptable to Florida Housing, without limitation, non-disclosure, use of appropriate technology, security practices, computer access security, data access security, data storage encryption, data transmission encryption, security inspections and audits. The Servicer shall take full responsibility for the security of all data in its possession or in the possession of its subcontractors, and shall hold Florida Housing harmless for any damages or liabilities resulting from the unauthorized disclosure of loss thereof.

2. The Servicer agrees to maintain written policies and procedures for PII and/or data classification. This plan must include disciplinary processes for employees that violate these guidelines.

3. The Servicer agrees at all times to maintain reasonable network security that, at a minimum, includes a network firewall.

4. The Servicer agrees to protect and maintain the security of data with protection security measures that include maintaining secure environments that are patched and up-to-date with all appropriate security updates as designated by a relevant authority (e.g. Microsoft notifications, Common Vulnerabilities and Exposures (CVE) database, etc.) The Servicer agrees that PII shall be appropriately destroyed based on the format stored upon the expiration of any applicable retention schedules.

5. The Servicer agrees that any and all transmission or exchange of system application data with Florida Housing and/or any other parties shall take place via secure Advanced Encryption Standards (AES), e.g. HTTPS, FTPS, SFTP or equivalent means. All data stored as a part of backup and recovery processes shall be encrypted, using AES.

6. In the event of a breach of PII or other sensitive data, the Servicer must abide by provisions set forth in Section 501.171, Fla. Stat. Additionally, the Servicer must immediately notify Florida Housing in writing of the breach and any actions taken in response to such a breach. As the information becomes available the statement must include, at a minimum, the date(s) and number of records affected by unauthorized access, distribution, use, modification or disclosure of PII; the Servicer's corrective action plan; and the timelines associated with the corrective action plan.

#### **M. OTHER PROVISIONS**

1. This Contract shall be construed under the laws of the State of Florida, and venue for any actions arising out of this Contract shall lie in Leon County.

2. No waiver by Florida Housing of any right or remedy granted hereunder or failure to insist on strict performance by the Servicer shall affect or extend or act as a waiver of any other right or remedy of Florida Housing hereunder, or affect the subsequent exercise of the same right or remedy by Florida Housing for any further or subsequent default by the Servicer. A waiver or release with reference to any one event shall not be construed as continuing or as constituting a course of dealing.

3. Any power of approval or disapproval granted to Florida Housing under the terms of this Contract shall survive the terms and life of this Contract as a whole.

4. The Contract may be executed in any number of counterparts, any one of which may be taken as an original.

5. The Servicer understands and agrees to cooperate with any audits conducted in accordance with the provisions set forth in Section 20.055(5), Fla. Stat.

#### **N. LOBBYING PROHIBITION**

No funds compensation or other resources received in connection with this Contract may be used directly or indirectly to influence legislation or any other official action by the Florida or Federal Legislature or any state or Federal agency. The Servicer further acknowledges that it has not retained the services of any lobbyist or consultant to assist in the procurement and negotiation of this Contract.

#### **O. LEGAL AUTHORIZATION**

The Servicer certifies with respect to this Contract that it possesses the legal authority to enter into this Contract and that, if applicable, its governing body has authorized, by resolution or otherwise, the execution and acceptance of this Contract with all covenants and assurances contained herein. The Servicer also certifies that the undersigned possesses the authority to legally execute and bind the Servicer to the terms of this Contract.

**P. PUBLIC ENTITY CRIME**

Pursuant to Section 287.133(2)(a), Fla. Stat.: “A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity in excess of the threshold amount provided in s. 287.017 for CATEGORY TWO for a period of 36 months following the date of being placed on the convicted vendor list.”

Any contract in violation of this provision shall be null and void.

**Q. CONFLICTS OF INTEREST**

1. Pursuant to Section 420.512(5), Fla. Stat.:

Service providers shall comply with the following standards of conduct as a condition of eligibility to be considered or retained to provide services. For purposes of paragraphs (a), (b), and (c) only, the term ‘service provider’ means and is limited to a law firm, an investment bank, or a credit underwriter, and the agents, officers, principals, and professional employees of the service provider.

- (a) A service provider may not make contributions in any amounts, directly or indirectly, for or on behalf of candidates for Governor, nor shall any service provider make a contribution in excess of \$100 to any candidate for a member of the State Board of Administration other than the Governor in Florida while the service provider is included in an applicant pool from which service providers are selected to provide services to the corporation, while the service provider provides services to the corporation, and for the longer of a period of 2 years thereafter or for a period through the next general election for Governor.
- (b) The service provider shall not participate in fundraising activities for or on behalf of candidates for Governor in Florida while the service provider is included in an applicant pool from which service providers are selected to provide services to the corporation, while the service provider provides services to the corporation, and for the longer of a period of 2 years thereafter or for a period through the next general election for Governor.
- (c) Service providers shall provide to the corporation a statement that the service provider has not contributed to candidates for Governor or contributed in excess of the amounts allowed by this section for a member of the State Board of Administration or engaged in fundraising activities for or on behalf of candidates for Governor in Florida since the effective date of this section or

during the 24 months preceding the service provider's application to provide services to the corporation, whichever period is shorter.

- (d) The service provider may not engage in prohibited business solicitation communications with officers, members, or covered employees of the corporation.
- (e) If a service provider is in doubt as to whether its activities, or the activities of its principals, agents, or employees, violate the provisions of this section, it may request a declaratory statement in accordance with the applicable rule and s. 120.565, Fla. Stat.
- (f) If the corporation determines that a service provider has failed to meet the provisions of this section, it shall consider the magnitude of the violation and whether there has been a pattern of violations in determining whether to terminate or decline to enter into contracts with the service provider.

2. Section 420.503(32), Fla. Stat., states:

'Prohibited business solicitation communication' means a private written or verbal communication between a member, officer, or covered employee of the corporation and a service provider regarding the merits of the service provider and whether the corporation should retain the services of the service provider. The term does not include:

- (a) A verbal communication made on the record during a public meeting;
- (b) A written communication provided to each member and officer of the corporation and made part of the record at a public meeting;
- (c) A written proposal or statement of qualifications submitted to the corporation in response to a corporation advertisement seeking proposals or statements of qualifications as part of a competitive selection process.
- (d) A verbal or written communication related to the contractual responsibilities of a service provider who was selected to provide services or who was included in a pool of service providers eligible to provide services as a result of a competitive selection process, so long as the communication does not relate to solicitation of business.
- (e) A verbal or written communication related to a proposed method of financing or proposed projects, so long as the communication does not relate to solicitation of business.

3. By executing this contract, the Servicer certifies that it shall comply with, and is currently in compliance with, Section 420.512(5), Fla. Stat., as amended.



4. In addition to the conflict of interest rules imposed by the Florida Statutes, should the Servicer become aware of any actual, apparent, or potential conflict of interest or should any such actual, apparent, or potential conflict of interest come into being subsequent to the effective date of this Contract and prior to the conclusion of the Contract, the Servicer will provide notification to Florida Housing, through first class certified mail, return receipt requested (Notice of Conflict of Interest), to the address and individual set forth in Section J, Administration of Contract herein, within ten (10) working days. If Florida Housing, in its sole discretion, finds the Servicer to be in non-compliance with this provision, without prior written consent from Florida Housing's Executive Director, any compensation received in connection with this Contract shall be subject to forfeiture to Florida Housing and all obligations on the part of Florida Housing to continue doing business with the Servicer or assign any future transaction to the Servicer shall, if Florida Housing so elects, terminate.

#### **R. ENTIRE AGREEMENT**

This Contract, including any and all attachments, embodies the entire agreement of the parties. There are no other provisions, terms, conditions or obligations between the parties. This Contract supersedes all previous oral or written communications, representations or agreements on this subject.

#### **S. SEVERABILITY**

If any provision of this Contract is in conflict with any applicable statute or rule, or is otherwise unenforceable, then such provision shall be deemed null and void to the extent of such conflict or unenforceability, and shall be deemed severable, but shall not invalidate any other provision of this Contract.

**REMAINDER OF PAGE INTENTIONALLY LEFT BLANK**

IN WITNESS WHEREOF, the parties have executed this Contract Number 083-2017, each through a duly authorized representative, effective as of the date the last party signs.

SELTZER MANAGEMENT GROUP, INC.

By: Bryan L

Name/Title: President

Date: 12-11-17

FEIN: 59-3025547

FLORIDA HOUSING FINANCE CORPORATION

By: Hugh R. Brown

Name/Title: Hugh R. Brown - General Counsel

Date: 12-14-17

**EXHIBIT A**

**REQUEST FOR QUALIFICATIONS (RFQ) 2017-01**

**CREDIT UNDERWRITING, CONSTRUCTION AND PERMANENT LOAN  
SERVICING, AND COMPLIANCE MONITORING SERVICES**

**for**

**FLORIDA HOUSING FINANCE CORPORATION**

**June 13, 2017**

## **SECTION ONE INTRODUCTION**

Florida Housing Finance Corporation (“Florida Housing”) is soliciting competitive, sealed responses from qualified firms to provide Credit Underwriting, Construction and Permanent Loan Servicing, and Compliance Monitoring services in accordance with the terms and conditions set forth in this Request for Qualifications (RFQ), and any other term and condition in any contract subsequently awarded. Respondents will be selected and determined through Florida Housing’s review of each response, considering the factors identified in this RFQ. Florida Housing expects to select one or more Respondents that propose to provide all of the services specified in this RFQ.

## **SECTION TWO DEFINITIONS**

For purposes of this document, the following terms will be defined as follows:

- “Acceptable Depository Account” An account within any Federal Reserve Bank, Federal Home Loan Bank or any other depository institution wherein the account is insured by the Federal Deposit Insurance Corporation, National Credit Union Share Insurance Fund or such other governmental insurer or guarantor as may be acceptable to Florida Housing and, where applicable, the mortgagor(s). If the account balance exceeds the maximum insurable limit, the depository institution must a) fully secure any excess by a collateral pledge of Governmental Obligations or b) transfer an amount to another Acceptable Depository Account such that the account balances do not exceed the maximum insurable limits. The account shall be interest-bearing, unless the Developer submits a written request to the Servicer to the contrary. Funds must be withdrawable on demand, without prior notice or early withdrawal penalty. Accounts that limit the number of withdrawals may be maintained; however, the Servicer is responsible for any resulting fees or penalties.
- "Applicant" Any person or legal entity of the type and with the management and ownership structure described herein that is seeking a loan or funding from the Corporation by submitting an Application or responding to a competitive solicitation pursuant to Rule Chapter 67-60, F.A.C., for one or more of the Corporation’s programs. For purposes of Rules 67-48.0105, 67-48.0205 and 67-48.031, F.A.C., Applicant also includes any assigns or successors in interest of the Applicant. Unless otherwise stated in a competitive solicitation, as used herein, a ‘legal entity’ means a legally formed corporation, limited partnership or limited liability

company with a management and ownership structure that consists exclusively of all natural persons by the third principal disclosure level. For Applicants seeking Housing Credits, the Housing Credit Syndicator/Housing Credit investor need only be disclosed at the first principal disclosure level and no other disclosure is required. The terms ‘first principal disclosure level’ and ‘third principal disclosure level’ have the meanings attributed to them in the definition of “Principal.”

“Board”	The Board of Directors of Florida Housing Finance Corporation.
“Borrower”	An Applicant receiving funds in the form of a loan and obligated to repay the loan, usually with interest. A Borrower is called a mortgagor when the loan is secured by real estate.
“Business Continuity Plan”	The Respondent’s plan for providing for the continuation and recovery of critical business functions in the event of any unplanned business interruption.
“Carryover”	The provision under Section 42 of the IRC and Rule 67-48.028, F.A.C., that allows a development to receive a Housing Credit Allocation in a given calendar year and be placed in service by the close of a second calendar year following the calendar year in which the allocation is made.
“Committee”	The review committee composed only of employees of Florida Housing that is established pursuant to Rule 67-49.007, Fla. Admin. Code.
“Construction Loan”	The financing that is made to an Applicant for construction of a Development.
“Days”	Calendar days, unless otherwise specified.
“Demonstration Loan”	A loan to provide affordable housing, after Florida Housing has identified the need within a targeted population, as approved by the Board.
“Desk Audit”	An off-site review of files and other documents that have been sent to the Servicer.
“Developer”	An individual, association, corporation, joint venturer, or partnership which possesses the requisite skill, experience,

and credit worthiness to successfully produce affordable housing as required in the applicable RFA.

“Development”	A property that will undergo new construction, rehabilitation construction, or both by a Developer.
“Draw Request”	The request that a Borrower submits for disbursement of funds.
“Effective Date”	The date the last party signs the contract that is awarded as a result of this RFQ.
“EHCL”	The Elderly Housing Community Loan program that Florida Housing administers pursuant to sections 420.507 and 420.5087(3)(d), Fla. Stat. and Fla. Admin Code R. 67-48.
“ELI”	Extremely Low Income
“Eligible Depository”	<p>Any Federal Reserve Bank, Federal Home Loan Bank or any other depository institution that has its accounts insured by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund or other such governmental insurer or guarantor as may be acceptable to Florida Housing and, where applicable, the mortgagor(s); and is rated as “well capitalized” by its applicable federal or state regulator or, if not rated by a federal or state regulator, satisfies the capital requirements that would apply for categorization as “well capitalized” under federal or state regulations; and</p> <p><b>[For depository institutions with assets \$20 billion or more]</b></p> <p>The institution must have a financial rating that meets or exceeds only one (1) of the following criteria if rated only by S&amp;P or only by Moody’s; however, if rated by both, then it must satisfy both items (a) and (b) below:</p> <ul style="list-style-type: none"><li>(a) a short-term issuer rating by S&amp;P of “A-2” and a long-term issuer rating of “BBB” by S&amp;P;</li><li>(b) a short-term bank deposit rating by Moody’s of “P-3” and a long-term bank deposit rating of “Baa2” by Moody’s; or</li><li>(c) satisfies any other standard determined by Florida Housing, provided that such other standard is comparable to the rating requirements set forth above.</li></ul>

**[For depository institution with assets of less than \$20 billion]**

The institution must meet (a), (b) or (c) above or it must meet or exceed one (1) of the following criteria:

(d) a financial rating of 175 by IDC Financial Publishing, Inc.;

(e) a financial rating of C+ by Kroll Bond Rating Agency, Inc.

When determining the eligibility of a depository institution, the Servicer must use the most recent financial ratings and must subsequently re-check these ratings quarterly. If a depository no longer satisfies the requirements for an Eligible Depository, the Servicer must transfer the account to an Eligible Depository within 30 days after learning that the depository institution is unacceptable.

“Energy Star”

A joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy, which certifies products and buildings that meet requirements for energy efficiency.

“EUA”

Extended Use Agreement or Extended Low Income Housing Agreement.

“FHFC Insurance Guide”

Florida Housing Finance Corporation Insurance Guide, as amended from time to time.

“Florida Green Building Coalition or FGBC”

A green building certification program through which are evaluated by third party verifiers to achieve a rating of bronze, silver, gold or platinum. Residential buildings can be certified by the FGBC Green Home Standard or the Hi-Rise Residential Standard.

“Florida Housing”

Florida Housing Finance Corporation, a public corporation and public body corporate and politic created by Section 420.504, Fla. Stat.

“Florida Housing Locator Services or Housing Locator”

A web-based online affordable rental housing search engine and landlord registry owned by the Corporation that assists the public to search for available rental units registered in the Locator’s database. Since 2009, the Corporation has required its financed developments to be registered in the Locator’s database and updated regularly.

“Governmental Obligations”	Any part of an obligation evidenced by any bond, note, debenture, or other evidence of indebtedness issued by any governmental unit specified in section 3(a)(2) of the Securities Act of 1933.
“Guarantor”	An individual, institution, or other entity that guarantees to repay a debt if the Borrower defaults.
“HAP”	The Florida Homeowner Assistance Program that Florida Housing administers pursuant to sections 420.507 and 420.5088, Fla. Stat. and Fla. Admin Code R. 67-50.
“Hardest Hit Fund or HHF”	The Hardest Hit Fund Program that Florida Housing administers pursuant to Fla. Admin Code R 67-59.
“HHAL”	The Homeless Housing Assistance Loan demonstration program supports the development of permanent rental housing for homeless individuals and families that is appropriate for small and rural communities.
“HOME”	The HOME Investment Partnerships program which includes the Homeownership Loan Program, the Homeownership Pool Program and the Multifamily Rental Program, pursuant to the United States Department of Housing and Urban Development Regulations, 24 CFR Part 92, as amended. Florida Housing administers this program pursuant to sections 420.507 and 420.5089, Fla. Stat. and Fla. Admin Code R. 67-48, 67-50, 67-53 and 67-57.
“Home Energy Rater”	A state-certified energy rater who can perform the inspections and testing necessary for the Energy Star Qualified Homes Florida Building Option Package. Home Energy Raters can also perform tests and inspections for energy-related categories of LEED, FGBC, and NAHB green building certification programs.
“Homeownership Pool Program or “HOP”	The Homeownership Pool Program administered by Florida Housing and defined in Fla. Admin. Code R. 67-57.
“Housing Credit Program”	The Housing Credit program that Florida Housing administers pursuant to sections 420.507 and 420.5099, Fla. Stat., Fla. Admin Code R. 67-21, 67-48 and 67-53 and Section 42 of the Internal Revenue Code.
“HUD”	The United States Department of Housing and Urban Development.



“LEED”	Leadership in Energy and Environmental Design is a green building certification through which buildings are evaluated by third party verifiers to achieve a rating of certified, silver, gold or platinum. LEED is a program of the U.S. Green Building Council.
“Lender”	The entity other than Florida Housing that provides a mortgage loan.
“Link”	The Link to Permanent Housing Strategy (Link) enhances the ability of extremely low-income (ELI) households with special needs to access and retain affordable rental housing in their communities. Florida Housing requires Applicants to provide a specified percentage of a Development’s ELI Set-Aside units for special needs households receiving community based supportive services who are referred by a designated supportive services agency in the community where the Development is located.
“LURA”	Land Use Restriction Agreement
“Management Company”	A firm selected by the Development’s owner to oversee the operation and management of the Development and whose selection is approved by Florida Housing.
“MMRB”	Multifamily Mortgage Revenue Bond program that Florida Housing Administers pursuant to 420.507 and 420.509, Fla. Stat. and Fla. Admin Code R. 67-21 and 67-53.
“NAHB”	National Association of Home Builders. NAHB has a National Green Building Standard certification for residential buildings. Buildings are evaluated by third party verifiers to achieve a rating of bronze, silver, gold or emerald.
“NHTF”	The National Housing Trust Fund, established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289) (HERA). Section 1131 of HERA amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4501 et seq.) (Act) to add a new section 1337, entitled "Affordable Housing Allocation" and a new section 1338, entitled "Housing Trust Fund." The NHTF Interim Rule 24 CFR Part 93 made the consolidated plan regulations at 24 CFR Part 91 applicable to the HTF.

“Permanent Loan”	The loan made to an eligible borrower that is not a Construction Loan.
“PLP”	The Predevelopment Loan Program that Florida Housing administers pursuant to sections 420.507 and 420.526, Fla. Stat. and Fla. Admin. Code. 67-38.
“Red Flag Plan”	Respondent’s plan regarding identity theft prevention program, to include how the Respondent will identify, detect, and respond to any pattern, practice or specific account or record activity or any other warning sign (“red flag”) that indicates possible identity theft. This plan should indicate the Respondent’s compliance with the federal Red Flags Rule, which implements Section 114 of the Fair and Accurate Credit Transactions Act of 2003 (16 C.F.R. part 681), and as amended by the Red Flag Program Clarification Act of 2010 (15 U.S.C. 1681m(e)(4)).
“Respondent”	Any person or entity who has the capability in all respects to perform fully the requirements contained in this RFQ, and submits a response to this RFQ.
“Response”	The written submission by a Respondent to this RFQ.
“RFA”	Request for Application, a type of competitive solicitation used most often to distribute funding for affordable housing initiatives.
“RFQ”	This RFQ, including all exhibits referenced in this document and all other documents incorporated by reference.
“SAIL”	The State Apartment Incentive Loan program that Florida Housing administers pursuant to sections 420.507 and 420.5087, Fla. Stat. and Fla. Admin Code R. 67-48 and 67-53.
“Servicer”	The Respondent(s) selected to perform the services required by this RFQ.
“Smaller Developments for Persons with Developmental Disabilities”	The competitive grant program administered by Florida Housing to provide Persons with Developmental Disabilities funding for the new construction or renovation supportive housing for Persons with Intellectual/Developmental Disabilities pursuant to Fla. Administrative Code 67-60.

“Trustee”	Any bank, trust company, national banking association, co-Trustee and their successors and assignees appointed under any Trust Indenture or Supplemental Trust Indenture and having the duties, responsibilities and rights identified in said Trust Indenture or Supplemental Trust Indenture.
“Website”	The Florida Housing Finance Corporation website, the URL of which is <a href="http://www.floridahousing.org">www.floridahousing.org</a> .

**SECTION THREE  
PROCEDURES AND PROVISIONS**

A. The Respondent must submit an original and five copies of the Response to the Contracts Manager in a sealed envelope marked “RFQ 2017-01.” Each envelope or package containing Responses must clearly state the name of the Respondent. The Response that is the original must be clearly indicated on that Response. An electronic copy of the Response must also be submitted on a CD or flash drive. Florida Housing will not accept a faxed or e-mailed Response. Florida Housing must receive any Responses on or before 2:00 p.m., Eastern Time, on July 12, 2017. Responses will be opened at that time.

Contract Administrator  
Florida Housing Finance Corporation  
227 North Bronough Street, Suite 5000  
Tallahassee, FL 32301-1329  
(850) 488-4197  
Email: [Contract.Admin@floridahousing.org](mailto:Contract.Admin@floridahousing.org)

B. This RFQ does not commit Florida Housing to award a contract to any Respondent or to pay any costs incurred in the preparation or mailing of a Response.

C. All services under the contract awarded are to be performed solely by the Servicer, unless subcontracted or assigned with the prior written approval and consent of Florida Housing.

D. Florida Housing reserves the right to:

1. Waive minor deficiencies and informalities;
2. Accept or reject any or all Responses received as a result of this RFQ;
3. Obtain information concerning any or all Respondents from any source;
4. Request an oral interview before the Board from any or all Respondents;
5. Select for contract negotiation or for award a Response other than (or in addition to) that with the highest score in order to serve the best interests of Florida Housing and the public; and

6. Negotiate with the successful Respondent with respect to any additional terms or conditions of the contract.

E. Any interested party may submit any question regarding this RFQ in writing via mail or e-mail to the Contracts Manager at the address given in Section Three, Item A. All questions must be submitted no later than 2:00 p.m., Eastern Time, on June 21, 2017. Phone calls will not be accepted. Florida Housing expects to respond to all questions in writing by 5:00 p.m., Eastern Time, on June 28, 2017. Florida Housing will post a copy of all questions received and the corresponding answers on Florida Housing's website at:

<http://www.floridahousing.org/legal/procurements/request-for-qualifications>.

Only written responses or statements from the Contracts Manager that are posted on our website will bind Florida Housing. No other means of communication, whether oral or written, may be construed as an official response or statement from Florida Housing.

F. Between the release of the solicitation and the end of the 72-hour period following the posting of the notice of intended award, respondents to this solicitation or persons acting on their behalf may not contact any member of Florida Housing's Board of Directors or any Florida Housing employee concerning any aspect of this solicitation, except in writing to the Contracts Manager. Violation of this provision may be grounds for rejecting a response.

G. Any person who wishes to protest the specifications of this RFQ must file a protest in compliance with Section 120.57(3), Fla. Stat., and Rule Chapter 28-110, Fla. Admin. Code. Failure to file a protest within the time prescribed in Section 120.57(3), Fla. Stat., will constitute a waiver of proceedings under Chapter 120, Fla. Stat.

H. The term of the contract will be for five years, subject to satisfactory performance at the sole discretion of Florida Housing. If the parties mutually agree in writing, the contract may be renewed once for up to an additional three years.

I. Florida Housing is not required to use the services of any selected Servicer or to assign any work to such provider, and may terminate the contract with any selected Servicer without cause and without penalty.

J. Pursuant to Fla. Admin. Code R. 67-49.004, Florida Housing may modify the terms of the RFQ at any point prior to the due date for Responses. A notice of such modification will be posted on Florida Housing's Website and will be provided to potential Respondents who requested copies of the RFQ. Any Respondent will have at least seven days from the date of the posting of the notice of the modification to submit or modify its Response.

K. The terms of this RFQ, and any modifications thereto, will be incorporated into any contract offered as a result of this RFQ. Failure of a successful Respondent to accept these obligations in the final contract may result in cancellation of the award.

## **SECTION FOUR SCOPE OF SERVICES**

### **I. Credit Underwriting**

A. The Servicer will provide Florida Housing with a credit underwriting analysis of the Development or proposed Developments, as requested by Florida Housing. The credit underwriting analysis of the Development will include a recommendation as to whether the requested loan amount, grant amount and/or housing credit allocation is adequate and the amount necessary for the financial feasibility and viability of each Development. The Servicer will meet with Florida Housing and/or the applicant of each Development as requested by Florida Housing. Florida Housing may also request a credit underwriting analysis in regards to changes of ownership, re-financings, refunding, or other financing or restructuring requests that Florida Housing may receive.

B. Credit underwriting for any Florida Housing program must comply with Chapter 420, Part V, Fla. Stat., and the following Rules, as may be amended from time to time, for each Florida Housing program set forth in the Florida Administrative Code:

1. Elderly Housing Community Loan Program - Chapter 67-48
2. Hardest Hit Fund – Chapter 67-59
3. Homeownership Loan Program - Chapter 67-50
  - a. Home Investment Partnerships Program (HOME)
  - b. Homeownership Assistance Program (HAP)
4. Homeownership Pool Program – Chapter 67-57
5. HOME Multifamily Rental Program - Chapter 67-48
6. Housing Credit Program - Chapter 67-48 and 67-21
7. Multifamily Mortgage Revenue Bonds Program - Chapter 67-21
8. Predevelopment Loan Program - Chapter 67-38
9. State Apartment Incentive Loan Program - Chapter 67-48
10. Demonstration Loans

C. The process to be used by the Servicer to underwrite all Developments financed by Florida Housing will address, at a minimum, the factors outlined in items 1 through 25 below (as applicable according to the program):

1. With respect to the Development team, the Servicer will:
  - a. Review, verify, and document executed certification forms and experience of Developers, general contractors, management companies, and assisted living facility service providers confirming that the minimum requirements of the Application have been met.
  - b. Review Developments constructed and/or currently owned by the Applicant to determine that Developments are in good financial standing and, where applicable, in compliance with applicable statutes, rules, and regulations. If it is identified by the Servicer that the Applicant's principals have other loans with Florida Housing, or other lenders, that are out of compliance, in default or non-performing as determined by Florida Housing, the loan recommendation will include a summary of the problems.
  - c. Verify and document that the Certificate of Good Standing for the applicant entity through the Florida Department of State is current during credit underwriting.
  - d. Evaluate the Applicant's, Guarantor's, and general contractor's ability to complete a Development, based on their financial capability and stability as well as contingent liabilities for the Developer and Guarantors.
  - e. Evaluate financial capacity and stability of any syndicators and credit enhancers or bond purchasers. This will include the review of the commitments from credit enhancers or bond purchasers, and housing tax credit syndicators.
  - f. Perform a credit analysis, if applicable in the program rules, for principals, Guarantors, general contractor, applicant and general partner (i.e., credit reports, bank references, trade references, written financial statements analysis, tax returns, bank deposit verification, etc.).
  - g. Review, verify and document executed certification forms and experience of general contractors and service providers for assisted living facilities.
  - h. Review the cost estimates and certifications from the Applicant's architect, engineer, or other professionals.
  - i. Verify and document that the architect/engineer has a valid Florida license and carries Errors and Omissions insurance in an amount equal to the greater of \$1,000,000 or 10% of the construction contract amount.

j. Review the management agreement between the Management Company and the Applicant, determine that the Development will be managed as an affordable housing Development and obtain a completely executed agreement prior to or at loan closing.

k. Verify and document the adequacy of the general contractor and Borrower's insurance policies, as applicable, pursuant to the FHFC Insurance Guide.

l. Review the general contractor agreement between the General Contractor and the Applicant for compliance to the applicable Rule and/or RFA restrictions as well as any restrictions related to subcontractors.

2. With respect to the location of the Development, the Servicer will:

a. Perform a physical site inspection and neighborhood analysis, to include, but not be limited to:

i. Proximity to employment, job centers, transportation, shopping, schools, day care centers, hospitals, health clinics, parks, senior centers and any other applicable service establishment; and

ii. Type of neighborhood; including its appearance, growth or decline, and possible intrusion of commercial and industrial uses.

b. Perform a site analysis to include the Development's:

i. Accessibility-ingress, egress, utilities, infrastructure, and availability;

ii. Topography;

iii. Zoning and land use requirements compared to the Development and verify conforming use and concurrency;

iv. Environmental aspects, to include a review of the Phase I Environmental Report and, if necessary, a Phase II Environmental Report, Asbestos Survey, and Lead-Based Paint Report; and

v. Local Government approval of preliminary plans and specifications.

c. Obtain and review, including a comparison to the application, a plan and cost review (preconstruction analysis) and, where applicable, a capital needs assessment for the Development.

3. With respect to the appraisal of the Development, the Servicer will:

a. Review the appraiser's qualifications and technical sufficiency including the verification of current State of Florida certification and Florida license number. Florida Housing reserves the right to reject an appraiser.

b. Review the appraiser's valuation approach and provide an opinion as to the validity of the technique and value conclusion.

c. Review appraisal to determine whether the value of the land and the improvements to be acquired supports the acquisition cost.

d. Review appraisal to determine whether the value of completed or rehabilitated improved property supports the proposed sales price.

e. Confirm that the appraisal is certified and prepared for the Servicer as an agent for Florida Housing.

f. For Developments built per Rule 67-50 F.A.C., review an appraisal for each model home proposed to be built and perform an affordability analysis for each.

4. With respect to the market study of the Development, the Servicer will:

a. Review the qualifications of professional economic and market consultants who provide the market study. Florida Housing reserves the right to reject a market study.

b. Review and verify the market study report to make a recommendation as to whether the market exists to support both the demographic and income restriction set-asides and any fixed rents committed to in the application. (The market study may be a separate report from the appraisal.)

c. Review the site for proximity to other market rate and affordable housing Developments and review the absorption rates, occupancy, and vacancy levels in the market, and the potential impact on existing Florida Housing Developments and the proposed Development.

d. In addition to the requirements of this section, for the Housing Credits Program, order the market study and collect money from the Developer to pay for the market study.

e. Confirm that the market study is certified and prepared for Florida Housing.

5. With respect to the capital needs assessment for Developments that include rehabilitation activities, the Servicer will:

a. Order the capital needs assessment and accessibility review, to be completed by a Corporation approved third-party provider, and collect money from the Developer to pay for it. No other underwriting activities shall occur until the capital needs assessment is complete.



b. The professional consultants engaged to provide the capital needs assessment must be selected from a Florida Housing approved list of qualified providers. Florida Housing reserves the right to reject a capital needs assessment.

c. Review and verify the capital needs assessment report to make a recommendation as to the adequacy of its due diligence, its ability to address the Development's capital needs appropriately, that it was prepared in conformity with the Florida Housing Rehabilitation Guide for Existing Properties, and meets any additional standards set-forth by Florida Housing.

d. The review should assess that the report meets the following purposes of a capital needs assessment:

i. Description of the physical features or inventory of the Development and an assessment of its condition or state of repair and durability as described in the Florida Housing Rehabilitation Guide for Existing Properties.

ii. Identification of the Development's current and future capital repair and replacement needs, estimated in dollars, and the preparation of a financial plan necessary to meet those needs as described in the Florida Housing Rehabilitation Guide for Existing Properties.

iii. Identification, specification and cost estimation of immediate repairs, replacements or new items to be added, inclusive of purpose to correct observed conditions needing immediate or early action to address threats to life or health, and/or violations of statutes, rules or codes; to minimize operating costs of housing through energy and water conservation measures, and to improve indoor air quality through the use of sustainable building components and systems, if applicable; and to compete effectively in the multifamily marketplace.

e. Confirm that the capital needs assessment is certified and prepared for Florida Housing.

f. The capital needs assessment must be adequate to form the basis of a recommended rehabilitation scope of work that sufficient to addresses the needs identified in the report, given the available budgeted resources. The sources and uses of funding for the entire scope of rehabilitation must be detailed and balanced.

g. If the capital needs assessment shows that the applicant cannot provide required accessibility and visibility features, or other mandatory feature and amenities, within the contemplated budget, and after consultation with the Applicant, the Servicer is of the opinion that the requirements of the RFA that funded the Development cannot be met, the Servicer shall be responsible for recommending to Florida Housing that funding should be rescinded in accordance with the Florida Housing Rehabilitation Guide for Existing Properties.

h. If the capital needs assessment does show that the Applicant can provide the required feature within the contemplated budget, the Servicer shall use the capital needs assessment to propose the rehabilitation scope of work as described in the Florida Housing Rehabilitation Guide for Existing Properties. The Servicer shall provide the proposed rehabilitation scope of work and the capital needs assessment to the Applicant for review and comment within the timeframe outlined in the Florida Housing Rehabilitation Guide for Existing Properties. Upon receipt of the Applicant's comments, the Servicer shall forward the proposed rehabilitation scope of work, along with any comments provided by the Applicant, and Servicer opinions or recommendations regarding the Applicant's comments to Florida Housing for consideration.

6. With respect to the Development's economic feasibility, the Servicer will:

a. Review the sources and uses of funds and operating pro-forma statements to make sure that the Developer has the resources to fund the cost of the Development and to cover the debt service requirements.

b. For Developments built per Rule 67-50, ensure that buyers in the chosen set aside income ranges can afford the homes.

c. For Developments built per Rule 67-50, review or recommend any pre-sale requirements that must be met prior to funding the Development.

d. For Developments built per Rule 67-50, evaluate the proposed sales price of homes to ensure that they do not exceed the limits established in Fla. Admin. Code R. 67-50 and 24 CFR Part 92.

e. Obtain a copy of each Development's plans and specifications prior to submitting the credit underwriting report to Florida Housing for approval. Compare these for consistency to the capital needs assessment, where applicable, basic structure components, green and energy features, accessibility, universal design and visitability features, amenities and other commitments included in the Development's application, and include the results of this comparison in the credit underwriting report. The Servicer will also review final plans and specifications prior to the loan closing and will notify Florida Housing of the results of this comparison. If construction has commenced, for HOME funded Developments, the Servicer must verify that the completed work meets Federal Labor Standards. For Demonstration Loans, the Servicer will ensure that the Developer adheres to the requirements of the particular Demonstration Loan competitive solicitation under which funds were awarded, and other modifications outlined in the Development Plan submitted by the technical assistance provider. The Service will confirm that the plans and specifications conform to the approved rehabilitation scope of work and comply with the Florida Housing Rehabilitation Guide for Existing Properties.

i. New Construction

1) Developments that selected green building certification in the Application must contract with a third-party verifier from a green certification program specified in the RFA to carry out the certification. During Credit Underwriting, the Servicer will verify that the Developer has contracted with a third party verifier from the following list which may be amended from time to time: LEED, FGBC or NAHB National Green Building Standard.

2) For Developments in the new construction category that are a mix of new construction and rehabilitation, the Servicer will verify that the third party verifier has deemed that it is feasible for the entire Development to achieve certification. If the third party verifier determines that it is not feasible, the Developer will be subject to a reduction in the Developer fee, as outlined in the RFA instructions, and must select the approved number of green building features from the list in the RFA for those units in the Development which cannot be certified. If this situation occurs, the Servicer will verify that the Developer has selected the approved number of green building features from the list in the RFA.

3) For Developments that did not select green building certification, the Servicer will verify that the approved number of green building features have been selected from the list in the RFA.

4) Developments that are required to comply with the Energy Star program referenced in the RFA must contract with a certified Home Energy Rater to carry out certification. During Credit Underwriting, the Servicer will verify that the Developer has contracted with a certified Home Energy Rater. For Developments not required to comply with Energy Star requirements, the Servicer will verify that the Developer is prepared to provide the required energy features as described in the RFA.

5) All proposed Developments that involve any new construction units must include the required accessibility, universal design and visitability features and amenities as listed in the RFA. During Credit Underwriting, the Servicer will verify that the Developer is ensuring compliance with all federal accessibility requirements and state building code requirements, including the following:

- a) 2012 Florida Accessibility Code for Building Construction, adopted pursuant to Section 553.503, Fla. Stat.;
- b) The Fair Housing Act (42 U.S.C. 3601) as implemented by 24 CFR part 100;
- c) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 701) as implemented by 24 CFR Part 8; and

d) Titles II and III of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131–12134), as amended by the ADA Amendments Act of 2008, and as implemented by 28 CFR parts 35 and 36, incorporating the most recent amendments, regulations and rules.

ii. Rehabilitation and Preservation

1) Developments are required to include features and amenities listed below from the RFA. As described in the Florida Housing Rehabilitation Guide for Existing Properties, the Servicer must verify that the capital needs assessment has addressed the features required in the funding RFA, and that they are included in the rehabilitation scope of work and within the budget for the Development.

a) The accessibility, universal design, and visitability unit features listed in the RFA.

b) The energy features listed in the RFA.

2) The Servicer will verify that green building features have been selected from the list in the RFA.

7. The Servicer must perform an analysis of the Management Company, including a review of existing Developments currently being managed and determine whether the Management Company is acceptable to manage the Development. Any identified noncompliance issues of the Management Company must be included in the analysis and disclosed in the credit underwriting report.

8. The Servicer must complete a subsidy layering review if required by HUD, within the requirements set forth by HUD.

9. The Servicer must obtain and review any FHFC forms (which may be amended by Florida Housing), as required from the Architect, Developer, and Construction Consultant related to compliance with Fair Housing, Section 504 and ADA requirements for the design and as-built phases of the Development.

10. For HOME programs, the Servicer will ensure that Development materials and plans are in compliance with 24 CFR Part 92 and, when applicable, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 U.S.C. Section 4601 et seq. and implemented at 49 CFR Part 24 with further guidance provided by HUD Handbook 1378; and the requirements of Section 104(d) of Title I of the Housing and Community Development Act of 1974, as amended and implement at 24 CFR Part 42 and 24 CFR 92.353 and 92.634).

a. With respect to relocation, the laws require that any tenant who is a legal resident of the project at the initiation of negotiations, as defined in 49 CFR 24.2, and must move either permanently or temporarily from his or her dwelling unit as a direct result of

rehabilitation, demolition or acquisition of a HOME assisted project, are entitled to relocation assistance. In those instances, the Servicer will, at a minimum, review:

i. Written notices to the tenants of the right to remain or the need to relocate.

ii. Evidence that the Developer provided advisory services to the tenants including notices, information booklets, explanation of assistance, referrals to social services, counseling and advice under the Fair Housing Act.

iii. The Development's pro-forma to ensure payment for the cost of relocation, reimbursement of moving and related expenses; and the cost of replacement housing assistance for eligible tenants (42 months if tenant's income is 80 percent AMI and 60 months if tenant's income is less than 80 percent AMI) are reasonable and included.

11. The Servicer must review source and use analysis to ensure that, for the HOME assisted units, HOME funds are only used for eligible costs pursuant to 24 CFR Part 92.206.

12. For the Housing Credit Program, the Servicer will apply the applicable requirements of Section 42, Internal Revenue Code in its review and in its housing credit amount determination.

13. For the Housing Credit Program, the Servicer must compute the number of housing credits a Development should receive by using the qualified basis calculation and the gap calculation. The Servicer must also compute the 50% test for Developments funded with tax-exempt bonds that are requesting 4% credits.

14. For the Predevelopment Loan Program (PLP), the Servicer will provide an analysis for any Development that is either: (1) using PLP funding for site acquisition or (2) requesting a second one-year extension of the loan term. In those situations where PLP funding is being requested for site acquisition, the credit underwriting report must provide Florida Housing with a recommendation as to whether the requested loan amount is adequate and of the amount necessary for site acquisition and related closing costs. In the instances where a PLP applicant is requesting an extension of the loan term, the Servicer will provide Florida Housing with a recommendation that the extension is likely to result in successful completion of the development.

15. On a bi-monthly basis, the Servicer must submit written reports providing an update on the status of each Development the Servicer is in the process of underwriting. At a minimum, the report will include: Development name and application number(s), name of credit underwriter, fee status, receipt dates of appraisal and market study reports, site visit date, units occupied, date of latest draft, date of final or revised final report and a comment section.

16. After receipt of all requested material from the Developer, the Servicer will complete credit underwriting in compliance with the statutes, rules and RFAs pertaining to the particular program (i.e. HOME, HAP, PLP, SAIL, MMRB, NHTF, HHAL, EHCL) and provide a written draft report to Florida Housing and the Developer. Florida Housing and the

Developer will make comments and submit to the Servicer for possible incorporation into a final credit underwriting report.

17. The Servicer will provide electronically the credit underwriting report data in a Florida Housing-approved Excel template, which may be amended from time to time.

18. The Servicer must be present when the final credit underwriting report is presented to the Board.

19. The Servicer will review proposed property insurance coverage for compliance with the FHFC Insurance Guide, as applicable.

20. The Servicer must attend the loan closing for MMRB issuances only.

21. The Servicer will review commitment letters and other appropriate legal documentation to ensure that the loan terms outlined in the credit underwriting report are incorporated into the loan documents.

22. The Servicer must also provide Florida Housing with a letter at closing that indicates that all loan closing conditions listed in the credit underwriting report have been met. The Servicer must also provide Florida Housing with a dated and signed copy of approved sources and uses and a construction draw schedule.

23. For Developments built per Rule 67-50, the Servicer will perform an analytical review of the proposed Development for applicants requesting purchase assistance loans to determine the feasibility and viability of the Development. Information and documentation required for this analysis may or may not entail compilation of all of the information included in Section Four, Item I.C. of this RFQ. This review will be done in accordance with Fla. Admin. Code R. 67-50.

24. The Servicer will provide executive summaries for the following headings within the Credit Underwriting reports:

- a. Cost Needs Assessments
- b. Capital Needs Assessments
- c. Market Studies
- d. Appraisals; and
- e. Cost Analysis

25. Participate in and/or conduct training workshops and/or webinars for personnel to ensure compliance with Federal laws and regulations, State laws, and Florida Housing rules concerning program requirements including Fair Housing laws. Workshops and/or webinars are to be conducted at least quarterly.

D. The process to be used by the Servicer to underwrite for program eligibility all individual borrowers financed by Florida Housing under Fla. Admin. Code R 67-57 or 67-59 at a minimum, the factors outlined in items 1. through 22. below (as applicable according to the program):

1. For Borrowers purchasing homes constructed in conjunction with Rule 67-50 or Rule 67-57, perform a Borrower analysis to determine the eligibility of persons applying for subordinate mortgage loans by performing, at a minimum, the following:

a. Review Mortgagor's affidavits and Lender's affidavits for the following:

i. Completion and execution of documents in accordance with procedures by the homebuyer and the lender, as applicable;

ii. Verification that each homebuyer's gross annual family income does not exceed the program income limits;

iii. Verification that the purchase price of the home does not exceed program limits;

iv. Verification that all condition in the firm commitment to the Developer have been met and immediate notification to Florida Housing of noncompliance with the conditions of the commitment.

b. Prior to the home buyer closing and receiving the subordinate mortgage, the Servicer or its designee will inspect the construction of the house, if constructed per Rule 67-50, and assure Florida Housing, in writing, that all applicable program application requirements have been met.

c. If constructed per Rule 67-50 and for the HOME program only, prior to the home buyer closing and receiving the subordinate mortgage, the Servicer or its designee will inspect the construction of the house and assure Florida Housing that all applicable HUD Requirements (24 CFR Part 92) have been met.

d. The Servicer will review and verify required documents under Rule 67-50 or 67-57 and set up individual files for each house (in addition to the servicing file for the entire Development mentioned previously in Item A.1. of this section, if applicable) containing appropriate documentation (including income verification documents, location, purchase price, HUD Uniform Relocation Act Notice to Sellers, HUD Housing Quality Standards Inspection, Environmental Review checklist, Lead Based Paint Notice, HOME Program Agreement, promissory note, certified original copy of subordinate mortgage, HUD- I Settlement Statement, title insurance policy, copy of first mortgage note and mortgage); and

e. Submit a complete file on the home buyer to Florida Housing on or before the 45th Day after the date of closing of the subordinate mortgage, or an explanation as to why the file has not been submitted, accompanied by appropriate documentation.

2. For applicants applying for assistance under Rule 67-59, the Servicer will provide services to ensure initial program eligibility and continued eligibility in conjunction with program guidelines and at a minimum, the following:

- a. Review supplied documents and communicate any missing or incomplete documents to required parties.
- b. Make eligibility determinations based on documents supplied and in accordance with underwriting procedures for each program.
- c. Complete required fields in the Corporation's supplied database.
- d. Provide detailed notes and documents in the Corporation's supplied database regarding any items noted during the credit underwriting process.

## **II. Construction Loan Servicing**

A. The Servicer will provide the following services for all recipients of Construction Loans as applicable pursuant to the loan documents:

1. Establish servicing files for each Development that will contain copies of all documents and reports pertaining to the Development.
2. Review each Draw Request from the Applicant. The Servicer will determine that the following conditions, as applicable, have been met prior to each Draw Request being paid:
  - a. The work completed by the Developer justifies the amount of the draw based on a physical inspection (of the work completed) by the Servicer.
  - b. The good and insurable title to the property is vested in the Applicant, free and clear of all encumbrances, except as provided in the original title insurance commitment or policy insuring the Development and delivered at the loan closing, based upon a title endorsement provided by the Applicant.
  - c. The Applicant, or its designee, has furnished the Servicer with an affidavit stating whether the Applicant has been served with any written notice that a lien may be claimed for any amounts by any person or entity furnishing materials or performing labor of any kind in the construction process of the Development through the date of the previous disbursement. The affidavit must include copies of the notices of any liens. In the event a lien has been filed against the property, the Servicer will require that such lien be satisfied, escrowed, or bonded before approving a Draw Request.
  - d. The Applicant has procured proper construction lien waivers including, but not limited to, a contractor's affidavit or bonds from the general contractor and all sub-contractors, which have provided statutory "Notice to Owner" to the Servicer through the date of the previous disbursement.



e. The Applicant has furnished the Servicer satisfactory evidence that the undisbursed proceeds of the Construction Loan shall be sufficient to pay the cost of completing the construction of the Development as required by the Construction Loan documents and notify Florida Housing within 15 Days.

f. The construction of the Development is not in violation of the LURA and/or EUA, or any covenants, restrictions, codes, or zoning ordinances affecting the Development.

g. The Applicant has provided the Servicer with a title endorsement indicating that there has been no change in the state of title to the Development since the issuance of the policy.

h. An authorized officer of the Applicant will execute each Draw Request. The names and signatures of the officers of the Applicant who are authorized to execute Draw Requests will be provided to Florida Housing and the Servicer prior to the commencement of draw requests and within seven business days following any change(s) in officers.

i. A draw approval from the Applicant's engineer or architect, which indicates that work has been accomplished in accordance with the plans and specifications so as to entitle the Applicant to the Draw will accompany each Draw Request.

j. The general contractor's commercial general liability (CGL) policy, the Applicant's CGL and the engineer or architect's professional liability insurance, or comparable insurance coverage, is in force, as applicable. The general contractor's CGL policy should contain additional insured language covering both the Applicant and Florida Housing.

k. Any change orders are within the scope of the plans and specifications and in compliance with Florida Housing's rules and that the Applicant has furnished the Servicer satisfactory evidence that the undisbursed proceeds of the Construction Loan shall be sufficient to pay the cost of completing the construction of the Development as required by the Construction Loan documents.

l. All Federal Labor Standards and Section 3 requirements have been met, for the applicable programs.

m. Florida Housing has been advised that all requirements for the Draw Request have been satisfied and, if any requirements are remaining and unfulfilled by the Applicant.

n. For Developments built per Rule 67-50, the Applicant has met any pre-sale requirements recommended in the Credit Underwriting Report.

o. The Applicant has fully complied with all other provisions of the Construction Loan documents.

p. Included in the Draw Request authorization from the Servicer to Florida Housing, the Servicer will include at least the following information:

- i. The total amount of funds approved to be drawn by the Development;
- ii. The funding source(s) and amount(s) funding the total Draw Request;
- iii. The total gross amount of each funding source committed to the Development (in dollars), amount funded for each source after the given draw is disbursed (in dollars and percent of gross commitment), and the remaining available funding for each source (in dollars);
- iv. The construction completion status stated as a percent of completion.

3. Within five Days after receipt of required documentation as determined by the Servicer and/or as described in the underlying loan documents<sup>1</sup> and a physical inspection of the construction at the Development, or if physical inspections are sub-contracted by the Servicer within five Days after receipt of an inspection report, notify Florida Housing and the Applicant of approval, disapproval, or modification of the Draw Request. The inspection report must include statements that the following items have been considered in the scope of the inspection as well as the status of their appropriate compliance requirements:

- a. Construction features and amenities per the closing documents,
- b. Accessibility features and accessible units, per the closing documents;
- c. Federal and state accessibility requirements, including the following:
  - i. 2012 Florida Accessibility Code for Building Construction, adopted pursuant to Section 553.503, F.S.;
  - ii. Fair Housing Act as implemented by 24 CFR Part 100;
  - iii. Section 504 of the Rehabilitation Act of 1973; and
  - iv. Americans with Disabilities Act of 1990 as implemented by 28 CFR Part 35, incorporating the most recent amendments, regulations and rules.

4. Provide a monthly written statement to the Applicant of the amount due and payment date on the Construction Loan. All interest calculations will be computed based on actual number of days divided by actual number of days.

5. Collect loan payments from the Applicant and make the appropriate remittances to Florida Housing within 20 Days of collection or when the balance due Florida Housing exceeds \$250,000. For remittances not received by Florida Housing within 20 Days of the date received by the Servicer, the Servicer may be subject to a 5% late charge of the remittance amount.

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<sup>1</sup> The verbiage in italics was missing from the original version of the RFQ due to a scrivener's error. The Parties mutually agree to this updated language within the Scope of Work.

6. Maintain all accounts held on behalf of the Applicant, Florida Housing, and where applicable, the mortgagors, in an Eligible Depository or Acceptable Depository Account.

7. Service delinquent accounts of Applicants including, but not limited to, sending notices as required by the loan documents and implementing all appropriate collection procedures. The Servicer may retain late fees collected, after Florida Housing's interest, principal and other applicable fees, if any, have been paid. However, late fees retained by the Servicer will not include late filing fees assessed to and collected from Borrowers for failure to submit audited financial statements by the required deadline. These late fees must be remitted to Florida Housing.

8. Analyze each capitalized interest account semi-annually to ensure adequate funding is available to complete construction. If the review determines the funds in the account are inadequate to complete construction, Florida Housing must be notified in writing within 15 Days of the determination.

9. Establish and maintain escrow accounts, if not held by the Trustee (or entity acting in similar capacity; e.g. Fiscal Agent) or first mortgagee and not subject to a joint escrow (or similar) agreement, as follows:

- for replacement reserve;
- for sinking fund;
- for operating reserve; and
- for any other transaction established escrow, as applicable.
- [if not commingled] titled in the Development's name, with Development tax identification number, in care of the Servicer;
- require two signatories for all withdrawals/payments;
- perform monthly reconciliation (by the Servicer) by someone other than the individual who prepares deposits or withdrawals;
- determine adequacy after each disbursement; and
- maintain all accounts at an Eligible Depository within an Acceptable Depository Account.

Review all such escrow accounts on an annual basis for adjustments (e.g. the required balance, amount of periodic escrow payments, etc.), if necessary.

If an escrow account balance exceeds insurable limits and the excess is not collateralized, then the excess amounts must be maintained within an Acceptable Depository Account at an Eligible Depository.

Escrow accounts for multiple Developments may be commingled. The Servicer shall maintain records on a loan-by-loan basis regarding the Applicant Development, purpose or source, etc., as applicable, of the commingled funds such that the monies can be accurately accounted for and managed on an ongoing basis as if they were not commingled. If held in an interest-bearing account, none of the interest earned may be retained by the Servicer and all

such interest must be distributed on a pro-rata, loan-by-loan basis for each transaction established escrow at least quarterly.

For escrows held by the Trustee (or entity acting in similar capacity; e.g. Fiscal Agent) or first mortgagee, where applicable, the Servicer shall conduct a periodic analysis of the escrow(s) and deliver to the Trustee or mortgagor a statement setting forth the amounts to be paid by the Borrower into the escrow to ensure the adequacy of the account balance for its intended purpose, subject in all respect to the applicable loan documents.

10. Upon request by Florida Housing, perform an analysis of disbursements from any escrow account.

11. Verify the adequacy of all insurance policies, as well as ensure that Florida Housing is named as loss payee, mortgagee, and additional insured, as applicable, pursuant to the FHFC Insurance Guide. Track the renewal or anniversary premium payment dates of all insurance policies, as applicable. Notify Florida Housing, in writing, of any coverage lapses, policy terminations or expirations.

a. In the event of a loss, the Servicer will review and disburse the insurance proceeds in accordance with Section Four, Item II of this RFQ. Compensation for managing insurance proceeds in the event of a loss will be at the hourly rates for extraordinary services outlined in the Contract.

12. Verify in writing the Development is built to the standards set forth in the Applicant's application to Florida Housing. Inspections must include a review of 100% of the accessible units and accessibility features located at each Development. Include statements that the following items have been considered in the scope of the inspection as well as the status of their appropriate compliance requirements:

- a. Construction features and amenities per the closing documents
- b. Accessibility features and all accessible units, per the closing documents;
- c. Federal and state accessibility requirements, including the following:
  - i. 2012 Florida Accessibility Code for Building Construction, adopted pursuant to Section 553.503, F.S.,
  - ii. Fair Housing Act as implemented by 24 CFR Part 100,
  - iii. Section 504 of the Rehabilitation Act of Rehabilitation Act of 1973
  - iv. Americans with Disabilities Act of 1990 as implemented by 28 CFR Part 35, incorporating the most recent amendments, regulations and rules.

13. In addition to the physical inspections needed for processing Draw Requests, the Servicer will conduct physical inspections of Developments at Florida Housing's request, and notify Florida Housing of any deficiencies found and recommend corrections.

14. In the event that Florida Housing forecloses on a Development, the Servicer will provide documents and other information in its files regarding the Development and testify on Florida Housing's behalf. If the Servicer is requested to provide additional services related to the foreclosure, the payment for such services will be negotiated and agreed to prior to proceeding, but will not be in excess of the hourly rates for extraordinary services outlined in the Contract.

15. For the Housing Credit Program, a physical inspection of the Development will be done to compare basic structure components, accessibility, universal design, and visitability features as specified in the RFA, green building features, energy features, and amenities to final plans and specifications and the application. Inspections must include a review of 100% of the accessible units and accessibility features located at each Development. When under construction (property not complete) a minimum of four inspections with one inspection occurring prior to 15% completion and one inspection upon completion will be conducted by the Servicer. For Developments generally complete and fully occupied, one inspection with any necessary follow-up inspections, as directed by Florida Housing, will be conducted by the Servicer. The Servicer will verify the features and amenities as specified in the application as amended. The Servicer must provide a written report of the findings of the inspections to Florida Housing within 15 Days of inspection.

16. New construction Developments that selected green building certification in the RFA must be inspected by a third-party verifier from the following list which may be amended from time to time: LEED, FGBC, or NAHB. The Servicer will confirm that the third-party verifier has inspected the Development and that it meets the requirements of the applicable green building certification program.

17. Report the status of construction (buildings and units completed), each month to Florida Housing including the status of liens outstanding against the Development and the status of construction draws including amount of any draw, total amount disbursed, and balance of loan remaining. If a project is lagging behind the construction schedule projected in the credit underwriting report, the Servicer will include that information in the monthly report. The form of the report will be provided by Florida Housing.

18. Track each property's status of completion and letters of credit, if any. The Servicer will be responsible for recommending, in writing, to Florida Housing and the Trustee, if applicable, any draws prior to the expiration of the letter of credit and the release of the collateralization and the guarantee (according to the terms specified in the closing documents, if applicable), if all conditions outlined for release have been satisfied, or for recommending the continuation of the collateralization, if the satisfaction of the terms of the guarantee and/or bond documents, as applicable, have not been met, as determined by the Servicer.

19. For Developments built per Rule 67-50, provide reports to Florida Housing for Construction Loans being serviced.

A monthly report must include, at a minimum, the following information:

- a. Development name;
- b. Development number that was assigned by Florida Housing;
- c. Developer name;
- d. Applicant name;
- e. Construction Loan amount;
- f. Set-aside requirements;
- g. Total Construction Loan funds disbursed;
- h. Total Permanent Loan funds reserved for home buyers;
- i. Total Permanent Loan funds received by home buyers;
- j. Number of homes sold;
- k. Number of households receiving Permanent Loans;
- l. Number of confirmed pre-sales;
- m. Details including all buyers purchasing homes in the Development and separately those buyers purchasing homes in the Development receiving Permanent Loans, which summary of information must include:
  - i. Average sales price;
  - ii. Average income;
  - iii. Average family size;
  - iv. Average age of Borrowers and average age of co-Borrowers;
  - v. Average age of Borrowers and co-Borrowers who are elderly as defined in Section 420.503(15), Fla. Stat., as amended;
  - vi. Total number of Borrowers and co-Borrowers that are farm workers, as defined in Section 420.503(18), Fla. Stat.; and
  - vii. Total number of Borrowers, by race (white; black or African American; Hispanic or Latino; American Indian and Alaskan Native; Asian; and Native Hawaiian and Other Pacific Islanders); and total number of co-Borrowers, by race.
- n. Additionally, for each home built per Rule 67-50 purchased with a Permanent Loan:

- i. Borrower's name;
- ii. Number of persons in household;
- iii. Gross annual household income;
- iv. Legal description of property;
- v. Sales price;
- vi. Amount of Permanent Loan funds reserved, if applicable;
- vii. Amount of Permanent Loan funds received, if applicable;
- viii. Set-aside category;
- ix. First mortgage interest rate;
- x. Borrower's AMI% level;
- xi. Type of interest rate;
- xii. Type of loan; and
- xiii. Whether the Development meets its set-aside requirements.

B. The Servicer will ensure that the requirements of the Davis-Bacon Act, 40 U.S.C. 3141-3148, as required by HUD, the Contract Work Hours and Safety Standards Act, 40 U.S.C. 3701, 24 CFR Part 135 which implements section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701u and, Debarment and Suspension (Executive Orders 12549 and 12689), and the Copeland Act, 40 U.S.C. 3145, are being met during the construction of any Development receiving a HOME Loan or any other federally funded program where compliance of these requirements is required. The Servicer will submit documentation sufficient for Florida Housing to certify to HUD that these requirements are being met.

1. To aid in this process, Florida Housing will perform the following functions for Federal Labor Standards requirements:

a. Provide compliance procedure guidelines regarding Federal Labor Standards monitoring.

b. Have certification signed regarding debarment, suspension, ineligibility and voluntary exclusion.

2. The Servicer, or its designee, will be required to perform functions including, but not limited to, the following:

- a. Verify the general contractor's eligibility for contract award.
- b. Forward information regarding Federal Labor Standards to the identified general contractor and all subcontractors.
- c. Conduct a pre-construction conference to review the Federal Labor Standards. At a minimum, the Applicant and the general contractor will attend.
- d. Prepare and issue pre-construction conference minutes to Florida Housing and all attendees.
- e. Ensure that all bid documents, contract and subcontracts contain the appropriate labor standard provisions.
- f. Re-verify wage rates of anticipated worker classifications using Davis-Bacon Act forms.
- g. Verify authenticity of any apprenticeship programs and proper registration of identified apprentices.
- h. Verify authenticity of any training programs and proper registration of identified trainees.
- i. Conduct on-site inspections including interviews of employees of the Developer, general contractor or subcontractors using form HUD-11. This will include monthly site interviews, and monthly mail interviews (postage paid return envelope provided). Ensure the proper Davis-Bacon notices are posted on the job-site.
- j. Review the certified weekly payrolls from the Developer, general contractor and all sub-contractors to ensure that:
  - i. The payroll report is complete and certification has been signed.
  - ii. An employee record form has been submitted to the Servicer for each worker on the payroll.
  - iii. Classifications and wage rates are equal to or exceed the rates required by HUD.
  - iv. Overtime hours and wages are properly calculated.
  - v. Payroll deductions have been made in accordance with Department of Labor Regulations.
  - vi. Fringe benefits have been paid in cash to an approved third party plan, fund, or program.



vii. The ratio of apprentices to journeymen does not exceed the ratio stipulated under the approved program.

viii. The ratio of trainees to journeymen does not exceed the ratio stipulated under the approved program.

k. Recommend withholding Draw Request disbursements to Developers if certified payrolls have not been forwarded when due or if outstanding discrepancies have not been resolved.

l. Prepare and forward a Federal Labor Standards Report due no later than the 25<sup>th</sup> of each month to Florida Housing including the following:

i. Summaries of payroll reviews including all discrepancies and status of the resolution, including details of any restitution payments.

ii. Dates of all monthly site and mail interviews, and summary of issues resulting from the interviews.

iii. Any further information for Florida Housing to complete the HUD Semi-Annual Labor Standards Enforcement Report (HUD Form 4710).

3. The Servicer, or its designee, will be required to perform functions outlined and identified as Servicer Responsibilities in the Section 3 Plan for Florida Housing, as posted on the Florida Housing website.

### **III. Permanent Loan Servicing**

A. The Servicer will provide the following services for all recipients of Permanent Loans, as applicable, pursuant to the loan documents:

1. Establish separate loan servicing files for each Development, which will contain copies of all closing documents pertaining to the Development.

2. Furnish billing statements to the Developer with amount of payments due to Florida Housing. All interest calculations will be computed based on actual number of days divided by actual number of days.

3. Collect loan payments and allocate funds to the appropriate servicing accounts and make all appropriate remittances to Florida Housing or the trustee, if applicable, within 20 Days of collection or when the balance due Florida Housing exceeds \$250,000. For remittances not received by Florida Housing or its Trustee, if applicable, within 20 Days of the date received by the Servicer, the Servicer may be subject to a late charge of 5% of the remittance amount, at the sole discretion of Florida Housing.

4. Maintain all accounts held on behalf of the Developer, Florida Housing, and where applicable, the mortgagors, in an Acceptable Depository Account at an Eligible Depository.

5. Service delinquent accounts of Developers, including, but not limited to, sending notices as required by the loan documents and implementing all appropriate collection procedures. Collection procedures should include, for accounts over 30 days past due, a phone call with the Developer. The Servicer may retain late fees collected, after Florida Housing's interest, principal and other applicable fees, if any, have been paid. However, late fees retained by the Servicer will not include late filing fees assessed to and collected from Borrowers for failure to submit audited financial statements by the required deadline. These late fees must be remitted to Florida Housing.

6. Establish and maintain escrow accounts, if not held by the Trustee (or entity acting in similar capacity; e.g. Fiscal Agent) or first mortgagee and not subject to a joint escrow (or similar) agreement, as follows:

- for replacement reserve;
- for sinking fund;
- for operating reserve; and
- for any other transaction established escrow, as applicable.
- [if not commingled] titled in the Development's name, with Development tax identification number, in care of the Servicer;
- require two signatories for all withdrawals/payments;
- perform monthly reconciliation (by the Servicer) by someone other than the individual who prepares deposits or withdrawals;
- determine adequacy after each disbursement; and
- maintain all accounts at an Eligible Depository within an Acceptable Depository Account.

Review all such escrow accounts on an annual basis for adjustments (e.g. the required balance, amount of periodic escrow payments, etc.), if necessary.

If an escrow account balance exceeds insurable limits and the excess is not collateralized, then the account must be maintained at an Eligible Depository.

Escrow accounts for multiple Developments may be commingled. The Servicer shall maintain records on a loan-by-loan basis regarding the Developer, Development, purpose or source, etc., as applicable, of the commingled funds such that the monies can be accurately accounted for and managed on an ongoing basis as if they were not commingled. If held in an interest-bearing account, none of the interest earned may be retained by the Servicer and all such interest must be distributed on a pro-rata, loan-by-loan basis for each transaction established escrow at least quarterly.

For escrows held by the Trustee (or entity acting in similar capacity; e.g. Fiscal Agent) or first mortgagee, where applicable, the Servicer shall conduct a periodic analysis of the escrow(s) and deliver to the Trustee or mortgagor a statement setting forth the amounts to be paid by the Borrower into the escrow ensure the adequacy of the account balance for its intended purpose, subject in all respect to the applicable loan documents.

6. Upon request by Florida Housing, perform an analysis of disbursements from any escrow account.

7. The Servicer will ensure that at all times during the existence of the loan all buildings and improvements making up the Development are insured, as applicable, pursuant to the FHFC Insurance Guide. This includes the review of any amendment to, or renewal of, such insurance for compliance with the FHFC Insurance Guide. In the event the Developer fails to maintain such insurance in full force and effect, and upon the written authorization of Florida Housing, such insurance will be maintained by the Servicer, subject to payment by Florida Housing, which will advance necessary loan funds to the Servicer, upon request from the Servicer. The Servicer will retain and safely store, service and continually maintain all such policies and documents related thereto as required herein.

8. Not less than annually, track and review each property's operating deficit guarantees as well as any supporting collateral (ex. letter of credit) securing the guarantees. Upon receipt of a written request from the guarantors asking that the guarantees and / or collateral securing the guarantees be released, the Servicer will be responsible for evaluating the request (along with all supporting documentation provided by the guarantors) and making a recommendation, in writing, to Florida Housing (and the Trustee or Fiscal Agent, if applicable) as to whether the release request should or should not be granted. In addition to the information provided by the guarantors, the Servicer's recommendation should also take into account the related terms and conditions specified in the loan documents. With regard to any collateral securing the guarantees, the Servicer will notify Florida Housing (and the Trustee or Fiscal Agent, if applicable), in writing, within a reasonable period of time prior to the expiration of a letter of credit (or any other collateral account or instrument) securing the guarantees.

9. Provide loan servicing reports in writing to Florida Housing pursuant to the schedule of report dates provided by Florida Housing at the beginning of each year and as amended from time to time which identify all delinquent accounts and/or default issues, as well as all default/non-compliant insurance issues. .

10. Provide quarterly (March, June, September, December) Trial Balances to Florida Housing on the last day of the month following the end of the quarter (4/30, 7/31, 10/31 and 1/31) for each program area identifying the current loan balances and accrued and unpaid interest of all Developments in the Servicer's portfolio being serviced on behalf of Florida Housing in a Florida Housing-approved format.

11. Timely file Uniform Commercial Code (UCC-3) continuation statements with the Florida Secretary of State and where applicable, with the appropriate county office.

12. For designated homeownership programs, the Servicer will annually verify whether the residence continues to be occupied by the person named on the subordinate mortgage. The Servicer verification will be performed in compliance with the following Florida Housing and HUD standards.

a. Send a letter to the person named on the subordinate mortgage, or that person's surviving spouse, requesting a notarized statement regarding occupancy of the house and requesting a copy of the most recent utility bill that must reflect the address of the house.

b. If no response is received to the first letter, the Servicer will send a second letter within three months requesting the same information to the person named on the subordinate mortgage, or that person's surviving spouse.

c. If no response to either the first or second letter is received, Florida Housing will be sent written notification of those residences not responding. The Servicer will also suspend future efforts to verify occupancy until notified by Florida Housing in writing to resume.

13. The Servicer will ensure that at all times during the existence of the loan all buildings and improvements making up the Development are insured, as applicable, pursuant to the FHFC Insurance Guide. In the event the Borrower fails to maintain such insurance in full force and effect, and upon the written authorization of Florida Housing, such insurance will be maintained by the Servicer, subject to payment by Florida Housing, which will advance necessary loan funds to the Servicer, upon request from the Servicer. The Servicer will retain and safely store, service and continually maintain all such policies and documents related thereto as required herein.

B. The Servicer will promptly notify Florida Housing of any of the following which may come to the attention of the Servicer with respect to the loan:

1. Any failure of the Developer to perform any covenant or obligation, applicable to it, under the loan documents (of which the Servicer has knowledge).

2. Abandonment of the Development.

3. Any lack of repair or deterioration or waste suffered or committed in respect to the Development.

4. Any other matter which would adversely or materially affect or result in diminution of value of the security described herein and in the loan documents.

5. Any loss or damage by fire or any hazard to the Development requiring repairs costing in excess of fifteen thousand dollars (\$15,000) to restore the Development to its condition prior to such loss or damage.

#### **IV. Compliance Monitoring**

Servicing for any Florida Housing program must comply with Chapter 420, Part V, Fla. Stat., and Fla. Admin. Code R. 67-53, which may be amended from time to time, for each Florida Housing program set forth in the applicable rule chapter of the Florida Administrative Code. To

ensure each Development's compliance with Federal and State laws, rules, and any loan closing documents currently in effect and as may be revised from time to time, the Servicer will provide, at a minimum, the following services:

A. Introductory Conference

Prior to the leasing of any Development units, the Servicer will conduct an introductory conference with the owner contact or Management Company personnel to provide complete instructions regarding items 1 through 17 below. Upon completion of the conference, the Servicer will provide written confirmation to Florida Housing that the following items have been addressed:

1. Federal requirements including, but not limited to, the minimum number of set aside units, certification and recertification of tenants, and next available unit documentation;
2. State laws including, but not limited to, additional set aside units and any program requirements as may be required by Section 420, Part V, Fla. Stat., and Fla. Admin Code R. 67-21, 67-48, and 67-53, as may be amended from time to time;
3. Florida Housing rules concerning tenant income restrictions;
4. Requirements of the loan closing documents or application, as applicable;
5. Resident programs/public purpose requirement/public policy criteria;
6. Affirmative Fair Housing Marketing Plan requirements as applicable, as may be amended from time to time;
7. Tenant applications - specific information necessary for continued program compliance;
8. Income limits;
9. Rent limits as applicable, as may be amended from time to time;
10. Income verification;
11. Utility allowance;
12. Annual income and assets;
13. Tenant income certification;
14. Lease;
15. Program report;

16. Units exempted from certification for management or security officer residence, and;

17. Owner's compliance responsibilities including, but not limited to:

a. Notifying Florida Housing and the Servicer of any change in Development ownership; and

b. Notifying Florida Housing and the Servicer of any change of Management Company prior to the company becoming responsible for management of the Development..

#### B. Program Reports

For all Developments funded by Florida Housing, the Servicer will collect program reports (form PR-1) from the owner or Management Company. The program report provides a unit-by-unit listing of all units in the Development and gives detailed information regarding the occupants' eligibility and set-aside requirements. The program report will be collected electronically in accordance with the deadlines stated in Item IV.B.2 below.

1. The Servicer will perform the following functions regarding the program reports:

a. Review Program Report Recap of Tenant Income Certification Information worksheet for completeness, including proper execution, and income eligibility.

b. Confirm that all required re-certifications are completed in a timely manner.

c. Confirm that all new move-ins and move-outs have been correctly designated.

d. Review the program report to determine that the applicable program set-aside requirements have been met.

e. The Servicer will keep all program reports and Tenant Income Certifications in files of the Servicer.

f. Contact the owner or Management Company, as applicable, immediately following the due date if the program report has not been received. A record of the tardiness will be kept. If a pattern of tardiness develops, a letter will be sent by the Servicer to the owner with a copy to the Management Company, giving notice that extra effort should be made to assure arrival of program reports no later than the due date.

g. Write or telephone the owner or Management Company, as applicable, regarding any discrepancies found during evaluation of a program report. A response from the owner or Management Company is due to the Servicer within 15 Days of the notification of the discrepancy. If the owner or Management Company does not respond on or before the end of the 15 Day period, the Servicer will contact the owner or Management Company, as

applicable, to determine the reason. Any telephone response will be documented in the Development file.

h. When program report information is incorrect, the Servicer will make a note to the file to review the next monthly program report to confirm that errors have been corrected and will instruct the owner or Management Company, as applicable, to apply corrections to the next program report submitted electronically to Florida Housing. When the Servicer does not evaluate a Development's program report each month, the Servicer will instruct the owner or Management Company, as applicable, to apply corrections to the program report for the program report month that the Servicer evaluated and submit the revision electronically to the Servicer alone.

2. Collection of program reports will be as follows:

a. Initial Program Report

i. When a Development receives competitive Housing Credits or HOME Rental funds and the Development is occupied at closing or carryover, the initial program report will be prepared as of the last day of the calendar month during which the loan closing or the execution of the carryover allocation agreement occurred, and will be submitted no later than the 15th of the following month. The Servicer will collect a copy of the program report accompanied by copies of executed tenant income certifications for 10% of the certified units.

ii. When a Development receives competitive Housing Credits or HOME Rental funds and the Development is not occupied at closing or carryover, the Initial program report will be prepared as of the last day of the calendar month during which rental of the initial unit occurred and will be submitted no later than the 15th of the following month. The Servicer will collect a copy of the program report accompanied by copies of executed tenant income certifications for 10% of the certified units.

iii. When a Development receives an allocation of non-competitive Housing Credits without any Florida Housing issued loans, the initial program report will be prepared as of the last day of the calendar month during which final Housing Credit allocation occurred and will be submitted no later than the 15th of the following month. The Servicer will collect a copy of the program report accompanied by copies of executed tenant income certifications for 10% of the certified units.

b. Ongoing Program Reports

Except for HOME Rental and Housing Credits, subsequent program reports will be prepared as of the last day of each calendar month and are due no later than the 15<sup>th</sup> of each following month throughout the entire regulatory period. The Servicer will collect a copy of the program report accompanied by copies of 10% of the executed tenant income certifications effective since the last program report.

c. HOME Rental and Housing Credits

Once during each year of the entire regulatory period, on a date established by Florida Housing, the Servicer will collect a copy of the program report accompanied by copies of 10% of the executed tenant income certifications that were effective since the last program report that was evaluated by the Servicer.

d. MMRB Certificate of Continuing Program Compliance

The Servicer will collect the Certificate of Continuing Program Compliance (CCPC) for each program report, if applicable to the Development.

e. Additional reports and information will be collected by the Servicer at such other times as Florida Housing or the Servicer, in their discretion, request.

C. Management review and physical inspection (“Management Review”)

The Servicer will conduct a Management Review consisting of a review of tenant files, the administrative procedures of the Management Company, and a physical inspection of the Development. The purpose of the management review and physical inspection is to evaluate management of the Development, to conduct an onsite inspection of the premises, and to provide any information needed by the owner in order to fulfill the compliance requirements.

The units and tenant files to be inspected and examined by the Servicer must be chosen in a manner that will not give owners and management advance notice that any specific unit and/or tenant file will or will not be inspected or examined. However, the Servicer may give an owner and management reasonable notice that the inspection, in general, will occur so that the owner/management may notify all tenants of potential unit inspection and assemble all tenant files for review as further described in section IV.C.2.(a) below.

A follow-up Review may be required, based on the quantity and nature of the issues found by the Servicer and/or failure to meet Uniform Physical Condition Standards during a management review. The Servicer may schedule a follow-up review, onsite or Desk Audit, on or before the 90th Day after the response due date. The Servicer will re-examine previously-reviewed files containing discrepancies and/or previous physical inspection issues to ensure the owner or Management Company corrected noted discrepancies and issues. The Servicer will also review additional files/inspect additional units to determine whether acceptable procedures are currently being followed. If a Desk Audit is performed, all costs of secure shipment of the tenant files shall be borne by the Servicer and the physical re-inspection of the property, if applicable, shall be conducted within 60 Days of completion of the Desk Audit.

1. Frequency and timing of management reviews and physical inspections conducted by the Servicer:

a. Housing Credits



i. When a Development receives competitive Housing Credits and the Development is occupied at the time of carryover or final allocation, whichever occurs first, the Servicer will conduct the initial review:

1) on or before the 120<sup>th</sup> Day of the placed in service date for the last building in the Development; or

2) on or before the 120<sup>th</sup> Day after final allocation if the final allocation occurs first.

ii. When a Development receives competitive Housing Credits and the Development is not occupied at the time of carryover, the Servicer will conduct the initial review on or before the 120<sup>th</sup> Day after the placed in service date for the last building in the Development.

iii. When a Development receives an allocation of noncompetitive Housing Credits and the Development is financed with local housing authority bonds and has no other funding from Florida Housing programs, the Servicer will conduct the initial review on or before the 120<sup>th</sup> Day after final allocation.

iv. The Servicer will conduct on-site inspections of all buildings in the Development by the end of the second calendar year following the year the last building in the project is placed in service and, for at least 20% of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units in accordance with, 26 CFR 1.42- 5(c)(2)(i)(A), Monitoring compliance with low income housing credit requirements.

v. Subsequent reviews will be conducted within three years of the previous review (whether initial or subsequent) throughout the federal compliance period, and annually throughout the extended use period.

b. SAIL

i. When a Development is occupied at the time of loan closing, the Servicer will conduct the initial review on or before the 150<sup>th</sup> Day after loan closing.

ii. When a Development is not occupied at the time of loan closing, the Servicer will conduct the initial review on or before the 120<sup>th</sup> Day after the leasing of the last SAIL unit,

iii. Subsequent reviews will be conducted within one year of the previous review (whether initial or subsequent) throughout the compliance period.

c. HOME Rental

i. When a Development is occupied at the time of loan closing, the Servicer will conduct the initial review no later than twelve months following Project Completion as defined in 24 CFR Section 92.2.

ii. When a Development is not occupied at the time of loan closing, the Servicer will conduct the initial review no later than twelve months following Project Completion as defined in 24 CFR Section 92.2. Subsequent reviews will be conducted within three years of the previous review throughout the federal period of affordability and the extended affordability period.

iii. If there are observed deficiencies for any inspectable item(s), a follow-up site inspection to verify that deficiencies are corrected must occur within 12 months unless such deficiencies are defined as a Uniform Physical Condition Standards (UPCS) Level 1 or Level 2. In lieu of a re-inspection, Level 1 and Level 2 items can be verified as corrected using third party documentation (e.g. work orders, paid invoices, and photographs of completed work). UPCS Level 3 Health and safety deficiencies must be corrected immediately. Those health and safety deficiencies that are corrected during the on-site inspection (e.g. missing or broken electrical switch/outlet wall plates, inoperable smoke detectors) will not require a re-inspection. All other health and safety deficiencies will require a re-inspection within 12 months. UPCS is defined in the Code of Federal Regulations, 24 CFR, Parts 5 and 200.

d. MMRB

i. When a Development is occupied at the time of bond closing, the Servicer will conduct the initial review before the 150<sup>th</sup> Day after loan closing.

ii. When a Development is not occupied at the time of bond closing, the Servicer will conduct the initial review on or before the 120<sup>th</sup> Day after the leasing of the last MMRB unit.

iii. Subsequent reviews will be conducted within one year of the previous review, whether initial or subsequent, throughout the qualified project period including its extensions.

2. Management review and physical inspection procedures include the following:

a. Physical Inspection of Units

The Servicers must be HUD UPCS trained and perform UPCS physical inspections of all buildings, including unit features, project amenities and grounds (including landscaping) to evaluate overall appearance and compliance requirements. The Servicer will randomly select and inspect a Development's units to determine if those units meet the HUD Uniform Physical Condition Standards. When a violation report or notice was issued to the owner of a Housing Credit Development by a State or local government unit responsible for making local health, safety, or building code inspections, the Servicer will

review the summary of the violation report that the owner is required by 24 CFR 1.42-5 (c) (1)(vi) to prepare. If the violation remains uncorrected the Servicer will personally observe the violation and include the violation in the report of the management review and physical inspection. The Servicer will notify management to provide notice, pursuant to section 83.53, Fla. Stat., to all tenants regarding the possibility for unit inspections.

Physical Inspection includes:

i. Inspection of the buildings including unit features, including but not limited to green, energy, accessibility, universal design and visitability features. Development amenities, and the grounds (including landscaping) to identify any deferred maintenance and evaluate overall appearance and compliance with LURA and EUA requirements and indicate findings on the Management Review and Physical Inspection Summary.

ii. Inspection of the building including unit features, including but not limited to green, energy, accessibility, universal design and visitability features to ensure that any features replaced during maintenance are comparable or updated per the function of the original feature.

iii. Selection of units for inspection.

iv. The number of units to be inspected (if there is more than one program, the most restrictive applies):

1) Link

a) Select at random one (1) ELI unit that was occupied by a Link household after Florida Housing approval of the owner’s MOU; and

2) When the Link Requirement is not fulfilled at the time of the management review and physical inspection, select at random one (1) ELI unit that was occupied after Corporation approval of the owner’s MOU and is not occupied by a Link household. These ELI units shall be chosen first; then randomly select the remainder of the sample for the additional program(s). Housing Credits twenty percent (20%) of the set-aside units, plus a minimum of two other units randomly selected.

3) SAIL and MMRB – per Table A on the following page:

<b>TABLE A SAIL AND MMRB INSPECTIONS</b>	
<b># of set-aside units</b>	<b># of units to be inspected: set-asides + other</b>
1 – 50	5 + 1 random
51 – 200	8 + 2 random

200+	10 + 2 random
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4) HOME Rental – For HOME set-aside units, the number of units requiring inspection is in accordance with Table B:

<b>TABLE B HOME SET-ASIDE UNIT INSPECTIONS</b>	
<b># of HOME set-aside units</b>	<b># of HOME set-aside units to be inspected</b>
1 – 4	100%
More than 4	At least 20% of -HOME set-aside units in each building, but no fewer than 4 units in each Development and 1 HOME- set-aside unit in each building.

When calculation of the percentage of units to inspect results in a fraction of a unit, that unit shall be included in the units that will be inspected. Units selected will be dispersed throughout the Development with no more than one unit selected per building, until one unit has been selected from each building, before selecting a second unit in any building.

b) Tenant Files and Records

The Servicer will:

i. File selection

Select resident files for examination at random and disperse the selected files throughout the Development. No more than one file may be selected per building until one file has been selected from each building after which time a second file may be selected from each building. When a calculation results in a fraction of a file, that file will be considered to be included in the files that will be examined.

1) Housing Credit – examine the files for a minimum of twenty percent (20%) of the set-aside units (the same files as for the units inspected).

2) SAIL and MMRB - Randomly select for examination from the units selected for inspection tenant files equivalent to 10% of the set-aside units in the Development.

3) HOME Rental – 100% of files must be selected for examination in Developments with 1-4 HOME set-aside units.

4) HOME Rental – For Developments with more than 4 units, randomly select for examination of tenant files for a minimum of 20% HOME set-aside units, but not fewer than four files in each Development and one HOME set-aside file in each building.

ii. File examination

1) Review the sequence of the certification procedure to ensure that no person or family occupies a Development unit prior to being properly certified.

2) Within each file, the Servicer will examine and confirm the following:

a) Application(s) - check for completeness and inclusion of total income from all sources, including assets.

b) Verification(s) of income - examine for completeness, timeliness and compare to the application and the initial and/or current Tenant Income Certification for agreement.

c) Lease (initial and current) - examine to ensure that all occupants of the unit are listed, the lease is fully executed, the terms of the lease meet LURA and/or EUA requirements. Identify prohibited lease provisions. Confirm that the current rent for the unit does not exceed applicable rent limits, if any and that appropriate utility allowances are used.

d) Tenant income certification (initial and/or current) - check for completeness and confirm the amount of income documented in the tenant file. Determine whether household is qualified under the appropriate program income limit.

e) Confirm composition of each household, related student status, elderly status, etc., as applicable.

f) Obtain the current number of vacant units and vacancy percentage. If the percentage of vacancy is 10% or higher, obtain written explanation and improvement plan for addressing the vacancy issue.

iii. When a Development receiving HOME funds has tenants that may be displaced as a result of the construction or rehabilitation of the Development, at a minimum, review for compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 U.S.C. § 4601 *et seq.* and implemented at 49 CFR Part 24 with further guidance provided by HUD Handbook 1378; and the requirements of Section 104(d) of Title I of the Housing and Community Development Act of 1974, as amended and implemented at 24 CFR Part 42 and 24 CFR 92.353 and 92.634:

1) The Development's Anti-Displacement Policy;

2) Evidence that the owner provided advisory services to the tenants including notices; information booklets, explanation of assistance, referrals to social services, counseling and advice under the Fair Housing Act; and,

3) Payments to eligible tenants for the cost of temporary relocation, reimbursement of moving and related expenses; and the cost of replacement housing assistance for 42 months if tenant's income is 80% AMI or 60 months if tenant's income is less than 80% AMI are reasonable and included.

iv. Link – Obtain a copy of the current approved MOU from Florida Housing, confirm the current MOU is included in the Development records, and confirm that the Referral Agency notification requirements were followed when the selected ELI Link unit became available as well as for any other ELI unit that is randomly selected.

c) The administrative procedures of the owner and/or Management Company.

The Servicer will review the following administrative procedures and indicate findings on the Management Review and Physical Inspection Summary:

i. Tenant selection and orientation including adherence to Link MOU

ii. Maintenance program

iii. Security Program

iv. Organization and supervision

v. Training

vi. Advertising and Affirmative Fair Marketing

vii. Tenant programs and services to include, but shall not be limited to, verification and review of executed memorandums of understanding, addendums, diplomas, and any certifications, as applicable.

viii. Confirm that the owner is participating in the statewide Housing Locator System, as required by the Corporation.

ix. Confirm that all terms and conditions of the regulatory agreement are being met.

d) Transmittal of management review and physical inspection summary and narrative comments (“Management Review”).

The Servicer will prepare and send the Management Review to the owner, the Management Company representative, the onsite manager, Florida Housing and, if the Development is MMRB, the Trustee and the Servicer for the credit enhancer. The Servicer will require the owner to acknowledge to the Servicer the receipt of the Management Review within 10 Days from the date the Management Review was sent to the owner and respond in writing to the Servicer and Florida Housing within 30 Days from the date the Management Review was sent. The Servicer will collect supporting material sufficient to document correction of items noted in the narrative comments. The Servicer will review the response to determine whether all discrepancies have been satisfactorily corrected and follow-up with the owner or Management Company representative until resolved. If a response has not been received by the due date, the Servicer will follow up with the owner and Management Company until the response is received. The Servicer may, upon the owner's request, provide an additional response period. The expiration of any additional response period may not extend beyond 90 days from the date of initial noncompliance notification to the owner.

e) Close-Out Letters

The Servicer will provide the owner, Management Company and Florida Housing with a close-out letter when all discrepancies have been corrected satisfactorily, unless otherwise directed by Florida Housing.

f) Correspondence

The Servicer will provide to Florida Housing a copy of any correspondence originated by the Servicer that relates to any monitored Development within 30 Days of the correspondence's origination.

D. Noncompliance

The Servicer will provide a report summarizing all noncompliance issues for Developments in their portfolio pursuant to the schedule of report dates provided by Florida Housing at the beginning of each year and as amended from time to time. At the request of Florida Housing, the Servicer must inquire into or investigate a noncompliance issue and notify Florida Housing of the findings.

1. Housing Credit

a. For Housing Credit Developments that are within the 15-year federal compliance period, the Servicer will notify the owner in writing, with a copy to Florida Housing and the Management Company, of noncompliance noted as a result of a management review and physical inspection or program report. The notice will provide the owner with a 30-day initial response period, and advise the owner that Florida Housing will file IRS form 8823 with the Internal Revenue Service for noncompliance, even when corrected. The Servicer will provide Florida Housing with the necessary information and/or documentation needed for filing IRS form 8823.

b. For Housing Credit Developments that are beyond the initial 15-year compliance period, the Servicer will notify the owner in writing, with a copy to Florida Housing and the Management Company, of noncompliance noted as a result of a Management Review or program report. The notice will provide the owner with a 30-day initial response period.

2. SAIL, MMRB, and HOME Rental

The Servicer will notify the owner in writing, with a copy to Florida Housing and the Management Company, of noncompliance noted as a result of a management review or program report. The notice will provide the owner with a 30-day initial response period.

The Servicer may, upon the owner's request, provide an additional response period. The expiration of any additional response period may not extend beyond 90 days from the date of initial noncompliance notification to the owner.

E. Additional Duties of the Servicer

1. Daily availability to the owner, Management Company personnel, and onsite staff to answer any questions concerning compliance.

2. Provide Florida Housing with an electronic monthly Management Review schedule seven days prior to the 1st day of each month.

3. Collect and submit electronic copies to Florida Housing's Compliance staff, copies of Form 8609 Part II First Year Certification, submitted to the IRS, from owners receiving an allocation of Housing Credits from Florida Housing. Notify Florida Housing annually of Developments in their portfolio that are transitioning to year sixteen.

4. A change in Development ownership and/or Management Company may require an additional Management Review.

5. Additional training to instruct owner and/or Management Company personnel on compliance requirements shall be conducted as deemed necessary by the Servicer or Florida Housing.

6. Participate in and/or conduct regional training workshops and/or webinars for owners and Management Company personnel to ensure compliance with Federal laws and regulations, State laws, and Florida Housing rules concerning program requirements. Workshops and/or webinars are to be conducted at least quarterly.

V. Additional housing programs may be implemented during the course of the Contract resulting from this RFQ. The Respondent agrees to work with Florida Housing to ensure there are successful credit underwriting, loan servicing, and compliance monitoring measures put in place for those new initiatives.



## SECTION FIVE CERTIFICATION

Do not reproduce the language of Section Five in the Response. By inclusion and execution of the statement provided in Section Six, subsection I, of this RFQ, each Respondent certifies that:

A. The Respondent submits this Response without prior understanding, agreement, or connection with any person or entity submitting a separate Response for the same services. However, any agreement with a person or entity with whom the Response is jointly filed and such joint filing is made clear on the face of the Response will be an exception so long as the Response is in all respects fair and without collusion or fraud.

B. Any material submitted in response to this RFQ is a public record pursuant to Chapter 119, Fla. Stat., and subject to examination upon request, but only after Florida Housing provides a notice of decision pursuant to Section 120.57(3), Fla. Stat., or within 30 days after the Response is opened, whichever is earlier.

C. The Respondent, if awarded a contract under this RFQ, will comply with Section 420.512(5), Fla. Stat. For the purpose of Section 420.512(5), Fla. Stat., "Prohibited Business Solicitation Communications" is defined by Section 420.503(32), Fla. Stat.

D. The Respondent is in compliance with Section 287.133(2)(a), Fla. Stat.

E. The Respondent understands and agrees to cooperate with any audits conducted in accordance with the provisions set forth in Section 20.055(5), Fla. Stat.

F. Pursuant to Section 119.0701(2)(b), Fla. Stat., the Respondent, if awarded a contract under this RFQ, will be required "to comply with public records laws, specifically to:

e. Keep and maintain public records required by the public agency to perform the service.

f. Upon request from the public agency's custodian of public records, provide the public agency with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in this chapter or as otherwise provided by law.

g. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract. If the contractor does not transfer the records to the public agency.

h. Upon completion of the contract, transfer, at no cost, to the public agency all public records in possession of the contractor upon termination of the contract or keep and maintain public records required by the public agency to perform the service. If the contractor transfers all public records to the public agency upon completion of the contract, the contractor shall meet all applicable requirements for retaining public records. All records stored electronically

must be provided to the public agency, upon request from the public agency's custodian of public records, in a format that is compatible with the information technology systems of the public agency."

Notwithstanding anything contained herein to the contrary, the provisions and requirements of this paragraph will only apply if and when the Contractor is acting on behalf of Florida Housing.

G. The Respondent acknowledges that if awarded a contract it will be prohibited from engaging in activities in connection with services related to Florida Housing transactions that produce direct or indirect financial gain for the Respondent other than for the compensation agreed upon in the contract that results from this RFQ, unless that Respondent has Florida Housing's written consent after Florida Housing has been fully informed of such activities in writing.

H. The Respondent acknowledges that if awarded a contract it will be prohibited from engaging in any actual, apparent, or potential conflict of interest. Should any such actual, apparent, or potential conflict of interest come into being subsequent to the effective date of the contract and prior to the conclusion of the contract, the Respondent will provide notification (Notice of Conflict of Interest) to Florida Housing, through first class certified mail, return receipt requested, within ten (10) working days, seeking consent from Florida Housing's Executive Director. If the Respondent is found to be in non-compliance with this provision, without written consent from Florida Housing's Executive Director, any compensation received in connection with the contract will be subject to forfeiture to Florida Housing.

I. The Respondent, in submitting this Response, acknowledges and agrees that the terms and conditions of this RFQ, as well as any modifications thereto, will be incorporated into any contract offered as a result of this RFQ.

J. The Respondent certifies that they are not suspended or debarred from conducting business with government agencies and certifies that the Respondent, as well as any subcontractors or principals, are not listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension."

**K. CERTIFICATION STATEMENT:**

**THE FOLLOWING WILL BE REPEATED IN THE RESPONDENT'S RESPONSE AND SIGNED BY AN INDIVIDUAL AUTHORIZED TO BIND THE RESPONDENT. THIS IS A THRESHOLD ITEM AND FAILURE TO INCLUDE THE CERTIFICATION STATEMENT BEARING AN ORIGINAL SIGNATURE WILL RESULT IN REJECTION OF THE RESPONSE.**

"I agree to abide by all conditions of RFQ 2017-01 and certify that all information provided in this Response is true and correct, that I am authorized to sign this Response as the Respondent and that I am in compliance with all requirements of the RFQ, including but not limited to, the certification requirements stated in Section Five of this RFQ."

---

Authorized Signature (Original)

---

Print Name and Title

## **SECTION SIX INFORMATION TO BE PROVIDED IN RESPONSE**

In providing the following information, restate each item and sub-item (with its letter and number), limit your Response to one bound volume. Responses to the items must be included immediately after the restated items without any reference to any appendix.

### **A. COVER LETTER**

Each proposal must be accompanied by a cover letter that contains a general statement of the purpose of submission and includes the following information.

1. The name, job title, address, office and cellular telephone numbers, and e-mail address of a primary contact person, who will be responsible for day-to-day contact with Florida Housing, and any backup personnel who would be accessible if the primary contact cannot be reached.
2. Legal business status (individual, partnership, corporation, etc.), address and telephone number of the Respondent.

### **B. GENERAL INFORMATION**

1. Provide a description of the Respondent that includes the length of time the Respondent has been in business, including the length of time providing the services described herein, and a discussion of any changes in its senior management in the last two years.
2. Describe the Respondent's workplan to provide the services requested in Section Four of this RFQ immediately upon award of the contract. Within these descriptions, provide staff training, experience, and/or certifications regarding the services outlined in this RFQ.
3. Provide information about availability of staff and other resources, including subcontractors that will be needed to complete the services requested in Section Four of this RFQ. List the names of all the Respondent's personnel who will be assigned to perform the services requested in this RFQ, and describe their qualifications and experience. For each person listed, please specify if they will be involved with Credit Underwriting, Construction Loan Servicing, Permanent Loan Servicing and/or Compliance Monitoring. NOTE: Respondents must have a minimum of five years of experience in order to be assigned to a resulting contract.
4. Provide a copy of the declaration page of proof of blanket fidelity insurance and errors and omissions insurance which includes the following:

- a. Name of carrier and policy number;
- b. Effective date of insurance;
- c. Policy exclusions, if any;
- d. Current coverage amounts;
- e. Staff and others acting on behalf of the Respondent who are covered; and
- f. Type of coverage.

5. Insurance To Be Maintained by the Offeror

Respondents selected by the Board and awarded a Contract must maintain at all times during the existence of the Contract at its own expense, blanket fidelity insurance and errors and omissions insurance covering the Respondent's officers and employees and other persons acting on behalf of the Respondent relating to the Respondent's performance of the Contract. No provisions of this section requiring the Respondent to maintain insurance coverage shall operate to diminish, restrict, or otherwise limit the Respondent responsibilities and obligations as set forth in the Contract. The amount of coverage of such policies will be at least equal to the coverage that would be required by Fannie Mae with respect to the Respondent if the Respondent were servicing mortgage Loans for Fannie Mae relating to the Respondent's performance of its obligations under the Contract. If the Respondent is required by any federal or state government agency to maintain a higher amount of such coverage, the Respondent will maintain such higher amount. All such policies of insurance will be placed with a carrier rated at least "A-" by A.M. Best & Co., with a financial size category of at least FSC VI and will be issued by an insurance company, with coverage satisfactory to Florida Housing and will name Florida Housing as the insured under said policies. The Respondent's blanket fidelity insurance coverage may contain a deductible clause for any amount up to the greater of \$100,000 or 5% of the bond's face amount. The Respondent's errors and omissions coverage may contain a deductible clause for any amount up to the greater of \$100,000 or 5% of the policy's face amount.

6. Evidence of Current Coverage

Respondents selected by the Board and awarded a Contract must have the insurance agent (or the insuring company) provide coverage recording Florida Housing as a certificate holder and submit a copy of the Certificate of Insurance to Florida Housing. Such certificate must be issued before each policy inception date to provide evidence of uninterrupted coverage. Where a policy has a "continuous" term (i.e., no fixed expiration date), the certificate must be issued annually on the policy date. Respondents selected by the Board and awarded a Contract must obtain the insurer's agreement to provide Florida Housing a minimum of 30 days written notice in the event the insurer cancels or refuses to renew coverage for any reason or if the insurer places any more restrictive terms as a condition for renewal or if there is a reduction in coverage. If a Respondent selected by the Board and awarded a Contract anticipates or experiences an interruption in coverage, it will immediately report such occurrence in writing to Florida Housing. A lapse in coverage will constitute a violation of the Contract and will constitute a Default under the Contract.

7. Cybercrime Insurance

If the Respondent carries cybercrime insurance, please describe the coverage provided. If the Respondent does not have a cybercrime policy, explain how the Respondent mitigates the loss of any personally-identifiable information.

8. The Respondents selected by the Board and awarded a Contract will promptly report to Florida Housing whenever the Respondent has credible evidence that a principal, employee, agent, officer, or subcontractor of the Respondent has committed a violation of the civil False Claims Act or a violation of Federal criminal law involving fraud, conflict of interest, bribery, embezzlement or gratuity violations in connection with the award, performance, or closeout of a contract, or any related subcontract that directly or indirectly involves the servicing of Florida Housing funds.

9. Provide evidence that the Respondent is qualified to do business in the State of Florida.

10. Florida Housing expects that the Respondent will have an office located in the State of Florida. If the Offeror does not anticipate being able to comply with this requirement, a written explanation should be submitted with its Response to this RFQ and describe Offeror's capability to perform the services described by this RFQ within the State of Florida.

11. If the Respondent has not entered into a contract with Florida Housing within the last five (5) years, provide a copy of the most recent tax return or a copy of the most recent audited financial statements.

12. Provide an attestation report, in accordance with the Statement on Standards for Attestation Engagements No. 18 AT-C Section 320, Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting (SSAE 18), as issued by the AICPA, or superseding guidance, addressing controls at the organization, controls at inclusive subservice organizations, if applicable, and complementary subservice organization controls at carved-out subservice organizations, if applicable, supporting the organization's processing relevant to Florida Housing's financial reporting. This report, at a minimum a SOC 1 Type 2 report, should be performed at least annually covering a period of 12 months. The report must cover, at a minimum, 6 months of the Florida Housing fiscal year (January through December) being audited. If a minimum of 6 months of the Florida Housing fiscal year is not covered by the report, a bridge letter for the period not covered must be provided. A copy of the report, and bridge letter when required, should be provided to Florida Housing's contracts administrator upon issuance but must be provided no later than the last day of the first quarter of each calendar year.

13. Describe the Offeror's Business Continuity Plan, including how often the plan is updated and tested.

14. By the Effective Date of the Contract, confirm that the Offeror has established and maintains a Red Flag Plan.

### C. FEES

Provide the proposed fees to be charged in connection with the services described in Section Four of this RFQ in the chart on the following page. Fees proposed must include all charges relating to the services required under the contract and all out-of-pocket expenses, such as telephone, postage and shipping, printing and/or copy costs, and travel, if any. No costs will be reimbursed under the contract.

*FINAL FEE SCHEDULE WILL BE SUBJECT TO NEGOTIATION.*

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**TABLE C  
PROPOSED FEE SCHEDULE**

<b>Service/Activity</b>	<b>HOME</b>	<b>SAIL</b>	<b>HC</b>	<b>EHCL</b>	<b>PLP</b>	<b>Demonstration Loans</b>	<b>MMRB</b>	<b>Supplemental Loans</b>	<b>Multiple</b>	<b>HOP</b>
<b>Real Estate Credit Underwriting</b>										
<b>Use the fee in effect at the time of:</b>										
<b>Billing begins at the time of:</b>										
Final Underwriting										
Analytical Review										
Re-underwriting (hourly rate)										
Re-underwriting (maximum fee)										
Preliminary Recommendation Letter (PRL)										
Attend Closing										
Re-marketing and refunding Reviews										
Ownership Transfer Review (maximum fee)										
HUD Subsidy Layering Review-not previously underwritten										
HUD Subsidy Layering Review-previously underwritten										

<b>Service/Activity</b>	<b>HOME</b>	<b>SAIL</b>	<b>HC</b>	<b>EHCL</b>	<b>PLP</b>	<b>Demonstration Loans</b>	<b>MMRB</b>	<b>Supplemental Loans</b>	<b>Multiple</b>	<b>HOP</b>
Extraordinary Services (hourly rate)										
<b>Construction Loan Servicing</b>										
<b>Use the fee in effect at the time of:</b>										
<b>Billing begins at the time of:</b>										
In-house Review (hourly rate)										
In-house Review (maximum fee per draw)										
On-site inspection(hourly rate)										
On-site Inspection (Maximum fee per draw)										
Extraordinary Services (hourly rate)										
<b>Permanent Loan Servicing</b>										
<b>Use the fee in effect at the time of:</b>										
<b>Billing begins at the time of:</b>										
Annual Fee (basis points)										
Monthly Maximum Fee										
Monthly Minimum Fee										



Service/Activity	HOME	SAIL	HC	EHCL	PLP	Demonstration Loans	MMRB	Supplemental Loans	Multiple	HOP
Extraordinary Services (hourly rate)										
<b>Compliance Monitoring</b>										
Use the fee in effect at the time of:										
<b>Billing begins at the time of:</b>										
Monthly Base Fee										
Monthly Maximum Fee										
Monthly Minimum Fee										
Additional Fee per Set- Aside Unit										
Follow-up Reviews/Extraordinary Services (hourly rate)										
Additional Fee for each subsequent program										
<b>Federal Labor Standards Monitoring</b>										
Use the fee in effect at the time of:										
<b>Billing begins at the time of:</b>										
Annual Rate (basis points)										
Monthly Maximum Fee										
Monthly Minimum Fee										

<b>Service/Activity</b>	<b>HOME</b>	<b>SAIL</b>	<b>HC</b>	<b>EHCL</b>	<b>PLP</b>	<b>Demonstration Loans</b>	<b>MMRB</b>	<b>Supplemental Loans</b>	<b>Multiple</b>	<b>HOP</b>
Interviews (per site visit)										
Extraordinary Services (hourly rate)										
Preconstruction Conference per development										
Section 3 Preconstruction Conference per development										
Section 3 Monitoring (monthly fee)										

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**D. DRUG-FREE WORKPLACE**

If the Respondent has implemented a drug-free workplace program, the Respondent must submit the following certification indicating that it meets all of the requirements of Section 287.087, Fla. Stat.:

I hereby certify on behalf of the Respondent, under the terms of RFQ 2017-01, that the Respondent has implemented a drug-free workplace program pursuant to Section 287.087, Fla. Stat.

Authorized Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Print Title: \_\_\_\_\_

**E. MINORITY BUSINESS ENTERPRISE**

If the Respondent is a minority business enterprise as defined in Section 288.703, Fla. Stat., the Respondent must submit the following certification:

I hereby certify on behalf of the Respondent, under the terms of RFQ 2017-01, that the Respondent is a “minority business enterprise” as defined in Section 288.703(3), Fla. Stat.

Authorized Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Print Title: \_\_\_\_\_

**F. CERTIFICATION (Mandatory Item)**

**FAILURE TO INCLUDE THE CERTIFICATION STATEMENT LOCATED IN SECTION FIVE OF THIS RFQ BEARING AN ORIGINAL SIGNATURE WILL RESULT IN REJECTION OF THE RESPONSE.**

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**SECTION SEVEN  
EVALUATION PROCESS**

The individual Committee members will independently evaluate the Responses by reviewing the answers to each of the items identified in Section Six of this RFQ and assigning points up to the maximum points allowed for each item. The points available for items in Section Six are to be evaluated are as follows:

<u>Item Reference</u>	<u>Maximum Points</u>
B.1. General Information .....	5
B.2. General Information .....	25
B.3. General Information .....	25
C. Fees .....	25
 <b>Total Points Available.....</b>	 <b>80</b>

In the event of a tie, Florida Housing will give preference in the award process to the Response certifying a drug-free workplace has been implemented in accordance with Section 287.087, Fla. Stat. If a tie continues to exist, Florida Housing will give preference to minority business enterprises as defined in Section 288.703, Fla. Stat.

The Committee will conduct one or more public meetings during which members will discuss their evaluations and develop a recommendation or series of recommendations to the Board. The Committee’s recommendation will be based on the cumulative scoring and information gathered from the non-scored items. The Board may use the Responses, the Committee’s scoring, the non-scored items in the Responses, any other information or recommendation provided by the Committee or staff, and any other information the Board deems relevant in its selection of Respondents to whom to award a contract.

**SECTION EIGHT  
AWARD PROCESS**

Florida Housing will provide notice of its decision, or intended decision, for this RFQ on Florida Housing’s Website the next business day after the applicable Board vote. After posting, an unsuccessful applicant may file a notice of protest and a formal written protest in accordance with Section 120.57(3), Fla. Stat. Failure to file a protest within the time prescribed in Section 120.57(3), Fla. Stat. or failure to post the bond or other security required by law within the time allowed for filing a bond will constitute a waiver of proceedings under Chapter 120, Fla. Stat.

**ADDENDUM #1**

**REQUEST FOR QUALIFICATIONS (RFQ) 2017-01**

**CREDIT UNDERWRITING, CONSTRUCTION AND PERMANENT LOAN  
SERVICING, AND COMPLIANCE MONITORING SERVICES**

**FOR**

**FLORIDA HOUSING FINANCE CORPORATION**

**June 28, 2017**

**Item #1**

Section Four, Item I. C. 24. is hereby deleted in its entirety and is replaced with the following:

2. The Servicer will provide executive summaries for the following headings within the Credit Underwriting reports:

- f. Capital Needs Assessments;
- g. Market Studies;
- h. Appraisals; and
- i. Plan and Cost Analysis.

**All other terms and conditions of RFQ 2017-01 remain the same.**

**To the extent that this Addendum gives rise to a protest, failure to file a protest within the time prescribed in Section 120.57(3), Florida Statutes, shall constitute a waiver of proceedings under Chapter 120, Florida Statutes.**

## **EXHIBIT B COMPENSATION**

It is understood that compensation to the Servicer shall be paid by Florida Housing or by another paying entity for the services rendered by the Servicer under this Contract in accordance with the following provisions:

A. The Servicer shall submit invoices which are payable by Florida Housing to the program contract manager in Section J of this Contract. Each invoice for fees shall be in a format that is clearly itemized so that the invoice states the specific Development(s) and Florida Housing Development number(s), the services being invoiced and the period the invoice covers. For fees billed on an hourly base, the invoice must also include the number of hours worked and where (i.e., Servicer's office or Development site) the services were performed. Payment of an undisputed invoice shall be made within a reasonable period of time not to exceed 30 days after receipt of the invoice. If the Servicer is found to be in non-compliance with Florida laws, Federal laws, Florida Housing rules or Florida Housing policies governing its duties hereunder, or fails to perform its duties hereunder, any compensation received in connection with this Contract shall be subject to forfeiture to Florida Housing.

B. The Servicer shall submit other invoices, payable by the trustee or by Developers, directly to the paying entity, and not to Florida Housing. Each invoice for fees must be in a format that is clearly itemized so that the invoice states the specific services performed, when the services were performed, and by which employees, or classification of employees, the services were performed.

C. Each year, the fee schedule shall be adjusted, but not decreased, annually based on the South Region Consumer Price Index for the twelve-month period ending each November 30th of the Contract term. This automatic increase shall not exceed 3% of the prior year's fee.

D. The fee schedule below.

E. Multiple program fees.

1. Credit Underwriting fees shall be invoiced in the following priority:
  - a. MMRB
  - b. SAIL
  - c. HOME
  - d. Housing Credit
  - e. EHCL

Whichever program appears first in the list above the credit underwriting fee for that program shall apply and for each subsequent program the multiple program fee for credit underwriting shall apply.

2. Compliance Monitoring - For any and all Developments assigned to the Servicers under this Contract for which Florida Housing's MMRB's are not outstanding, prior to the termination of the compliance period set forth in the Land Use Restriction Agreement (LURA) and/or the Extended Use Agreement (EUA), compliance monitoring fees shall be invoiced in accordance with the fee schedule that was in effect at the time of assignment to the Servicers.

3. Compliance Monitoring for the Housing Credit Program

Notwithstanding, compliance monitoring fees shall be invoiced in the following priority:

- a. MMRB
- b. SAIL
- c. HOME
- d. EHCL

Whichever program appears first in the list above the compliance monitoring fee for that program shall apply and for each subsequent program the multiple program fee for compliance monitoring shall apply.

The multiple program fee for compliance monitoring does not apply to Housing Credit Developments with MMRB.

When a Development has Housing Credits combined with any other program except MMRB, the Housing Credit compliance monitoring fee shall be the primary fee, regardless of timing.

<b>TABLE 1 – Housing Credit Compliance Monitoring Fees</b>		
<b>Scope of Work Event</b>	<b>Annual Base Fee Charged will be the fee in effect at the time of begin billing at the later of indicated event or initial review:</b>	<b>Annual Base Fee Charged will be the fee in effect at the time of and begin billing at the later of indicated event or initial review:</b>
	<b>For Competitive (9%) Credits</b>	<b>For Non-Competitive (4%) Credits with local/county bonds</b>
<b>Initial Review</b>	<b>Primary Allocation<sup>2</sup></b>	<b>Final Allocation<sup>3</sup></b>
<b>Subsequent Reviews</b>	<b>Final Allocation</b>	<b>Final Allocation</b>

<sup>2</sup> Or upon binding commitment, if applicable.

<sup>3</sup> Per the Scope of Work, the initial review for non-competitive 4% Housing Credits with local/county bonds does not occur until after final allocation.



The initial review compliance monitoring fee for Competitive (9%) Housing Credits shall be a one-time fee collected from the Developer at preliminary allocation. Subsequent compliance monitoring fees for competitive (9%) Housing Credit shall be calculated and collected from the Developer at final allocation for the entire compliance period.

The compliance monitoring fees for non-competitive (4%) Housing Credits with local tax-exempt bond Developments shall be calculated and collected from the Developer at final allocation for the entire compliance period. The 4% Housing Credit Program is considered the first program for billing purposes.

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## RFQ 2017-01 Fee Schedule

	HOME	SAIL	HC	EHCL	PLP	Demonstration	MMRB (see Footnote 3)	Supplemental (see Footnote 4)	Multiple	HOP	CNA
<b>Real Estate Credit Underwriting</b>											
Use the fee in effect at the time of:	service work begins	service work begins	service work begins	service work begins	service work begins	service work begins	service work begins	service work begins	service work begins	service work begins	service work begins
Billing begins at the time of:	50/50 beginning/final CU	service work begins	service work begins	service work begins	service work begins	service work begins	service work begins	service work begins	service work begins	service work begins	service work begins
Final Underwriting	13,820	13,820	12,468	3,839	n/a	13,820	14,835	4,629	4,629	n/a	n/a
Analyst Review (see Footnote 5)	n/a	n/a	n/a	n/a	4,778	4,778	n/a	n/a	n/a	490	n/a
Re-underwriting (hourly rate)	177	177	177	177	177	177	177	177	177	n/a	n/a
Re-underwriting (maximum fee)	7,841	7,841	7,841	2,095	3,923	3,923	7,841	n/a	n/a	n/a	n/a
Preliminary Recommendation Letter (PRL) (see Footnote 2)	n/a	n/a	1,582	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,100
Attend Closing	n/a	n/a	n/a	n/a	n/a	n/a	2,500	n/a	n/a	n/a	n/a
Re-marketing and refunding Reviews	n/a	n/a	n/a	n/a	n/a	n/a	13,542	n/a	n/a	n/a	n/a
Ownership Transfer, Refinance or Renegotiation Review (maximum fee)	5,207	5,207	5,207	5,207	5,207	5,207	5,207	5,207	n/a	n/a	n/a
HLD Subsidy Layering Review-not previously underwritten	2,924	n/a	n/a	n/a	n/a	n/a	4,192	n/a	n/a	n/a	n/a
HLD Subsidy Layering Review-previously underwritten	1,755	n/a	n/a	n/a	n/a	n/a	2,387	n/a	n/a	n/a	n/a
Extraordinary Services (hourly rate)	177	177	177	177	177	177	177	177	177	n/a	n/a
<b>Construction Loan Servicing</b>											
Use the fee in effect at the time of:	loan closing	loan closing	loan closing	loan closing	loan closing	loan closing	loan closing	loan closing	loan closing	loan closing	n/a
Billing begins at the time of:	loan closing	loan closing	loan closing	loan closing	loan closing	loan closing	loan closing	loan closing	loan closing	loan closing	n/a
In-house Review (hourly rate)	177	177	177	177	n/a	177	177	177	n/a	n/a	n/a
On-site inspection (hourly rate)	177	177	177	177	n/a	177	177	177	n/a	n/a	n/a
On-site Inspection (Maximum fee per draw)	1,759	1,759	1,759	1,759	n/a	1,759	1,759	1,759	n/a	n/a	n/a
Extraordinary Services (hourly rate)	177	177	177	177	n/a	177	177	177	177	n/a	n/a
<b>Permanent Loan Servicing</b>											
Use the fee in effect at the time of:	loan closing	loan closing	n/a	loan closing	n/a	n/a	loan closing	loan closing	loan closing	n/a	n/a
Billing begins at the time of: (see Footnote 1)	--	--	n/a	--	n/a	n/a	--	--	--	n/a	n/a
Annual Fee (basis points)	25	25	n/a	25	n/a	n/a	23	n/a	n/a	n/a	n/a
Monthly Maximum Fee	\$43	\$43	n/a	\$43	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Monthly Minimum Fee	212	212	n/a	212	n/a	n/a	212	n/a	n/a	n/a	n/a
Extraordinary Services (hourly rate)	177	177	177	177	177	177	177	177	177	n/a	177
<b>Compliance Monitoring</b>											
Use the fee in effect at the time of: (see Footnote 5)	loan closing	loan closing	See Exhibit B-2	n/a	n/a	n/a	loan closing	loan closing	--	n/a	n/a
Billing begins at the time of:	service work begins	service work begins	See Exhibit B-2	n/a	n/a	n/a	service work begins	service work begins	service work begins	n/a	n/a
Monthly Base Fee (see Footnote 7)	165	165	n/a	165	n/a	n/a	165	n/a	n/a	n/a	n/a
Monthly Maximum Fee	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Monthly Minimum Fee (see Footnote 7)	258	258	258	258	n/a	n/a	258	n/a	n/a	n/a	n/a
Additional Fee per Set-Aside Unit (see Footnote 7)	10.11	10.11	10.11	10.11	n/a	n/a	10.11	n/a	n/a	n/a	n/a
Followup Reviews/Extraordinary Services (hourly rate)	177	177	177	177	n/a	n/a	177	177	n/a	n/a	n/a
Additional Fee for each subsequent program	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	921	n/a	n/a
<b>Federal Labor Standards Monitoring</b>											
Use the fee in effect at the time of:	loan closing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Billing begins at the time of:	first draw	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Annual Rate (basis points)	75	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Monthly Maximum Fee	1,316	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Monthly Minimum Fee	371	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Interviews (per site visit)	337	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Extraordinary Services (hourly rate)	177	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Preconstruction Conference per development	\$99	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Section 3 Preconstruction Conference per development	281	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Section 3 Monitoring (monthly fee)	438	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**Footnote 1:** For new construction, Permanent Loan Servicing begins at first CO. For rehab, Permanent Loan Servicing begins with the loan closing.

**Footnote 2:** The PRL is required only for competitive housing credits (9%). Therefore, the fee applies only to 9% housing credits.

**Footnote 3:** Fees are based on the outstanding bond balances and are calculated using the language included in the Bond Documents.

**Footnote 4:** With the exception of Credit Underwriting fees, for Supplemental with SAIL, SAIL fees apply and if Supplemental with HC, Supplemental fees apply.

**Footnote 5:** Multiple Program Compliance Monitoring fee shall be determined at the loan closing date and includes Link as a second program.

**Footnote 6:** Compensation for Borrower Analysis completed by the Servicer shall be paid whether or not the homebuyer closes.

**Footnote 7:** January 1 of each year, all fees shall be adjusted, but not decreased, based on the South Region Consumer Price Index for the twelve month period ending each November 30th. This automatic increase shall not exceed 3% of the prior year's fee.

**Footnote 8:** This fee represents Servicer review (of CNA) only; the actual cost of the 3rd-party CNA report is additional.