
Florida Housing Finance Corporation

Credit Underwriting Report

Valencia Grove II

**Tax-Exempt Multifamily Mortgage Revenue Note (“MMRN” or “Note”),
State Apartment Incentive Loan (“SAIL”) Program, Extremely Low Income
 (“ELI”) Loan, National Housing Trust Fund (“NHTF”) Program, and 4%
 Non-Competitive Housing Credits (“HC”)**

RFA 2018-116 (2019-165BSN)

**SAIL Financing of Affordable Multifamily Housing Developments to be used
 in Conjunction with Tax-Exempt Bond Financing and Non-Competitive
 Housing Credits**

Section A: Report Summary

**Section B: MMRN, SAIL, ELI, and NHTF Loan Special and General Conditions
 HC Allocation Recommendation and Contingencies**

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

February 20, 2020

Valencia Grove II

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Section A
Report Summary

Recommendation

First Housing Development Corporation of Florida (“First Housing” or “FHDC” or “Servicer”) recommends a Tax-Exempt Multifamily Mortgage Revenue Note in the amount of \$11,500,000, a SAIL Loan in the amount of \$5,750,000, an ELI Loan in the amount of \$600,000, a NHTF Loan in the amount of \$742,000 and an annual HC Allocation of \$887,569 for the construction and permanent financing of Valencia Grove II (“Development”).

DEVELOPMENT & SET-ASIDES															
Development Name:		<u>Valencia Grove II</u>													
RFA/Program Numbers:		<u>RFA 2018-116</u> / <u>2019-165BSN</u>													
Address:		<u>Dillard Road, Dillard Road and Mt. Homer Road</u>													
City:		<u>Eustis</u>	Zip Code:		<u>32726</u>	County:		<u>Lake</u>	County Size:		<u>Medium</u>				
Development Category:		<u>New Construction</u>				Development Type: <u>Garden Apts (1-3 Stories)</u>									
Construction Type:		<u>Wood Frame</u>													
Demographic Commitment:		Primary: <u>Elderly: 55+ or 62+</u> for <u>80%</u> of the Units													
Unit Composition:		# of ELI Units: <u>11</u> ELI Units Are Restricted to <u>35%</u> AMI, or less. Total # of units with PBRA? <u>0</u>													
		# of Link Units: <u>6</u> Are the Link Units Demographically Restricted? <u>Yes</u> # of NHTF Units: <u>4</u>													

Lake County, Orlando-Kissimmee Sanford MSA

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	2	690	22%			\$286	\$97	\$189		\$189	\$189	\$189	\$ 4,536
1	1.0	7	690	35%			\$455	\$97	\$358		\$358	\$358	\$358	\$ 30,072
1	1.0	67	690	60%			\$781	\$97	\$684		\$684	\$684	\$684	\$ 549,936
2	2.0	28	984	60%			\$937	\$105	\$832		\$832	\$832	\$832	\$ 279,552
2	2.0	2	1,052	22%			\$343	\$105	\$238		\$238	\$238	\$238	\$ 5,712
2	2.0	4	1,052	35%			\$546	\$105	\$441		\$441	\$441	\$441	\$ 21,168
		110	86,304											\$ 890,976

The NHTF loan funding will subsidize additional deep-targeted units for Persons with Special Needs (NHTF Link units) at 22% AMI. The NHTF Link units will be in addition to the requirement to set aside 10% of the total units as ELI Set-Aside units (11 units) and the required number of Link Units for Persons with Special Needs. As such, the Development will be required to set aside 4 units as NHTF Link units, in addition to the ELI Set-Aside units.

The Applicant must set-aside 10% of the total units (11 units) as ELI set-aside units. The proposed Development must set aside 50% of the ELI set-aside units (6 units) as Link units for Persons with Special Needs. In order to meet the commitment to set aside ELI units as Link units for Persons with Special Needs, the Applicant must develop and execute a Memorandum of Understanding (“MOU”) with at least one designated Special Needs Household Referral Agency that provides

supportive services for Persons with Special Needs for the county where the proposed Development will be located (Lake County). The MOU was approved by Florida Housing Finance Corporation (“Florida Housing”, “FHFC”, or “Corporation”) on January 30, 2020.

After 15 years, all of the ELI Set-Aside units (11 units) may convert to serve residents at or below 60 percent AMI. After 30 years, all of the NHTF Link units (4 units) may convert to serve residents at or below 60 percent AMI. However, the Persons with Special Needs set-aside commitment must be maintained throughout the entire 50-year Compliance Period.

As required by the Federal Fair Housing Act, at least 80% of the total units will be rented to residents that qualify as Elderly.

Buildings: Residential - 1 Non-Residential - 0
 Parking: Parking Spaces - 165 Accessible Spaces - 6

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
MMRN/HC	100%	110	60%	50
SAIL/ELI	10%	11	35%	50
SAIL	90%	99	60%	50
NHTF	4%	4	22%	50

Absorption Rate: 16 units per month for 6.9 months.

Occupancy Rate at Stabilization: Physical Occupancy 96.00% Economic Occupancy 95.00%
 Occupancy Comments N/A - New Construction

DDA: No QCT: Yes Multi-Phase Boost: Yes QAP Boost: No
 Site Acreage: 8.32 Density: 13.22 Flood Zone Designation: X
 Zoning: Mixed Commerical/Residential (MCR) Flood Insurance Required?: No

DEVELOPMENT TEAM		
Applicant/Borrower:	HTG Valencia II, Ltd.	
General Partner	AM Affordable Housing, Inc.	0.0051%
Limited Partner	Raymond James Tax Credit Funds, Inc. ("RJTCF") or a Fund sponsored by RJTCF	99.99%
Special LP	HTG Valencia II, LLC	0.0049%
Construction Completion Guarantor(s):		
CC Guarantor 1:	HTG Valencia II, Ltd.	
CC Guarantor 2:	HTG Valencia II, LLC	
CC Guarantor 3:	AM Affordable Housing, Inc.	
CC Guarantor 4:	Matthew Rieger, Randy Rieger	
CC Guarantor 5:	HTG Valencia II Developer, LLC, HTG United Developer, LLC	
CC Guarantor 6:	HTG United, LLC, RER Family Partnership, Ltd.	
CC Guarantor 7:	Rieger Holdings, LLC, Balogh Family Partnership, LLC	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	HTG Valencia II, Ltd.	
OD Guarantor 2:	HTG Valencia II, LLC	
OD Guarantor 3:	AM Affordable Housing, Inc.	
OD Guarantor 4:	Matthew Rieger, Randy Rieger	
OD Guarantor 5:	HTG Valencia II Developer, LLC, HTG United Developer, LLC	
OD Guarantor 6:	HTG United, LLC, RER Family Partnership, Ltd.	
OD Guarantor 7:	Rieger Holdings, LLC, Balogh Family Partnership, LLC	
Note Purchaser	Fifth Third Bank during construction and Truist Bank and Freddie Mac during permanent	
Developer:	HTG Valencia II Developer, LLC	
Principal 1	HTG United Developer, LLC	
Principal 2	AM Affordable Housing, Inc.	
General Contractor 1:	HTG Hennessy, LLC	
Management Company:	HTG Management, LLC	
Syndicator:	RJTCF	
Note Issuer:	FHFC	
Architect:	Fugleberg Koch, LLC	
Market Study Provider:	Novogradac Consulting LLP ("Novogradac")	
Appraiser:	Novogradac	

PERMANENT FINANCING INFORMATION				
	1st Source	2nd Source	3rd Source	4th Source
Lien Position	First	Second	Third	Fourth
Lender/Grantor	FHFC/Truist Bank/Freddie Mac	FHFC - SAIL	FHFC - SAIL ELI	FHFC - NHTF
Amount	\$7,200,000	\$5,750,000	\$600,000	\$742,000
Underwritten Interest Rate	4.41%	1.00%	0.00%	0.00%
All In Interest Rate	4.41%	1.00%	0.00%	0.00%
Loan Term	15	15.5	15.5	30
Amortization	35	0	0	0
Market Rate/Market Financing LTV	58%	104%	108%	114%
Restricted Market Financing LTV	73%	132%	138%	146%
Loan to Cost - Cumulative	32%	57%	59%	63%
Loan to Cost - SAIL Only	N/A	25%	N/A	N/A
Debt Service Coverage	1.20	1.03	1.03	1.02
Operating Deficit Reserve	\$208,324			
# of Months covered by the Reserves	2.8			

Per Rule 67-48 the minimum Debt Service Coverage (“DSC”) ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. However, per Rule 67-48, if the Applicant defers at least 35% of its Developer Fee for at least six months following construction completion, the minimum DSC shall be 1.00x for the SAIL Loan, including all superior mortgages. The Applicant will be required to defer 35% of the Developer Fee for at least six months following construction completion as the SAIL Loan DSC is 1.03x.

The chart above shows the total term of the NHTF loan which is 30 years of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period.

Deferred Developer Fee	\$934,815
As-Is Land Value	\$1,400,000
Market Rent/Market Financing Stabilized Value	\$12,500,000
Rent Restricted Market Financing Stabilized Value	\$9,800,000
Projected Net Operating Income (NOI) - Year 1	\$516,745
Projected Net Operating Income (NOI) - 15 Year	\$627,025
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Note Structure	Private Placement
Housing Credit (HC) Syndication Price	\$0.95
HC Annual Allocation - Initial Award	\$730,000
HC Annual Allocation - Qualified in CUR	\$887,569
HC Annual Allocation - Equity Letter of Interest	\$798,680

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
FHFC - MMRN	FHFC/Fifth Third Bank/Truist Bank/Freddie Mac	\$11,500,000	\$7,200,000	\$65,455
FHFC - SAIL	FHFC	\$5,750,000	\$5,750,000	\$52,273
FHFC - SAIL ELI	FHFC	\$600,000	\$600,000	\$5,455
FHFC - NHTF	FHFC	\$742,000	\$742,000	\$6,745
HC Equity	RJTCF	\$2,655,345	\$7,586,700	\$68,970
Deferred Developer Fee	HTG Valencia II Developer, LLC	\$1,566,170	\$934,815	\$8,498
TOTAL		\$22,813,515	\$22,813,515	\$207,396

Credit Underwriter: First Housing

Date of Final CUR: February 20, 2020

TDC PU Limitation at Application: \$211,000 TDC PU Limitation at Credit Underwriting: \$217,330

Minimum 1st Mortgage per Rule: N/A Amount Dev. Fee Reduced for TDC Limit: \$0

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	X	1.
Are all funding sources the same as shown in the Application?		2-3.
Are all local government recommendations/contributions still in place at the level described in the Application?		3.
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?	X	
Does the applicant have site control at or above the level indicated in the Application?	X	
Does the applicant have adequate zoning as indicated in the Application?	X	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development costs remained equal to or less than those listed in the Application?		4.
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	X	
Is the Development in all other material respects the same as presented in the Application?		5-6.

The following are explanations of the changes from application:

1. The Applicant entity is currently owned by two general partners, HTG Valencia II, LLC and AM Affordable Housing, Inc. The Applicant has submitted a request, dated January 24, 2020, to change the ownership structure to take advantage of the Property Exemption under Florida Statute 196.1975. Please see Waiver Requests/Special Conditions for further information.

2. Since the application, the requested amount of Corporation issued MMRN has increased from \$10,000,000 to \$11,500,000 and was approved by Florida Housing on January 31, 2020.
3. The application indicated the Applicant would be receiving local governmental contributions in the amount of \$37,500 from Lake County; however, the Applicant will not be utilizing these funds.
4. The Total Development Cost (“TDC”) has increased by a total of \$3,375,066 from \$19,438,449 to \$22,813,515 or 17.36% since the application. The increase is mainly due to an increase in construction costs.
5. Since the application, the legal description has changed and was approved by Florida Housing on January 3, 2020.
6. Since the application, the development type has changed from Mid-Rise, 4 Stories to Garden Style Apartments which caused the NHTF loan to decrease from \$872,000 to \$742,000. Please see Waiver Requests/Special Conditions for additional information.

The above changes have no substantial material impact to the MMRN, SAIL, ELI, NHTF, or HC recommendation for this Development.

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

According to the FHFC Asset Management Noncompliance Report, dated August 12, 2019, the Development team has the following noncompliance item(s) not in the correction period:

- None

According to the FHFC Past Due report, dated January 27, 2020, the Development team has the following past due item(s):

- None

Closing of the loan is conditioned upon verification that any outstanding past due, and/or noncompliance items noted at the time closing and the issuance of the annual HC allocation recommended herein have been satisfied.

Strengths:

1. The Principals, Developer, General Contractor, and the Management Company are experienced in affordable multifamily housing.
2. The Principals have sufficient experience and substantial financial resources to develop and operate the proposed Development.
3. Based on the Market Study, the weighted average occupancy rate of the Low Income Housing Tax Credit (“LIHTC”) comparables is 99.7% and the weighted average occupancy rate of the market rate comparables is 98.4%

Issues and Concerns:

1. First Housing received a Statement of Financial Affairs, dated January 6, 2020, which indicates that Randy Rieger was a 33% owner of a 0.01% managing GP in a Florida limited liability company which was to develop a market-rate luxury/resort single-family property located in Marathon, FL. A land loan was secured through Iberia Bank to purchase the land around 2004/2005 with the intent to develop, but market conditions deteriorated, and the entity could not secure construction financing in order to move forward with the development. The entity was left with the land loan, which was extended twice before deed in lieu proceedings started. The limited liability company participated in a friendly foreclosure with Iberia Bank in 2011. Further, Randy Rieger was a 50% owner of a 0.01% managing GP in a Florida limited liability company which was to develop a hotel located in Marathon, FL. A land loan was secured through Iberia Bank to purchase the land with the intent to develop. Due to circumstances which were unforeseeable and not directly caused by Randy Rieger, the loan was in default. The loan was paid and fully settled in July 2014.

Mitigating Factors:

1. The deed in lieu of foreclosure occurred in 2011 and was not an affordable housing development, which meets the requirements of Rule 67-48. The default was paid and fully settled and was not related to an affordable housing development. First Housing is not aware of any other arrearages or material defaults outstanding.

Other Considerations:

None

Waiver Requests/Special Conditions:

1. The Applicant submitted a Petition for Waiver of Rules 67-21.003(8)(g) and 67-48.004(3)(g). The Applicant requested to change the Development's type from Mid-Rise, 4 Stories to Garden Style Apartments, 3-Stories. This request was approved at the October 31, 2019 Board Meeting.
2. The Invitation to Enter Credit Underwriting, dated May 13, 2019, indicates a preliminary commitment for an NHTF Loan in an amount up to \$872,000. This amount has decreased to \$742,000 as a result of the development changing from Mid-Rise, 4 Stories to Garden Style Apartments.
3. The Applicant entity is currently owned by two general partners, HTG Valencia II, LLC and AM Affordable Housing, Inc. Based on a letter, dated January 24, 2020, the Applicant has requested to change HTG Valencia II, LLC from a general partner to a special limited partner, to take advantage of the Property Tax Exemption under Florida Statute 196.1975.

Based on the RFA, the Applicant entity shall be the recipient of the Housing Credits, and the borrowing entity for the SAIL loan(s) and, if applicable, the MMRB loan, and cannot be changed in any way (material or non-materially) until after the closing of the loan(s). The Applicant has submitted a request to change the organizational structure which was received by Florida Housing and will be included in the March 6, 2020 FHFC Board Agenda. FHFC Board approval of the RFA Waiver is a condition to close.

Additional Information:

1. The Applicant has applied to Truist Bank to provide permanent funding ("Funding Loan") pursuant to the Freddie Mac Multifamily Direct Purchase of Tax-Exempt Loan Program ("TEL Program"). The Funding Loan is requested pursuant to any Federal, State or local requirements concerning the proposed tax-exempt private activity allocation and/or Low-Income Housing Tax Credit requirements. The Funding Loan will be originated by Truist Bank on behalf of FHFC ("Governmental Lender") for subsequent purchase by and delivery to Freddie Mac, shortly after closing. The proceeds of the Funding Loan will be used by FHFC to fund a mortgage loan with matching economic terms ("Project Loan") to the Applicant to finance the construction and permanent financing of the Development. The Funding Loan will be a non-recourse obligation of FHFC secured solely by receipts and revenues from the Project Loan and the collateral pledged (including a first mortgage lien with respect to the Development). Under the MMRN structure, the Funding Loan replaces the purchase by Freddie Mac of tax-exempt bonds.

2. Based on the TDC per unit limitations in effect as of the 6/15/18 Board Meeting, Florida Housing has set the TDC for RFA 2018-116, exclusive of land costs and Operating Reserves (“ODR”), to \$217,330 per unit for new construction Garden Apartments. The Development’s TDC, exclusive of land and ODR is \$21,205,191 or \$192,774 per unit, which is within the underwriting parameters.
3. The Applicant is required to provide a certification executed by the General Contractor for compliance with debarment and suspension regulations. First Housing has been in receipt of this certification.
4. The Applicant is required to comply with the HUD environmental requirements as provided in 24 CFR 93.301(f)(1) and (2). First Housing received confirmation from Florida Housing that the report has been received.
5. The Applicant is required to provide evidence demonstrating that the Development is consistent with the applicable Consolidated Plan. First Housing has been in receipt of this certification.

Recommendation:

First Housing recommends Tax-Exempt MMRN in the amount of \$11,500,000, a SAIL Loan in the amount of \$5,750,000, an ELI Loan in the amount of \$600,000, a NHTF Loan in the amount of \$742,000 and an annual 4% HC Allocation of \$887,569 for the construction and permanent financing of the Development.

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

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

Prepared by:



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Senior Credit Underwriter

Reviewed by:



Edward Busansky
Senior Vice President

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
FHFC - MMRN	FHFC/Fifth Third Bank	\$10,000,000	\$11,500,000	\$11,500,000	3.91%	\$449,650
FHFC - SAIL	FHFC	\$5,750,000	\$5,750,000	\$5,750,000	1.00%	\$57,500
FHFC - SAIL ELI	FHFC	\$600,000	\$600,000	\$600,000	0.00%	\$0
FHFC - NHTF	FHFC	\$0	\$872,000	\$742,000	0.00%	\$0
HC Equity	RJTCF	\$3,394,000	\$2,658,950	\$2,655,345	N/A	N/A
Deferred Developer Fee	HTG Valencia II Developer, LLC	\$2,300,000	\$672,851	\$1,566,170	N/A	N/A
Total		\$22,044,000	\$22,053,801	\$22,813,515		\$507,150

First Mortgage:

First Housing has reviewed a term sheet, dated December 19, 2019, which indicates that Fifth Third Bank will provide a construction loan in an amount equal to the least of: \$11,500,000, an amount not to exceed 90% of the advance rate on the combined residual LIHTC equity and permanent loan funds available to repay the construction loan, 65% of the total project costs, and 75% LTV based on the value of the LIHTC plus the “As Stabilized” appraised value of the development based on the restricted rent value. The loan will require interest only payments for the term of the loan, which is expected to be for 24 months from the loan closing. A six-month extension option is available subject to approval from Fifth Third Bank. The interest rate of the construction loan will be a floating rate based on the London Interbank Offered Rate (“LIBOR”) 30-day floating rate plus a 2.0% spread. The construction loan interest is calculated based on the 30-day LIBOR floating rate of 1.66%, as of January 21, 2020, plus 200 basis points (“bps”) spread, and a 25 bps underwriting cushion for an all-in rate of 3.91%.

The annual FHFC Issuer Fee of 24 bps and Fiscal Agent Fee of \$4,250 are included in the Uses section of this report.

FHFC SAIL, ELI, and NHTF Loans:

First Housing reviewed an invitation to enter credit underwriting, dated May 13, 2019, from FHFC with a preliminary SAIL Loan in the amount of \$5,750,000, a preliminary ELI loan in the amount of \$600,000, and a preliminary NHTF Loan in the amount of \$872,000, which has decreased to \$742,000.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of up to 18 years, of which 2.5 years is for the

construction/stabilization period and 15.5 years is for the permanent period. As required by Freddie Mac, the first mortgage lender, and permitted by Rule Chapter 67-48, the SAIL Loan term will be coterminous with the first mortgage plus six months. Annual payments of all applicable fees will be required. The Applicant shall not be obligated to pay more than 75% of development surplus cash flow on an annual basis as required and defined by Freddie Mac's Regulatory Agreement. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

The ELI loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan term of up to 18 years, of which 2.5 years is for the construction/stabilization period and 15.5 years is for the permanent period. As required by Freddie Mac, the first mortgage lender, the ELI Loan term will be coterminous with the first mortgage plus six months. Annual payments of all applicable fees will be required. Principal is forgivable at maturity, provided the units for which the ELI Loan amount is awarded are targeted to ELI households for the first 15 years of the 50-year Compliance Period. However, after 15 years, all of the ELI set aside units may convert to serve residents at or below 60% AMI. The Persons with Special Needs set aside requirement must be maintained through the entire 50-year Compliance Period.

The NHTF Loan is a forgivable loan with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total term of 30 years, of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period. After 30 years all of the NHTF Link units may convert to serve residents at or below 60% AMI; however, the Persons with Special Needs set aside commitments must be maintained throughout the entire 50-year Compliance Period. The principal will be forgiven at maturity provided the units for which the NHTF Loan amount is awarded are targeted as NHTF Link units for the first 30 years of the 50-year Compliance Period.

Housing Credit Equity:

First Housing has reviewed a letter of interest, dated February 4, 2020, indicating RJTCF or a Fund sponsored by RJTCF, will acquire 99.99% ownership interest in the Partnership. Based on the letter of interest, the annual HC allocation is estimated to be in the amount of \$798,680 and the syndication rate is anticipated to be \$0.95 per dollar. RJTCF anticipates a net capital contribution of \$7,586,700 and has committed to make available 35.00% or \$2,655,345 of the total net equity during the construction period. An additional \$4,931,355 will be available at stabilization, and completion of the cost certification. The first installment, in the amount of \$1,138,005 or 15.00%, meets the FHFC requirement that at least 15% of the total equity must be contributed at or prior to the closing.

Deferred Developer Fee:

In order to balance the sources and uses of funds during the construction period, the Developer must defer \$1,566,170 or 48.42% of the total Developer Fee of \$3,234,690 during the construction period.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
FHFC - MMRN	FHFC/Truist Bank/Freddie Mac	\$6,000,000	\$7,200,000	\$7,200,000	15	35	4.41%	\$404,091
FHFC - SAIL	FHFC	\$5,750,000	\$5,750,000	\$5,750,000	15.5	0	1.00%	\$57,500
FHFC - SAIL ELI	FHFC	\$600,000	\$600,000	\$600,000	15.5	0	0.00%	\$0
FHFC - NHTF	FHFC	\$0	\$872,000	\$742,000	30	0	0.00%	\$0
Local Government Subsidy	Lake County	\$37,500	\$0	\$0	0	0	0.00%	\$0
HC Equity	RJTCF	\$6,788,000	\$7,597,000	\$7,586,700	N/A	N/A	N/A	N/A
Deferred Developer Fee	HTG Valencia II Developer, LLC	\$2,300,000	\$786,781	\$934,815	N/A	N/A	N/A	N/A
Total		\$21,475,500	\$22,805,781	\$22,813,515				\$461,591

First Mortgage:

The \$11,500,000 construction loan is projected to be paid down to \$7,200,000 with the equity and loan proceeds based upon the first mortgage lender’s conversion requirements. First Housing has reviewed a mortgage loan application from Truist Bank, dated January 8, 2020, to provide a permanent loan through the Freddie Mac Multifamily Direct Purchase of TEL Program. The loan amount is up to \$7,200,000 and has a term of 15 years with a 35-year amortization period. The interest rate will be locked at loan commitment and is currently estimated to be the 10-year U.S. Treasury Security plus a spread of 2.38%. The Treasury Floor is set at 1.67%. The permanent loan interest is calculated based on the 10-year Treasury rate of 1.78% (as of January 21, 2020) plus 238 bps spread, and a 25 bps underwriting cushion for an all-in rate of 4.41%.

The permanent Note will mature 15 years following the termination of the construction phase and conversion to the permanent phase. At maturity, the Applicant may satisfy the Note via refinancing or sale of the Development pending market feasibility. In the event the Applicant is unable to refinance or sell the Development, then an event of default would not be triggered under the loan documents. Instead, a “Mortgage Assignment Event” would occur whereby Freddie Mac agrees to cancel the Note in exchange for an assignment, by the Fiscal Agent, of the mortgage and all other related documents and accounts. The Fiscal Agent would cancel the Note and discharge the lien of the Funding Loan agreement. Then the Fiscal Agent would assign the mortgage loan and any other related documents and collateral to Freddie Mac, effectively ending the tax-exempt financing provided by FHFC. Under this scenario, the Note will have been redeemed/cancelled not by payment of cash but by the assignment of the mortgage loan documents; therefore, there is no default. As the new direct mortgagee, Freddie Mac would then be in a position to work with the Applicant to arrive at a resolution without involvement of either FHFC or the Fiscal Agent (as the Note would have been cancelled and would no longer be outstanding).

Additional fees included in the Debt Service calculation consist of an annual Permanent Loan Servicing Fee, an annual Compliance Monitoring Fee, an annual Issuer Fee of 24 bps, and an annual Fiscal Agent Fee of \$4,250. The annual Permanent Loan Servicing Fee is based upon a fee of 2.3 bps of the outstanding loan amount, with a minimum monthly fee of \$219. The annual Compliance Monitoring Fee is based upon a total fee which is comprised of a base fee of \$171 per month plus an additional fee per set-aside unit of \$10.46 per year, subject to a minimum of \$267 per month.

FHFC SAIL, ELI, and NHTF Loans:

First Housing reviewed an invitation to enter credit underwriting, dated May 13, 2019, from FHFC with a preliminary SAIL Loan in the amount of \$5,750,000, a preliminary ELI loan in the amount of \$600,000, and a preliminary NHTF Loan in the amount of \$872,000, which has decreased to \$742,000.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of up to 18 years, of which 2.5 years is for the construction/stabilization period and 15.5 years is for the permanent period. As required by Freddie Mac, the first mortgage lender, and permitted by Rule Chapter 67-48, the SAIL Loan term will be coterminous with the first mortgage plus six months. Annual payments of all applicable fees will be required. The Applicant shall not be obligated to pay more than 75% of development surplus cash flow on an annual basis as required and defined by Freddie Mac's Regulatory Agreement. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

The ELI loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan term of up to 18 years, of which 2.5 years is for the construction/stabilization period and 15.5 years is for the permanent period. As required by Freddie Mac, the first mortgage lender, the ELI Loan term will be coterminous with the first mortgage plus six months. Annual payments of all applicable fees will be required. Principal is forgivable at maturity, provided the units for which the ELI Loan amount is awarded are targeted to ELI households for the first 15 years of the 50-year Compliance Period. However, after 15 years, all of the ELI set aside units may convert to serve residents at or below 60% AMI. The Persons with Special Needs set aside requirement must be maintained through the entire 50-year Compliance Period.

The NHTF Loan is a forgivable loan with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total term of 30 years, of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period. After 30 years all of the NHTF Link units may convert to serve residents at or below 60% AMI; however, the Persons

with Special Needs set aside commitments must be maintained throughout the entire 50-year Compliance Period. The principal will be forgiven at maturity provided the units for which the NHTF Loan amount is awarded are targeted as NHTF Link units for the first 30 years of the 50-year Compliance Period.

The annual multiple program Compliance Monitoring Fee is \$953 for each of the SAIL, ELI, and NHTF loans. The annual Permanent Loan Servicing Fee is based upon the outstanding loan amounts, with a fee of 25 bps of the outstanding loan amount, with a minimum monthly fee of \$219 for each loan, and a maximum monthly fee of \$873 for each loan.

Housing Credit Equity:

The Applicant has applied to FHFC to receive 4% Housing Credits directly from the U.S. Treasury in conjunction with tax exempt financing. A HC calculation is contained in Exhibit 2 of this credit underwriting report. Based on the letter of interest, dated February 4, 2020, RJTCF or a Fund sponsored by RJTCF, will provide HC equity as follows:

Syndication Contributions

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$1,138,005	15.00%	Closing
2nd Installment	\$379,335	5.00%	50% Construction Completion
3rd Installment	\$1,138,005	15.00%	98% Construction Completion
4th Installment	\$4,931,355	65.00%	Stabilization and receipt of 8609s
Total	\$7,586,700	100.00%	

Annual Credit Per Syndication Agreement	\$798,680
Calculated HC Exchange Rate	\$0.95
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	\$2,655,345

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer \$934,815 or 28.90% of the total Developer Fee of \$3,234,690.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
New Rental Units	\$10,286,500	\$11,847,811	\$11,514,825	\$104,680	\$118,478
Site Work	\$0	\$0	\$332,986	\$3,027	\$0
Constr. Contr. Costs subject to GC Fee	\$10,286,500	\$11,847,811	\$11,847,811	\$107,707	\$118,478
General Conditions	\$1,440,110	\$710,869	\$710,869	\$6,462	\$0
Overhead	\$0	\$236,956	\$236,956	\$2,154	\$0
Profit	\$0	\$710,869	\$710,869	\$6,462	\$0
General Liability Insurance	\$0	\$189,960	\$76,221	\$693	\$0
Payment and Performance Bonds	\$0	\$0	\$113,739	\$1,034	\$0
Total Construction Contract/Costs	\$11,726,610	\$13,696,465	\$13,696,464	\$124,513	\$118,478
Hard Cost Contingency	\$586,331	\$652,213	\$675,325	\$6,139	\$0
FF&E paid outside Constr. Contr.	\$150,000	\$380,000	\$380,000	\$3,455	\$190,000
Total Construction Costs:	\$12,462,941	\$14,728,678	\$14,751,789	\$134,107	\$308,478

Notes to the Total Construction Costs:

1. The Applicant has provided a construction contract, dated December 23, 2019, in the amount of \$13,696,463.75. This is a Standard Form of Agreement between Owner, HTG Valencia II, Ltd. and Contractor, HTG Hennessy, LLC, where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price (“GMP”). Per this contract, substantial completion is to be achieved by no later than 365 days from the date of commencement. The construction contract specifies retainage withheld by the Owner in each Application for Payment shall be in the amount of 10% based on percentage of Cost of Work completed per draw. Subject to Owner’s approval, when the total cost of work has reached 50%, no retainage shall be withheld.
2. First Housing received a First Amendment to the Valencia Grove II Construction Contract, dated January 8, 2020. The agreement clarifies that adjustable shelving is included in the master closets and does not affect the GMP.
3. First Housing utilized the Schedule of Values (“SOV”) to breakout the construction costs. The GMP is \$13,696,463.75; however, the above chart rounds this number to the nearest dollar.
4. Since the Applicant will be renting the washers/dryers to the residents, the estimated cost of \$118,478 to purchase these appliances is ineligible.
5. First Housing received the Section 3 clause. The Development must meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended.

6. First Housing adjusted Hard Cost Contingency to 5% of the total construction contract (excluding Payment and Performance Bonds (“P&P Bonds”) and General Liability Insurance), which is within the allowable 5% of total hard costs for new construction developments as required by Rule Chapters 67-48 and 67-21.
7. The General Contractor (“GC”) fee of \$1,658,693.49 is within the maximum 14% of hard costs allowed by Rule Chapters 67-48 and 67-21, excluding P&P Bonds and General Liability Insurance as these are typically outside of the contract. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process as per Rule Chapters 67-48 and 67-21.
8. The GC Contract includes \$853,297 in Allowances, which is approximately 6.23% of the GMP. The allowances are as follows:

Pool and spa with swimming pool ADA lift	\$112,750
Trusses	\$259,444
Lighting package	\$188,000
Appliances	\$293,103

9. The Applicant has budgeted for a P&P Bond to secure the construction contract.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	\$40,000	\$40,000	\$40,000	\$364	\$10,000
Appraisal	\$10,000	\$10,000	\$4,000	\$36	\$0
Architect's Fee - Site/Building Design	\$269,712	\$310,650	\$310,650	\$2,824	\$0
Architect's Fee - Supervision	\$60,000	\$60,000	\$60,000	\$545	\$0
Building Permits	\$123,438	\$142,174	\$142,174	\$1,292	\$0
Builder's Risk Insurance	\$102,865	\$118,478	\$118,478	\$1,077	\$0
Engineering Fees	\$30,000	\$30,000	\$30,000	\$273	\$0
Environmental Report	\$10,000	\$10,000	\$10,000	\$91	\$0
FHFC Administrative Fees	\$65,375	\$71,979	\$48,816	\$444	\$48,816
FHFC Application Fee	\$4,000	\$4,000	\$3,000	\$27	\$3,000
FHFC Credit Underwriting Fee	\$15,015	\$30,000	\$29,268	\$266	\$29,268
FHFC Compliance Fee	\$190,000	\$190,000	\$0	\$0	\$0
Impact Fee	\$439,219	\$439,219	\$439,219	\$3,993	\$0
Lender Inspection Fees / Const Admin	\$20,000	\$20,000	\$20,000	\$182	\$0
Insurance	\$44,000	\$35,750	\$35,750	\$325	\$0
Legal Fees - Organizational Costs	\$200,000	\$200,000	\$200,000	\$1,818	\$7,500
Market Study	\$10,000	\$10,000	\$5,000	\$45	\$5,000
Marketing and Advertising	\$75,000	\$75,000	\$75,000	\$682	\$75,000
Plan and Cost Review Analysis	\$5,000	\$5,000	\$2,500	\$23	\$0
Property Taxes	\$2,000	\$2,000	\$2,000	\$18	\$0
Soil Test	\$5,000	\$5,000	\$5,000	\$45	\$0
Survey	\$25,000	\$25,000	\$25,000	\$227	\$0
Title Insurance and Recording Fees	\$178,975	\$205,155	\$205,155	\$1,865	\$102,578
Utility Connection Fees	\$68,884	\$68,884	\$68,884	\$626	\$0
Soft Cost Contingency	\$99,424	\$105,564	\$93,994	\$854	\$0
Total General Development Costs:	\$2,092,907	\$2,213,853	\$1,973,888	\$17,944	\$281,162

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. First Housing has utilized actual costs for: FHFC Application Fee, FHFC Credit Underwriting, Market Study, Appraisal, and Plan and Cost Analysis ("PCA").
3. The FHFC Administrative Fee is based on 5.5% of the recommended annual 4% Housing Credit allocation.
4. First Housing adjusted the Soft Cost Contingency to be 5% of the General Development Costs less the soft cost contingency, as allowed by the RFA and Rules 67-48 and 67-21 for new construction developments.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Commitment Fee	\$94,500	\$57,500	\$57,500	\$523	\$0
Construction Loan Closing Costs	\$18,900	\$23,000	\$23,000	\$209	\$0
Construction Loan Interest	\$546,336	\$534,443	\$629,510	\$5,723	\$0
Permanent Loan Application Fee	\$0	\$3,000	\$7,200	\$65	\$7,200
Permanent Loan Commitment Fee	\$60,000	\$144,000	\$0	\$0	\$0
Permanent Loan Origination Fee	\$0	\$0	\$99,000	\$900	\$99,000
Permanent Loan Closing Costs	\$12,000	\$14,400	\$14,400	\$131	\$14,400
FHFC Note Fiscal Agent Fee	\$0	\$0	\$10,625	\$97	\$10,625
FHFC Note Cost of Issuance	\$0	\$245,075	\$232,089	\$2,110	\$232,089
SAIL Commitment Fee	\$0	\$0	\$57,500	\$523	\$57,500
SAIL-ELI Commitment Fee	\$0	\$0	\$6,000	\$55	\$6,000
Other: FHFC Note Issuer Fee	\$0	\$0	\$69,000	\$627	\$69,000
Other: Initial TEFRA Fee	\$0	\$0	\$1,000	\$9	\$1,000
Other: Placement Agent/Underwriter Fee	\$0	\$0	\$38,000	\$345	\$38,000
Total Financial Costs:	\$731,736	\$1,021,418	\$1,244,824	\$11,317	\$534,814
Dev. Costs before Acq., Dev. Fee & Reserves	\$15,287,584	\$17,963,949	\$17,970,501	\$163,368	\$1,124,454

Notes to the Financial Costs:

1. The Construction Loan Commitment Fee is based on 0.50% of the loan amount of \$11,500,000.
2. The Construction Loan Interest of \$629,510 is based on an interest rate of 3.91%, a 30-month term, and an average outstanding loan balance of 56%.
3. Based on the mortgage loan application, dated January 8, 2020, a non-refundable application fee equal to the greater of \$3,000 or 0.1% (\$7,200) of the proposed loan amount is payable to Freddie Mac.
4. Based on the mortgage loan application, dated January 8, 2020, a commitment fee of 2% of the Funding Loan amount is due prior to rate lock to Freddie Mac and will be refundable at conversion. Since the amount is refundable, the cost has not been included.
5. The Permanent Loan Origination Fee of \$99,000 consists of a loan placement fee of \$72,000 and a standby fee of \$27,000 . Based on the mortgage loan application, dated January 8, 2020, a 1% loan placement fee of the final loan amount is required at closing and a standby fee of 0.15% per annum on the unpaid principal balance for each year of the construction phase (estimated at 2.5 years) is required.
6. The FHFC Note Fiscal Agent Fee represents 2.5 years of the annual Fiscal Agent Fee of \$4,250 during the construction period.

7. FHFC Note Cost of Issuance (“COI”) includes MMRN, SAIL, ELI, NHTF Loan Closing Costs, and expenses of the Fiscal Agent, Real Estate Counsel, MMRN Counsel, Disclosure Counsel, and other fees.
8. SAIL Commitment Fee is based on 1% of the SAIL Loan.
9. ELI Commitment Fee is based on 1% of the ELI Loan.
10. The FHFC Note Issuer Fee is based on an annual Issuer Fee of 24 bps on the total MMRN amount during the construction period.

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

Notes to the Non-Land Acquisition Costs:

1. As this is new construction, there are no non-land acquisition costs.

DEVELOPER FEE ON NON-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Developer Fee - Unapportioned	\$2,750,865	\$3,233,510	\$3,234,690	\$29,406	\$0
Total Other Development Costs:	\$2,750,865	\$3,233,510	\$3,234,690	\$29,406	\$0

Notes to the Developer Fee on Non-Acquisition Costs:

1. The recommended Developer's Fee does not exceed 18% of Total Development Cost before Developer Fee, land acquisition costs, and ODR as allowed by RFA 2018-116 and Rule Chapters 67-48 and 67-21.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Land	\$1,400,000	\$1,400,000	\$1,400,000	\$12,727	\$1,400,000
Total Acquisition Costs:	\$1,400,000	\$1,400,000	\$1,400,000	\$12,727	\$1,400,000

Notes to Land Acquisition Costs:

1. First Housing has reviewed an Agreement of Purchase and Sale, dated April 24, 2018, between John R. Prickett Jr. (“Seller”) and Housing Trust Group, LLC (“Buyer”).

According to the terms of the Agreement, along with two amendments, the purchase price is \$1,400,000, with a closing date of 120 days after the expiration of the Investigation Period (September 12, 2019). The Buyer is entitled to one 165-day extension to be applied to the closing date. The closing date has been extended to June 23, 2020.

2. First Housing reviewed an Assignment of Agreement, dated October 9, 2018, where Housing Trust Group, LLC assigned all of its rights to HTG Valencia II, Ltd.
3. The appraisal, dated January 27, 2020, indicated that the market value “as is” of the unencumbered fee simple interest in the site, free and clear of financing, as of November 14, 2019, is \$1,400,000 . Therefore, the appraisal supports the purchase price.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Operating Deficit Reserve (Syndicator)	\$0	\$208,324	\$208,324	\$1,894	\$208,324
Total Reserve Accounts:	\$0	\$208,324	\$208,324	\$1,894	\$208,324

Notes to Reserve Accounts:

1. An Operating Deficit Reserve (“ODR”) required by the Syndicator in the estimated amount of \$208,324 (equivalent to 3 months’ operating expenses, debt service and replacement reserves) will be funded upon the Stabilized Capital Contribution. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in Rule Chapters 67-48 and 67-21. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its legal counsel.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	\$19,438,449	\$22,805,783	\$22,813,515	\$207,396	\$2,732,778

Notes to Total Development Costs:

1. The TDC has increased by a total of \$3,375,066 from \$19,438,449 to \$22,813,515 or 17.36% since the application. The increase is mainly due to an increase in construction costs.

Operating Pro Forma – Valencia Grove II

FINANCIAL COSTS:		Year 1	Year 1 Per Unit
OPERATING PRO FORMA			
INCOME:	Gross Potential Rental Income	\$890,976	\$8,100
	Other Income		
	Miscellaneous	\$6,550	\$60
	Washer/Dryer Rentals	\$56,430	\$513
	Gross Potential Income	\$953,956	\$8,672
	Less:		
	Physical Vac. Loss Percentage: 4.00%	\$38,158	\$347
	Collection Loss Percentage: 1.00%	\$9,540	\$87
	Total Effective Gross Income	\$906,258	\$8,239
EXPENSES:	Fixed:		
	Real Estate Taxes	\$0	\$0
	Insurance	\$35,750	\$325
	Variable:		
	Management Fee Percentage: 5.00%	\$45,313	\$412
	General and Administrative	\$33,000	\$300
	Payroll Expenses	\$122,000	\$1,109
	Utilities	\$41,250	\$375
	Maintenance and Repairs/Pest Control	\$66,000	\$600
	Other	\$13,200	\$120
	Reserve for Replacements	\$33,000	\$300
Total Expenses	\$389,513	\$3,541	
Net Operating Income	\$516,745	\$4,698	
Debt Service Payments			
First Mortgage - FHFC/Truist Bank/Freddie Mac	\$404,091	\$3,674	
Second Mortgage - FHFC - SAIL	\$57,500	\$523	
Third Mortgage - FHFC - ELI	\$0	\$0	
Fourth Mortgage - FHFC - NHTF	\$0	\$0	
First Mortgage Fees - FHFC/Truist Bank/Freddie	\$27,248	\$248	
Second Mortgage Fees - FHFC - SAIL	\$11,429	\$104	
Third Mortgage Fees - FHFC - ELI	\$3,581	\$33	
Fourth Mortgage Fees - FHFC - NHTF	\$3,581	\$33	
Total Debt Service Payments	\$507,430	\$4,613	
Cash Flow after Debt Service	\$9,315	\$85	
Debt Service Coverage Ratios			
DSC - First Mortgage plus Fees	1.20x		
DSC - Second Mortgage plus Fees	1.03x		
DSC - Third Mortgage plus Fees	1.03x		
DSC - Fourth Mortgage plus Fee	1.02x		
Financial Ratios			
Operating Expense Ratio	42.98%		
Break-even Economic Occupancy Ratio (all debt)	94.27%		

Notes to the Operating Pro Forma and Ratios:

1. The MMRN program does not impose any rent restrictions. However, in conjunction with the MMRN this Development will be utilizing Housing Credits, SAIL, ELI and

NHTF financing which will impose rent restrictions. The LIHTC rent levels are based on the 2019 maximum LIHTC rents published on FHFC’s website for Lake County less the utility allowance.

Lake County, Orlando-Kissimmee Sanford MSA

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	2	690	22%			\$286	\$97	\$189		\$189	\$189	\$189	\$ 4,536
1	1.0	7	690	35%			\$455	\$97	\$358		\$358	\$358	\$358	\$ 30,072
1	1.0	67	690	60%			\$781	\$97	\$684		\$684	\$684	\$684	\$ 549,936
2	2.0	28	984	60%			\$937	\$105	\$832		\$832	\$832	\$832	\$ 279,552
2	2.0	2	1,052	22%			\$343	\$105	\$238		\$238	\$238	\$238	\$ 5,712
2	2.0	4	1,052	35%			\$546	\$105	\$441		\$441	\$441	\$441	\$ 21,168
		110	86,304											\$ 890,976

2. The Vacancy and Collection loss rate of 5.00% is based on First Housing’s estimate and is supported by the appraisal.
3. Miscellaneous Income is comprised of revenue from forfeited deposits, vending machines, late charges, etc.
4. The Development will offer full-size washer/dryers to rent to the residents at \$45 per month. First Housing has estimated a penetration rate of 95% with is supported by the appraisal.
5. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.
6. The Development will seek ad valorem property tax exemption under Florida Statute 196.1975. Receipt of real estate counsel’s opinion letter verifying the proposed organizational structure meets the requirements under this statute is a condition to close.
7. The Applicant has submitted a Property Management Agreement between HTG Valencia II, Ltd and HTG Management, LLC (“Manager”). The Agreement states the Manager shall receive a monthly fee of \$2,500 or 4% of the monthly gross collections, whichever is greater. At the end of each year, if debt coverage ratio achieved was greater than 1.20, the Manager shall be entitled to receive an additional incentive fee of up to 2% of gross collections. In no case shall the management fee be more than 6% of the year’s gross collection. First Housing has utilized a management fee of 5%. The

Management Agreement mentions the allowance of additional compensations, if approved by Owner or Owners' Representative. The additional compensations will not be recognized as an expense to the Development when calculating the SAIL loan interest payment.

8. The tenant is responsible for electric, gas, water and sewer. The landlord is responsible for trash expenses.
9. Replacement Reserves of \$300 per unit per year are required, per Rule Chapters 67-48 and 67-21.
10. First Housing has included an additional \$120 per unit per year in operational expenses to be more conservative.
11. Refer to Exhibit I, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses increasing at an annual rate of 3%.
12. Per Rule 67-48, the minimum DSC ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. However, per Rule 67-48, if the Applicant defers at least 35% of its Developer Fee for at least six months following construction completion, the minimum DSC shall be 1.00x for the SAIL Loan, including all superior mortgages. The Applicant will be required to defer 35% of the Developer Fee for at least six months following construction completion, since the SAIL Loan DSC is 1.03x.
13. The Break-even Economic Occupancy Ratio includes all debt; however, the SAIL Loan interest payment is based on available cash flow. This ratio would improve to 88.25% if the SAIL Loan interest payment is not included in the calculation.

Section B

MMRN, SAIL, ELI, and NHTF Loan Special and General Conditions

HC Allocation Recommendation and Contingencies

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least 30 days prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the MMRN pricing date and/or MMRN, SAIL, ELI and NHTF Loan closing date. For competitive MMRN sales, these items must be reviewed and approved prior to issuance of the notice of MMRN sale:

1. Receipt and satisfactory review of the Final signed, sealed “approved for construction” plans and specifications by the Construction Consultant and the Servicer.
2. FHFC Board approval of the RFA Waiver regarding the requested organizational structure change.
3. Receipt of an Amended Operating Agreement for HTG Valencia II, LLC reflecting the correct ownership interests for Alexandra B. Balogh Irrevocable Ins Trust and Andrew C. Balogh Irrevocable Ins Trust.
4. Receipt of Applicant’s counsel’s opinion letter verifying the Development will meet the requirements under Florida Statute 196.1975.
5. Firm Commitment from Fifth Third Bank (construction financing) and Truist Bank (permanent financing) with terms and conditions that are not substantially different than those utilized in this credit underwriting report.
6. Satisfactory receipt and review of updated financials for the Guarantors, dated within 90 days of closing if un-audited and within a year of closing if audited.
7. Completion of the HUD Section 3 pre-construction conference.
8. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u and 24CFR Part 135).
9. Per Rule 67-48, the minimum Debt Service Coverage (“DSC”) ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. However, per Rule 67-48, if the Applicant defers at least 35% of its Developer Fee for at least six months following construction completion, the minimum DSC shall be 1.00x for the SAIL Loan, including all superior mortgages. The Applicant will be required to defer 35% of the Developer Fee for at least six months following construction completion, since the SAIL Loan DSC is 1.03x.

10. Satisfactory receipt of the Affirmative Fair Housing Marketing Plan.
11. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

General Conditions

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

1. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.0025 (5) F.A.C. and 67-48.0075 (5) F.A.C. of an Applicant or a Developer).
2. On Solid Ground, LLC (“OSG”) is to act as construction inspector during the construction phase.
3. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first mortgage lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development Costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing’s judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.
4. Construction Period Developer Fee shall be the lessor of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer.

Once the Development has achieved 100% lien free completion and retainage has been released, the Post-Construction Period Developer Fee may be funded. Post-Construction Period Developer Fee is the remaining portion of Developer Fee less Deferred Developer Fee listed in the Sources and Uses for the permanent period, as calculated by the Servicer.

5. Signed and sealed survey, dated within 90 days of loan closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
6. Building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, Department of Transportation, etc.) or a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
7. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications, if applicable.
8. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction loan interest based upon the final draw schedule, documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Construction Loan Agreement as the approved development budget.
9. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL Program loan proceeds shall be disbursed during the construction phase in an amount per draw that does not exceed the ratio of the SAIL Loan to the Total Development Costs, unless approved by First Housing. ELI Loan proceeds shall be disbursed during the construction phase in an amount per draw which does not exceed the ratio of the ELI Loan to the Total Development Costs, unless approved by First Housing. NHTF Loan proceeds shall be disbursed during the construction phase in an amount per draw which does not exceed the ratio of the NHTF Loan to the Total Development Costs, unless approved by First Housing. The closing draw must include appropriate backup and ACH wiring instructions.
10. Evidence of insurance coverage pursuant to the RFA governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

11. A 100% Payment and Performance Bond or a Letter of Credit (“LOC”) in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the GC and the Borrower. In either case, Florida Housing must be listed as co-obligee and the terms must not adversely affect the Corporation’s interest. The P&P Bonds must be from a company rated at least "A-" by A.M. Best & Co with a financial size category of at least FSC VI. FHFC, and/or Legal Counsel must approve the source, amount(s) and all terms of the P&P Bonds. The LOC must be issued by a financial institution with a senior long term (or equivalent) credit rating of at least “Baa3” by Moody’s, or at least “BBB-” by Standard & Poor’s or Fitch or a financial rating of at least 175 by IDC Financial Publishing. The LOC must include evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.
12. Architect, Construction Consultant, and Developer Certifications on forms provided by FHFC will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.
13. Borrower is to comply with any and all recommendations noted in the PCA, prepared by OSG.
14. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its Legal Counsel.
15. A copy of an Amended and Restated Limited Partnership Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Limited Partnership Agreement shall be in a form and of financial substance satisfactory to Servicer and to FHFC and its Legal Counsel.

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

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/manager(s) of the Borrower, the guarantor, and any limited partners of the Borrower.
2. Award of 4% Housing Credits and purchase of HC by RJTCF or an affiliate, under terms consistent with the assumptions of this report.
3. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
4. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 180 days of closing, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations and remediation restrictions noted in the Environmental Assessment(s) and Updates and the Environmental Review, if applicable.
5. Title insurance pro forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loans naming FHFC as the insured. All endorsements required by FHFC shall be provided.
6. Florida Housing and its Legal Counsel shall review and approve all other lenders closing documents and the limited partnership agreement or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.
7. Evidence of insurance coverage pursuant to the RFA governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

8. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager;
 - b. Authorization, execution, and delivery by the Borrower and the guarantor, of all Loan(s) documents;
 - c. The Loan(s) documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. The Borrower's and the Guarantor's execution, delivery and performance of the Loan(s) documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement and;
 - e. Such other matters as Florida Housing or its Legal Counsel may require.
9. Evidence of compliance with the local concurrency laws, if applicable.
10. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its Legal Counsel in form and substance acceptable to Florida Housing or its Legal Counsel, in connection with the Loan(s).
11. UCC Searches for the Borrower, its partnerships, as requested by Counsel.
12. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

Additional Conditions

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

1. Compliance with all provisions of Sections 420.507, 420.5087, and 420.509, Florida Statutes, Rule Chapter 67-21, F.A.C. (MMRN and Non-Competitive 4% Housing Credits), Rule Chapter 67-48 F.A.C. (SAIL), Rule Chapter 67-53, F.A.C., Rule Chapter

67-60 F.A.C., RFA 2018-116, Section 42 I.R.C (Housing Credits), and any other State or Federal requirements.

2. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRN, SAIL, ELI, and NHTF Loans in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), and the Land Use Restriction Agreement(s) and/or Extended Land Use Agreement(s) and Final Cost Certificate.
3. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and RJTCF or an affiliate, that requires funding of all HC Equity Installments during construction, even if the Applicant is in default under the Limited Partnership Agreement.
4. All amounts necessary to complete construction must be deposited with the Fiscal Agent prior to closing, or any phased HC Equity pay-in amount necessary to complete construction shall be contingent upon an obligation of the entity providing payments, regardless of any default under any documents relating to the HC's, as long as the First Mortgage continues to be funded. Notwithstanding the foregoing, at least 15% of all HC Equity (but not less than provided for in the Syndication Agreement or such higher amount as recommended by First Housing) shall be deposited with the Fiscal Agent at the MMRN closing unless a lesser amount is approved by FHFC prior to closing.
5. Guarantors to provide the standard FHFC Construction Completion Guaranty, to be released upon lien-free completion, as approved by the Servicer.
6. For the MMRN, Guarantors are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15x debt service coverage ratio on the MMRN as determined by FHFC or the Servicer and 90 percent occupancy and 90 percent of the gross potential rental income, net of utility allowances, if applicable, all for a period equal to 12 consecutive months, all certified by an independent Certified Public Accountant, and verified by First Housing. The calculation of the debt service coverage ratio shall be made by FHFC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.
7. For the SAIL Loan, Guarantors are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met,

including achievement of a 1.15x debt service coverage on the combined permanent first mortgage and SAIL Loan as determined by FHFC, or the Servicer, and 90 percent occupancy, and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all as certified by an independent Certified Public Accountant, and verified by First Housing. The calculation of the debt service coverage ratio shall be made by FHFC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

8. Guarantors to provide the Standard FHFC Environmental Indemnity Guaranty.
9. Guarantors to provide the Standard FHFC Guaranty of Recourse Obligations.
10. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.
11. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the Loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. The form of the title policy must be approved prior to closing.
12. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender, Fiscal Agent, or the Servicer. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release of funds shall be at Florida Housing's sole discretion.
13. Replacement Reserves in the amount of \$300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's Loan(s) servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per Rule Chapters 67-21 and 67-48 F.A.C., in the amount of \$33,000 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of \$300 per unit per year for years 1 and 2, followed by \$300 per unit per year thereafter. The initial replacement reserve will have limitations on the ability to be drawn. New construction developments shall not be allowed to draw during the first five (5) years or until the establishment of a minimum balance equal to the accumulation of five (5) years of replacement reserves per unit. The amount established as a replacement reserve shall be adjusted based on a Capital Needs

Assessment (“CNA”) to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the tenth year after the first residential building in the development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier (“initial replacement reserve date”). A subsequent CNA is required no later than the 15th year after the initial Replacement Reserve Date and subsequently every five (5) years thereafter.

14. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The GC contract indicates 10% retainage on monthly General Contractor pay requisitions until 50% completion of the project at which time no additional retainage is to be withheld, which satisfies the minimum requirement.
15. Closing of all funding sources prior to or simultaneous with the MMRN, SAIL, ELI, and NHTF Loans.
16. Satisfactory completion of a pre-loan closing compliance audit conducted by FHFC or Servicer, if applicable.
17. Satisfactory resolution of any outstanding past due and/or noncompliance items.
18. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

Housing Credit Allocation Recommendation

First Housing Development Corporation has estimated a preliminary annual 4% HC allocation of \$887,569. Please see the HC Allocation Calculation in Exhibit 2 of this report for further details.

Contingencies

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

1. Purchase of the HC's by RJTCF or a fund sponsored by RJTCF, under terms consistent with assumptions of this report.
2. Satisfactory resolution of any outstanding past due and/or noncompliance items.
3. Receipt of executed FHFC Fair Housing, Section 504 and ADA as-built certification forms 122, 127, and 129.
4. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

15-Year Proforma – Valencia Grove II

FINANCIAL COSTS:		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
OPERATING PRO FORMA																	
INCOME:	Gross Potential Rental Income	\$890,976	\$908,796	\$926,971	\$945,511	\$964,421	\$983,709	\$1,003,384	\$1,023,451	\$1,043,920	\$1,064,799	\$1,086,095	\$1,107,817	\$1,129,973	\$1,152,572	\$1,175,624	
	Other Income																
	Miscellaneous	\$6,550	\$6,681	\$6,815	\$6,951	\$7,090	\$7,232	\$7,376	\$7,524	\$7,674	\$7,828	\$7,984	\$8,144	\$8,307	\$8,473	\$8,643	
	Washer/Dryer Rentals	\$56,430	\$57,559	\$58,710	\$59,884	\$61,082	\$62,303	\$63,549	\$64,820	\$66,117	\$67,439	\$68,788	\$70,164	\$71,567	\$72,998	\$74,458	
	Gross Potential Income	\$953,956	\$973,035	\$992,496	\$1,012,346	\$1,032,593	\$1,053,245	\$1,074,309	\$1,095,796	\$1,117,711	\$1,140,066	\$1,162,867	\$1,186,124	\$1,209,847	\$1,234,044	\$1,258,725	
	Less:																
	Physical Vac. Loss Percentage: 4.00%	\$38,158	\$38,921	\$39,700	\$40,494	\$41,304	\$42,130	\$42,972	\$43,832	\$44,708	\$45,603	\$46,515	\$47,445	\$48,394	\$49,362	\$50,349	
	Collection Loss Percentage: 1.00%	\$9,540	\$9,730	\$9,925	\$10,123	\$10,326	\$10,532	\$10,743	\$10,958	\$11,177	\$11,401	\$11,629	\$11,861	\$12,098	\$12,340	\$12,587	
	Total Effective Gross Income	\$906,258	\$924,383	\$942,871	\$961,728	\$980,963	\$1,000,582	\$1,020,594	\$1,041,006	\$1,061,826	\$1,083,062	\$1,104,724	\$1,126,818	\$1,149,355	\$1,172,342	\$1,195,788	
	EXPENSES:	Fixed:															
Real Estate Taxes		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Insurance		\$35,750	\$36,823	\$37,927	\$39,065	\$40,237	\$41,444	\$42,687	\$43,968	\$45,287	\$46,646	\$48,045	\$49,486	\$50,971	\$52,500	\$54,075	
Variable:																	
Management Fee Percentage: 5.00%		\$45,313	\$46,219	\$47,144	\$48,086	\$49,048	\$50,029	\$51,030	\$52,050	\$53,091	\$54,153	\$55,236	\$56,341	\$57,468	\$58,617	\$59,789	
General and Administrative		\$33,000	\$33,990	\$35,010	\$36,060	\$37,142	\$38,256	\$39,404	\$40,586	\$41,803	\$43,058	\$44,349	\$45,680	\$47,050	\$48,462	\$49,915	
Payroll Expenses		\$122,000	\$125,660	\$129,430	\$133,313	\$137,312	\$141,431	\$145,674	\$150,045	\$154,546	\$159,182	\$163,958	\$168,877	\$173,943	\$179,161	\$184,536	
Utilities		\$41,250	\$42,488	\$43,762	\$45,075	\$46,427	\$47,820	\$49,255	\$50,732	\$52,254	\$53,822	\$55,437	\$57,100	\$58,813	\$60,577	\$62,394	
Maintenance and Repairs/Pest Control		\$66,000	\$67,980	\$70,019	\$72,120	\$74,284	\$76,512	\$78,807	\$81,172	\$83,607	\$86,115	\$88,698	\$91,359	\$94,100	\$96,923	\$99,831	
Other		\$13,200	\$13,596	\$14,004	\$14,424	\$14,857	\$15,302	\$15,761	\$16,234	\$16,721	\$17,223	\$17,740	\$18,272	\$18,820	\$19,385	\$19,966	
Reserve for Replacements	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000	\$33,990	\$35,010	\$36,060	\$37,142	\$38,256		
Total Expenses	\$389,513	\$399,755	\$410,296	\$421,143	\$432,306	\$443,795	\$455,619	\$467,787	\$480,310	\$493,199	\$507,453	\$522,124	\$537,225	\$552,767	\$568,763		
Net Operating Income	\$516,745	\$524,628	\$532,575	\$540,585	\$548,657	\$556,787	\$564,975	\$573,219	\$581,516	\$589,864	\$597,271	\$604,694	\$612,130	\$619,575	\$627,025		
Debt Service Payments																	
First Mortgage - FHFC/Truist Bank/Freddie Mac	\$404,091	\$404,091	\$404,091	\$404,091	\$404,091	\$404,091	\$404,091	\$404,091	\$404,091	\$404,091	\$404,091	\$404,091	\$404,091	\$404,091	\$404,091	\$404,091	
Second Mortgage - FHFC - SAIL	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	\$57,500	
Third Mortgage - FHFC - ELI	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Fourth Mortgage - FHFC - NHTF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
First Mortgage Fees - FHFC/Truist Bank/Freddie Mac	\$27,248	\$27,127	\$26,999	\$26,864	\$26,721	\$26,570	\$26,411	\$26,243	\$26,066	\$25,879	\$25,681	\$25,473	\$25,254	\$25,023	\$24,779		
Second Mortgage Fees - FHFC - SAIL	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429	\$11,429		
Third Mortgage Fees - FHFC - ELI	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581		
Fourth Mortgage Fees - FHFC - NHTF	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581	\$3,581		
Total Debt Service Payments	\$507,430	\$507,309	\$507,181	\$507,046	\$506,904	\$506,753	\$506,594	\$506,426	\$506,248	\$506,061	\$505,864	\$505,656	\$505,436	\$505,205	\$504,961		
Cash Flow after Debt Service	\$9,315	\$17,319	\$25,394	\$33,539	\$41,753	\$50,034	\$58,382	\$66,793	\$75,268	\$83,803	\$91,407	\$99,038	\$106,694	\$114,370	\$122,064		
Debt Service Coverage Ratios																	
DSC - First Mortgage plus Fees	1.20	1.22	1.24	1.25	1.27	1.29	1.31	1.33	1.35	1.37	1.39	1.41	1.43	1.44	1.46		
DSC - Second Mortgage plus Fees	1.03	1.05	1.07	1.08	1.10	1.11	1.13	1.15	1.17	1.18	1.20	1.21	1.23	1.24	1.26		
DSC - Third Mortgage plus Fees	1.03	1.04	1.06	1.07	1.09	1.11	1.12	1.14	1.16	1.17	1.19	1.20	1.22	1.24	1.25		
DSC - Fourth Mortgage plus Fee	1.02	1.03	1.05	1.07	1.08	1.10	1.12	1.13	1.15	1.17	1.18	1.20	1.21	1.23	1.24		
Financial Ratios																	
Operating Expense Ratio	42.98%	43.25%	43.52%	43.79%	44.07%	44.35%	44.64%	44.94%	45.23%	45.54%	45.93%	46.34%	46.74%	47.15%	47.56%		
Break-even Economic Occupancy Ratio (all debt)	94.27%	93.47%	92.69%	91.94%	91.21%	90.50%	89.82%	89.15%	88.52%	87.90%	87.39%	86.90%	86.43%	85.98%	85.55%		

HC Allocation Calculation

Section I: Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	\$22,813,515
Less Land Costs	\$1,400,000
Less Federal Grants and Loans	\$0
Less Other Ineligible Costs	\$1,332,778
Total Eligible Basis	\$20,080,737
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	\$26,104,958
Housing Credit Percentage	3.40%
Annual Housing Credit Allocation	\$887,569

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include; FHFC Fees, closing costs, and reserves required by the syndicator.
2. The Development has a 100% set-aside; therefore, the Applicable Fraction is 100%.
3. For purposes of this analysis, the Development is located in a Qualified Census Tract ("QCT"); therefore the 130% basis credit was applied.
4. For purposes of this recommendation, a HC percentage of 3.40% was applied for the qualified basis credit allocation based on the rate at time of Invitation into Credit Underwriting in May 2019 (3.25%) plus 15 bps.

Section II: GAP Calculation

Total Development Costs(including land and ineligible Costs)	\$22,813,515
Less Mortgages	\$14,292,000
Less Grants	\$0
Equity Gap	\$8,521,515
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.95
HC Required to meet Equity Gap	\$8,970,913
Annual HC Required	\$897,091

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from the letter of interest, dated February 4, 2020 from RJTCF.

Section III: Summary

HC Per Syndication Agreement	\$798,680
HC Per Qualified Basis	\$887,569
HC Per GAP Calculation	\$897,091
Annual HC Recommended	\$887,569
Syndication Proceeds based upon Syndication Agreement	\$7,586,700

1. The estimated annual 4% Housing Credit allocation is limited to the lesser of the qualified basis calculation or the gap calculation. The recommendation is based on the qualified basis.

50% Test

Tax-Exempt Note Amount	\$11,500,000
Less: Debt Service Reserve Funded with Tax Exempt Note Proceeds	\$0
Other:	\$0
Other:	\$0
Equals Net Tax-Exempt Note Amount	\$11,500,000
Total Depreciable Cost	\$20,080,737
Plus Land Cost	\$1,400,000
Aggregate Basis	\$21,480,737
Net Tax-Exempt Note to Aggregate Basis Ratio	53.54%

1. Based on the budget, the Development appears to meet the 50% test for 4% Housing Credits.

EXHIBIT “B”
(Valencia Grove II / RFA 2018-116 / 2019-165BSN)
DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

110 Garden Apartments located in 1 residential building

Unit Mix:

Seventy-Six (76) one bedroom/one bath units;

Thirty-four (34) two bedroom/ two bath units;

110 Total Units

B. All units are expected to meet all requirements as outlined below. If the proposed Development consists of rehabilitation, the proposed Development’s ability to provide all construction features will be confirmed as outlined in Exhibit F of the RFA. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors.

The Development must meet all requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act as implemented by 24 CFR 100, the 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, F.S., Section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act (“ADA”) of 1990 as implemented by 28 CFR 35, incorporating the most recent amendments, regulations, and rules, as applicable.

All Developments must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments.

C. The Development must provide the following General Features:

1. Broadband infrastructure which includes cables, fiber optics, wiring, or other infrastructure, as long as the installation results in accessibility in each unit;
2. Termite prevention;
3. Pest control;

4. Window covering for each window and glass door inside each unit;
5. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;
6. Washer and dryer hook ups in each of the Development's units or an on-site laundry facility for resident use. If the proposed Development will have an on-site laundry facility, the following requirements must be met:
 - There must be a minimum of one (1) Energy Star certified washer and one (1) Energy Star certified dryer per every 15 units. To determine the required number of washers and dryers for the on-site laundry facility; divide the total number of the Developments' units by 15, and then round the equation's total up to the nearest whole number; and
 - If the proposed Development consists of Scattered Sites, the laundry facility shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.
7. At least two full bathrooms in all 3 bedroom or larger new construction units;
8. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units;
9. All Elderly Demographic Developments must provide a full-size range and oven in all units.

D. The Development must provide the following Accessibility Features in all units:

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

E. All Elderly (ALF or Non-ALF) Demographic Developments must provide the following Accessibility Features:

- 15 percent of the new construction units must have roll-in showers.
- Horizontal grab bars in place around each tub and/or shower, or a Corporation-approved alternative approach for grab bar installation. The installation of the grab bars must meet or exceed 2010 ADA Standards for Accessible Design, Section 609. In addition, the following standards for grab bars are required:
 - If a bathtub/shower combination with a permanent seat is provided, grab bars shall be installed to meet or exceed 2010 ADA Standards for Accessible Design, Section 607.4.1.
 - If a bathtub/shower combination without a permanent seat is provided, grab bars shall be installed to meet or exceed 2010 ADA Standards for Accessible Design, Section 607.4.2.
 - If a roll-in shower is provided, grab bars shall be installed to meet or exceed 2010 ADA Standards for Accessible Design, Section 608.3.2;
- Reinforced walls for future installation of horizontal grab bars in place around each toilet, or a Corporation-approved alternative approach for grab bar installation. The installation of the grab bars must meet or exceed the 2010 ADA Standards for Accessible Design, Section 604.5.1 (Side Wall);
- Roll-out shelving or drawers in all bottom bathroom vanity cabinets;
- Adjustable shelving in master bedroom closets (must be adjustable by resident); and
- In one of the kitchen's base cabinets, there shall be a large bottom drawer that opens beyond full extension, also referred to as an "over-travel feature." Drawers with the over-travel feature allow drawers to extend completely past the cabinet front so all the contents can be accessed. The drawer shall be deep and wide enough to store pots and pans and the drawer slides shall have a weight load rating of a minimum of 100 pounds. The drawers shall be mounted on a pair of metal side rails that are ball-bearing.

F. Green Building Features required in all Developments:

All new construction units must have the features listed below and all rehabilitation units are expected to have all of the following required Green Building features unless found to not be appropriate or feasible within the scope of the rehabilitation work utilizing a capital needs assessment as further explained in Exhibit F of the RFA:

- a. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);
- b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:

- i. Toilets: 1.28 gallons/flush or less
 - ii. Urinals: 0.5 gallons/flush,
 - iii. Lavatory Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
 - iv. Showerheads: 2.0 gallons/minute or less at 80 psi flow rate;
- c. Energy Star certified refrigerator;
 - d. Energy Star certified dishwasher;
 - e. Energy Star certified ventilation fan in all bathrooms;
 - f. Water heater minimum efficiency specifications:
 - Residential Electric:
 - i. Up to 55 gallons = .95 EF or .92 UEF; or
 - ii. More than 55 gallons = Energy Star certified; or
 - iii. Tankless = Energy Star certified;
 - Residential Gas (storage or tankless/instantaneous): Energy Star certified
 - Commercial Gas Water Heater: Energy Star certified;
 - g. Energy Star certified ceiling fans with lighting fixtures in bedrooms;
 - h. Air Conditioning (choose in-unit or commercial):
 - i. Air-Source Heat Pumps – Energy Star certified:
 - a. ≥ 8.5 HSPF/ ≥ 15 SEER/ ≥ 12.5 EER for split systems
 - b. ≥ 8.2 HSPF/ ≥ 15 SEER/ ≥ 12 EER for single package equipment including gas/electric package units
 - ii. Central Air Conditioners – Energy Star certified:
 - a. ≥ 15 SEER/ ≥ 12.5 EER* for split systems
 - b. ≥ 15 SEER/ ≥ 12 EER* for single package equipment including gas/electric package units.

NOTE: Window air conditioners and portable air conditioners are not allowed. PTACs / PTHPs are allowed in studio and 1 bedroom units;
 - iii. Package Terminal Air Conditioners (PTACs) – minimum Energy Efficiency Ratio (EER) required by the Florida Building Code – Energy Conservation standards (current edition)

<u>Capacity</u> <u>(BTU/h)</u>	<u>Min.</u> <u>Standards for</u> <u>New</u>	<u>Min. Standards for</u> <u>Replacement Units^b</u>
<u>All</u>	$\frac{14.0 - (0.3 \times \text{Cap}^a/1000)}{\text{Cap}^a/1000}$	$10.9 - (0.213 \times \text{Cap}^a/1000)$ <u>EER</u>

- iv. Package Terminal Heat Pumps (PTHPs) – minimum Energy Efficiency Ratio (EER) and Coefficient of Performance (COP) required by the Florida Building Code – Energy Conservation standards (current edition):

Capacity (BTU/h)	Min. Standards for New Construction	Min. Standards for Replacement Units ^b
All Cooling	14.0 - (0.3 x Cap ^a /1000) EER	10.8 - (0.213 x Cap ^a /1000)
All Heating	3.2 - (0.026 x Cap ^a /1000) COP	2.9 - (0.026 x Cap ^a /1000)

NOTES:

- a. “Cap” = The rated cooling capacity of the project in Btu/h. Where the unit’s capacity is less than 7000 Btu/h, use 7000 Btu/h in the calculation. Where the unit’s capacity is greater than 15,000 Btu/h, use 15,000 Btu/h in the calculations.
- b. Replacement unit shall be factory labeled as follows:
 “MANUFACTURED FOR REPLACEMENT APPLICATIONS ONLY:
 NOT TO BE INSTALLED IN NEW CONSTRUCTION PROJECTS.”
 Replacement efficiencies apply only to units with existing sleeves less than 16 inches in height and less than 42 inches in width.
- v. Geothermal Heat Pumps – Energy Star certified with the following minimum efficiency performance;

Product Type (single stage models)	EER	COP
Water-to-Air		
Closed Loop Water-to-Air	17.1	3.6
Open Loop Water-to-Air	21.1	4.1
Water-to-Water		
Closed Loop Water-to-Water	16.1	3.1
Open Loop Water-to-Water	20.1	3.5
DGX		
DGX	16.0	3.6

- vi. Electric Chillers, Air-Cooled and Water-Cooled – Minimum efficiency values required by the Florida Building Code – Energy Conservation standards (current edition);

Equipment Type	Size	Units	Minimum Efficiency	
			Path A (Full-Load Optimized Applications)	Path B (Part-Load Optimized Applications)
Air-cooled	<150 t	EER (Btu/W)	≥10.1 FL	≥9.7 FL
			≥13.7 IPLV	≥15.8 IPLV
Air-cooled	≥150 t	EER (Btu/W)	≥10.1 FL	≥9.7 FL
			≥14.0 IPLV	≥16.1 IPLV
Water-cooled, displacement	<75 t	kW/t	≤0.75 FL	≤0.78 FL
			≤0.60 IPLV	≤0.50 IPLV
Water-cooled, displacement	≥75 and <150 t	kW/t	≤0.72 FL	≤0.75 FL
			≤0.56 IPLV	≤0.49 IPLV
Water-cooled, displacement	≥150 t and <300 t	kW/t	≤0.66 FL	≤0.68 FL
			≤0.54 IPLV	≤0.44 IPLV
Water-cooled, displacement	≥300 t and <600 t	kW/t	≤0.61 FL	≤0.62 FL
			≤0.52 IPLV	≤0.41 IPLV
Water-cooled, displacement	≥600 t	kW/t	≤0.56 FL	≤0.58 FL
			≤0.50 IPLV	≤0.38 IPLV
Water-cooled, centrifugal	<150 t	kW/t	≤0.61 FL	≤0.69 FL
			≤0.55 IPLV	≤0.44 IPLV
Water-cooled, centrifugal	≥150 t and <300 t	kW/t	≤0.61 FL	≤0.63 FL
			≤0.55 IPLV	≤0.40 IPLV
Water-cooled, centrifugal	≥300 t and <400 t	kW/t	≤0.56 FL	≤0.59 FL
			≤0.52 IPLV	≤0.39 IPLV
Water-cooled, centrifugal	≥400 t and <600 t	kW/t	≤0.56 FL	≤0.58 FL
			≤0.50 IPLV	≤0.38 IPLV
Water-cooled, centrifugal	≥600 t	kW/t	≤0.56 FL	≤0.58 FL
			≤0.50 IPLV	≤0.38 IPLV

NOTE: All other equipment types shall follow Florida Building Code – Energy Conservation, current edition requirements.

Rating Terms:

EER – energy efficiency ratio

FL – full load

IPLV – integrated part load value

- i. Caulk, weather-strip, or otherwise seal all holes, gaps, cracks, penetrations, and electrical receptacles in building envelope; and
- j. Insulate heating and cooling system ducts and seal airtight in accordance with section C403.2.9 of the Florida Building Code – Energy Conservation (current edition)

In addition to the required Green Building Features outlined above, all Applicants must select enough additional Green Building features in Exhibit A of the RFA so that the total point value of the features selected equals at least 10 points.

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

1. Programmable thermostat in each unit (2 points)
2. Humidistat in each unit (2 points)
3. Water Sense certified dual flush toilets in all bathrooms (2 points)
4. Light colored concrete pavement instead of or on top of asphalt to reduce the heat-island effect (2 points)
5. Energy star certified roof coating (2 points) *
6. Energy star certified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) (3 points) *
7. Eco-friendly cabinets –no added urea formaldehyde and material must be certified by the Forest Stewardship Council, the Environmental Stewardship Program, or a certification program endorsed by the Programme for the Endorsement of Forest Certification (3 points)
8. Eco-friendly flooring for entire unit – Carpet and Rug Institute Green Label certified carpet and pad, FloorScore certified flooring, bamboo, cork, 80% recycled content tile, and/or natural linoleum (3 points)
9. High Efficiency HVAC with SEER of at least 16 (2 points) **

10. X Energy efficient windows in each unit (3 points)
- For all Development Types except Mid-Rise and High-Rise: Energy Star rating for all windows in each unit;
 - For Development Type of Mid-Rise and High-Rise:
 - i. U-Factor of 0.50 or less and a SHHGC of 0.25 or less where the fenestration is fixed; and
 - ii. U-Factor of 0.65 or less and a SHHGC of 0.25 or less where the fenestration is operable (i.e., the window opens)
11. X Florida Yards and Neighborhoods certification on all landscaping (2 points)
12. X Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points)

* Applicant may choose only one option related to Energy Star certified roofing.
**Applicant who choose high efficiency HVAC's must meet the standards listed here, which exceed the minimum Green Building Features required of all Developments Section Four A.8 of the RFA.

H. Applicants who select the Elderly (ALF or Non-ALF) Demographic must provide at least (3) of the Resident Programs:

1. Adult Literacy – The Applicant or its Management Company must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site. Various literacy programming can be offered that strengthens participants' reading, writing skills, and comprehension, but at a minimum, these must include English proficiency and basic reading education.

Training must be held between the hours of 8:00 a.m. and 7:00 p.m. and electronic media, if used, must be used in conjunction with live instruction. If the Development consists of Scattered Sites, this resident program must be provided on the Scattered Site with the most units.

2. Daily Activities

The Applicant or its Management Company must provide on-site supervised, structured activities, at no cost to the resident, at least five days per week which must be offered between the hours of 8:00 a.m. and 7:00 p.m. If the Development consists of Scattered Sites, this resident program must be provided on the Scattered Site with the most units.

3. Assistance with Light Housekeeping, Grocery Shopping and/or Laundry

The Applicant or its Management Company must provide residents with a list of qualified service providers for (a) light housekeeping, and/or (b) grocery shopping, and/or (c) laundry and will coordinate, at no cost to the resident, the scheduling of

services. The Developer or Management Company shall verify that the services referral information is accurate and up-to-date at least once every six months.

I. Additional Required Resident Programs for all Applicants that select the Elderly Demographic (ALF or Non-ALF):

24 Hour Support to Assist Residents In Handling Urgent Issues

An important aging in place best practice is providing the residents access to property management support 24 hours per day, 7 days a week to assist them to appropriately and efficiently handle urgent issues or incidents that may arise. These issues may include, but are not limited to, an apartment maintenance emergency, security or safety concern, or a health risk incident in their apartment or on the property. The management's assistance will include a 24/7 approach to receiving residents' requests for assistance that will include a formal written process for relevant property management staff to effectively assess and provide assistance for each request.

This assistance may include staff:

- Visiting or coordinating a visit to a resident's apartment to address an urgent maintenance issue;
- Responding to a resident being locked out of their apartment;
- Contacting on-site security or the police to address a concern;
- Providing contact information to the resident and directing or making calls on a resident's behalf to appropriate community-based emergency services or related resources to address an urgent health risk incident;
- Calling the resident's informal emergency contact; or
- Addressing a resident's urgent concern about another resident.

Property management staff shall be on site at least 8 hours daily, but the 24-hour support approach may include contracted services or technology to assist the management in meeting this commitment, if these methods adequately address the intent of this service. The Development's owner and/or designated property management entity shall develop and implement policies and procedures for staff to immediately receive and handle a resident's call and assess the call based on a resident's request and/or need.

At a minimum, residents shall be informed by the property management, at move-in and via a written notice(s)/instructions provided to each resident and displayed in the Development's common or public areas, that staff are available to receive resident calls at all times. These notices shall also provide contact information and direction to first contact the community-based emergency services if they have health or safety risk concerns.

DEVELOPMENT

NAME: Valencia Grove II

DATE: February 20, 2020

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

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	Satis. / Unsatis.	
1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	1.
2. Final site plan and/or status of site plan approval.	Satis.	
3. Permit Status.	Satis.	2.
4. Pre-construction analysis ("PCA"). a. No construction costs exceeding 20% is subcontracted to any one entity with the exception of a subcontractor contracted to deliver the building shell of a building of at least 5 stories which may not have more than 31% of the construction cost in a subcontract. b. No construction costs is subcontracted to any entity that has common ownership or is an affiliate of the general contractor of the developer.	Satis. Satis. Satis.	
5. Survey.	Satis.	3.
6. Complete, thorough soil test reports.	Satis	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
8. Market Study separate from the Appraisal.	Satis.	
9. Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor.	Satis.	4.
11. Resumes and experience of applicant, general contractor and management agent. Confirmed active status on Sunbiz for Applicant, Developer, and GC entities.	Satis.	
12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Satis.	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	N/A	
15. Firm commitment letter from the syndicator, if any.	Satis.	5.

16. Firm commitment letter(s) for any other financing sources.	Satis.	6.
17. Updated sources and uses of funds.	Satis.	
18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Unsatis.	7.
19. Fifteen-year income, expense, and occupancy projection.	Satis.	
20. Executed general construction contract with "not to exceed" costs.	Satis.	
21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis.	
22. Any additional items required by the credit underwriter.	Unsatis.	8.
23. Receipt of executed Florida Housing Fair Housing, Section 504 and ADA Design Certification Forms 121, 126, and 128.	Satis.	
24. If the owner has a HAP Contract or ACC with HUD, then receipt of HUD approval for an owner-adopted preference or limited preference specifically for individuals or families who are referred by a designated Referral Agency serving the county where the Development is located.	N/A	
25. Receipt of Tenant Eligibility and Selection Plan	N/A	
26. Receipt of GC Certification	Satis.	
27. Reliance for FHDC as agent for FHFC is include in all applicable third party reports: Appraisal, Market Study, PCA, CNA, and Phase I.	Satis.	

NOTES:

1. Closing is conditioned upon receipt of final plans and specifications.
2. Acceptable permits or a permit ready letter is a condition to closing.
3. Closing is conditioned upon receipt of final survey.
4. Receipt of signed updated audited financial statements within 90 days of closing is a condition to close.
5. Closing is conditioned upon receipt of an Amended and Restated Limited Partnership Agreement.
6. Closing is conditioned upon receipt of a firm commitment from Fifth Third Bank (construction financing) and Truist (permanent financing) with terms and conditions that are not substantially different than those utilized in this credit underwriting report.
7. At this time a draft construction draw schedule has not been received. Receipt of a final draw schedule is a condition to close.
8. Closing is conditioned upon receipt of real estate counsel's opinion letter.