

Florida Housing Finance Corporation

Credit Underwriting Report

Fern Grove Apartments

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

MMRN, SAIL, ELI, NHTF and 4% HC

RFA 2020-205 / 2021-203BSN / 2020-539C

Invitation to Participate for the Construction Housing Inflation Response Program

2022 CHIRP

Section A Report Summary

Section B Loan Conditions and HC Allocation Recommendation and Contingencies

Section C Supporting Information and Schedules

Prepared by

Seltzer Management Group, Inc.

Final Report

June 9, 2022

FERN GROVE APARTMENTS

TABLE OF CONTENTS

	<u>Page</u>
Section A	
Report Summary	
➤ Recommendation	A1-A8
➤ Overview	A9-A13
➤ Uses of Funds	A14-A21
➤ Operating Pro Forma	A22-A24
Section B	
Loan Conditions and HC Allocation Recommendation and Contingencies	B1-B7
Section C	
Supporting Information and Schedules	
➤ Additional Development and Third Party Information	C1-C5
➤ Borrower Information	C6-C9
➤ Guarantor Information	C10-C11
➤ Syndicator Information	C12
➤ General Contractor Information	C13
➤ Property Manager Information	C14
Exhibits	
15 Year Pro Forma	1
Features and Amenities and Resident Programs	2 1-6
Completeness and Issues Checklist	3 1-2
HC Allocation Calculation	4 1-3

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Section A
Report Summary

JUNE 9, 2022

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

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Recommendation

Seltzer Management Group, Inc. ("SMG" or "Seltzer" or "Servicer") recommends the issuance of a Florida Housing Finance Corporation ("FHFC" or "Florida Housing" or "Corporation") Multifamily Mortgage Revenue Note ("MMRN") in the amount of \$23,000,000 in conjunction with a State Apartment Incentive Loan ("SAIL") Second Mortgage in the amount of \$8,399,999, inclusive of a SAIL of \$5,400,000 and an estimated \$2,999,999 from the Construction Housing Inflation Response Program ("CHIRP"), an Extremely Low Income ("ELI") Third Mortgage in the amount of \$600,000 and a National Housing Trust Fund ("NHTF") Fourth Mortgage in the amount of \$1,188,106. SMG also recommends an annual Housing Credit ("HC") allocation of \$1,995,532 to Fern Grove Apartments ("Development") for construction and permanent financing.

DEVELOPMENT & SET-ASIDES

Development Name: Fern Grove Apartments

RFA/Program Numbers: RFA 2020-205 / 2021-203BSN 2020-539C

Address: 3750 WD Judge Drive

City: Orlando Zip Code: 32808 County: Orange County Size: Large

Development Category: New Construction Development Type: Mid-Rise (4 Stories)

Construction Type: Masonry

Demographic Commitment:

Primary: Elderly: 55+ or 62+ for 80% of the Units

Unit Composition:

of ELI Units: 21 ELI Units Are Restricted to 30% AMI, or less. Total # of units with PBRA? 0

of Link Units: 11 Are the Link Units Demographically Restricted? Yes # of NHTF Units: 5

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	5	665	22%			\$342	\$31	\$311		\$311	\$284	\$311	\$18,660
1	1.0	11	665	30%			\$466	\$31	\$435		\$435	\$398	\$435	\$57,420
1	1.0	22	665	60%			\$933	\$31	\$902		\$902	\$828	\$902	\$238,128
1	1.0	32	665	70%			\$1,089	\$31	\$1,058		\$1,058	\$971	\$1,058	\$406,272
2	2.0	10	936	30%			\$560	\$37	\$523		\$523	\$478	\$523	\$62,760
2	2.0	27	936	60%			\$1,120	\$37	\$1,083		\$1,083	\$993	\$1,083	\$350,892
2	2.0	30	936	70%			\$1,307	\$37	\$1,270		\$1,270	\$1,165	\$1,270	\$457,200
2	2.0	1	974	70%			\$1,307	\$37	\$1,270		\$1,270	\$1,165	\$1,270	\$15,240
		138	110,236											\$1,606,572

As required by the Federal Fair Housing Act, at least 80% of the total units will be rented to residents that qualify as Elderly. The Applicant has committed to set-aside all units for Elderly 55+.

The Applicant selected the Average Income Test; therefore, as required by RFA 2020-205, the Applicant must set-aside 15% of the total units (21 units) as Extremely Low Income ("ELI") Set-Aside units.

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Persons with Special Needs Set-Aside Commitment: The proposed development must set aside fifty percent (50%) of the ELI Set-Aside units (11 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 Florida Housing 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 (Orange County). The executed MOU was approved by FHFC on March 29, 2022.

The Tenant Selection Plan (“TSP”) was approved by Florida Housing on February 15, 2022.

Veteran Preference in Elderly Developments Commitment: The proposed Development committed to offer a preference to Veterans on occupancy applications and waitlists throughout the 50 year Compliance Period with a goal of at least five percent of the units in the Development being occupied by one or more Veterans. Veteran Households meet the LINK Units or other AMI Set-Aside requirements will also count towards the goal of at least five percent of the units (7 units) in the Development being occupied by one or more Veterans.

NHTF Set-Aside Commitment: The proposed development must set aside five (5) units as NHTF Link units targeted for Persons with Special Needs. These units are required to be set aside for residents earning at or below 22% AMI and are in addition to the 15% requirement for ELI set aside units. Therefore, the Development will have a total of sixteen (16) units targeted for Persons with Special Needs (ELI – 11 units and NHTF – 5 units) 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 commitment must be maintained throughout the entire 50 year Compliance Period.

Buildings: Residential - 1 Non-Residential - 0
Parking: Parking Spaces - 192 Accessible Spaces - 18

Set Asides:	Program	% of Units	# of Units	% AMI	Term (Years)
	MMRN	40.000%	56	60%	50
	SAIL / ELI / HC	15.217%	21	30%	50
	SAIL / HC	39.130%	54	60%	50
	SAIL / HC	45.653%	63	70%	50
	NHTF	3.623%	5	22%	50

Absorption Rate 25 units per month for 6.0 months.

Occupancy Rate at Stabilization: Physical Occupancy 95.00% Economic Occupancy 94.00%
Occupancy Comments _____

DDA: No QCT: Yes Multi-Phase Boost: No QAP Boost: No
Site Acreage: 6.619 Density: 20.8491 Flood Zone Designation: X
Zoning: R-3B/W, Multifamily Residential/Conservation Flood Insurance Required?: No

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DEVELOPMENT TEAM			
Applicant/Borrower:		BDG Fern Grove, LP	% Ownership
	General Partner	BDG Fern Grove GP, LLC	
	Limited Partner	Truist Community Capital, LLC or an affiliate ("TCC")	
	Special LP	CDC Special Limited Partner, L.L.C.	
Construction Completion Guarantor(s):			
	CC Guarantor 1:	BDG Fern Grove, LP	
	CC Guarantor 2:	BDG Fern Grove GP, LLC	
	CC Guarantor 3:	BDG Fern Grove Developer, LLC	
	CC Guarantor 4:	Banyan Development Group, LLC	
	CC Guarantor 5:	Lou Vogt	
	CC Guarantor 6:	Scott Zimmerman	
Operating Deficit Guarantor(s):			
	OD Guarantor 1:	BDG Fern Grove, LP	
	OD Guarantor 2:	BDG Fern Grove GP, LLC	
	OD Guarantor 3:	BDG Fern Grove Developer, LLC	
	OD Guarantor 4:	Banyan Development Group, LLC	
	OD Guarantor 5:	Lou Vogt	
	OD Guarantor 6:	Scott Zimmerman	
Note Purchaser		Construction: Truist Bank or its designated affiliate Permanent: Churchill State Group, LLC and/or its affiliates/assigns	
Developer:		BDG Fern Grove Developer, LLC	
	Principal 1	Banyan Development Group, LLC	
	Principal 2	Alexander Kiss	
	Principal 3	Scott Zimmerman	
	Principal 4	Jeffrey Kiss	
	Principal 5	Lou Vogt	
General Contractor 1:		Walker & Company, Inc.	
Management Company:		AGPM, LLC	
Syndicator:		Truist Community Capital, LLC	
Note Issuer:		Florida Housing Finance Corporation	
Architect:		Fugleberg Koch, LLC	
Market Study Provider:		Meridian Appraisal Group, Inc.	
Appraiser:		Meridian Appraisal Group, Inc.	

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PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lender/Grantor	FHFC MMRN / Churchill	FHFC SAIL	FHFC SAIL / CHIRP	FHFC SAIL ELI	FHFC NHTF	City of Orlando
Amount	\$10,300,000	\$5,400,000	\$2,999,999	\$600,000	\$1,188,106	\$1,300,000
Underwritten Interest Rate	4.95%	1.00%	1.00%	0.00%	0.00%	0.00%
Loan Term	18.0	18.5	18.5	18.5	30.0	20.0
Amortization	40.0	N/A	N/A	N/A	N/A	N/A
Market Rate/Market Financing LTV	35.1%	53.4%	63.6%	65.7%	69.7%	74.2%
Restricted Market Financing LTV	83.5%	127.3%	151.7%	156.5%	166.2%	176.7%
Loan to Cost - Cumulative	23.9%	36.4%	43.4%	44.8%	47.5%	50.5%
Loan to Cost - SAIL Only			19.5%			
Debt Service Coverage	1.273	1.105	1.099	1.093	1.093	1.093
Operating Deficit & Debt Service Reserves	\$493,952					
# of Months covered by the Reserves	7.5					

Deferred Developer Fee	\$2,563,742
As-Is Land Value	\$2,300,000
Market Rent/Market Financing Stabilized Value	\$29,380,000
Rent Restricted Market Financing Stabilized Value	\$12,330,000
Projected Net Operating Income (NOI) - Year 1	\$799,047
Projected Net Operating Income (NOI) - 15 Year	\$918,478
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Note Structure	Tax-Exempt Loan
Housing Credit (HC) Syndication Price	\$0.94
HC Annual Allocation - Qualified in CUR	\$1,995,532
HC Annual Allocation - Equity Letter of Interest	\$1,996,447

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CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
FHFC - MMRB	FHFC / Truist	\$23,000,000	\$0	\$0.00
FHFC - MMRB	FHFC / Churchill	\$0	\$10,300,000	\$74,637.68
FHFC - SAIL	FHFC	\$5,400,000	\$5,400,000	\$39,130.43
FHFC - SAIL	FHFC CHIRP	\$2,999,999	\$2,999,999	\$21,739.12
FHFC - SAIL ELI	FHFC	\$600,000	\$600,000	\$4,347.83
FHFC - NHTF	FHFC	\$1,188,106	\$1,188,106	\$8,609.46
Local Government Subsidy	City of Orlando	\$1,300,000	\$1,300,000	\$9,420.29
HC Equity	TCC	\$3,752,945	\$18,764,725	\$135,976.27
Deferred Developer Fee	Developer	\$4,875,522	\$2,563,742	\$18,577.84
TOTAL		\$43,116,572	\$43,116,572	\$312,438.93

Financing Structure:

Applicant submitted to FHFC a MMRN with Non-Competitive HC and SAIL Application under RFA 2020-205. This transaction will involve the issuance of Tax-Exempt Notes from Florida Housing. Truist Bank ("Truist") will loan up to \$23,000,000 to FHFC through a Tax-Exempt Loan ("TEL") in connection with the construction financing of the Development. At conversion to permanent financing, Churchill State Group, LLC ("Churchill"), and/or its affiliates/assigns, will provide a TEL in an amount up to \$10,300,000 and the Truist loan will be satisfied.

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	X	
Are all funding sources the same as shown in the Application?		1
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?	X	
Does the Applicant have site control at or above the level indicated in the Application?	X	
Does the Applicant have adequate zoning as indicated in the Application?	X	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development costs remained equal to or less than those listed in the Application?		2

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

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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?		3
Is the Development in all other material respects the same as presented in the Application?		4

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

1. See the below changes in the source of funds:
 - The Application included a Letter of Intent (“LOI”) for first mortgage construction and permanent financing from Valley National Bank of Florida (“Valley”). Subsequently, a LOI from Truist was provided for first mortgage construction financing in the amount up to \$23,000,000 and a LOI from Churchill was provided for first mortgage permanent financing in the amount up to \$10,300,000.
 - The Application included a LOI for Housing Credit equity from Enterprise Housing Credit Investments, LLC (“Enterprise”) in the amount of \$0.95 per tax credit and total equity of \$9,026,890. Subsequently, the Applicant provided a LOI from Truist Community Capital, LLC (“TCC”) reflecting an aggregate amount of \$0.94 per tax credit and total equity of \$18,764,725.
 - The Applicant applied for additional FHFC Loan funding through FHFC’s Invitation to Participate (“ITP”) for CHIRP. The additional funds will be SAIL Program funds and will be added to the initial Second Mortgage SAIL commitment in the amount of \$5,400,000, and will therefore, have the same rate and terms. Based on the sizing criteria and parameters set forth in the CHIRP ITP, the Development will receive additional SAIL funds in the amount of \$2,999,999, for a total Second Mortgage SAIL of \$8,399,999.
 - The Borrower has indicated, and Seltzer has confirmed, that the Development has been awarded \$1,300,000 from the City of Orlando. Terms of the funding are outlined under the permanent sources section below. Receipt and satisfactory review of the funding agreement, mortgage, or other loan document and amount of the funding is a condition to close.
2. Total Development Costs (“TDC”) as stated in the application were \$27,290,736. TDC have increased to \$43,116,572, an increase of \$15,825,836. This increase is primarily due to increases in construction costs, financing costs, developer fee and the addition of reserves offset by a decrease in general development costs.
3. As stated above, the rate of syndication decreased from \$0.95 to \$0.94.
4. See the below additional changes to the application:

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

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- The 21 day items included an Architect Certification that reflected FK Architecture. Subsequently, the architect was changed to Fugleberg Koch, LLC.
- The Applicant's requested change to the Development Legal Description was approved by FHFC staff on January 26, 2022.
- The Application included an Applicant request for Corporation-issued Tax-Exempt Note in the amount of \$16,000,000. On May 9, 2022, FHFC staff approved a request to increase the amount of TEL from \$16,000,000 to \$23,000,000.

These changes have no substantial material impact to the MMRN, SAIL, ELI, NHTF and HC recommendations for this Development.

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

Florida Housing's Past Due Report dated March 25, 2022, reflects the following past due item(s): None

Florida Housing's Asset Management Noncompliance Report dated June 9, 2020, reflects the following noncompliance items: None

This recommendation is subject to satisfactory resolution of any outstanding past due and/or noncompliance items prior to loan closing and the issuance of the annual HC Allocation Recommendation herein.

Strengths:

1. Per the Market Study, Meridian states the capture rates are low and indicate there is sufficient demand for the subject units and average occupancy for the comparables within the Subject's Competitive Market Area ("CMA") is 98.4%.
2. Although the Borrower and General Partner are newly formed, the Developer, General Contractor, and the management company all have sufficient experience and financial resources to develop, construct and operate the proposed Development.

Other Considerations: None

Waiver Requests/Special Conditions:

1. According to the RFA, the Corporation will review the limited partnership agreement or limited liability company operating agreement language on reserves for compliance with the RFA requirement. If the limited partnership agreement or limited liability company operating agreement does not specifically state that the parties will comply with the Corporation's RFA requirements, the Corporation will require an amendment of the agreement and will not issue IRS form(s) 8609 until the amendment is executed and provided to the Corporation. The RFA includes language restricting the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve's original purpose has terminated or is near termination. The RFA also requires the Corporation to review the limited partnership agreement or limited liability company operating agreement language on reserves for compliance with the RFA requirement. While Florida Housing will continue to require the Applicant to adhere to all requirements in the RFA including the restrictions on the disposition of any funds in an operating deficit reserve account, Florida Housing will not monitor the limited

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

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partnership agreement or limited liability company operating agreement language for compliance with these requirements, as this would require analysis of a legal contract. This deviation was included as an Information Item in the April 29, 2022 FHFC Board Meeting.

Additional Information:

1. The equity provider, TCC, is requiring that the Applicant operate the Development at a weighted average of 58.04%. This was specified in the LOI from TCC dated May 3, 2022. The set-asides noted in the LOI are 3.62% of the units (5 units) at 22% or less of AMI, 15.22% of the units (21 units) at 30% or less of AMI, 55.07% of the units (76 units) at 60% or less of AMI and 26.09% of the units (36 units) at 70% or less of AMI.
2. To Ensure that the Second Mortgage SAIL meets or exceeds the minimum Debt Service Coverage ("DSC") of 1.10 to 1.00, based on the projections/estimates and loan amounts in this report, the interest rate of the permanent period First Mortgage Loan may not exceed 4.99%. Following the rate lock of the permanent period First Mortgage Loan, the Servicer will review and confirm if the Development is still able to support the proposed First Mortgage Loan amount of \$10,300,000, or if a reduction to the loan amount is necessary. The Servicer's DSC confirmation is a condition to close.
3. Seltzer has received an appraisal from Meridian dated March 1, 2022, that confirms the Development is able to achieve maximum allowable 2021 HC Rents. An updated appraisal has been engaged by the first mortgage lender, with Seltzer as an additional intended user, to confirm whether the 2022 HC and NHTF Rents are achievable in the market. Receipt and satisfactory review of the updated appraisal and confirmation that the 2022 HC and NHTF Rents are achievable is a condition to close.
4. The Borrower has applied to the ITP for CHIRP and Seltzer has received the application. Based on the sizing criteria and parameters set forth in the CHIRP ITP, the Development will receive \$2,999,999 in additional funding. It is required that the Borrower defer at least 30% of the Developer Fee, which is currently estimated at 42.41%. It is anticipated that this funding will have terms and conditions identical to the SAIL funding applied for through RFA 2020-205. Receipt and satisfactory review of the amount of CHIRP funding is a condition to close.
5. The United States is currently under a national emergency due to the spread of the virus known as COVID-19. The extent of the virus' impact to the overall economy is unknown. More specifically, it is unknown as to the magnitude and timeframe the residential rental market (e.g. absorption rates, vacancy rates, collection losses, appraised value, etc.) and the construction industry (e.g. construction schedules, construction costs, subcontractors, insurance, etc.) will be impacted. Recommendations made by Seltzer in this report, in part, rely upon assumptions made by third-party reports that are unable to predict the impacts of the virus.
6. As applicable, if the equity provider is a related entity to the construction lender, this will cause the interest on the MMRN to be taxable while held by Truist Bank. Additionally, IRS regulations related to the substantial user issue will not allow the Note Issuer, Florida Housing, to receive its full standard Issuer Fees during construction (while Truist Bank is the Noteholder). There will not be a substantial user issue during the permanent phase since Truist Bank will no longer be the Noteholder.

Issues and Concerns: None

Mitigating Factors: None

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

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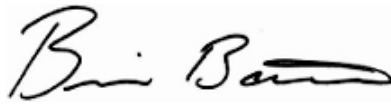
Recommendation:

SMG recommends FHFC fund MMRN in the amount of \$23,000,000, a SAIL Second Mortgage in the amount of \$8,399,999, inclusive of a SAIL of \$5,400,000 and an estimated \$2,999,999 from CHIRP, an ELI Third Mortgage in the amount of \$600,000 and NHTF Fourth Mortgage in the amount of \$1,188,106. SMG also recommends an Annual HC allocation of \$1,995,532 be awarded to Fern Grove Apartments for construction and permanent financing.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the MMRN and SAIL Loan Conditions and HC Allocation Recommendation and Contingencies (Section B). The reader is cautioned to refer to these sections for complete information.

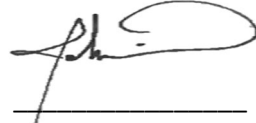
This recommendation is only valid for six months from the date of the report.

Prepared by:

A handwritten signature in black ink, appearing to read "Brian Barth", written over a horizontal line.

Brian Barth
Senior Credit Underwriter

Reviewed by:

A handwritten signature in black ink, appearing to read "Joshua Scribner", written over a horizontal line.

Joshua Scribner
Credit Underwriting Manager

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

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Overview

Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
First Mortgage	FHFC MMRN / Truist	\$16,000,000	\$23,000,000	\$23,000,000	5.68%	\$2,004,543
Second Mortgage	FHFC SAIL	\$5,400,000	\$5,400,000	\$5,400,000	1.00%	\$54,000
Second Mortgage	FHFC SAIL / CHIRP	\$0	\$2,739,865	\$2,999,999	1.00%	\$30,000
Third Mortgage	FHFC SAIL ELI	\$600,000	\$600,000	\$600,000	0.00%	\$0
Fourth Mortgage	FHFC NHTF	\$0	\$1,188,106	\$1,188,106	0.00%	\$0
Fifth Mortgage	City of Orlando	\$0	\$1,300,000	\$1,300,000	0.00%	\$0
HC Equity	TCC	\$2,708,067	\$3,732,198	\$3,752,945		
Deferred Developer Fee	Developer	\$3,182,669	\$4,303,287	\$4,875,522		
Total		\$27,890,736	\$42,263,456	\$43,116,572		\$2,088,543

Tax Exempt Construction Loan:

Applicant initially applied for \$16,000,000 in Tax-Exempt Bonds to be issued by Florida Housing for the construction and permanent financing of Fern Grove Apartments. On May 9, 2022, Florida Housing approved the Applicant's request to increase the MMRN to \$23,000,000.

Applicant provided a Term Sheet from Truist dated May 3, 2022, for the purchase of up to \$23,000,000 of a Tax-Exempt Note, the proceeds of which will fund a construction loan to the Applicant. The initial term shall be 30 months from the loan closing date. The construction period will require interest only payments based on a variable rate and completion is noted to be expected within 24 months from closing. The interest rate will be based upon the Security Overnight Financing Rate ("SOFR") plus a spread of 3.00%. As of June 7, 2022, the SOFR was 1.18396%. For any future increases in the SOFR, Seltzer has included an underwriting cushion of 150 basis points, resulting in an all in interest rate of 5.68%. The construction debt service calculation above reflects the MMRN funded at an average of 57% during the construction phase. An origination fee of 1.00% of the total TEL amount will be payable at closing.

The annual FHFC Issuer Fee of 24 basis points (0.24%) of the TEL and the annual Fiscal Agent Fee of \$4,500 are included in the Uses section of this report. If it is determined that a substantial user issue is applicable, then the FHFC Issuer Fee will be reduced to 12.5 basis points (0.125%) since the equity provider is a related entity to the construction lender.

Other Construction Sources of Funds:

Additional sources of funds for this Development during construction consist of SAIL in the amount of \$8,399,999, inclusive of a SAIL of \$5,400,000 and an estimated \$2,999,999 from CHIRP, an ELI loan in the amount of \$600,000, a NHTF loan in the amount of \$1,188,106, City of Orlando funding in the amount of \$1,300,000, Housing Credit equity of \$3,752,945, and deferred Developer Fees in the amount of \$4,875,522. See the Permanent Financing section below for details.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

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Permanent Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt
First Mortgage	FHFC MMRN / Churchill	\$10,000,000	\$10,300,000	\$10,300,000	4.95%	40	18	\$591,908
Second Mortgage	FHFC SAIL	\$5,400,000	\$5,400,000	\$5,400,000	1.00%	N/A	18.5	\$54,000
Second Mortgage	FHFC SAIL / CHIRP	\$0	\$2,739,865	\$2,999,999	1.00%	N/A	18.5	\$30,000
Third Mortgage	FHFC SAIL ELI	\$600,000	\$600,000	\$600,000	0.00%	N/A	18.5	\$0
Fourth Mortgage	FHFC NHTF	\$0	\$1,188,106	\$1,188,106	0.00%	N/A	30	\$0
Fifth Mortgage	City of Orlando	\$0	\$1,300,000	\$1,300,000	0.00%	N/A	20	\$0
HC Equity	TCC	\$9,206,890	\$18,660,988	\$18,764,725				
Def. Developer Fee	Developer	\$2,683,846	\$2,074,497	\$2,563,742				
Total		\$27,890,736	\$42,263,456	\$43,116,572				\$675,908

Tax Exempt Permanent Loan:

Applicant provided a commitment letter from Churchill dated April 25, 2022, for permanent financing for Fern Grove Apartments. Upon conversion to permanent financing, Churchill will purchase the TEL from Truist at which time the loan will be reduced to an amount of \$10,300,000.

Loan interest is based on a fixed rate locked at construction loan closing, currently estimated at 4.95%. Seltzer has not been provided an underlying index or spread for the interest rate calculation. The term of the loan shall be 18 years with monthly principal and interest payments due to fully amortize the loan over a 40-year schedule.

The permanent loan will mature eighteen (18) years following the termination of the Construction Phase and conversion to the Permanent Phase. At maturity, Borrower may satisfy the MMRN via refinance or sale of the Development pending market feasibility. In the event the Borrower is unable to refinance or effectuate a sale to fund payoff of the MMRN, such event would not cause an event of default under the loan documents. Rather, should this situation occur, it would trigger a "Mortgage Assignment Event" whereby the Churchill designee agrees to cancel the MMRN 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 MMRN and discharge the lien of the Funding Loan Agreement, and it would then assign the mortgage loan (Project Loan) and any other related documentation and collateral to a Churchill designee, effectively ending the transaction. Under this scenario, the MMRN will have been redeemed/cancelled not by payment of cash but by the assignment of the mortgage loan documents and there is no default. As the new direct mortgagee, a Churchill designee would then be in position to work with the Borrower to arrive at a resolution without involvement of either FHFC or the Fiscal Agent (as the MMRN would have been cancelled and would no longer be outstanding).

Annual payments of all applicable fees will be required and are included in the debt service coverage ratio. Fees include Permanent Loan Servicing Fee to be paid annually based on 2.3 basis points (0.023%) of the outstanding MMRN balance or a minimum of \$229 per month; Annual Compliance Monitoring Fee based on a monthly base fee of \$178 and an additional fee per set-aside unit of \$10.71, subject to a minimum of \$278 per month; and an annual Fiscal Agent Fee of \$4,500 and an annual Issuer Fee based on 24 basis points (0.24%) on the outstanding MMRN balance.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

SAIL

Borrower applied to FHFC under RFA 2020-205 for SAIL funds in the amount of \$5,400,000. The Borrower has subsequently applied to CHIRP for additional funding. Based on the application to FHFC and requirements of the CHIRP ITP, the Borrower has been tentatively awarded \$2,999,999 in additional funding. The Development will receive SAIL funds in the amount of \$8,399,999. The CHIRP SAIL terms will be made under the same terms of the original SAIL. The SAIL and the CHIRP SAIL will be closed as one loan and will have one set of closing documents.

SAIL will have a total term of 21 years, of which 30 months is for the construction / stabilization period. As required by Churchill and permitted by Rule 67-48, the SAIL term will be co-terminus with the first mortgage plus six months. The SAIL will be non-amortizing and will bear 1.00% simple interest per annum. Any unpaid interest will be deferred until cash flow is available. At the maturity of the SAIL, however, all principal and unpaid interest is due. Annual payments of all applicable fees will be required. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of \$909 per month, subject to a minimum of \$229 per month. The Compliance Monitoring Fee is based on an annual multiple program fee of \$993.

ELI Loan

Applicants who submitted an Application for RFA 2020-205 are also eligible for ELI Loan funding for the required ELI set-aside units not to exceed the lesser of (a) \$600,000; or (b) the maximum amount based on the ELI set-aside per unit limits for 10% of the total units. The ELI Loan is in the form of a forgivable loan in the amount of \$600,000.

The ELI AMI for Orange County is 33%. The Borrower committed to set aside 15% of the units (21 units) at or below 30% of AMI for ELI as required by the Average Income Test. The ELI loan is non-amortizing at 0.00% simple interest per annum. The 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. The Persons with Special Needs set aside requirement must be maintained throughout the 50 year Compliance Period. The ELI loan will have a total term of 21 years, of which 30 months is for the construction/stabilization period. As required by Churchill, the ELI term will be co-terminus with the first mortgage plus six months. Annual payments of all applicable fees will be required. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of \$909 per month, subject to a minimum of \$229 per month and the Compliance Monitoring Fee is based on an Annual Multiple Program Fee of \$993.

NHTF Loan

Applicants who submitted an Application for RFA 2020-205 are also eligible for NHTF Loan funding to subsidize additional deep targeted units for Persons with Special Needs ("NHTF Link units"). The Applicant was selected to receive a NHTF Loan in the form of a forgivable loan in an amount of \$1,188,106 and is required to designate 5 units as NHTF LINK units targeted for Persons with Special Needs at or below 22% of AMI. The NHTF LINK units will be in addition to the requirement to set aside 50% of the total units as ELI set-aside units and the required number of LINK Units for Persons with Special Needs.

The NHTF Loan shall be a non-amortizing loan at 0.00% simple interest per annum. The principal is forgivable 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. After 30 years, all of the NHTF Link

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

units may convert to serve residents at or below 60% of AMI; however, the Persons with Special Needs set-aside commitment must be maintained throughout the entire 50-year Compliance Period. The NHTF Loan will have a total term of 30 years, of which 30 months is for the construction/stabilization period. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of \$909 per month, subject to a minimum of \$229 per month and the Compliance Monitoring Fee is based on an annual multiple program fee of \$993.

City of Orlando

The Borrower has indicated, and Seltzer has confirmed, that the Development has been awarded \$1,300,000 from the City of Orlando. This funding will be in the form of a forgivable loan with no repayment terms or interest rate. The term will be 20 years following construction loan closing. It is anticipated that 4 of the units will be utilized as HOME units and these units will be designated at the lowest AMI percentage. Receipt and satisfactory review of the funding agreement, mortgage, or other loan document and amount of the funding is a condition to close.

Housing Credits Equity Investment:

The Borrower has applied to Florida Housing to receive 4% Housing Credits directly from the United States Treasury in conjunction with tax-exempt financing. A HC calculation is contained in Exhibit 4 of this credit underwriting report.

Based upon a May 3, 2022, Letter of Intent, TCC or an affiliate will purchase a 99.99% membership interest in the Applicant and provide HC equity as follows:

Capital Contributions	Amount	Percent of Total	When Due
1st Installment	\$2,814,709	15.00%	Admission to the Partnership
2nd Installment	\$938,236	5.00%	Upon 75% completion evidenced by an Architect's certification
3rd Installment	\$3,190,003	17.00%	Latest to occur of (I) 100% completion as certified by the Architect, (II) receipt of all certificates of occupancy, (III) receipt of satisfactory ALTA as-built survey and (IV) satisfactory radon testing
4th Installment	\$11,540,306	61.50%	Latest to occur of (I) evidence of submission of application for Forms 8609, (II) receipt of final cost certificate prepared by the accountant, (III) 95% qualified occupancy, (IV) final closing, (V) construction loan paid down to the permanent loan amount and (VI) achievement of debt service coverage of 115% for three consecutive calendar months
5th Installment	\$281,471	1.50%	Later to occur of (I) receipt of completed and signed Forms 8609 for all buildings and (II) recording of EUA
Total	\$18,764,725	100.00%	

Annual Tax Credits per Syndication Agreement: \$1,996,447

Total HC Available to Syndicator (10 years): \$19,962,474

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

Syndication Percentage (investor member interest): 99.990%

Calculated HC Exchange Rate (per dollar): \$0.940

Proceeds Available During Construction: \$3,752,945

At least 15% of the total equity will be provide prior to or simultaneous with the closing of the construction financing.

Other Permanent Sources of Funds:

In order to balance the sources and uses of funds after all loan proceeds and capital contributions payable under the TCC LOI have been received, the Developer will have to defer \$2,563,742, or 42.41%, of Developer Fees, thus meeting the 30% requirement in the CHIRP ITP.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accessory Buildings				\$0	
Demolition				\$0	\$0
Installation of Pre Fab Units				\$0	
New Rental Units	\$12,850,000	\$21,837,031	\$21,949,535	\$159,055	
Off-Site Work				\$0	\$0
Recreational Amenities				\$0	
Rehab of Existing Common Areas				\$0	
Rehab of Existing Rental Units				\$0	
Site Work	\$1,800,000	\$2,600,000	\$2,315,661	\$16,780	\$115,783
Swimming Pool				\$0	
Furniture, Fixture, & Equipment				\$0	
Hard Cost Contingency - in Constr. Cont.				\$0	
Constr. Contr. Costs subject to GC Fee	\$14,650,000	\$24,437,031	\$24,265,196	\$175,835	\$115,783
General Conditions	\$2,050,746	\$1,466,222	\$1,638,057	\$11,870	
Overhead		\$488,741	\$488,741	\$3,542	
Profit		\$977,481	\$977,481	\$7,083	
Builder's Risk Insurance				\$0	
General Liability Insurance				\$0	
Payment and Performance Bonds		\$191,587	\$191,587	\$1,388	
Contract Costs not subject to GC Fee		\$10,000	\$10,000	\$72	
Total Construction Contract/Costs	\$16,700,746	\$27,571,062	\$27,571,062	\$199,790	\$115,783
Hard Cost Contingency	\$834,946	\$1,368,474	\$1,368,474	\$9,916	
PnP Bond paid outside Constr. Contr.	\$180,000			\$0	
Fees for LOC used as Constr. Surety				\$0	
Demolition paid outside Constr. Contr.				\$0	
FF&E paid outside Constr. Contr.		\$100,000	\$100,000	\$725	
Other: Tree Mitigation	\$100,000	\$100,000	\$100,000	\$725	
Other:				\$0	
Total Construction Costs:	\$17,815,692	\$29,139,536	\$29,139,536	\$211,156	\$115,783

Notes to the Construction Costs:

- The Applicant has provided an executed AIA Document A102-2017 Standard Form of Agreement between Owner and Contractor where the basis of payment is the Cost of the Work plus a Fee with a Guaranteed Maximum Price dated April 29, 2022, in the amount of \$27,571,062. The contract provides for a date of commencement that shall be the later of the following: (1) Owner issues a written Notice to Proceed, (2) all permits issued to commence construction, (3) lender's set-aside letter or other evidence of financing satisfactory to Contractor and Contractor's surety, (4) recorded Notice of Commencement, (5) evidence of Builder's Risk insurance by Owner, and (6) unhindered access to the property, including any offsite work. The Agreement calls for achievement of substantial completion to occur not later than 609 days from the date of commencement (approximately 20 months). Ten (10%) percent retainage will be withheld on all work performed up to 50% completion and no retainage thereafter.

Allowances in the GMP Agreement

- Material Testing, including Threshold - \$111,486

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

- Pre-Manufactured Pergola(s) - \$54,680
- Wood Trusses - \$76,417
- Hardi Siding, including Rigid Insulation - \$895,850
- Signage - \$27,455
- Total - \$1,165,888

Moran is of the opinion that the allowances are within an acceptable range for the scope of work indicated.

Final payment will be made when the General Contractor has fully performed the contract, final Certificate for Payment has been issued by the Architect, as-built drawings have been submitted by Contractor to Owner, Contractor has provided all required warranty information and O&M Manuals and Contractor has provided Final Contractor's Affidavit. The Owner's final payment to the General Contractor shall be made no later than 30 days after the Architect's final Certificate for Payment.

2. SMG received the General Contractor's Certification of Requirements, whereby the General Contractor acknowledges and commits to adhere to all requirements related to a General Contractor as published within Rule Chapters 67-21 and 67-48 ("Rules"), Florida Administrative Code.
3. General Contractor fees as stated are within the 14% maximum per the RFA and Rules. Payment and performance bond costs reflected in the schedule of values are excluded from construction hard costs in the General Contractor fee calculation.
4. The hard cost contingency is within the 5.00% allowed by the RFA and Rules and is not included within the GC Contract or schedule of values.
5. SMG engaged and received a Plan and Cost Analysis ("PCA") from Moran Construction Consultants LLC ("Moran"). Complete results are set forth in Section C of this credit underwriting report.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	\$25,000	\$25,000	\$25,000	\$181	\$12,500
Appraisal	\$7,500	\$5,500	\$5,500	\$40	
Architect's and Planning Fees				\$0	
Architect's Fee - Green Initiative				\$0	
Architect's Fee - Landscape				\$0	
Architect's Fee - Site/Building Design	\$275,000	\$275,000	\$275,000	\$1,993	
Architect's Fee - Supervision	\$75,000	\$75,000	\$75,000	\$543	
Building Permits	\$100,000	\$100,000	\$100,000	\$725	
Builder's Risk Insurance	\$80,000	\$200,000	\$200,000	\$1,449	
Capital Needs Assessment/Rehab				\$0	
Engineering Fees	\$140,000	\$130,800	\$130,800	\$948	
Environmental Report	\$10,000	\$10,000	\$10,000	\$72	
Federal Labor Standards Monitoring				\$0	
FHFC Administrative Fees	\$135,000	\$120,000	\$179,598	\$1,301	\$179,598
FHFC Application Fee	\$3,000	\$3,000	\$3,000	\$22	\$3,000
FHFC Credit Underwriting Fee	\$25,000	\$25,000	\$35,089	\$254	\$35,089
FHFC Compliance Fee	\$200,000			\$0	\$0
FHFC Other Processing Fee(s)				\$0	
Impact Fee	\$174,156	\$94,151	\$94,151	\$682	
Lender Inspection Fees / Const Admin	\$30,000	\$30,000	\$30,000	\$217	
Green Building Cert. (LEED, FGBC, NGBS)	\$20,000	\$20,000	\$20,000	\$145	
Home Energy Rating System (HERS)				\$0	
Insurance	\$50,000			\$0	
Legal Fees - Organizational Costs	\$300,000	\$190,000	\$190,000	\$1,377	\$95,000
Local Subsidy Underwriting Fee				\$0	
Market Study	\$6,500	\$5,500	\$5,500	\$40	\$5,500
Marketing and Advertising	\$100,000	\$100,000	\$100,000	\$725	\$100,000
Plan and Cost Review Analysis		\$5,250	\$5,250	\$38	
Property Taxes	\$30,000	\$30,000	\$30,000	\$217	
Soil Test	\$10,000	\$10,000	\$10,000	\$72	
Survey	\$30,000	\$30,000	\$30,000	\$217	\$7,500
Tenant Relocation Costs				\$0	
Title Insurance and Recording Fees	\$80,000	\$80,000	\$80,000	\$580	\$20,000
Traffic Study				\$0	
Utility Connection Fees	\$356,868	\$376,136	\$376,136	\$2,726	
Soft Cost Contingency	\$100,000	\$100,000	\$100,000	\$725	
Other: Cultural Resource Survey		\$5,500	\$5,500	\$40	
Total General Development Costs:	\$2,363,024	\$2,045,837	\$2,115,524	\$15,330	\$458,187

Notes to the General Development Costs:

1. Architect's Fees for Site/Building Design and Supervision are based on the Agreement between Owner and Architect, Fugleberg Koch, LLC, dated January 14, 2022.
2. Engineering Fees are based on the Proposal for Professional Services by and between the owner and GAI Consultants, Inc. dated March 1, 2021, revised July 15, 2021.
3. The FHFC Administrative Fee is based on 9% of the recommended annual allocation of HC. The FHFC Application Fee is reflective of the application fees stated in RFA 2020-205 and the CHIRP ITP. The total FHFC Credit Underwriting Fees are \$35,089 consisting of \$30,093 for UW and \$4,996 for CHIRP.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

4. Impact Fees of \$94,151 is net of a Fee Waiver received by the Borrower. The RFA 2020-205 Application included a Fee Waiver Form from the City of Orlando and subsequently Seltzer received a Certification Letter from the City of Orlando confirmed the Borrower's receipt of the Fee Waiver. The Fee Waiver included 50 percent of transaction impact fees and 100% of park impact fees being waived.
5. Green Building Certification Fees are based on the Florida Green Building Coalition ("FGBC") Proposal between Owner and GreenBuilt Solutions, LLC, dated April 13, 2022.
6. Utility Connection Fees were estimated by the Applicant. Applicant has provided an email from the Civil Engineer that outlines the water connection fees and a separate document for permit review comments that includes the fees associated with sewer connections.
7. Soft cost contingency is within the 5% as allowed per the RFA and Rules.
8. Cultural Resource Survey is the cost of a survey requested by a local indigenous tribe, the Muskogee Nation, to determine whether there were any related indigenous items, from trinkets to burial grounds, at the site. The Applicant states that NHTF mandated they adhere to the request and the survey came back stating there are no indigenous relics associated with the Development.
9. Other General Development Costs are based on the Applicant's estimates, which appear reasonable.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Application Fee				\$0	
Construction Loan Underwriting Fee				\$0	
Construction Loan Origination Fee	\$182,500	\$230,000	\$230,000	\$1,667	
Construction Loan Commitment Fee				\$0	
Construction Loan Closing Costs		\$40,000	\$40,000	\$290	
Construction Loan Interest	\$637,500	\$1,300,000	\$2,004,543	\$14,526	\$762,598
Construction Loan Servicing Fees				\$0	
Permanent Loan Application Fee		\$15,000	\$15,000	\$109	\$15,000
Permanent Loan Underwriting Fee				\$0	\$0
Permanent Loan Subsidy Layering Rev.				\$0	\$0
Permanent Loan Commitment Fee				\$0	\$0
Permanent Loan Origination Fee	\$180,000	\$103,000	\$103,000	\$746	\$103,000
Permanent Loan Closing Costs		\$65,000	\$65,000	\$471	\$65,000
Permanent Loan Interest				\$0	\$0
Permanent Loan Servicing Fee				\$0	\$0
FHFC Note Short-Term Redemption Fee				\$0	\$0
FHFC Note Fiscal Agent Fee		\$11,250	\$11,250	\$82	\$11,250
FHFC Note Credit Enhancement Fee				\$0	\$0
FHFC Note Cost of Issuance		\$250,000	\$287,709	\$2,085	\$287,709
FHFC Note Interest				\$0	\$0
FHFC Note Servicing Fee				\$0	\$0
SAIL Commitment Fee		\$81,399	\$84,000	\$609	\$84,000
SAIL Closing Costs				\$0	\$0
SAIL Interest				\$0	\$0
SAIL Servicing Fee				\$0	\$0
SAIL-ELI Commitment Fee		\$6,000	\$6,000	\$43	\$6,000
SAIL-ELI Closing Costs				\$0	\$0
SAIL-ELI Servicing Fee				\$0	\$0
NHTF Subsidy Layering Review			\$2,576	\$19	\$2,576
NHTF Commitment Fee				\$0	\$0
NHTF Closing Costs				\$0	\$0
NHTF Servicing Fee				\$0	\$0
Legal Fees - Financing Costs				\$0	
Negative Arbitrage				\$0	
Forward Rate Lock Fee				\$0	
Placement Agent/Underwriter Fee			\$35,000	\$254	\$35,000
Initial TEFRA Fee			\$1,000	\$7	\$1,000
Other: FHFC Issuer Fee		\$138,000	\$138,000	\$1,000	
Other:				\$0	\$0
Total Financial Costs:	\$1,000,000	\$2,239,649	\$3,023,078	\$21,906	\$1,373,133
Dev. Costs before Acq., Dev. Fee & Reserves	\$21,178,716	\$33,425,022	\$34,278,138	\$248,392	\$1,947,103

Notes to the Financial Costs:

1. Construction Origination Fee is based on 1.00% of the construction loan amount per Trust.
2. Construction Loan Interest is based on SMG's estimate. Interest is based on the construction completion and absorption estimates included in the construction schedule and Market Study. The estimate assumes an "all-in" interest rate of 5.68%, a construction / stabilization period of 27 months, and 57% of the MMRN outstanding (on average) during the construction schedule.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

3. Permanent Loan Origination Fee is based on the greater of 1.00% of the permanent loan amount or \$25,000, per Churchill.
4. FHFC Note Fiscal Agent Fee represents two and a half (2.5) years of the annual Fiscal Agent Fee of \$4,500 during the construction period.
5. FHFC Note Cost of Issuance includes fees and expenses of the Issuer, Real Estate Counsel for MMRN SAIL, ELI and NHTF Note Counsel and Disclosure Counsel Fees, Fiscal Agent Fee, Servicer Closing Fee and other fees.
6. SAIL Commitment Fee consists of a 1% SAIL commitment fee based on the SAIL/CHIRP amount.
7. SAIL-ELI Commitment Fee consists of a 1% ELI commitment fee based on the ELI Loan amount.
8. FHFC Issuer Fee represents two and a half (2.5) years of the annual Issuer Fee of 24 basis points (0.24%) during the construction period on the total note amount. If it is determined that a substantial user issue is applicable, then the FHFC Issuer Fee will be reduced to 12.5 basis points (0.125%) since the equity provider is a related entity to the construction lender.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Building			\$0	\$0	
Building Acquisition Cost				\$0	
Developer Fee on Non-Land Acq. Costs			\$0	\$0	
Other:				\$0	
Total Non-Land Acquisition Costs:	\$0	\$0	\$0	\$0	\$0

Notes to the Non-Land Acquisition Costs:

1. Since this is a new construction development, 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	\$3,812,020	\$6,044,582	\$6,044,582	\$43,801	
DF to fund Operating Debt Reserve				\$0	
DF to Brokerage Fees - Land			\$0	\$0	
DF to Excess Land Costs				\$0	
DF to Excess Bldg Acquisition Costs				\$0	
DF to Consultant Fees				\$0	
DF to Guaranty Fees				\$0	
Other:				\$0	
Total Other Development Costs:	\$3,812,020	\$6,044,582	\$6,044,582	\$43,801	\$0

Notes to the Other Development Costs:

1. Developer Fee has been limited to 18% of the Development's construction cost, exclusive of land acquisition costs and reserves, as required per the RFA and Rules.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Land			\$0	\$0	\$0
Land Acquisition Cost				\$0	\$0
Land	\$2,300,000	\$2,299,900	\$2,299,900	\$16,666	\$2,299,900
Land Lease Payment				\$0	\$0
Land Carrying Costs				\$0	\$0
Other:				\$0	\$0
Total Acquisition Costs:	\$2,300,000	\$2,299,900	\$2,299,900	\$16,666	\$2,299,900

Notes to the Land Acquisition Costs:

- The Applicant provided a Purchase and Sale Agreement ("PSA") dated February 18, 2019, between West 50 Joint Venture ("Seller") and Banyan Development Group, LLC ("Purchaser"). The purchase price is reflected to be \$2,300,000. The closing date shall be the earlier of: (I) thirty (30) days from the date the buyer will have received (a) an aware of LIHTC funds and (b) a loan commitment in writing from a lender to provide financing to Purchaser or (II) November 30, 2022. Purchaser shall have the right to extend the closing date for up to three (3) period of sixty (60) days each.

Seltzer was provided a First Amendment to PSA dated November 12, 2019, and an Assignment of PSA dated October 27, 2020, assigning the PSA to the Applicant. Seltzer was also provided a Second Amendment to PSA dated February 25, 2022, that amended the legal description of the site and in connection with the change, the purchase price was re-allocated to \$2,299,900 for the Development parcel and \$100 for the portion carved out.

The appraised value of the vacant land is \$2,300,000, which 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 (FHFC)				\$0	\$0
Operating Deficit Reserve (Lender)				\$0	\$0
Operating Deficit Reserve (Syndicator)		\$493,952	\$493,952	\$3,579	\$493,952
Debt Service Coverage Reserve (FHFC)				\$0	\$0
Debt Service Coverage Reserve (Lender)				\$0	\$0
Debt Service Coverage Reserve (Syndicator)				\$0	\$0
Other:				\$0	\$0
Total Reserve Accounts:	\$0	\$493,952	\$493,952	\$3,579	\$493,952

Notes to Reserve Accounts:

- Reserves – Operating Deficit is the Operating Deficit Reserve ("ODR") required by the Syndicator (TCC). 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 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

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

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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.

In exchange for receiving funding from the Corporation, the Corporation reserves the authority to restrict the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve's original purpose has terminated or is near termination. Authorized disposition uses are limited to payments towards any outstanding loan balances of the Development funded from the Corporation, any outstanding Corporation fees, any unpaid costs incurred in the completion of the Development (i.e., deferred Developer Fee), the Development's capital replacement reserve account (provided, however, that any operating deficit reserve funds deposited to the replacement reserve account will not replace, negate, or otherwise be considered an advance payment or pre-funding of the Applicant's obligation to periodically fund the replacement reserve account), the reimbursement of any loan(s) provided by a partner, member or guarantor as set forth in the Applicant's organizational agreement (i.e., operating or limited partnership agreement). The actual direction of the disposition is at the Applicant's discretion so long as it is an option permitted by the Corporation. In no event, shall the payment of amounts to the Applicant or the Developer from any operating deficit reserve established for the Development cause the Developer Fee or General Contractor fee to exceed the applicable percentage limitations provided for in this RFA.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	\$27,290,736	\$42,263,456	\$43,116,572	\$312,439	\$4,740,955

Notes to the Total Development Costs:

1. Per RFA 2020-205, Total Development Cost ("TDC") is limited on a per unit basis based on the construction type of the units as indicated by the Applicant. The Applicant has indicated a construction type of Mid-Rise (4 Stories) – ESS Construction, which had a maximum allowable per unit cost of \$297,100.00. Based on changes to TDC limit increases as approved at previous FHFC Board meetings, most recently the April 1, 2022, Telephonic FHFC Board meeting, the maximum allowable per unit cost is \$445,338.65. Fern Grove Apartments' final TDC per unit is \$292,193.62.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

Operating Pro forma

OPERATING PRO FORMA				ANNUAL	PER UNIT
INCOME	Gross Potential Rental Income			\$1,606,572	\$11,642
	Other Income:				
	Ancillary Income-Parking			\$0	\$0
	Miscellaneous			\$41,400	\$300
	Washer/Dryer Rentals			\$41,400	\$300
	Cable/Satellite Income			\$0	\$0
	Gross Potential Income			\$1,689,372	\$12,242
	Less:				
	Economic Loss - Percentage:	0.0%	\$0	\$0	
	Physical Vacancy Loss - Percentage:	5.0%	(\$84,469)	(\$612)	
	Collection Loss - Percentage:	1.0%	(\$16,894)	(\$122)	
Total Effective Gross Revenue				\$1,588,010	\$11,507
EXPENSES	Fixed:				
	Real Estate Taxes			\$179,067	\$1,298
	Insurance			\$55,200	\$400
	Other		\$0	\$0	
	Variable:				
	Management Fee - Percentage:	5.4%	\$85,496	\$620	
	General and Administrative			\$44,850	\$325
	Payroll Expenses			\$165,600	\$1,200
	Utilities			\$138,000	\$1,000
	Marketing and Advertising			\$10,350	\$75
	Maintenance and Repairs			\$69,000	\$500
	Grounds Maintenance and Landscaping			\$0	\$0
	Resident Programs			\$0	\$0
	Contract Services			\$0	\$0
	Security			\$0	\$0
	Other-Pest Control			\$0	\$0
	Reserve for Replacements			\$41,400	\$300
	Total Expenses				\$788,963
Net Operating Income				\$799,047	\$5,790
Debt Service Payments					
DEBT SERVICE	First Mortgage - FHFC MMRN / Churchill			\$591,908	\$4,289
	Second Mortgage - FHFC SAIL / CHIRP			\$84,000	\$609
	Third Mortgage - FHFC SAIL ELI			\$0	\$0
	Fourth Mortgage - FHFC NHTF			\$0	\$0
	Fifth Mortgage - City of Orlando			\$0	\$0
	All Other Mortgages -			\$0	\$0
	First Mortgage Fees - FHFC MMRN / Churchill			\$35,610	\$258
	Second Mortgage Fees - FHFC SAIL / CHIRP			\$11,901	\$86
	Third Mortgage Fees - FHFC SAIL ELI			\$3,741	\$27
	Fourth Mortgage Fees - FHFC NHTF			\$3,963	\$29
	Fifth Mortgage Fees - City of Orlando			\$0	\$0
	All Other Mortgages Fees -			\$0	\$0
Total Debt Service Payments				\$731,123	\$5,298
Cash Flow After Debt Service				\$67,924	\$492

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

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Debt Service Coverage Ratios		
	DSC - First Mortgage plus Fees	1.273
	DSC - Second Mortgage plus Fees	1.105
	DSC - Third Mortgage plus Fees	1.099
	DSC - Fourth Mortgage plus Fees	1.093
	DSC - Fifth Mortgage plus Fees	1.093
	DSC - All Mortgages and Fees	1.093
Financial Ratios		
	Operating Expense Ratio	49.7%
	Break-Even Ratio	90.3%

Notes to the Operating Pro forma and Ratios:

1. The SAIL will be repaid from available cash flow. The Break-Even Ratio would be 85.3% if the SAIL interest payments were excluded.
2. The MMRN program does not impose any rent restrictions; however, the development will be utilizing Housing Credits, SAIL, ELI and NHTF which will impose rent restrictions. Fern Grove Apartments is projected to achieve 2021 Maximum Allowable HC and NHTF Rents published by Florida Housing on all units based upon the appraiser's estimate of achievable rents per comparable properties surveyed. The Applicant engaged Matern Professional engineering, Inc. of Maitland, FL to prepare a UA Energy Consumption Model Estimate. This model was approved by Florida Housing on February 7, 2022. The model reflects the residents paying for electricity and the Applicant paying for water, sewer, pest control, and trash pick-up. No manager/employee units are anticipated at this time.

A rent roll for the Development is illustrated in the following table:

MSA/County: Orlando – Kissimmee – Sanford MSA / Orange County

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	5	665	22%			\$342	\$31	\$311		\$311	\$284	\$311	\$18,660
1	1.0	11	665	30%			\$466	\$31	\$435		\$435	\$398	\$435	\$57,420
1	1.0	22	665	60%			\$933	\$31	\$902		\$902	\$828	\$902	\$238,128
1	1.0	32	665	70%			\$1,089	\$31	\$1,058		\$1,058	\$971	\$1,058	\$406,272
2	2.0	10	936	30%			\$560	\$37	\$523		\$523	\$478	\$523	\$62,760
2	2.0	27	936	60%			\$1,120	\$37	\$1,083		\$1,083	\$993	\$1,083	\$350,892
2	2.0	30	936	70%			\$1,307	\$37	\$1,270		\$1,270	\$1,165	\$1,270	\$457,200
2	2.0	1	974	70%			\$1,307	\$37	\$1,270		\$1,270	\$1,165	\$1,270	\$15,240
		138	110,236											\$1,606,572

3. Miscellaneous income was estimated by the Applicant and consists of anticipated late fees, pet fees, forfeited deposits, etc.
4. Washer and dryer income is based on the Applicant's estimate and supported by the Appraisal. The amount was calculated based on a \$40 per month rental fee with and estimated 65% participation. The washers and dryers were stated to be paid for by the Applicant outside of the development budget. The Applicant confirmed this cost is not in the development budget or GC Contract.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

5. The appraiser estimates a stabilized physical vacancy rate of 5% for a physical occupancy of 95% and a collection loss of 1% for an economic occupancy of 94%.
6. Real estate tax expense is based on the Appraiser's estimate.
7. Management Fees are based upon the Management Agreement provided by the Applicant that reflects a management fee equal to the greater of \$2,000 or five percent (5.0%) of gross receipts paid monthly. Additional services provided by AGPM, and included in the management fee calculation, include training (\$7 per unit per year), yardi software/support (\$25.17 per unit per year) and processing fees (\$1.00 per unit per month).
8. The Applicant states that resident programs will be coordinated by Treehouse along with the AGPM team at the Development. Treehouse is a non-profit foundation that works with managers to provide a wide array of resident programs that strive to strengthen and inspire the community.
9. Other operating expense estimates are based on comparable properties and are supported by the appraisal.
10. Replacement Reserves in the amount of \$300 per unit per year meet RFA and Rule requirements. TCC requires the replacement reserve to be increased annually by 3.00%.
11. A 15-year income and expense projection reflects increasing debt service coverage ("DSC"). This projection is attached to this report as Exhibit 1.

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Section B

Loan Conditions

HC Allocation Recommendation and Contingencies

JUNE 9, 2022

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

Special Conditions

These recommendations are contingent upon the review and approval of the following items by SMG and Florida Housing at least 30 days prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Receipt and satisfactory review of the permanent period First Mortgage Loan rate lock documentation and confirmation that the Second Mortgage SAIL meets or exceeds the minimum DSC of 1.10 to 1.00.
2. Receipt and satisfactory review of the updated Appraisal and confirmation of whether the 2022 HC and NHTF rents are achievable.
3. Receipt and satisfactory review of the updated Phase I ESA, as the Phase I ESA utilized herein for underwriting was over 12 months old.
4. Completion of the HUD Section 3 pre-construction conference.
5. 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 24 CFR Part 135).
6. Satisfactory receipt of the Affirmative Fair Housing Marketing Plan.

General Conditions

This recommendation is contingent upon the review and approval of the following items by SMG and Florida Housing at least 30 days prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Borrower to comply with any and all recommendations noted in the Plan and Cost Review.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report, if any, must be bound within the final plans and specifications.
4. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). Acceptable alternatives to this requirement are receipt and satisfactory review of a letter from the local permitting and approval authority that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
5. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved Development budget.

6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL, ELI and NHTF loan proceeds shall be disbursed in an amount per Draw that does not exceed the ratio of the SAIL, ELI and NHTF loans, respectively, to the Total Development Cost during the construction or rehabilitation phase, unless otherwise approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.
7. 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.

8. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, if applicable, the FHFC Insurance Guide.
9. The General Contractor shall secure a payment and performance bond equal to 100% of the total construction cost listing FHFC as co-obligee, whose terms do not adversely affect the Corporation's interest, issued in the name of the General Contractor, from a company rated at least "A-" by A.M. Best & Co., or a Corporation-approved alternate security for the General Contractor's performance such as a letter of credit ("LOC") 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.
10. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, the Americans with Disabilities Act ("ADA"), and Federal Fair Housing Act requirements, as applicable.
11. A copy of an Amended and Restated Operating Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Operating Agreement shall be in a form and of financial substance satisfactory to Servicer and to FHFC and its Legal Counsel.
12. Satisfactory resolution of any outstanding past due and/or noncompliance items.
13. 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) and 67-48.0075 (5) F.A.C., of an Applicant or a Developer).

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

14. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first 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.
15. 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 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 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 FHFC, its Servicer 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 loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/member(s)/principal(s)/manager(s) of the Borrower, the guarantors, and any limited partners/members of the Borrower.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of MMRN, SAIL, ELI and NHTF loan closing, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.
4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the MMRN, SAIL, ELI and NHTF loans naming FHFC as the insured. All endorsements required by Florida Housing shall be provided.
5. Florida Housing and its Legal Counsel shall review and approve all other lenders closing documents and the Operating Agreement or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loans have been satisfied.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

6. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, if applicable, the FHFC Insurance Guide.
7. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner / member of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner / member of the GP, of any corporate guarantor and any manager;
 - b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
 - c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership/Operating Agreement and;
 - e. Such other matters as Florida Housing or its Legal Counsel may require.
8. Evidence of compliance with local concurrency laws, as applicable.
9. UCC Searches for the Borrower, its partnerships, as requested by Legal Counsel.
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 and its Legal Counsel, in connection with the loan(s).
11. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

Additional Conditions

This recommendation is also contingent upon the following additional conditions:

1. Compliance with all provisions of Sections 420.507, 420.5087 and 420.509, Florida Statutes, Rule Chapters 67-21, 67-48, 67-53, and 67-60, F.A.C., RFA 2020-205, 2022 CHIRP ITP, Section 42 I.R.C., and any other State and Federal requirements.
2. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRN, SAIL, ELI and NHTF Loan in form and substance satisfactory to Florida Housing and its Legal Counsel, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), the Land Use Restriction Agreement(s), and Extended Low Income Housing Agreement(s).
3. If MMRN funds are used for construction or rehabilitation, all amounts necessary to complete construction must be deposited with the Fiscal Agent prior to Loan Closing, or any phased HC Equity pay-in of amount necessary to complete construction shall be contingent upon an unconditional obligation, through a Joint Funding Agreement or other mechanism acceptable to Florida Housing, of

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

the entity providing HC Equity payments (and evidence that 100% of such amount is on deposit with such entity at Loan Closing) to pay, regardless of any default under any documents relating to the HC as long as the First Mortgage continues to be funded.

4. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.
5. Guarantors are to provide the standard FHFC Construction Completion Guaranty, to be released upon lien free completion as approved by the Servicer.
6. Guarantors for the MMRN are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15 DSC on the permanent first mortgage MMRN as determined by FHFC or its Servicer, 90% Occupancy and 90% of Gross Potential Rental Income net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public Accountant ("CPA") and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by Florida Housing 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. Guarantors for the SAIL are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15 DSC on the combined permanent first mortgage MMRN and SAIL as determined by FHFC or its Servicer, 90% Occupancy and 90% of Gross Potential Rental Income net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public Accountant ("CPA") and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by Florida Housing 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 are to provide the standard FHFC Environmental Indemnity Guaranty.
9. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.
10. A mortgagee title insurance lender's policy naming Florida Housing as the insured mortgage holder in the amount of the Loans is to be issued at closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.
11. Property tax and hazard insurance escrows are to be established and maintained by the First Lender or the Servicer. In the event the reserve account is held by Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing's sole discretion.
12. Replacement Reserves in the minimum amount of \$300 per unit per year are required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee/Credit Enhancer, the Fiscal Agent, or Florida Housing's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per RFA, in the amount of \$42,021 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met

without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of \$300 per unit per year for years 1 and 2, followed by \$300 per unit per year thereafter. The initial Replacement Reserve will have limitations on the ability to be drawn. New construction or Redevelopment Developments (with or without acquisition) shall not be allowed to draw during the first five years or until the establishment of a minimum balance equal to the accumulation of five 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 10th year after the first residential building in the Development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("Initial Replacement Reserve Date"). A subsequent CNA is required no later than the 15th year after the Initial Replacement Reserve Date and subsequently every five (5) years thereafter.

13. Moran Construction Consultants, LLC ("Moran") or other construction inspector acceptable for Florida Housing is to act as Florida Housing's inspector during the construction period.
14. Under the Fern Grove Apartments construction contract, a minimum of 10% retainage holdback on all construction draws will be withheld until construction is 50% complete and thereafter no additional retainage is withheld. Retainage will not be released until successful lien free completion of construction and issuance of all certificates of occupancy, which satisfies the RFA and Rules minimum requirements.
15. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or its Servicer, if applicable.
16. Closing of all funding sources prior to or simultaneous with the closing of the MMRN, SAIL, ELI and NHTF loans.
17. Any other reasonable requirements of the Servicer, Florida Housing or its Legal Counsel.

Housing Credit Allocation Recommendation

Seltzer Management Group, Inc. recommends a preliminary annual Housing Credit allocation of \$1,995,532. Please see the HC Allocation Calculation section of this report for further details.

Contingencies

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by SMG and the Florida Housing Finance Corporation by the deadline established in the Preliminary HC Allocation. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. All items listed under the Special Conditions section of the Loan Conditions to Close.
2. Satisfactory resolution of any outstanding past due and/or noncompliance items.
3. Any reasonable requirements of Florida Housing, SMG or its Legal Counsel.

Exhibit 1
Fern Grove Apartments
15 Year Income and Expense Projection

FINANCIAL COSTS:		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
OPERATING PRO FORMA																
INCOME	Gross Potential Rental Income	\$1,606,572	\$1,638,703	\$1,671,478	\$1,704,907	\$1,739,005	\$1,773,785	\$1,809,261	\$1,845,446	\$1,882,355	\$1,920,002	\$1,958,402	\$1,997,570	\$2,037,522	\$2,078,272	\$2,119,838
	Rent Subsidy (ODR)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other Income:															
	Ancillary Income-Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Miscellaneous	\$41,400	\$42,228	\$43,073	\$43,934	\$44,813	\$45,709	\$46,623	\$47,556	\$48,507	\$49,477	\$50,466	\$51,476	\$52,505	\$53,555	\$54,626
	Washer/Dryer Rentals	\$41,400	\$42,228	\$43,073	\$43,934	\$44,813	\$45,709	\$46,623	\$47,556	\$48,507	\$49,477	\$50,466	\$51,476	\$52,505	\$53,555	\$54,626
	Cable/Satellite Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Rent Concessions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Alarm Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Gross Potential Income	\$1,689,372	\$1,723,159	\$1,757,623	\$1,792,775	\$1,828,631	\$1,865,203	\$1,902,507	\$1,940,557	\$1,979,369	\$2,018,956	\$2,059,335	\$2,100,522	\$2,142,532	\$2,185,383	\$2,229,090
	Less:															
	Economic Loss - Percentage:															
	Physical Vacancy Loss - Percentage: 5.0%	(\$84,469)	(\$86,158)	(\$87,881)	(\$89,639)	(\$91,432)	(\$93,260)	(\$95,125)	(\$97,028)	(\$98,968)	(\$100,948)	(\$102,967)	(\$105,026)	(\$107,127)	(\$109,269)	(\$111,455)
	Collection Loss - Percentage: 1.0%	(\$16,894)	(\$17,232)	(\$17,576)	(\$17,928)	(\$18,286)	(\$18,652)	(\$19,025)	(\$19,406)	(\$19,794)	(\$20,190)	(\$20,593)	(\$21,005)	(\$21,425)	(\$21,854)	(\$22,291)
Total Effective Gross Revenue		\$1,588,010	\$1,619,770	\$1,652,165	\$1,685,209	\$1,718,913	\$1,753,291	\$1,788,357	\$1,824,124	\$1,860,606	\$1,897,819	\$1,935,775	\$1,974,490	\$2,013,980	\$2,054,260	\$2,095,345
EXPENSES	Fixed:															
	Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Sub-Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Real Estate Taxes	\$179,067	\$184,439	\$189,972	\$195,671	\$201,541	\$207,588	\$213,815	\$220,230	\$226,837	\$233,642	\$240,651	\$247,871	\$255,307	\$262,966	\$270,855
	Insurance	\$55,200	\$56,856	\$58,562	\$60,319	\$62,128	\$63,992	\$65,912	\$67,889	\$69,926	\$72,023	\$74,184	\$76,410	\$78,702	\$81,063	\$83,495
	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Variable:															
	Management Fee - Percentage: 5.4%	\$85,496	\$87,206	\$88,950	\$90,729	\$92,544	\$94,394	\$96,282	\$98,208	\$100,172	\$102,176	\$104,219	\$106,303	\$108,430	\$110,598	\$112,810
	General and Administrative	\$44,850	\$46,196	\$47,581	\$49,009	\$50,479	\$51,993	\$53,553	\$55,160	\$56,815	\$58,519	\$60,275	\$62,083	\$63,945	\$65,864	\$67,840
	Payroll Expenses	\$165,600	\$170,568	\$175,685	\$180,956	\$186,384	\$191,976	\$197,735	\$203,667	\$209,777	\$216,070	\$222,553	\$229,229	\$236,106	\$243,189	\$250,485
	Utilities	\$138,000	\$142,140	\$146,404	\$150,796	\$155,320	\$159,980	\$164,779	\$169,723	\$174,814	\$180,059	\$185,460	\$191,024	\$196,755	\$202,658	\$208,737
	Marketing and Advertising	\$10,350	\$10,661	\$10,980	\$11,310	\$11,649	\$11,998	\$12,358	\$12,729	\$13,111	\$13,504	\$13,910	\$14,327	\$14,757	\$15,199	\$15,655
	Maintenance and Repairs	\$69,000	\$71,070	\$73,202	\$75,398	\$77,660	\$79,990	\$82,390	\$84,861	\$87,407	\$90,029	\$92,730	\$95,512	\$98,378	\$101,329	\$104,369
	Grounds Maintenance and Landscaping	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Resident Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Contract Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Security	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other-Pest Control	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Reserve for Replacements	\$41,400	\$42,642	\$43,921	\$45,239	\$46,596	\$47,994	\$49,434	\$50,917	\$52,444	\$54,018	\$55,638	\$57,307	\$59,027	\$60,797	\$62,621
Total Expenses		\$788,963	\$811,777	\$835,258	\$859,426	\$884,302	\$909,905	\$936,259	\$963,384	\$991,303	\$1,020,040	\$1,049,620	\$1,080,066	\$1,111,405	\$1,143,663	\$1,176,867
Net Operating Income		\$799,047	\$807,993	\$816,907	\$825,782	\$834,611	\$843,386	\$852,098	\$860,740	\$869,303	\$877,778	\$886,155	\$894,424	\$902,575	\$910,597	\$918,478
Debt Service Payments																
DEBT SERVICE	First Mortgage - FHFC MMRN / Churchill	\$591,908	\$591,908	\$591,908	\$591,908	\$591,908	\$591,908	\$591,908	\$591,908	\$591,908	\$591,908	\$591,908	\$591,908	\$591,908	\$591,908	\$591,908
	Second Mortgage - FHFC SAIL / CHIRP	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000	\$84,000
	Third Mortgage - FHFC SAIL ELI	\$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
	Fifth Mortgage - City of Orlando	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	All Other Mortgages -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	First Mortgage Fees - FHFC MMRN / Churchill	\$35,610	\$35,517	\$35,418	\$35,312	\$35,197	\$35,075	\$34,944	\$34,803	\$34,653	\$34,492	\$34,320	\$34,137	\$33,941	\$33,733	\$33,510
	Second Mortgage Fees - FHFC SAIL / CHIRP	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901
	Third Mortgage Fees - FHFC SAIL ELI	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741
	Fourth Mortgage Fees - FHFC NHTF	\$3,963	\$3,963	\$3,963	\$3,963	\$3,963	\$3,963	\$3,963	\$3,963	\$3,963	\$3,963	\$3,963	\$3,963	\$3,963	\$3,963	\$3,963
	Fifth Mortgage Fees - City of Orlando	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	All Other Mortgages Fees -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments		\$731,123	\$731,030	\$730,931	\$730,825	\$730,710	\$730,588	\$730,457	\$730,316	\$730,166	\$730,005	\$729,833	\$729,650	\$729,454	\$729,246	\$729,023
Cash Flow After Debt Service		\$67,924	\$76,963	\$85,976	\$94,957	\$103,900	\$112,798	\$121,641	\$130,424	\$139,138	\$147,773	\$156,322	\$164,774	\$173,121	\$181,351	\$189,455
Debt Service Coverage Ratios																
DSC - First Mortgage plus Fees		1.273	1.288	1.302	1.317	1.331	1.345	1.359	1.373	1.387	1.401	1.415	1.429	1.442	1.455	1.469
DSC - Second Mortgage plus Fees		1.105	1.117	1.130	1.142	1.154	1.167	1.179	1.191	1.203	1.215	1.227	1.239	1.251	1.262	1.273
DSC - Third Mortgage plus Fees		1.099	1.111	1.124	1.136	1.148	1.161	1.173	1.185	1.197	1.209	1.221	1.233	1.244	1.256	1.267
DSC - Fourth Mortgage plus Fees		1.093	1.105	1.118	1.130	1.142	1.154	1.167	1.179	1.191	1.202	1.214	1.226	1.237	1.249	1.260
DSC - Fifth Mortgage plus Fees		1.093	1.105	1.118	1.130	1.142	1.154	1.167	1.179	1.191	1.202	1.214	1.226	1.237	1.249	1.260
DSC - All Mortgages and Fees		1.093	1.105	1.118	1.130	1.142	1.154	1.167	1.179	1.191	1.202	1.214	1.226	1.237	1.249	1.260
Financial Ratios																
Operating Expense Ratio		49.7%	50.1%	50.6%	51.0%	51.4%	51.9%	52.4%	52.8%	53.3%	53.7%	54.2%	54.7%	55.2%	55.7%	56.2%
Break-Even Ratio		90.3%	89.9%	89.4%	89.0%	88.6%	88.3%	87.9%	87.6%	87.3%	87.0%	86.7%	86.5%	86.2%	86.0%	85.8%

FERN GROVE APARTMENTS
RFA 2020-205 / 2021-203BSN / 2020-539C
DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

138 Units located in 1 Mid-Rise residential building

Unit Mix:

Seventy (70) one bedroom/one bath units;

Sixty-eight (68) two bedrooms/two bath units;

138 Total Units

B. All units are expected to meet all requirements as outlined below. 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 federal requirements and state building code requirements, including the following, incorporating the most recent amendments, regulations, and rules: The Federal Fair Housing Act as implemented by 24 CFR 100, 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.

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. All Developments 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 or commercial grade 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;

FERN GROVE APARTMENTS
RFA 2020-205 / 2021-203BSN / 2020-539C
DESCRIPTION OF FEATURES AND AMENITIES

- At least one washing machine and one dryer shall be front loading that meets the accessibility standards of Section 504;
 - 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; and
 8. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units;
 9. Elderly Developments must have a minimum of one elevator per residential building provided for all Elderly Set-Aside Units that are located on a floor higher than the first floor.
 10. All Elderly Demographic Developments that are new construction must incorporate a full-size range and oven in all units.
- D.** Required Accessibility Features, regardless of the age of the Development:
- Federal and state law and building code regulations requires that programs, activities, and facilities be readily accessible to and usable by persons with disabilities. Florida Housing requires that the design, construction, or alteration of its financed Developments be in compliance with federal and state accessibility requirements. When more than one law and accessibility standard applies, the Applicant shall comply with the standard (2010 ADA Standards, Section 504, Fair Housing Act, or Florida Building Code, Accessibility) which affords the greater level of accessibility for the residents and visitors. Areas required to be made accessible to mobility-impaired residents and their visitors, including those in wheelchairs, shall include, but not be limited to, accessible routes and entrances, paths of travel, primary function areas, parking, trash bins, mail and package receiving areas for residents, pool and other amenities, including paths of travel to amenities and laundry rooms, including washers and dryers.
- E.** The Development must provide the following Accessibility Features in all units:
1. Primary entrance doors 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.
- F.** All Elderly (ALF or Non-ALF) Demographic Developments must provide the following Accessibility Features:
- 20 percent of the new construction units must have roll-in showers.

FERN GROVE APARTMENTS
RFA 2020-205 / 2021-203BSN / 2020-539C
DESCRIPTION OF FEATURES AND AMENITIES

- 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;
- All bathrooms in all new construction units must have vanity cabinets with at least one roll-out shelf or drawer in bottom of cabinet;
- 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.

G. Green Building Features required in all Developments:

All new construction units and, as applicable, all common areas must have the features listed below:

- 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;

FERN GROVE APARTMENTS
RFA 2020-205 / 2021-203BSN / 2020-539C
DESCRIPTION OF FEATURES AND AMENITIES

- 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 = 0.97 EF and Max GPM of ≥ 2.5 over a 77° rise or 0.87 UEF and GPM of ≥ 2.9 over a 67° rise;
 - 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 (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. Package Terminal Air Conditioners (PTACs) / Package Terminal Heat Pumps (PTHPs) are allowed in studio and 1 bedroom units;

In addition to the required Green Building Features outlined above, proposed Developments with a Development Category of New Construction or Redevelopment, with or without acquisition, must commit to achieve one of the following Green Building Certification programs:

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

- H.** Applicants who select the Elderly (ALF or Non-ALF) Demographic must provide the required following Resident Program:

24 Hour Support to Assist Residents In Handling Urgent Issues

FERN GROVE APARTMENTS
RFA 2020-205 / 2021-203BSN / 2020-539C
DESCRIPTION OF FEATURES AND AMENITIES

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.

- I. Applicants who select the Elderly (ALF or Non-ALF) Demographic must provide at least (3) of the Resident Programs. The quality of the Resident Programs committed to by the Applicant is subject to approval of the Board of Directors. The availability of the Resident Programs must be publicized on an ongoing basis such as through community newsletters, bulletin board posts, or flyers.

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.

FERN GROVE APARTMENTS
RFA 2020-205 / 2021-203BSN / 2020-539C
DESCRIPTION OF FEATURES AND AMENITIES

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. Computer Training

The Applicant or its Management Company shall make available computer and internet training classes (basic and/or advanced level depending on the needs and requests of the residents). The training classes must be provided at least once a week, at no cost to the resident, in a dedicated space on site. 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.

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.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Fern Grove Apartments

DATE: JUNE 9, 2022

In accordance with applicable Program Rule(s), the Borrower 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 ("Florida Housing" or "FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the Borrower that the transaction can close within the allotted time frame. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

CREDIT UNDERWRITING REQUIRED ITEMS:	STATUS	NOTE
	Satis. /Unsatis.	
1. The Development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and/or status of site plan approval.	Satis.	
3. Permit Status.	Satis.	
4. Pre-construction analysis ("PCA").	Satis.	
5. Survey.	Satis.	
6. Complete, thorough soil test reports.	Satis.	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
8. Market Study separate from the Appraisal.	Satis.	
9. Environmental Site Assessment – Phase I and/or Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	1
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in the Rule for credit enhancers, Borrower, general partner, principals, guarantors and general contractor.	Satis.	
11. Resumes and experience of Borrower, general contractor and management agent.	Satis.	

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

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

NOTES AND APPLICANT’S RESPONSES:

1. The Phase I ESA had a report date of April 6, 2021, which is over a year old.

Response: Applicant will provide an update to the Phase I ESA to confirm that there are no RECs in connection with the Development.

HC Allocation Calculation

Section I: Qualified Basis Calculation	
Development Cost	\$43,116,572
Less Land Cost	(\$2,299,900)
Less Federal Funds	\$0
Less Other Ineligible Cost	(\$2,441,055)
Less Disproportionate Standard	\$0
Total Eligible Basis	\$38,375,617
Applicable Fraction	100.00%
DDA/QCT Basis Credit	130.00%
Qualified Basis	\$49,888,302
Housing Credit Percentage	4.00%
Annual Housing Credit Allocation	\$1,995,532

Notes to the Qualified Basis Calculation:

1. Other Ineligible Costs primarily include a portion of site work, accounting fees, legal fees, a portion of construction loan interest, permanent loan origination, FHFC Loan commitment fees, FHFC Cost of Issuance, FHFC administrative, application, and underwriting fees, market study, and reserves.
2. The Borrower committed to a set aside of 100%. Therefore, SMG has utilized an Applicable Fraction of 100.00%.
3. The Development is located in a Qualified Census Tract, Tract 187.00. Therefore, the 130% basis credit has been applied to the Eligible Basis.
4. Per the FY 2021 Omnibus Consolidated Appropriations Act passed by Congress as of December 21, 2020, a permanent 4% minimum HC rate was established. For purposes of this report, a HC percentage of 4.00% has therefore been applied.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

Section II: Gap Calculation	
Total Development Cost (Including Land and Ineligible Costs)	\$43,116,572
Less Mortgages	(\$21,788,105)
Less Grants	\$0
Equity Gap	\$21,328,467
Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.9400
HC Required to Meet Gap	\$22,692,128
Annual HC Required	\$2,269,213

Notes to the Gap Calculation:

1. Mortgages include the Churchill designee first mortgage, FHFC SAIL second mortgage, FHFC ELI third mortgage, FHFC NHTF fourth mortgage and City of Orlando fifth mortgage.
2. HC Syndication Pricing and Percentage to Investment Partnership are based upon the May 3, 2022, LOI from TCC.

Section III: Tax-Exempt Note 50% Test	
Total Depreciable Cost	\$38,375,617
Plus Land Cost	\$2,299,900
Aggregate Basis	\$40,675,517
Tax-Exempt Note Amount	\$23,000,000
Less Debt Service Reserve	\$0
Less Proceeds Used for Costs of Issuance	\$0
Plus Tax-exempt GIC earnings	\$0
Tax-Exempt Proceeds Used for Building and Land	\$23,000,000
Proceeds Divided by Aggregate Basis	56.55%

Notes to 50% Test:

1. SMG estimates the Tax-Exempt MMRN amount to 56.55% of Depreciable Development Costs plus Land Acquisition Costs. If, at the time of Final Cost Certification, the TEL Amount is less than 50%, developer fees will have to be reduced by an amount to ensure compliance with the 50% Test. That may, in turn, result in a reduction to HC Equity.

MMRN, SAIL, ELI, NHTF AND HC CREDIT UNDERWRITING REPORT

SMG

Section IV: Summary	
HC per Qualified Basis	\$1,995,532
HC per Gap Calculation	\$2,269,213
Annual HC Recommended	\$1,995,532

Notes to the Summary:

1. The Annual HC Recommended is based on the Qualified Basis calculation.