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Marisa Button, Director of Multifamily Allocations
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301

Dear Marisa:

Thank you for the opportunity to comment on the initial Rule drafts. Below are several comments and suggestions based upon our company's review.

Credit Underwriting/Loan Commitment Time Period
We appreciate the proposed change to extend the credit underwriting and loan commitment time period. However, applications with new credit underwriting invitations that occur before the proposed final rule adoption will need relief from the current rule to avoid another wave of credit underwriting extension requests. *Please allow the change to be applicable to applications that will have already entered into credit underwriting prior to the proposed final rule adoption, via an amendment to the acknowledgement these applications will have already executed*.

Attorney's Fees
Existing language prohibits legal fees in associated with litigation against FHFC to be excluded from qualifying development costs, i.e. they must be paid from Developer Fees.
In certain cases an Applicant or Developer hires an attorney in order to intervene on the side of Florida Housing in defending their scoring and awarding of funding. We request that *legal fees associated with intervening in support of FHFC to be counted as a legitimate cost.*

Cost Certification Review
The credit underwriting process in Florida has been the gold standard nationally compared to other housing finance authorities throughout the country. Approved, experienced firms have been hired to complete due diligence on behalf of Florida Housing in an objective and professional manner. This process produces a comprehensive report that determines the credit worthiness of the borrower and provides a financial snap shot of the development's viability. During the construction period, some minor changes in the original plans will result in hard and soft cost adjustments that effect the various line items that were initially approved in the credit underwriting report. Cost certification reviews determine if these number changes are material or not, and the reasons for those changes during construction. Lengthy review times can cause undue hardship, such delaying conversion to permanent financing. While the certification process is an important checkpoint, *Florida Housing should establish flexible guidelines to cover de minimus changes to budget line items when compared to the CUR to reduce the time it takes to complete the process.*

Replacement Reserves
The lock out period of five (5) years to access the replacement reserve funds should be reduced to allow for routine maintenance items including appliance replacement, interior painting and window/door repair. This is particularly true for family properties which typically have higher turnover and greater wear and tear. Accordingly, *a slightly shorter time period should be allowed to access the replacement reserves for a family development*.

Operating Deficit Reserves
An operating deficit reserve (ODR) is primarily designed to supplement the development's revenues and is based on the projected operating costs established during the underwriting process. Determination of the amount required for any rental development has traditionally fallen to the private lender/investor with the greatest risk in the transaction. Typically, the ODR is equal to anywhere from 3-6 months of operating expenses. *We suggest that Florida Housing continue to rely on the private lender to determine the ODR amount.*

Developer Fees
Reducing developer fees for 4% HC transactions from 18% to 16% is liable to decrease the number of feasible new construction and rehabilitated affordable developments in the current economic climate of reduced equity pricing and increasing interest rates and construction costs. The additional eligible basis of the developer fee generates needed equity for some of these transactions, whereas the cost of that equity is negligible as most of the currently feasible 4% HC developments are deferring 25-50% or more of developer fees, i.e. the incremental cost is paid from operating cash flow. Since the owner and developer are usually closely related entities, that cash flow would be going there anyway. These unintended consequences have been addressed in other comments, however, it is certainly worth reiterating that to increase the supply of affordable housing *developer fees should not be reduced for 4% HC developments, they should be increased*.

I am available to discuss or provide further clarification as needed.

Regards,

Alexander Kiss

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