

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
March 10, 2023
Information Items



ASSET MANAGEMENT

Information

I. ASSET MANAGEMENT

A. Florida Housing Multifamily Rental Portfolio Compliance Dashboard

1. Background/Present Situation

- a) Florida Housing's Management Review and Physical Inspection (MRPI) includes a review of records such as application for residency, tenant income certification/recertification and income verification documents, leases, rent rolls and regulatory agreements (Land Use Restriction Agreement and/or Extended Low-Income Housing Agreement). Physical Inspections include the interior/exterior of residential building and common areas, and a review of general site conditions- landscape, sidewalks, and pave areas.
- b) To arrive at the information presented below, data on all reviews conducted from 1/1/2018 through 2/15/2023 was analyzed. It is important to note, that from 4/1/2020 to 9/30/2021, Florida Housing conducted no on-site, physical inspections due health and safety risks associated with COVID-19; only desk-top reviews of tenant files were completed during this period.
- c) During the study period, Florida Housing conducted, 3,730 MRPI Reports of 1,428 different developments. 92% of all MRPIs conducted during the study period were successfully closed. Of the 295 open reviews from the study period:
 - (1) 42% of developments and 38% of owners have unsatisfactory ratings for examination of records;
 - (2) 46% of developments and 35% of owners have unsatisfactory rating(s) regarding physical condition of the development; and
 - (3) 24% of development have deficiencies in both the examination of record and physical inspection categories.

FISCAL
Information

I. FISCAL

A. Operating Budget Analysis for December 31, 2022.

1. Background/Present Situation

- a) The Financial Analysis for December 31, 2022, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending December 31, 2022, is attached as [Exhibit B](#).

GUARANTEE PROGRAM

Information

I. GUARANTEE PROGRAM

A. Status of the Guarantee Program Portfolio

1. Background/Present Situation

- a) Since the implementation of the Guarantee Program in 1993, 120 transactions facilitating the construction of over 28,000 housing units in Florida were guaranteed. In November 1994, the Guarantee Program entered into an agreement with HUD to participate in the Risk-Sharing Program; characterized by a 50/50 sharing of default risk in connection with the mortgage guarantee. As of 2/28/23, one (1) multifamily development remains in the Guarantee Program portfolio.
- b) Between November 2008 and April 2010, eight (8) multifamily claims were filed on the Guarantee Program portfolio, representing the total (and only) multifamily claims incurred in its 24-year history. The Guarantee Program experienced a strong 87% foreclosure recovery rate, compared to the 64% national average at that time.¹ Currently, there are no foreclosures in inventory and no developments in monetary default in the portfolio.

B. Corpus and Portfolio Risk Exposure

1. Background/Present Situation

- a) The global liquidity crisis of 2008 collapsed the market for the variable rate bonds capitalizing the Guarantee Program corpus, ultimately leading staff to restructure the debt, paying off approximately \$89 million and refinancing the remaining \$156.2 million in variable rate bonds to a 5-year term loan with Citibank, closing on December 31, 2009.
- b) At that time, the Guarantee Program's total risk exposure was \$754.5 million. Since then, in keeping with the Board's mandate to cede risk from the portfolio, total risk exposure has been reduced over 99%, as reflected below:

Portfolio Risk Exposure

| As of 2/28/23 | 12/31/22 | 12/31/21 | 12/31/20 | 12/31/19 | 12/31/18 | 12/31/17 | 12/31/16 | 12/31/15 | 12/31/14 | 12/31/13 |
|------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| \$4.9M | \$4.9M | \$5.0M | \$5.1M | \$5.2M | \$19.9M | \$20.4 | \$30.9M | \$59.4M | \$158.9M | \$306.5M |

- c) The continued low interest rate environment has prompted many Developers to refinance their properties, paying-off their guaranteed mortgages and removing them from the Guarantee Program portfolio, representing the primary driver behind the reduction in Total Commitments reflected above. Refinancing activity is reflected in the following chart:

¹ Real Capital Analytics, April 2011

GUARANTEE PROGRAM

Information

Refinancing Activity

| | As of 2/28/23 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|------------------------|------------------|------|------|------|---------|------|---------|---------|--------|----------|----------|
| Loans (#): | 0 | 0 | 0 | 0 | 2 | 0 | 1 | 5 | 17 | 22 | 22 |
| Risk ceded (\$): | n/a | n/a | n/a | n/a | \$14.4M | n/a | \$10.2M | \$27.6M | \$100M | \$136.8M | \$149.4M |

- d) Contributing to the reduction in Total Commitments was approximately \$115 million in partial prepayments (of mortgages) from SAIL ELI proceeds, funded prior to or at the time of closing, helping facilitate refinancing activity.
- e) Furthermore, Management aggressively reduced the Guarantee Program capitalizing debt, paying off \$90.2 million on April 20, 2011, another \$15 million on July 29, 2011, and the remaining \$51.0 million on December 21, 2012, reducing the Guarantee Fund's capitalizing debt to zero (\$0).
- f) The Guarantee Fund corpus contains approximately \$145 million in capital invested in the Florida Treasury, Special Purpose Investment Account (SPIA), rated "AA-f" by Standard & Poor's as of March 31, 2022.

C. Current Ratings (Insurer Financial Strength)

1. Background/Present Situation

Standard & Poor's: May 2020 A+ / Stable outlook
 Cited strengths: "Strong state financial support...Strong asset quality...Strong asset management policies"^[1]

Fitch: March 2018 A+ / Stable outlook
 Cited strengths: "Low Risk-to-Capital Ratio... Limited State support ...Minimal Multifamily Losses"^[2]

CI. Risk-to-Capital Ratio

1. Background/Present Situation

- a) Authorized Maximum Ratio = 5:1. Peaking in 1999 at 4.95:1, subsequent management efforts resulted in a more conservative downward trend to the vastly improved ratio of 0.03:1 as of 2/28/23. Capital not needed to support the outstanding Guarantees has been made available to the SAIL program for use in the 2016-2018 and 2019 competitive solicitations. Specifically, \$40 million was made available to workforce housing and the remaining \$78 million to SAIL.

CII. Guarantee Program Portfolio ([Exhibit A](#))

^[1] Standard & Poor's, "Florida Affordable Housing Guarantee Fund", May 21, 2020, www.standardandpoors.com/ratingsdirect. Standard & Poor's 2022 surveillance was concluded on April 26, 2022 and resulted in Review – No Action of the rating.

^[2] Fitch Ratings, "Fitch Affirms Florida Housing Finance Corp's Guarantee Fund at 'A+'; Outlook Stable", March 28, 2018, www.fitchratings.com. Fitch Ratings 2022 surveillance was concluded on July 21, 2022 and resulted in Review-No Action of the rating.

MULTIFAMILY BONDS

Information

I. MULTIFAMILY BONDS

- A. **Civitas of Cape Coral (2023 Series D / RFA 2019-102 / 2020-018BD / 2019-547C) has requested approval to change the permanent first mortgage lender, CDBG-DR loan term, and add temporary additional funding**

1. **Background/Present Situation**

- a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended and the Board approved to allow staff to approve changes to the development that occur after the Credit Underwriting Report is finalized that would normally require Board approval (such as increasing the principal amount, refinancing, or altering any terms or conditions of any mortgage superior or inferior to a Corporation mortgage). This action was ratified by the Board at the April 29, 2022 Board Meeting.
- b) RFA 2019-102 at Exhibit F Section 5.(l) states:
- (1) *(l.) After accepting a preliminary commitment, the Applicant or Land Owner shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the CDBG-DR mortgage without prior approval of the Corporation's Board of Directors.*
- c) The Applicant requested a change in the permanent first mortgage lender from Grandbridge Real Estate Capital, LLC to Citibank, N.A, change the CDBG-DR loan term to be coterminous with first mortgage, and add a Seller Note to provide gap funding between the closing draw and construction draw number two.
- d) On January 25, 2023, staff received an update to the final credit underwriting report with a positive recommendation to change the permanent first mortgage lender, the CDBG-DR loan term, and additional temporary funding ([Exhibit A](#)). Staff has reviewed this report and approved the Borrower's request.

MULTIFAMILY PROGRAMS - ALLOCATIONS

Information

I. MULTIFAMILY PROGRAMS – ALLOCATIONS

A. RFA Updates

1. Background/Present Situation

- a) RFA 2023-104 “SAIL Financing Farmworker And Commercial Fishing Worker Housing” was issued on February 22, 2023 with an Application Deadline of March 22, 2023.
- b) A workshop regarding RFA 2023-105 “RFA 2023-105 Financing To Build Smaller Permanent Supportive Housing Properties For Persons With Developmental Disabilities” was held on February 21, 2023. Staff expects to issue the RFA on March 21, 2023 with an Application Deadline of April 18, 2023.
- c) A workshop regarding RFA 2023-304 “RRLP Financing To Be Used For Rental Developments In Hurricane Ian And Hurricane Nicole Impacted Counties” was held on March 2, 2023. Staff expects to issue the RFA on March 31, 2023 with an Application Deadline of May 2, 2023.
- d) RFA 2023-102 “SAIL Financing For Smaller Permanent Supportive Housing Developments For Persons With Special Needs” was issued on December 6, 2022 with an Application Deadline of March 21, 2023.

B. Rule Development Update

1. Background/Present Situation

- a) A rule development workshop regarding Rule Chapters 67-21 and 67-48, F.A.C. was held on February 23, 2023. Staff expects to present the Notice of Proposed Rule (NOPR) to the Board at the April 28, 2023 Board meeting.

MULTIFAMILY PROGRAMS

Information

I. MULTIFAMILY PROGRAMS

A. The developments listed below have requested approval to allow one subcontractor to exceed the 20%/31% limitation

1. Background/Present Situation

- a) On March 12, 2021, the Board delegated authority to staff to approve the 20%/31% subcontractor limitation set forth in Rule Chapters 67-48.0072(17)(g) (2018 and 2019), 67-21.014(2)(r)(7) (2018) and 67-21.026(13)(f) (2018) and as stated below, respectively:
- (1) *67-21.014(2)(r)(7) (2018) / 67-21.026(13)(f) (2018), and 67-48.0072(17)(g) (2018) The General Contractor must meet the following conditions;*
 - (2) *Ensure that not more than 20 percent of the construction cost is subcontracted to any one entity or any group of entities that have common ownership or are Affiliates of any other subcontractor, with the exception of a subcontractor (or any group of entities that have common ownership or are Affiliates of any other subcontractor) contracted to deliver the building shell of a building of at least five (5) stories which may not have more than 31 percent of the construction cost in a subcontract, unless otherwise approved by the Corporation for a specific Development. With regard to said approval, the Corporation shall consider the facts and circumstances of each Applicant's request, inclusive of construction costs and the General Contractor's fees. For purposes of this paragraph, "Affiliate" has the meaning given in subsection 67-21.002(5), F.A.C. / 67-48.002(5), F.A.C., except that the term "Applicant" therein shall mean "subcontractor";*
 - (3) *67-48.0072(17)(g) (2019) The General Contractor must meet the following conditions:*
 - (4) *(g) Ensure that not more than 20 percent of the construction cost, not to include the General Contractor fee or pass-through fees paid by the General Contractor, is subcontracted to any one entity or any group of entities that have common ownership or are Affiliates of any other subcontractor, with the exception of a subcontractor (or any group of entities that have common ownership or are Affiliates of any other subcontractor) contracted to deliver the building shell of a building of at least five (5) stories which may not have more than 31 percent of the construction cost in a subcontract, unless otherwise approved by the Corporation for a specific Development. A subcontractor (or any group of entities that have common ownership or are Affiliates of any other subcontractor) contracted to deliver the building shell of a Development located in the Florida Keys Area may not have more than 31 percent of the construction cost in a subcontract, unless otherwise approved by the Corporation for a specific Development. With regard to said approval, the Corporation shall consider the facts and circumstances of each Applicant's request, inclusive of construction*

MULTIFAMILY PROGRAMS

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costs and the General Contractor's fees. For purposes of this paragraph, "Affiliate" has the meaning given in subsection 67-48.002(5), F.A.C., except that the term "Applicant" therein shall mean "subcontractor";

- b) Staff, in conjunction with review by the credit underwriters and construction consultants, and receipt of positive recommendations from the credit underwriters, has approved the below requests to allow one subcontractor (or any group of entities that have common ownership or are Affiliates of any other subcontractor) to exceed the 20% limitation. With the exception of Wells Landing, because FHFC became aware of the excess through the cost certification review, after the work had been completed, no General Contractor Fee or Developer Fee will be allowed on the subcontract amounts that surpass the maximum contract amount allowed under Rules 67-48.0072(17)(g), 67-21.014(2)(r)(7), and 67-21.026(13)(f), F.A.C. If the General Contractor Fee on this amount has already been paid to the General Contractor, it will be paid out of the Developer's profit and reflected as a subset of the Developer Fee on the Development Final Cost Certification.

| Development | Application Number | Dollar Amount of Contract | Percentage of Contract |
|----------------------------|---------------------------|----------------------------------|-------------------------------|
| Daytona Gardens Apartments | 2018-100B/2018-523C | \$2,231,898 | 20.6% |
| Wells Landing | 2020-369C/2021-334C | \$6,036,000 | 28.64% |
| Steve Protulis Towers | 2019-073C | \$5,699,554 | 31.82%* |

**Subcontractor contracted to deliver the building shell of a building of at least five (5) stories*

NATURAL DISASTERS UPDATE

Information

I. NATURAL DISASTERS UPDATE

A. Hurricane Nicole Update

1. Background/Present Situation

- a) FEMA has declared six (6) counties eligible for Individual Assistance (IA). Florida Housing has 176 developments with 848 buildings comprised of 17,814 units in our portfolio located in the 6 FEMA IA declared counties regarding Hurricane Nicole.
- b) Of the seven (7) developments reporting either moderate or limited damage to residential buildings or accessory buildings from Hurricane Nicole, all work has been completed.

B. Hurricane Ian Update

1. Background/Present Situation

- a) Florida Housing has 1,056 developments with 6,833 buildings comprised of 132,196 units in our portfolio located in the 26 counties declared a major disaster due to Hurricane Ian.
- b) Of the eighteen (18) developments that reported catastrophic, extensive and moderate damage, there are ten (10) developments with work to be completed.
- c) A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane Ian is attached as [Exhibit A](#).

C. Hurricane Michael Update

1. Background/Present Situation

- a) Florida Housing had 68 developments comprised of 597 buildings with 6,134 units in its portfolio located in the twelve counties declared a major disaster due to Hurricane Michael.
- b) From the damage assessments, nine developments reported damage extensive enough to require displacement of some or all households. In total, 652 households have been displaced due to direct damage, unhealthy moisture content and/or the discovery of mold in the housing units. An additional 15 properties reported moderate damage, 17 reported limited damage because of the hurricane.
- c) As of May 31, 2022, all repairs to the forty one (41) developments reporting damage from Hurricane Michael had been completed.
- d) The current status of Hurricane Michael related Requests for Applications (RFAs) and developments awarded funding through those RFAs is attached as [Exhibit B](#).

NATURAL DISASTERS UPDATE

Information

D. Hurricane Eta Update

1. Background/Present Situation

- a) Damage reports received indicated limited to moderate damage to roofs and windows combined with limited landscape damage. Of the 34 properties that sustained damage, 33 have completed all repair work as of December 31, 2021. Thirty (30) households were displaced due to flooding at Glorieta Gardens in Opa-Locka, Miami-Dade County. As of February 15, 2023, management reported 0 households displaced and 6 units remain out of service. A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane ETA is attached as [Exhibit C](#).

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Information

I. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Lofts at San Marco East (RFA 2021-205 / 2022-211S / 2021-521C / 2022 CHIRP ITP) Request for Approval to Increase the Principal Amount of the Subordinate Debt

1. Background/Present Situation

- a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended and the Board approved to allow staff to approve changes to the development that occur after the Credit Underwriting Report is finalized that would normally require Board approval (such as increasing the principal amount, refinancing, or altering any terms or conditions of any mortgage superior or inferior to a Corporation mortgage). This action was ratified by the Board at the April 29, 2022 Board Meeting.
- b) Under the Rule in place at the time of the Application, Rule Chapter 67-48.010(15), F.A.C. (effective May 18, 2021) stated:
 - (1) *(15) After accepting a preliminary commitment, the Applicant shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the SAIL mortgage without prior approval of the Corporation's Board of Directors.*
- c) On February 3, 2023, staff received an update to the final credit underwriting report with a positive recommendation increase the principal amount of the subordinate debt ([Exhibit A](#)). Staff has reviewed this report and finds that it meets all requirements of the RFA and the CHIRP ITP.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Information

B. Falcon Trace II (RFA 2021-205 / 2022-186S / 2021-519C / 2022 CHIRP ITP) Request for Approval to Increase the Principal Amount of the First Mortgage and Approval to Increase the Hard Cost Contingency

1. Background/Present Situation

- a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended and the Board approved to allow staff to approve changes to the development that occur after the Credit Underwriting Report is finalized that would normally require Board approval (such as increasing the principal amount, refinancing, or altering any terms or conditions of any mortgage superior or inferior to a Corporation mortgage). The Board also granted staff the ability to approve contingency reserve increases upon recommendation by the Credit Underwriter. This action was ratified by the Board at the April 29, 2022 Board Meeting.
- b) Under the Rule in place at the time of the Application, Rule Chapter 67-48.010(15), F.A.C. (effective May 18, 2021) stated:
 - (1) *(15) After accepting a preliminary commitment, the Applicant shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the SAIL mortgage without prior approval of the Corporation's Board of Directors.*
- c) Under the Rule in place at the time of the below Application, Rule Chapter 67-48.0072(19), F.A.C. (effective May 18, 2021) stated:
 - (1) *(19) Contingency reserves which total no more than 5 percent of total actual construction costs (hard costs) and total general development costs (soft costs) for Redevelopment and Developments where 50 percent or more of the units are new construction may be included within the Total Development Cost for Application and underwriting purposes. Contingency reserves which total no more than 15 percent of total actual construction costs (hard costs) and no more than 5 percent of total general development costs (soft costs) for Rehabilitation, Moderate Rehabilitation, Substantial Rehabilitation, and Preservation may be included within the Total Development Cost for Application and underwriting purposes; however, in the event financing is obtained through a federal government rehabilitation program, a contingency reserve up to 20 percent may be utilized if required by the program. Contingency reserves shall not be paid from SAIL or HOME funds.*
- d) On February 15, 2023, staff received an update to the final credit underwriting report with a positive recommendation to increase the principal amount of the first mortgage ([Exhibit B](#)). Staff has approved the request to increase the principal amount of the first mortgage and increase the hard cost contingency reserve at the recommendation of the Credit Underwriter. Staff has reviewed these requests and finds that they meet all requirements of the RFA and the CHIRP ITP.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Information

C. The following developments have requested, and staff approved, changes to the Construction Features & Amenities and/or Resident Programs

1. Background/Present Situation

- a) Willow Brook Village / 1996 Universal Cycle/1996-003S: The borrower has requested to change the Heating requirement from “Gas Heating” to “Gas or Electric Heating”. The scoring of the application will remain unaffected. Staff will amend the Land Use Restriction Agreement for the development as appropriate.
- b) Bessie Dix Residential Community Group Home (2014-395G) and Flora Residential Community Group Home (2014-396G) / RFA 2014-105: The borrower has requested to change the ADA doorbell requirement from a hardwired doorbell to a wireless or battery operated doorbell, including audible/visual alarms in the bedroom(s) and doorbell with visual signal will be installed to meet the ADA requirement. The scoring of the application will remain unaffected. A Land Use Restriction Agreement amendment for this change is not required.

SINGLE FAMILY HOMEBUYER PROGRAMS

Information

I. SINGLE FAMILY HOMEBUYER PROGRAMS

A. Single Family Homebuyer Programs

1. Background/Present Situation

- a) Florida Housing's Homebuyer Loan Programs provide assistance to eligible homebuyers by offering low-cost, 30-year, fixed-rate mortgages together with down payment and closing cost assistance (DPA). Currently, we have four active first mortgage programs; the Florida First Government Loan Program (Government Loan Program), the Fannie Mae HFA Preferred Conventional Loan Program (HFA Preferred), the Freddie Mac HFA Advantage Conventional Loan Program (HFA Advantage), the Florida Hometown Heroes Housing Loan Program (Hometown Heroes).
- b) The Government Loan Program offers borrowers a 30-year, fixed-rate mortgage using all approved government-insured loan types. These include Federal Housing Administration (FHA) loans, U.S. Department of Veteran Affairs (VA) loans, and U.S. Department of Agriculture-Rural Development (RD) loans. This program is funded through both traditional mortgage revenue bond sales as well as by the sale of Mortgage Backed Securities (MBS) into the secondary markets.
- c) The HFA Preferred and HFA Advantage programs offer first mortgage loan products developed specifically for state housing finance agencies. These programs are offered both as bond-financed products as well as forward delivery "To Be Announced" (TBA) products in conjunction with our TBA Program Administrator, Hilltop Securities. Single Family Program Staff sets daily mortgage interest rates for the TBA loans based upon prevailing market rates and predetermined profitability goals. The conventional loans, originated by participating lenders, offer borrowers 30-year, fixed-rate mortgages.
- d) Borrowers at or below 80% of the area median income (AMI) benefit from lower mortgage insurance costs on these loans when compared to other conventional mortgage products, as well as similar government-insured loans such as FHA.
- e) Hometown Heroes was launched June 1, 2022. The Florida Legislature appropriated \$100 million in the 2022 state budget to be used as a revolving source of funds to make homeownership more affordable by providing down payment and closing cost assistance to income-qualified, first-time homebuyers who are frontline community workers. Veterans and active duty military personnel previously assisted with our Salute Our Soldiers Military Loan program are also being included in this new program. Eligible borrowers can receive up to 5% of their first mortgage loan amount (a maximum of \$25,000) in assistance to help them purchase a primary residence in the community in which they work and serve. The 30-year, 0% interest, deferred repayment second mortgage is combined with one of Florida Housing's Homebuyer Loan Program's low interest rate first mortgage loans. It is anticipated that this initial amount of funding will allow us to assist between 5000-6000 borrowers. As of February 24, 2023, we had a pipeline of 4,144 loans totaling over \$1.21 billion

SINGLE FAMILY HOMEBUYER PROGRAMS

Information

in first mortgage loan volume, paired with \$60.7 million of downpayment and closing cost assistance.

- f) Florida Housing offers qualified homebuyers DPA in the form of a second mortgage loan in conjunction with our first mortgage loan programs. Our Florida Assist loan is a 0% interest, non-amortizing, deferred payment loan in the amount of \$10,000. This second mortgage program serves homebuyers with an AMI of up to 120%, adjusted for household size. It is repayable in the event the home is sold, refinanced, deed is transferred, or the home is no longer the borrower's primary residence.
- g) The HFA Preferred PLUS and the HFA Advantage PLUS programs offer 3%, 4% and 5% of the loan amount in DPA as forgivable second mortgage loans. These loans are forgiven 20% annually over a 5-year period unless the home is sold, refinanced, deed transferred, or is no longer the borrower's primary residence. If any of these actions occur prior to the 5-year forgiveness period, any unforgiven balance becomes due and payable.
- h) We also offer an amortizing second mortgage product, the Homebuyer Loan Program (HLP) Second Mortgage. This product is offered across all of our first mortgage programs and provides up to \$10,000 of assistance at a 3% fixed interest rate and is repaid in monthly payments over 15 years
- i) Single Family Program Staff continually offers a three-hour, Department of Business and Professional Regulation (DBPR)-approved continuing education (CE) course for realtors. This course is coordinated through local realtor boards throughout the state. Realtors who attend these classes receive a general three-hour CE credit while learning about our Homebuyer Loan Programs and other affordable housing programs available to their potential homebuyers. Florida Housing has permanent approval from DBPR to offer the class via webinar (online) format. We have found this format to be highly effective in attracting more realtors to the classes while eliminating travel costs entirely. For 2023 we have changed how we offer these classes. Instead of offering individual classes to specific realtor boards as we have in the past, we are now contacting all boards and making them aware that we are offering these classes statewide twice each month. So far, we are seeing this new approach has been effective in reaching our realtor partners while also freeing up staff time to devote to program support and lender management. We have conducted four classes this year using this format that were attended by 440 realtors.
- j) Beginning October 3, 2022, new loan reservations began going to Lakeview Loan Servicing, LLC (Lakeview), the new Master Servicer for the Homebuyer Loan Program. All loan reservations made prior to that date will continue to be serviced by US Bank NA. We have sent out multiple announcements and conducted multiple lender trainings to make lenders aware of the new partnership and the new procedure for delivering loans.
- k) Single Family Program Staff periodically conducts telephonic and webinar trainings for lender partners throughout the state. Lender trainings generally consist of program requirements and recent updates, system training with our compliance administrator (eHousingPlus) and first mortgage and servicer requirements and updates with our master servicer, Lakeview. Together, Florida Housing, eHousingPlus and Lakeview will provide lenders with information to better assist with the origination, delivery and purchase of first and second

SINGLE FAMILY HOMEBUYER PROGRAMS

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mortgages originated through our Homebuyer Loan Program. We conducted a Lender Lunch-&-Learn on February 23, 2023, for Participating Lenders and loan officers. The class had over 500 attendees.

- 1) Additionally, we periodically partner with other stakeholders such as mortgage insurance (MI) providers and the Government-Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, to better educate and inform our Participating Lenders of recent industry changes.

SINGLE FAMILY HOMEBUYER PROGRAMS

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2023 HOMEBUYER LOAN PROGRAMS SUMMARY

| | 2022 HLP Program Totals | 2023 HLP Program Totals | 2023 HLP Government Loan Programs Totals | 2023 HLP Conventional Loan Programs Totals |
|---|-------------------------|-------------------------|--|--|
| Average 1 st Mortgage Loan Amount | \$249,693 | \$265,687 | \$272,510 | \$249,999 |
| Average Acquisition Price | \$259,042 | \$279,438 | \$282,459 | \$272,490 |
| Average Compliance Income | \$68,916 | \$77,107 | \$78,539 | \$73,814 |
| County Area Median Income % | 70% | 72% | 71% | 74% |
| Total Purchased 1 st Mortgage Loan Amounts | \$1,378,493,866 | \$292,493,445 | \$209,067,776 | \$83,425,670 |
| Total # of Units | 5,533 | 1,102 | 768 | 334 |

2023 TOP 10 COUNTIES FOR HOMEBUYER LOAN PROGRAMS ORIGINATIONS

| County | Loan Count | Loan Amount | DPA |
|--------------|------------|-----------------|----------------|
| Duval | 103 | \$23,953,912.30 | \$1,198,580.00 |
| Broward | 68 | \$22,905,191.50 | \$1,116,953.00 |
| Hillsborough | 67 | \$19,723,371.73 | \$924,251.00 |
| Pasco | 62 | \$15,692,976.30 | \$751,601.00 |
| Polk | 61 | \$15,512,342.89 | \$740,855.00 |
| Volusia | 56 | \$14,547,695.02 | \$699,004.00 |
| Palm Beach | 47 | \$12,948,052.28 | \$648,850.00 |
| Lee | 46 | \$12,678,298.06 | \$596,884.00 |
| Orange | 43 | \$11,145,561.32 | \$525,014.00 |
| Miami-Dade | 41 | \$14,636,745.27 | \$719,329.00 |

STRATEGIC PLAN AND PERFORMANCE MEASURES

Information

I. STRATEGIC PLAN AND PERFORMANCE MEASURES

A. Strategic Plan and Performance Measures

1. Background

- a) Sections 420.0006 and 420.504(1), Florida Statutes, direct the Secretary of the Department of Economic Opportunity (DEO) to contract with Florida Housing on a multi-year basis to address the affordable housing needs of the state. The contract must include the performance measures adopted by the Board as part of and consistent with Florida Housing's Strategic Plan, pursuant to section 420.511(1), F.S.
- b) The Affordable Housing Services contract requires Florida Housing to report to DEO quarterly on the performance measures and targets. Section 420.0005, F.S., requires the Secretary to certify to the state's Chief Financial Officer that Florida Housing is in compliance with the performance measure targets. This is required to give Florida Housing access to appropriated state funding. These reports are provided to DEO within 30 days of the end of each quarter.

2. Present Situation

- a) Quarterly Performance Measures and Targets for Quarter 4 – 2022 are attached as [Exhibit A](#). Quarterly Informational Indicators for Quarter 4 – 2022 are attached as [Exhibit B](#).

FHFC Performance Dashboard

Quarter 4 2022

Green = Good to Go
 Orange = Merits additional Monitoring
 Red = A Concern to Address

| HOMEOWNERSHIP | | | |
|--|--|---|--|
| Performance Measures | Data | Informational Indicators | Data |
| Number of Participating First Mortgage Lenders* | End of Q4/2022 261 active and approved lenders. (Target: 50) | Homebuyer Loan Programs: Average Acquisition Price Average Homebuyer Income | Q4/2022 Price: \$280,938 Homebuyer Income: \$76,123 |
| Homebuyer Loan Programs First Mortgage Loan and Down Payment Assistance (DPA): Purchase Totals | First Mortgages Q4/2022: \$502,042,537 DPA Q4/2022: \$24,700,441 | Homebuyer Loan Programs Top 5 Counties for Originations | Q4/2022 (# of Loans: \$ Total) Duval (189 Loans: \$48,209,098) Hillsborough (100 Loans: \$29,646,659) Polk (96 Loans: \$24,256,422) Miami-Dade (94 Loans: \$33,424,808) Broward (91 Loans: \$30,250,222) |
| Number of Local Governments Participating in the State Housing Initiative Partnership Program with Approved Local Housing Assistance Plans | End of Q4/2022 122 local governments have approved LHAPs (Target: Maintain at least 110 local governments with approved and active LHAPs) | Searches for Affordable Rentals on Housing Locator Website | Q4/2022 221,871 searches conducted |
| HOME Allocation and Commitment Status | On pace for all commitments and disbursements | FHFC Rental Portfolio Occupancy Rate Statewide | Period Ending 11/30/22: 97.27% (Target 93%-95%) |
| RENTAL | | | |
| Performance Measures | Data | Informational Indicators | Data |
| Guarantee Fund Risk-to-Capital Ratio | End of Q4/2022: .03:1 (Maintain no more than a 5.00:1 leverage ratio) | Maturing Loans Data | 2022 2 SAIL Loans: 192 Units 2023 Anticipated 12 SAIL Loans: 1,195 Units 1 HOME Loans: 15 Units |
| Guarantee Fund Insurer Ratings | Standard & Poor's: A+/Stable (as of 05/21/20) Fitch: A+/Stable (as of 03/28/18) (Rating of not less than third-highest to safeguard State Housing Trust Fund) | Average Tenant Income in Florida Rental Properties | Most recent annual figures (2022) Public Housing: \$15,337 HUD Properties: \$12,153 USDA RD Properties: \$19,405 FHFC Properties: \$26,183 All Florida Renters: \$58,026 |
| Amount of State Appropriated Rental Funding Awarded* | Q4/2022 Six public meetings related to Requests for Applications had been held by the end of the quarter. (Q4 Target: Hold at least one public meeting on one or more draft competitive funding proposals for the current FY funding.) | Average Tenant-Paid Gross Rent at Florida Rental Properties | Most recent annual figures (2022) Public Housing: \$350 HUD Properties: \$283 USDA RD Properties: Unavailable FHFC Properties (All): \$821 FHFC Properties (w/Rental Assist): \$326 FHFC Properties (w/o Rental Assist): \$985 All Florida Renters: \$1,304 |
| Percentage of SAIL Funds Awarded across each Demographic Group Compared to Reserved Allocation Percentages | FY 2022-23 Funds Allocation Reserved compared to Actual Awarded (as of 12/31/22) Farm/Fishworkers (5% - 0%) Homeless (10% - 0%) Special Needs (13% - 3.44%) Elderly (25% - 0%) Families (47% - 0%) | | |
| Percentage of SAIL Funds Awarded across Small, Medium and Large Counties | FY 2022-23 Funds Allocation Reserved compared to Actual Awarded (as of 12/31/22) Small Counties (10% - 0%) Medium Counties (36.2% - 3.44%) Large Counties (53.8% - 0%) | | |
| Total/Affordable Units in FHFC Portfolio | Period Ending 11/30/22 Total: 242,760 Affordable: 222,438 ELI: 19,831 Homeless/Special Needs: 9,734 (includes 4,331 Link units) | | |
| OPERATIONS | | | |
| Performance Measures | Data | Informational Indicators | Data |
| Budgeted Total Operating Expenses to Actual Total Operating Expenses* | Period Ending 10/31/22 Under budget (Target: Not to exceed budget by more than 10%) | | |
| Board Engagement: Attendance & Attainment of Quorum* | Q4/2022 Board Meetings October: 6 of 7 seated members present December: 7 of 7 seated members present (Target: Quorum - five members present) | | |

*DEO/FHFC Contract Measure

DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Results of Operations for the twelve months ending December 2022

The budget to actual analysis for the twelve months ending December 2022 shows a net of revenues over expenses in the amount of \$2,455,334. Variances of note compared to the budget are as follows:

REVENUES

Investment Income (Line 1) is under budget by \$1,813,811. While the portfolio continues to earn a positive return, the earnings are less than budgeted primarily due to losses incurred in an effort to reposition our investment portfolio for the current rising interest rate environment. Investment earnings in the State Treasury were also lower than expected.

Program Fees (Line 2) are \$540,171 under budget primarily due to receipt of agency fees.

Administrative Fees (Line 3) are \$864,147 over budget primarily related to the CDBG and HOME programs and directly offsets variances in expenses.

SALARIES & BENEFITS

Total Salaries & Benefits are favorable to the budget by \$1,710,511 primarily due to a vacancy rate greater than budgeted.

OPERATING EXPENSES

Capital Expenses (Line 5) are under budget \$197,110 due to less than anticipated purchases of computer equipment and software, primarily due to a change that will utilize existing licenses in the phone system replacement.

Conferences & Seminars (Line 7) are \$184,860 under budget due to efforts to control operating expenses and schedule and time constraints.

Legal Fees (Line 10) are \$586,897 under budget due to fewer hearings and less than anticipated use of outside counsel primarily in the Multifamily programs. Legal Fees are budgeted conservatively to ensure that sufficient funds are available for potential litigation.

Professional Fees (Line 15) are under budget \$257,536 due to less than anticipated expenses related to ProLink and OnBase development projects, as well as contract services for public relations.

Travel Expenses (Lines 21-27) are under budget \$342,063 due to efforts to control operating expenses as well as less than anticipated travel.

Total Operating Expenses year-to-date are favorable to the budget by \$1,844,608.

BUDGET TRANSFERS

Total Revenue and Total Expense budgets remain unchanged; however, the following amounts have been reclassified within the budget:

| | | | |
|---------|--|----------|-------------|
| Line 5 | Capital Expenses | Decrease | \$ (3,250) |
| Line 6 | Furniture, Equipment & Computer Expenses | Increase | \$ 3,250 |
| Line 15 | Professional Fees | Decrease | \$ (12,000) |
| Line 19 | Systems Maintenance, Support & Services | Increase | \$ 12,000 |

**FLORIDA HOUSING FINANCE CORPORATION
OPERATING BUDGET TO ACTUAL SUMMARY
PERIOD ENDING December 31, 2022**

| | 2022 BUDGET YTD | 2022 ACTUAL YTD | 2022 VARIANCE YTD | 2022 APPROVED ANNUAL BUDGET |
|---|-----------------------|-----------------------|-------------------------|--------------------------------------|
| REVENUES | | | | |
| 1. Investment Income | 3,831,000 | 2,017,189 | (1,813,811) | 3,831,000 |
| 2. Program Fees | 16,002,573 | 15,462,402 | (540,171) | 16,002,573 |
| 3. Administrative Fees | 10,001,976 | 10,866,123 | 864,147 | 10,001,976 |
| 4. Other Income | 60,000 | 121,263 | 61,263 | 60,000 |
| TOTAL REVENUES | 29,895,549 | 28,466,977 | (1,428,572) | 29,895,549 |
| EXPENSES | | | | |
| SALARIES & BENEFITS | | | | |
| 1. Salaries & Benefits | 16,700,000 | 14,989,489 | 1,710,511 | 16,700,000 |
| TOTAL SALARIES & BENEFITS | 16,700,000 | 14,989,489 | 1,710,511 | 16,700,000 |
| OPERATING EXPENSES | | | | |
| 1. Advertising, Marketing & Public Outreach | 84,090 | 62,400 | 21,690 | 84,090 |
| 2. Bank Charges & Other Fees | 47,516 | 37,411 | 10,105 | 47,516 |
| 3. Board Meetings | 76,160 | 67,472 | 8,688 | 76,160 |
| 4. Books & Subscriptions | 96,896 | 57,678 | 39,218 | 96,896 |
| 5. Capital Expenses | 414,630 | 217,520 | 197,110 | 427,000 |
| 6. Furniture, Equipment & Computer Expenses | 760,320 | 712,637 | 47,683 | 747,950 |
| 7. Conferences & Seminars | 240,268 | 55,408 | 184,860 | 240,268 |
| 8. Corporate Insurance | 307,550 | 257,437 | 50,113 | 307,550 |
| 9. General & Administrative Expenses | 18,982 | 13,254 | 5,728 | 18,982 |
| 10. Legal Fees | 705,382 | 118,485 | 586,897 | 705,382 |
| 11. Membership Dues | 80,379 | 75,836 | 4,543 | 80,379 |
| 12. Office Supplies | 15,582 | 4,875 | 10,707 | 15,582 |
| 13. Postage | 27,582 | 14,022 | 13,560 | 27,582 |
| 14. Printing & Reproduction | 18,225 | 3,066 | 15,159 | 18,225 |
| 15. Professional Fees | 1,973,448 | 1,715,912 | 257,536 | 1,985,448 |
| 16. Program Administration | 5,845,265 | 5,850,323 | (5,058) | 5,845,265 |
| 17. Rent | 809,434 | 809,320 | 114 | 809,434 |
| 18. Repair & Maintenance | 12,050 | 1,911 | 10,139 | 12,050 |
| 19. Systems Maintenance, Support and Services | 445,030 | 428,074 | 16,956 | 433,030 |
| 20. Telephone | 73,104 | 47,109 | 25,995 | 73,104 |
| 21. Travel - Board Members | 50,107 | 27,547 | 22,560 | 50,107 |
| 22. Travel - Staff to Board Meetings | 36,990 | 21,842 | 15,148 | 36,990 |
| 23. Travel - Reviews/Monitoring | 74,620 | 108 | 74,512 | 74,620 |
| 24. Travel - FHFC Workshops | 24,505 | 2,568 | 21,937 | 24,505 |
| 25. Travel - Staff Development | 270,178 | 99,574 | 170,604 | 270,178 |
| 26. Travel - Marketing/Public Outreach | 49,696 | 20,794 | 28,902 | 49,696 |
| 27. Travel - Other | 20,124 | 11,723 | 8,401 | 20,124 |
| 28. Workshops | 288,650 | 287,850 | 800 | 288,650 |
| TOTAL OPERATING EXPENSES | 12,866,763 | 11,022,155 | 1,844,608 | 12,866,763 |
| TOTAL EXPENSES | 29,566,763 | 26,011,643 | 3,555,120 | 29,566,763 |
| REVENUES OVER EXPENSES | 328,786 | 2,455,334 | 2,126,548 | 328,786 |

Guarantee Program Portfolio

(as of February 28, 2023)

| Property Name Location | Developer | Issuer Closing Date | Total Units | 1st Mortgage | | HUD Risk- Share? | GF exposure (\$ share of mtg guarantee | SAIL | SMI | SAIL ELI | Projected refinance closing date | Comments / Refi Status |
|------------------------------|-----------------|------------------------|----------------|--------------|-----------|------------------------|--|-------------|-----------|-------------|--|--|
| | | | | Current Bal. | Debt/Unit | | | | | | | |
| Vista Palms | | Lee Cnty | | | | | | | | | | |
| 1) Lehigh Acres | Creative Choice | 6/20/2001 | 229 | \$4,867,338 | \$21,255 | N | \$4,867,338 | \$2,000,000 | \$392,788 | \$3,450,000 | | July 2013: initiated contact with borrower re: refinancing. Oct 2016: borrower selling property, negotiating contract, advised borrower of requisite FHFC approval for SAIL/SAIL ELI subordination, SMI pay-off, etc. Jan 2017: Borrower meeting with buyer to revise timeline. Aug 2017: appraisal and DSC issues; closing postponed. Dec 2017: closing postponed. October 2018: possibly closing 1st qtr 2019. Borrower hopes to be on the December Lee County HFA meeting to vote on bond issuance for the refinance. November 2018: Credit underwriter has been assigned. Lee County will not have bond allocation until 2019. Operating proformas and letters of interest from lender and syndicators submitted by borrowers are stale. Jan 2019: Underwriters had a status call with borrower 12/11/18 but have not received any due diligence items since that call. 3/6/19 Lee County commissioners postponed approval of the TEFRA Hearing for their bond issuance. May 2019: The borrower submitted a letter of intent for a Key Bank/Fannie Mae financing structure. The Credit Underwriter is reviewing the due diligence items that have been submitted but there remains a great deal of information still outstanding. July 2019: Some of the due diligence items have been submitted. Updated due diligence list was sent to Creative Choice on 10/16. No updated items have been received. June 2020: Borrower anticipates selling or refinancing the development within the next year. September 2020, Received a letter of intent from a potential purchaser for the property. Requested follow up information but have not received. We presume the potential purchaser is no longer interested. February 2021: Special Assets had conference call with potential purchaser, owner representative and bond counsel regarding potential purchase to take place by 3rd quarter of 2021. July 2021: The potential purchaser contacted the county for local bonds for the acquisition of Vista Palms but has not submitted an application. Sept 2021: The potential purchaser communicated that he was still interested in acquiring Vista Palms but has not taken any affirmative steps in that direction. Nov. 2021: The potential purchaser has not taken any affirmative steps towards the purchase of Vista Palms. As of 12/23/2021, the potential purchaser advised they had submitted a tax-exempt bond application to Lee County HFA for the financing of the potential acquisition. As of Feb 2022, the Lee County HFA bond application was received and reviewed. By letter dated 3/8/22, Lee County advised the potential purchaser that they are deferring any further review of the application for bond financing due to the development having matured SAIL and SMI loans, Glorieta Gardens' outstanding physical deficiencies as well as other issues. On 6/2/2022, Lee County, the underwriter and special assets had a call with the proposed purchaser and parties representing the owner. The proposed purchaser will be submitting a revised tax-exempt bond application to Lee County HFA. The potential purchaser informed FHFC that he would not be submitting an application to Lee County but would submit a non competitive bond application to Florida Housing for the acquisition/rehabilitation of Vista Palms. A check for the application and TEFRA fees was received 10/12/2022. The non-competitive bond application was received 10/18/2022. Programs staff informed the applicant of needed corrections to cure the application. Staff has reviewed corrections submitted by the Applicant and relayed comments, however, more corrections are still required to cure the application. |
| GF Total Commitments: | | | | | | | \$4,867,338 | | | | | |



January 25, 2023

Mr. Tim Kennedy
Multifamily Loans and Bonds Director
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301

RE: Civitas of Cape Coral ("Development") - Multifamily Mortgage Revenue Note ("MMRN") 2023 Series D / Community Development Block Grant-Disaster Recovery ("CDBG-DR") & CDBG-DR Viability Loan ("CDBG-DR Viability") RFA 2019-102 (2020-018BD) / 4% Non-Competitive Housing Credits ("HC") 2019-574C.

Credit Underwriting Report Update Letter ("CUR Update Letter") – Changes to the Final Credit Underwriting Report, dated October 20, 2022 ("Final CUR"), to approve the change in the permanent first mortgage MMRN lender, change in the loan term of the CDBG-DR loan, change in the distribution of land acquisition costs and the addition of a Seller Note outstanding from construction closing draw to second construction draw.

Dear Mr. Kennedy:

Florida Housing Finance Corporation ("Florida Housing" or "FHFC") has requested that AmeriNat® ("AmeriNat" or "Servicer") review correspondence dated December 5, 2022 as submitted by Pine Island Cape, LLC ("Applicant" or "Borrower") requesting a change in the permanent first mortgage MMRN lender from Grandbridge Real Estate Capital, LLC ("Grandbridge") to Citibank, N.A. ("Citi"). Specifically, AmeriNat has been requested to provide a recommendation for the above-referenced changes to the Final CUR that was approved at the October 28, 2022 FHFC Board meeting. An analysis of the proposed changes follow below.

AmeriNat reviewed the request, performed certain due diligence, and formulated a recommendation and closing conditions which are contained at the end of the CUR Update Letter. For purposes of this analysis, AmeriNat reviewed the following due diligence:

1. Final CUR, dated October 20, 2022
2. Correspondence by FHFC
3. Correspondence by the Applicant, dated December 5, 2022, requesting a change in the permanent MMRN lender
4. Correspondence by Citi dated November 16, 2022
5. FHFC Past Due Report dated December 15, 2022
6. FHFC Noncompliance Report dated June 9, 2020
7. Draft Seller Note

Background:

The Development will be located at 105-123 Civitas Court, Cape Coral, Lee County, FL 33991. The Development will be new construction consisting of three Garden-style apartment buildings, 96 units, and a one-story clubhouse building, with a Workforce Housing demographic.

Per the Final CUR, AmeriNat recommended the issuance of MMRN in the amount of \$17,490,000, CDBG-DR in the amount of \$5,633,218, CDBG-DR Viability Loan in the amount of \$4,335,000 and an annual 4% HC allocation in the amount of \$1,618,414 to the Applicant for the construction and permanent financing of the Development.

All Construction Sources and Permanent Sources, including Deferred Developer Fee, have remained the same since the Final CUR with the exception of the permanent first mortgage MMRN loan lender and the addition of a Seller Note. Due to Grandbridge not allowing interest rate locks, the Applicant determined an alternative MMRN lender for permanent financing would be best for the Development's closing timeline; therefore, requested the change of the permanent lender from Grandbridge to Citi. The City of Cape Coral CDGB and Lee County HOME funding will not be available until the second construction draw; therefore, the Seller Note will provide gap funding between the closing draw and construction draw #2. The Seller Note will be repaid following construction draw #2.

The original construction and permanent funding sources in the Final CUR were as follows:

| CONSTRUCTION/PERMANENT SOURCES: | | | | |
|--|---|---------------------|------------------|-----------------------|
| Source | Lender | Construction | Permanent | Perm Loan/Unit |
| FHFC - MMRN | FHFC/Fifth Third (Const)/ Grandbridge (Perm) | \$17,490,000 | \$5,840,000 | \$60,833 |
| FHFC - CDBG-DR | FHFC | \$5,633,218 | \$5,633,218 | \$58,679 |
| FHFC - CDBG-DR | FHFC - Viability | \$1,991,548 | \$4,335,000 | \$45,156 |
| Local Government Subsidy | Lee County - HTF | \$1,500,000 | \$1,500,000 | \$15,625 |
| Local Government Subsidy | City of Cape Coral - CDBG | \$106,202 | \$106,202 | \$1,106 |
| Local Government Subsidy | City of Cape Coral - SHIP | \$500,000 | \$500,000 | \$5,208 |
| Local Government Subsidy | City of Cape Coral - NSP | \$300,000 | \$300,000 | \$3,125 |
| Local Government Subsidy | Lee County - HOME | \$462,676 | \$462,676 | \$4,820 |
| HC Equity | RJAHl | \$5,011,218 | \$14,317,766 | \$149,143 |
| Deferred Developer Fee | Developer | \$2,167,315 | \$2,167,315 | \$22,576 |
| TOTAL | | \$35,162,177 | \$35,162,177 | \$366,273 |

The proposed construction and permanent funding sources are as follows:

| CONSTRUCTION/PERMANENT SOURCES: | | | | |
|--|--|---------------------|------------------|-----------------------|
| Source | Lender | Construction | Permanent | Perm Loan/Unit |
| FHFC - MMRN | FHFC/Fifth Third (Const)/ Citibank, N.A. (Perm) | \$17,490,000 | \$5,840,000 | \$60,833 |
| FHFC - CDBG-DR | FHFC | \$5,633,218 | \$5,633,218 | \$58,679 |
| FHFC - CDBG-DR | FHFC - Viability | \$1,991,548 | \$4,335,000 | \$45,156 |
| Local Government Subsidy | Lee County - HTF | \$1,500,000 | \$1,500,000 | \$15,625 |
| Local Government Subsidy | City of Cape Coral - CDBG | \$106,202 | \$106,202 | \$1,106 |
| Local Government Subsidy | City of Cape Coral - SHIP | \$500,000 | \$500,000 | \$5,208 |
| Local Government Subsidy | City of Cape Coral - NSP | \$300,000 | \$300,000 | \$3,125 |
| Local Government Subsidy | Lee County - HOME | \$462,676 | \$462,676 | \$4,820 |
| HC Equity | RJAH | \$5,011,218 | \$14,317,766 | \$149,143 |
| Deferred Developer Fee | Developer | \$2,167,315 | \$2,167,315 | \$22,576 |
| TOTAL | | \$35,162,177 | \$35,162,177 | \$366,273 |
| Cash Collateral Source(s): | | | | |
| Seller Note | Revital RNP Civitas Land, LLC | \$568,878.06 | | |
| GRAND TOTAL | | \$35,731,055.06 | | |

Proposed Permanent First Mortgagee MMRN:

The Applicant provided a preliminary Term Sheet, dated November 16, 2022, whereby Citi will provide a Tax-Exempt “Back-to-Back” Forward Permanent Loan in an amount up to \$6,650,000. The loan amount is subject to (i) a maximum 90% loan to value ratio of the market value (based on restricted rents and inclusive of value of permanent below market financing, if applicable, assuming project rents on 80% or more of the units are discounted to a level at least 10% below market. Otherwise, 85%), (ii) a minimum debt service coverage ratio of 1.15 to 1.00 and (iii) 90% physical occupancy of the development for three consecutive calendar months. For underwriting purposes, the loan amount is estimated to be \$5,840,000, which is the same amount as underwritten in the Final CUR.

Citi will size the Permanent Loan based its loan sizing parameters at Permanent Loan conversion. However, approval of FHFC’s Board will be required if the permanent loan is sized to an amount greater than the current recommended amount of \$5,840,000. Payments of principal and interest are required based on an 18-year term and 40-year amortization. The interest will be calculated at an annual rate equal to the 18-Year LIBOR Swap Index Rate (currently 3.64%) with a 0.75% floor and a 2.30% spread. The interest rate includes a cushion of 50 bps, for an all-in interest rate of 6.440%. The rate will be committed at the time of closing of the Construction Phase financing. If the conversion to the Permanent Phase does not occur on or before month 30 following closing, 0.05% will be added to the interest rate for each as-of-right six-month period past the initial 30-month period in which conversion occurs. Fees payable are an Origination Fee equal to 1.00% of the permanent Phase Loan amount, fee of 1.00% of the Permanent Phase Tax-Exempt Earn-Out amount, and \$10,000 Conversion Fee.

Annual payments of all applicable fees will be required and are included in the DSC analysis. Fees include Permanent Loan Servicing Fees to be paid annually based on 2.3 basis points of the outstanding MMRN balance, subject to a minimum monthly fee of \$236, and an hourly fee of \$198 for extraordinary services;

Compliance Monitoring Fees based on \$183 per month plus an additional fee per set-aside unit of \$11.24, subject to a minimum monthly fee of \$286; a Fiscal Agent Fee of \$4,500 and an Issuer Fee to be paid annually based on 24 basis points on the outstanding MMRN balance, subject to a minimum fee of \$10,000.

The Permanent Loan will mature eighteen (18) years following permanent loan conversion. 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 Citi 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 documents and collateral to Citi, 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, Citi 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).

CDBG-DR and CDBG-DR Viability Loans:

The CDBG-DR and CDBG-DR Viability Loans will be combined into one loan totaling \$9,968,218 ((CDBG-DR loan \$4,783,218 + land acquisition \$850,000 = Total CDBG-DR loan \$5,633,218) + CDBG-DR Viability loan \$4,335,000 at closing). The CDBG-DR loan will have a total term of 21 years (including 3 years for the construction/stabilization period and 18 years for the permanent period) and be non-amortizing with a 0.00% interest rate per annum plus permanent loan servicing and compliance monitoring fees. The loan will not require payment for as long as the Development remains in compliance. The loan will be forgiven after 21 years.

The loan term has changed from 20 years to 21 years to be coterminous with the first mortgage as permitted by the RFA.

Annual payments of all applicable fees will be required. Fees include an annual Permanent Loan Servicing Fee of 25 bps on the outstanding loan amount, with a maximum of \$936 per month, subject to a minimum of \$236 per month, and an annual Compliance Monitoring Multiple Program Fee of \$1,023.

Proposed Seller Note:

A Draft Seller Note ("Note") was provided whereby Revital RNP Civitas Land, LLC ("Holder") will provide \$568,878.06 to Lee County Housing Authority ("LCHA" or "Maker") at the rate of zero percent (0%) interest per annum. The principal balance under this Note shall be due and payable within one business day of (a) Maker's receipt of up to \$462,676.06 in HOME funding ("HOME Funding") from Lee County as such funding is described in Maker's Home Investment Partnership Program ("HOME") Developer Contract with Lee County Board of County Commissioners dated as of November 4, 2022 (the "HOME Agreement") and (b) Maker's receipt of up to \$106,202 in CDBG funding ("CDBG Funding") from the City of Cape Coral as such funding is described in Maker's 2020-2021 Community Development Block Grant

Mr. Tim Kennedy
Civitas of Cape Coral
January 25, 2023
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Subrecipient Agreement with the City of Cape Coral dated as of November 2, 2022 (the “CDBG Agreement” and together with the HOME Agreement, the “Funding Agreements”); provided that in any event the outstanding principal amount shall be due and payable no later than February 28, 2023 (the “Maturity Date”). Maker and Holder acknowledge the deadline for obtaining the HOME Funding is the Maturity Date.

Debt Service Coverage:

Due to a decrease in the estimated interest rate from 6.890% to 6.440% since the time of the Final CUR, the Debt Service Coverage Ratio (“DSCR”) has increased for the first mortgage from 1.23x to 1.29x. The DSCR for the subordinate mortgages has increased from 1.19x to 1.25x for each mortgage, which meets the RFA and Rule Chapter 67-48 requirements.

See below for the One-Year Operating Pro Forma and Exhibit 1 for the 15-Year Pro Forma.

OPERATING PRO FORMA:

| FINANCIAL COSTS: | | | | Year 1 | Year 1 Per Unit |
|--|--------------------------------------|-------------|-----------|--------------------|--------------------|
| OPERATING PRO FORMA | | | | | |
| INCOME: | Gross Potential Rental Income | | | \$1,105,452 | \$11,515 |
| | Other Income | | | | |
| | Miscellaneous | | | \$38,400 | \$400 |
| | Gross Potential Income | | | \$1,143,852 | \$11,915 |
| | Less: | | | | |
| | Physical Vac. Loss | Percentage: | 4.00% | \$45,754 | \$477 |
| | Collection Loss | Percentage: | 1.00% | \$11,439 | \$119 |
| Total Effective Gross Income | | | | \$1,086,659 | \$11,319 |
| EXPENSES: | Fixed: | | | | |
| | Real Estate Taxes | | | \$133,140 | \$1,387 |
| | Insurance | | | \$55,200 | \$575 |
| | Variable: | | | | |
| | Management Fee | Percentage: | 5.37% | \$58,365 | \$608 |
| | General and Administrative | | | \$33,600 | \$350 |
| | Payroll Expenses | | | \$138,800 | \$1,446 |
| | Utilities | | | \$14,400 | \$150 |
| | Maintenance and Repairs/Pest Control | | | \$67,200 | \$700 |
| | Reserve for Replacements | | | \$28,800 | \$300 |
| Total Expenses | | | | \$529,505 | \$5,516 |
| Net Operating Income | | | | \$557,154 | \$5,804 |
| Debt Service Payments | | | | | |
| First Mortgage - FHFC/Citi | | | \$407,296 | \$4,243 | |
| Second Mortgage - FHFC (CDBG-DR/Viability) | | | \$0 | \$0 | |
| Third Mortgage -Lee County (HTF) | | | \$0 | \$0 | |
| Fourth Mortgage - City of Cape Coral (CDBG) | | | \$0 | \$0 | |
| Fifth Mortgage - City of Cape Coral (SHIP) | | | \$0 | \$0 | |
| All Other Mortgages - City of Cape Coral & Lee County | | | \$0 | \$0 | |
| First Mortgage Fees - FHFC/Citi | | | \$24,780 | \$258 | |
| Second Mortgage Fees - FHFC (CDBG-DR/Viability) | | | \$12,255 | \$128 | |
| Third Mortgage Fees - Lee County (HTF) | | | \$0 | \$0 | |
| Fourth Mortgage Fees - City of Cape Coral (CDBG) | | | \$0 | \$0 | |
| Fifth Mortgage Fees - City of Cape Coral (SHIP) | | | \$0 | \$0 | |
| All Other Mortgages Fees - City of Cape Coral & Lee County | | | \$0 | \$0 | |
| Total Debt Service Payments | | | \$444,331 | \$4,628 | |
| Cash Flow after Debt Service | | | \$112,823 | \$1,175 | |
| Debt Service Coverage Ratios | | | | | |
| DSC - First Mortgage plus Fees | | | 1.29x | | |
| DSC - Second Mortgage plus Fees | | | 1.25x | | |
| DSC - Third Mortgage plus Fees | | | 1.25x | | |
| DSC - Fourth Mortgage plus Fee | | | 1.25x | | |
| DSC - Fifth Mortgage plus Fees | | | 1.25x | | |
| DSC - All Mortgages and Fees | | | 1.25x | | |
| Financial Ratios | | | | | |
| Operating Expense Ratio | | | 48.73% | | |
| Break-even Economic Occupancy Ratio (all debt) | | | 85.41% | | |

Mr. Tim Kennedy
Civitas of Cape Coral
January 25, 2023
Page 7 of 7

Distribution of Land Acquisition Costs:

As required by the RFA, the LCHA will acquire the land from ReVital RNP Civitas Land, LLC. The Final CUR stated a total of \$1,414,755 would be awarded to LCHA; however, the following is a breakdown of the funding of the land acquisition costs, which includes \$4,124 in additional closing costs since the time of the Final CUR.

\$ 850,000 – CDBG-DR (FHFC)
\$ 106,202 – CDBG (City of Cape Coral)
\$ 462,676 – HOME (Lee County)
\$1,418,878

Recommendation:

AmeriNat's review indicates that the change in the permanent first mortgage MMRN lender to Citibank, N.A., change in the CDBG-DR loan term, change in the distribution of the land acquisition costs and addition of a Seller Note outstanding from construction closing draw to second construction draw do not adversely impact the transaction as previously underwritten. Accordingly, AmeriNat recommends that FHFC consent to and approve these changes to the Final CUR, subject to the following:

1. Review and approval of all loan documents consistent with the terms outlined above by the Servicer, Florida Housing and its Legal Counsel.
2. All of the closing conditions in the Final CUR are to be met.
3. Any other requirement of Florida Housing, its Legal Counsel and Servicer.

Please contact AmeriNat if you have any questions or if we can provide further assistance.

Sincerely,



Kimberly A. Thorne
Senior Credit Underwriter

Exhibit 1
Civitas of Cape Coral
15-Year Operating Pro Forma

| 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 | \$1,105,452 | \$1,127,561 | \$1,150,112 | \$1,173,115 | \$1,196,577 | \$1,220,508 | \$1,244,918 | \$1,269,817 | \$1,295,213 | \$1,321,117 | \$1,347,540 | \$1,374,491 | \$1,401,980 | \$1,430,020 | \$1,458,620 |
| Other Income | | | | | | | | | | | | | | | |
| Miscellaneous | \$38,400 | \$39,168 | \$39,951 | \$40,750 | \$41,565 | \$42,397 | \$43,245 | \$44,110 | \$44,992 | \$45,892 | \$46,809 | \$47,746 | \$48,700 | \$49,674 | \$50,668 |
| Gross Potential Income | \$1,143,852 | \$1,166,729 | \$1,190,064 | \$1,213,865 | \$1,238,142 | \$1,262,905 | \$1,288,163 | \$1,313,926 | \$1,340,205 | \$1,367,009 | \$1,394,349 | \$1,422,236 | \$1,450,681 | \$1,479,695 | \$1,509,288 |
| Less: | | | | | | | | | | | | | | | |
| Economic Loss Percentage: 0.00% | | | | | | | | | | | | | | | |
| Physical Vac. Loss Percentage: 4.00% | \$45,754 | \$46,669 | \$47,603 | \$48,555 | \$49,526 | \$50,516 | \$51,527 | \$52,557 | \$53,608 | \$54,680 | \$55,774 | \$56,889 | \$58,027 | \$59,188 | \$60,372 |
| Collection Loss Percentage: 1.00% | \$11,439 | \$11,667 | \$11,901 | \$12,139 | \$12,381 | \$12,629 | \$12,882 | \$13,139 | \$13,402 | \$13,670 | \$13,943 | \$14,222 | \$14,507 | \$14,797 | \$15,093 |
| Total Effective Gross Income | \$1,086,659 | \$1,108,393 | \$1,130,560 | \$1,153,172 | \$1,176,235 | \$1,199,760 | \$1,223,755 | \$1,248,230 | \$1,273,195 | \$1,298,659 | \$1,324,632 | \$1,351,124 | \$1,378,147 | \$1,405,710 | \$1,433,824 |
| EXPENSES: | | | | | | | | | | | | | | | |
| Fixed: | | | | | | | | | | | | | | | |
| Real Estate Taxes | \$133,140 | \$137,134 | \$141,248 | \$145,486 | \$149,850 | \$154,346 | \$158,976 | \$163,745 | \$168,658 | \$173,718 | \$178,929 | \$184,297 | \$189,826 | \$195,521 | \$201,386 |
| 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 |
| Variable: | | | | | | | | | | | | | | | |
| Management Fee Percentage: 5.37% | \$58,365 | \$59,532 | \$60,723 | \$61,937 | \$63,176 | \$64,440 | \$65,728 | \$67,043 | \$68,384 | \$69,752 | \$71,147 | \$72,570 | \$74,021 | \$75,501 | \$77,011 |
| General and Administrative | \$33,600 | \$34,608 | \$35,646 | \$36,716 | \$37,817 | \$38,952 | \$40,120 | \$41,324 | \$42,563 | \$43,840 | \$45,156 | \$46,510 | \$47,906 | \$49,343 | \$50,823 |
| Payroll Expenses | \$138,800 | \$142,964 | \$147,253 | \$151,671 | \$156,221 | \$160,907 | \$165,734 | \$170,706 | \$175,828 | \$181,103 | \$186,536 | \$192,132 | \$197,896 | \$203,832 | \$209,947 |
| Utilities | \$14,400 | \$14,832 | \$15,277 | \$15,735 | \$16,207 | \$16,694 | \$17,194 | \$17,710 | \$18,241 | \$18,789 | \$19,352 | \$19,933 | \$20,531 | \$21,147 | \$21,781 |
| Maintenance and Repairs/Pest Control | \$67,200 | \$69,216 | \$71,292 | \$73,431 | \$75,634 | \$77,903 | \$80,240 | \$82,648 | \$85,127 | \$87,681 | \$90,311 | \$93,021 | \$95,811 | \$98,685 | \$101,646 |
| Reserve for Replacements | \$28,800 | \$28,800 | \$28,800 | \$28,800 | \$28,800 | \$28,800 | \$28,800 | \$28,800 | \$28,800 | \$28,800 | \$29,664 | \$30,554 | \$31,471 | \$32,415 | \$33,387 |
| Total Expenses | \$529,505 | \$543,953 | \$558,811 | \$574,104 | \$589,844 | \$606,043 | \$622,716 | \$639,875 | \$657,537 | \$675,715 | \$695,289 | \$715,435 | \$736,173 | \$757,517 | \$779,487 |
| Net Operating Income | \$557,154 | \$564,440 | \$571,749 | \$579,067 | \$586,391 | \$593,717 | \$601,039 | \$608,355 | \$615,658 | \$622,944 | \$629,343 | \$635,689 | \$641,974 | \$648,193 | \$654,337 |
| Debt Service Payments | | | | | | | | | | | | | | | |
| First Mortgage - FHFC/Citi | \$407,296 | \$407,296 | \$407,296 | \$407,296 | \$407,296 | \$407,296 | \$407,296 | \$407,296 | \$407,296 | \$407,296 | \$407,296 | \$407,296 | \$407,296 | \$407,296 | \$407,296 |
| Second Mortgage - FHFC (CDBG-DR/Viability) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Third Mortgage - Lee County (HTF) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fourth Mortgage - City of Cape Coral (CDBG) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fifth Mortgage - City of Cape Coral (SHIP) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| All Other Mortgages - City of Cape Coral & Lee County | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| First Mortgage Fees - FHFC/Grandbridge/Freddie | \$24,780 | \$24,806 | \$24,830 | \$24,851 | \$24,870 | \$24,886 | \$24,899 | \$24,909 | \$24,915 | \$24,916 | \$24,913 | \$24,905 | \$24,891 | \$24,871 | \$24,844 |
| Second Mortgage Fees - FHFC (CDBG-DR/Viability) | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 |
| Third Mortgage Fees - Lee County (HTF) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fourth Mortgage Fees - City of Cape Coral (CDBG) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fifth Mortgage Fees - City of Cape Coral (SHIP) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| All Other Mortgages Fees - City of Cape Coral & Lee County | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Debt Service Payments | \$444,331 | \$444,357 | \$444,381 | \$444,402 | \$444,421 | \$444,438 | \$444,451 | \$444,460 | \$444,466 | \$444,467 | \$444,464 | \$444,456 | \$444,442 | \$444,422 | \$444,396 |
| Cash Flow after Debt Service | \$112,823 | \$120,083 | \$127,368 | \$134,665 | \$141,970 | \$149,279 | \$156,589 | \$163,894 | \$171,192 | \$178,476 | \$184,879 | \$191,233 | \$197,532 | \$203,770 | \$209,941 |
| Debt Service Coverage Ratios | | | | | | | | | | | | | | | |
| DSC - First Mortgage plus Fees | 1.29x | 1.31x | 1.32x | 1.34x | 1.36x | 1.37x | 1.39x | 1.41x | 1.42x | 1.44x | 1.46x | 1.47x | 1.49x | 1.50x | 1.51x |
| DSC - Second Mortgage plus Fees | 1.25x | 1.27x | 1.29x | 1.30x | 1.32x | 1.34x | 1.35x | 1.37x | 1.39x | 1.40x | 1.42x | 1.43x | 1.44x | 1.46x | 1.47x |
| DSC - Third Mortgage plus Fees | 1.25x | 1.27x | 1.29x | 1.30x | 1.32x | 1.34x | 1.35x | 1.37x | 1.39x | 1.40x | 1.42x | 1.43x | 1.44x | 1.46x | 1.47x |
| DSC - Fourth Mortgage plus Fee | 1.25x | 1.27x | 1.29x | 1.30x | 1.32x | 1.34x | 1.35x | 1.37x | 1.39x | 1.40x | 1.42x | 1.43x | 1.44x | 1.46x | 1.47x |
| DSC - Fifth Mortgage plus Fees | 1.25x | 1.27x | 1.29x | 1.30x | 1.32x | 1.34x | 1.35x | 1.37x | 1.39x | 1.40x | 1.42x | 1.43x | 1.44x | 1.46x | 1.47x |
| DSC - All Mortgages and Fees | 1.25x | 1.27x | 1.29x | 1.30x | 1.32x | 1.34x | 1.35x | 1.37x | 1.39x | 1.40x | 1.42x | 1.43x | 1.44x | 1.46x | 1.47x |
| Financial Ratios | | | | | | | | | | | | | | | |
| Operating Expense Ratio | 48.73% | 49.08% | 49.43% | 49.78% | 50.15% | 50.51% | 50.89% | 51.26% | 51.64% | 52.03% | 52.49% | 52.95% | 53.42% | 53.89% | 54.36% |
| Break-even Economic Occupancy Ratio (all debt) | 85.41% | 84.98% | 84.57% | 84.17% | 83.80% | 83.45% | 83.11% | 82.79% | 82.49% | 82.21% | 82.01% | 81.82% | 81.65% | 81.50% | 81.36% |

Hurricane Ian Damage Assessment
as of February 15, 2023

| Development | City | County | # Units | Buildings Damaged | Units Damaged | Households Displaced | Estimated Damage | Current Status | Households Displaced at 2/15/2023 |
|-----------------------|----------------|-----------|---------|-------------------|---------------|----------------------|------------------|--|-----------------------------------|
| Daytona Gardens | Daytona Beach | Volusia | 230 | | 4 | 2 | Limited | No change reported. | 2 |
| Harbour Court | Haines City | Polk | 64 | 1 | 2 | 2 | Moderate | All work completed as of 2/15/2023. | 0 |
| Kissimmee Homes | Kissimmee | Osceola | 104 | | 97 | 97 | Catastrophic | anticipated t be completed on 3/6/2023. All units expected to be completed by 6/23/2023. | 97 |
| McPines | Arcadia | Desoto | 64 | 2 | 2 | 1 | Moderate | No change reported | 1 |
| Murdock Circle | Port Charlotte | Charlotte | 264 | 21 | 264 | 2 | Moderate | All work completed 1/31/2023. | 0 |
| Renaissance Phase II | Ft. Myers | Lee | 96 | 15 | 18 | 6 | Extensive | All units repaired and ready for occupancy. All tenants were relocated to other properties operated by the Housing Authority of the City of Ft. Myers. | 0 |
| Renaissance Phase III | Ft. Myers | Lee | 88 | 8 | 11 | 4 | Extensive | All units repaired and ready for occupancy. All tenants were relocated to other properties operated by the Housing Authority of the City of Ft. Myers. | 0 |
| Renaissance Phase IV | Ft. Myers | Lee | 88 | 8 | 11 | 3 | Extensive | All units repaired and ready for occupancy. All tenants were relocated to other properties operated by the Housing Authority of the City of Ft. Myers. | 0 |
| Valencia Gardens | Wauchula | DeSoto | 104 | 1 | 16 | 15 | Catastrophic | Sixteen (16) units destroyed by fire due to the Hurricane. No anticipated completion date. Seven (7) households were re-housed at Valencia Gardens. | 9 |
| Charleston Cay | Port Charlotte | Charlotte | 128 | 15 | 48 | 0 | Extensive | All 48 units repaired while occupied. | 0 |

Hurricane Ian Damage Assessment
as of February 15, 2023

| Development | City | County | # Units | Buildings Damaged | Units Damaged | Households Displaced | Estimated Damage | Current Status | Households Displaced at 2/15/2023 |
|-------------------------|---------------|------------|---------|-------------------|---------------|----------------------|------------------|--|-----------------------------------|
| Crossings at Cape Coral | Cape Coral | Lee | 168 | 9 | 35 | 0 | Extensive | Interior work started 2/6/2023. Roof work will begin 3/5/2023. Anticipated completion date of all work is 4/3/2023. | 0 |
| Desoto Landing | Arcadia | Desoto | 48 | 6 | 10 | 0 | Extensive | Waiting on Insurance adjuster for final scope of work. Major roof repairs and some interior work, primarily flooring replacement. No anticipated completion date at this time. | 0 |
| Heron Cove | Arcadia | Desoto | 64 | 8 | 60 | 0 | Extensive | No Change reported. | 0 |
| Lakeside Village | Daytona Beach | Volusia | 103 | 6 | 47 | 0 | Extensive | 27 of 47 units have been completed as of 2/15/2023. Anticipated completion of remaining 20 units is 3/31/2023. | 0 |
| Renaissance Senior | Ft. Myers | Lee | 120 | 1 | 8 | 0 | Extensive | All work completed as of 2/15/2023. | 0 |
| San Jose | Winter Park | Orange | 121 | 9 | 7 | 0 | Extensive | All interior work completed as of 1/13/2023. Completion of roof replacement is planned for 3/31/2023. | 0 |
| Seven Palms | Punta Gorda | Charlotte | 336 | 42 | 168 | 0 | Extensive | Roof replacement to begin 2/27/2023. Anticipated completion date is 6/30/2023. | 0 |
| Worthington | Lake Worth | Palm Beach | 300 | 10 | 0 | 0 | Extensive | All work completed as of 2/15/2023. | 0 |

| RFA | Application Number | Name of Development | | Name of Applicant | Name of Developers | County | Total Units | Deemo. Commitment | Current Status | Assigned Credit Underwriter | Credit Underwriting Status, if applicable |
|-----------------|--------------------|---|--------------|--|---|----------|-------------|-------------------|---|-----------------------------|---|
| 2019-109 (HOME) | 2019-401BH | Tupelo Park Apartments | 4,300,000.00 | Tupelo Park, LP | The Paces Foundation, Inc. | Bay | 47 | F | Closed June 9, 2022, is under construction, 17% completed. | AmeriNat | n/a |
| 2019-109 (HOME) | 2019-404H | Tranquility at Hope School | 4,479,000.00 | East Lake Florida 2, LLC | Timshel Development Partners, LLC and ELCD Development, LLC | Jackson | 30 | F | Closed August 7, 2020 and construction is 100% completed. | Seltzer | n/a |
| 2019-109 (HOME) | 2019-405BH | Springfield Crossings | 5,000,000.00 | Springfield Crossings, LLC | Springfield Crossings Developer, LLC Judd Roth Real Estate Development, Inc. | Bay | 60 | F | Closed July 9, 2020 and construction is 100% completed. | First Housing | n/a |
| 2019-109 (HOME) | 2019-406H | Marianna Crossings | 5,000,000.00 | Marianna Crossings, LLC | Marianna Crossings Developer, LLC Design Consortium Development, LLC | Jackson | 30 | F | Closed May 20, 2021 and is under construction, 85% completed. | First Housing | n/a |
| 2019-109 (HOME) | 2019-408H | Greys Place | 4,970,890.89 | Affordable Housing Solutions for Florida, Inc. | Affordable Housing Solutions for Florida, Inc. Panhandle Affordable II, LLC | Wakulla | 27 | F | Closed July 30, 2020 and construction is 100% completed. | AmeriNat | n/a |
| 2019-109 (HOME) | 2019-411BH | Hilltop Pointe | 4,925,000.00 | Hilltop Pointe, LP | Royal American Properties, LLC | Bay | 50 | F | Closed August 11, 2020 and construction is 100% completed. | Seltzer | n/a |
| 2019-109 (HOME) | 2019-413H | Jordan Bayou | 4,998,000.00 | MHP Jordan Bayou, LLC | Jordan Bayou Developer, LLC Shear Development Company, LLC Heartland Development Group, LLC | Franklin | 50 | F | Closed September 2, 2020 and is under construction, 100% completed. | First Housing | n/a |
| 2019-111 (RRLP) | 2020-068BR | The Park at Massalina fka The Park at Palo Alto | 8,400,000 | The Park at Palo Alto, LLC | Royal American Properties, LLC ; InVictus Development, LLC; PCHA Developer, LLC | Bay | 120 | F | Closed February 16, 2022, 75% completed. | First Housing | n/a |
| 2019-111 (RRLP) | 2020-069BR | Fletcher Black | 6,889,900 | Fletcher Black Redevelopment, LLC | Royal American Properties, LLC; InVictus Development, LLC; PCHA Developer, LLC | Bay | 100 | F | Closed December 15, 2022, 7% completed. | First Housing | n/a |
| 2019-111 (RRLP) | 2020-071BR | The Arbors fka Arbors at Lynn Haven Bluffs | 9,660,000 | SP Bluffs LLC | Southport Development, Inc. a WA corporation doing business in FL as Southport Development Services, Inc. | Bay | 138 | F | Closed February 9, 2022, 42.1% completed. | Seltzer | n/a |
| 2019-111 (RRLP) | 2020-072BR | Bridge Plaza Apartments | 7,100,000 | SP Bay LLC | Southport Development, Inc. a WA corporation doing business in FL as Southport Development Services, Inc. | Bay | 102 | F | Closed December 23, 2021, 56.4% completed. | Seltzer | n/a |
| 2019-111 (RRLP) | 2020-074BR | Magnolia Oaks | 5,985,000 | MHP Magnolia Oaks, LLC | MHP Magnolia Oaks Developer, LLC | Leon | 110 | F | Closed July 14, 2021, 90.6% completed. | AmeriNat | n/a |
| 2019-111 (RRLP) | 2020-075RN | New River Landing | 4,988,724 | MHP New River Landing, LLC | MHP New River Landing Developer, LLC | Franklin | 30 | F | The Credit Underwriting Report was approved at the October 28, 2022 Board Meeting. On January 27, 2023, the Board approved the Borrower request for a loan closing deadline extension from March 1, 2023 to May 30, 2023. Moving toward an anticipated closing in May 2023. | AmeriNat | n/a |
| 2019-111 (RRLP) | 2020-076BR | Sovereign at North Bay fka Bid-A-Wee Apartments | 6,114,900 | Bid-A-Wee Apartments, LLC | Bid-A-Wee Developer, LLC and N Vision Communities, Inc. | Bay | 144 | F | The Credit Underwriting Report was approved at the December 9, 2022 Board Meeting. Moving toward an anticipated closing in April 2023. | AmeriNat | n/a |

Hurricane Eta (FEMA-3551_FL) Damage Assessment
as of February 15, 2023

| Development | City | County | Demographic | # Units | Damage reported | Current Status | # Displaced Households |
|------------------|-----------|------------|-------------|---------|--|---|------------------------|
| Glorieta Gardens | Opa Locka | Miami-Dade | Family | 330 | Flood damage to first floor units of two (2) buildings | <p>According to property representatives, the Local government has agreed to issue permits to begin demolition work. However, commencement of work was dependent on a damaged, storm drain line that extends from the property to a city-owned canal. As of 2/15/2021, building permits were secured and all tenants had been relocated. Owners anticipated having the units back on line by 4/30/2021. As of 4/9/2021, the tenants had all been relocated to either a hotel or another unit at the development. Owner anticipated completion of interior demolition work by 5/31/2021. At that point, a local building inspection is required prior to commencement of the rehabilitation work. All units were anticipated to be back in service by June 30, 2021. As of 5/15/2021, the completion had been extended to 7/31/2021. There were 28 tenants currently displaced at 5/15/2021. As of 6/30/2021, management reported 26 tenants were still displaced. The anticipated completion date was 7/31/2021. As of 8/15/2021, the owner was still performing remediation and making additional repairs to both the exteriors and interiors. Permits were submitted to the city for review and approval on 8/24/2021. Management reported there were 43 units still out of service and 19 tenants displaced. Anticipated completion date was October 31, 2021. As of 9/30/2021, Management reported 43 units out of service and 15 households displaced. As of 11/15/2021, Management reported 43 units still out of service and 15 households still displaced. Management's anticipated completion date had been extended to 12/31/2021 due to material delays and permitting. As of 12/31/2021, 43 units are still out of service. There are now 13 tenants currently displaced. Management reported no work was completed due to supply/material shortages. Contractors have reportedly placed material and supply orders directly through the manufacturers to expedite delivery. Anticipated completion date is 03/31/2022. As of 2/15/2022, 13 households were still displaced and the anticipated completion date was 3/31/2022. As of 3/31/2022, 13 households remained displaced and management reported all units were expected to be returned to service by 5/31/2022. As of 05/31/2022, management reported 24 units were still out of service and 8 households remained displaced. Management's new anticipated completion date was June 30, 2022. As of 7/15/2022, 21 units remain out of service and 2 households remain displaced. Management reported 7 units were awaiting final building and air sampling inspection prior to being occupied. Anticipated completion date was 8/31/2022. As of 8/31/2022, 16 units remained out of service with 1 household displaced. As of 9/30/2022, management reported 16 units remained out of service with 1 household displaced. As of 2/15/2023, six (6) units remain out-of-service from flooding caused by Hurricane Eta. No households displaced.</p> | 0 |

Total Displaced Households

0

SELTZER MANAGEMENT GROUP, INC.

17633 ASHLEY DRIVE
PANAMA CITY BEACH, FL 32413
TEL: (850) 233-3616
FAX: (850) 233-1429

February 3, 2023

Mr. Tim Kennedy
Multifamily Loans and Bonds Director
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Re: Lofts at San Marco East – SAIL & ELI RFA 2021-205 (2022-211S) / ITP 2022 – SAIL CHIRP / 4% HC
2021-521C
Increase in Existing Subordinate Debt (Jacksonville Housing Finance Authority –
Construction/Permanent JHFA GAP Funding)

Dear Mr. Kennedy:

Seltzer Management Group, Inc. (“SMG” or “Seltzer”) is in receipt of correspondence dated December 14, 2022, from Lofts at San Marco East, Ltd. (“Borrower”) requesting Florida Housing Finance Corporation’s (“FHFC” or “Florida Housing”) consent to an increase in existing subordinate financing for the above referenced transaction. At your direction, SMG has reviewed the request and formulated a recommendation. Seltzer’s findings are presented below.

The Credit Underwriting Report (“CUR”) for the above referenced transaction was approved at Florida Housing’s December 9, 2022, Board meeting. The Borrower requests that Florida Housing consent to an increase in the additional subordinate construction/permanent financing provided by Jacksonville Housing Finance Authority (“JHFA”) in the amount of \$2,500,000. The principal amount of the increased subordinate financing will be combined with the previously underwritten \$75,000 loan from JHFA, increasing the JHFA subordinate financing to \$2,575,000.

Seltzer was not provided a Commitment Letter or Resolution for this financing; however, the award was confirmed with Mark Hendrickson, as Financial Advisor to the JHFA. Terms and conditions of the subordinate financing are consistent with terms as described in the CUR for the \$75,000 JHFA loan except that the subordinate financing will be used as a construction/permanent source instead of just a permanent source. The financing shall be non-amortizing over a 22-year term, of which 2 years of which is for construction, with interest only payments due annually based on a 1% interest rate. Set-aside requirements committed to are the same set-asides in connection with the State Apartment Incentive Loan (“SAIL”) and Extremely Low Income (“ELI”) loan funding.

During underwriting, the Applicant applied for additional FHFC Loan funding through FHFC’s ITP for 2022 SAIL Construction Housing Inflation Response Program (“CHIRP”). Based on the sizing criteria and parameters set forth in the ITP – 2022 CHIRP, the Development would receive additional SAIL funds in the amount of \$4,300,000 along with a SAIL in the amount of \$3,600,000, for a total Second Mortgage SAIL of \$7,900,000. Based on the changes to the sources and the resulting slight changes in the development budget, the Development still qualifies for the full \$4,300,000 of SAIL CHIRP. It is required that the Borrower defer at least 30% of the Developer Fee in the permanent period, which is currently estimated at 41.34%. The CHIRP Calculator is attached to this Letter as Exhibit 2.

Mr. Tim Kennedy
Lofts at San Marco East
February 3, 2023

Construction Financing Sources

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Construction Debt Service |
|------------------------------|-----------------------------------|---------------------|---------------------|---------------------|---------------|---------------------------|
| First Mortgage - Series A-1 | JHFA / R4CF Designees - Tranche A | \$12,000,000 | \$11,500,000 | \$11,500,000 | 5.57% | \$913,851 |
| Second Mortgage - Series A-2 | JHFA / TIAA - Tranche A | \$9,000,000 | \$8,500,000 | \$8,500,000 | 7.74% | \$939,118 |
| Third Mortgage | FHFC SAIL | \$3,600,000 | \$3,600,000 | \$3,600,000 | 1.00% | \$51,360 |
| Third Mortgage | FHFC SAIL / SAIL CHIRP | \$4,300,000 | \$4,300,000 | \$4,300,000 | 1.00% | \$61,347 |
| Fourth Mortgage | FHFC SAIL ELI | \$600,000 | \$600,000 | \$600,000 | 0.00% | \$0 |
| Fifth Mortgage | JHFA | \$0 | \$2,575,000 | \$2,575,000 | 1.00% | \$36,737 |
| Sixth Mortgage | JHFA / Self-Sourced - Tranche B | \$1,800,000 | \$1,800,000 | \$1,800,000 | 5.50% | \$141,240 |
| HC Equity | RJTCF | \$7,543,602 | \$7,543,602 | \$7,543,602 | | |
| Deferred Developer Fee | Developer | \$5,812,770 | \$4,128,728 | \$4,136,165 | | |
| Total | | \$44,656,372 | \$44,547,330 | \$44,554,767 | | \$2,143,653 |

Please note the Applicant column is based on Seltzer's conclusions in the CUR throughout the charts in this report.

Notes to Construction Financing:

- The total JHFA MMRN that will be issued has decreased from \$22,800,000 to \$21,800,000.
- The Tranche A Bonds were initially reflected as co-first mortgages, however, they have been bifurcated into a R4CF first mortgage and TIAA second mortgage.
 - The R4CF first mortgage amount has decreased from \$12,000,000 to \$11,500,000.
 - TIAA second mortgage amount has decreased from \$9,000,000 to \$8,500,000.
- As noted previously, the JHFA GAP Funding total has increased from \$75,000 to \$2,575,000. This funding is also being included as construction/permanent financing, a change from the CUR, which reflected the \$75,000 in JHFA financing as a permanent loan only.
- The lien positions of the JHFA GAP Funding and the Self-Sourced Tranche B MMRN as shown in the CUR have been swapped as confirmed by Mark Hendrickson. The JHFA funding will be in fifth lien position and the Self-Sourced financing will be in sixth position.
- Deferred Developer Fee has decreased from \$5,812,770 to \$4,132,325 as a result of the addition of the \$2,500,000 from the JHFA in connection with the decrease in the R4CF first mortgage and TIAA second mortgage amounts.

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Permanent Financing Sources

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Amort. Yrs. | Term Yrs. | Annual Debt |
|--------------------|-----------------------------------|---------------------|---------------------|---------------------|---------------|-------------|-----------|------------------|
| First Mortgage | JHFA / R4CF Designees - Tranche A | \$10,250,000 | \$10,250,000 | \$10,250,000 | 5.57% | 40 | 20 | \$640,266 |
| Second Mortgage | FHFC SAIL | \$3,600,000 | \$3,600,000 | \$3,600,000 | 1.00% | N/A | 20 | \$36,000 |
| Second Mortgage | FHFC SAIL / SAIL CHIRP | \$4,300,000 | \$4,300,000 | \$4,300,000 | 1.00% | N/A | 20 | \$43,000 |
| Third Mortgage | FHFC SAIL ELI | \$600,000 | \$600,000 | \$600,000 | 0.00% | N/A | 20 | \$0 |
| Fourth Mortgage | JHFA | \$75,000 | \$2,575,000 | \$2,575,000 | 1.00% | N/A | 20 | \$25,750 |
| Fifth Mortgage | JHFA / Self-Sourced - Tranche B | \$1,800,000 | \$1,800,000 | \$1,800,000 | 5.50% | N/A | 20 | \$99,000 |
| HC Equity | RJTCF | \$18,859,005 | \$18,971,360 | \$18,859,005 | | | | |
| Def. Developer Fee | Developer | \$5,172,367 | \$2,450,970 | \$2,570,762 | | | | |
| Total | | \$44,656,372 | \$44,547,330 | \$44,554,767 | | | | \$844,016 |

Notes to Permanent Financing:

- As noted previously, the JHFA GAP Funding has increased from \$75,000 to \$2,575,000.
- The lien positions of the JHFA GAP Funding and the Self-Sourced Tranche B MMRN as shown in the CUR have been swapped as confirmed by Mark Hendrickson. The JHFA funding will be in fourth lien position and the Self-Sourced financing will be in fifth position.
- Deferred Developer Fee has decreased from \$5,172,367 to \$2,566,922 as a result of the addition of the \$2,500,000 from the JHFA. It is required that the Borrower defer at least 30% of the Developer Fee in the permanent period, which is currently estimated at 41.34%.

Total Development Costs

| TOTAL DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---------------------------------|---------------------|-------------------------|--------------------------------|------------------|---------------------------|
| TOTAL DEVELOPMENT COSTS: | \$44,656,372 | \$44,547,330 | \$44,554,767 | \$259,039 | \$6,146,212 |

Notes to Total Development Costs:

- Total Development Costs have decreased from \$44,656,372 as underwritten to \$44,554,767, a decrease of \$101,605.
- Construction Loan Origination Fee decreased from \$262,500 as underwritten to \$250,000 based on the decrease in the R4CF and TIAA mortgage amounts.
- Construction Loan Closing Costs increased from \$81,000 as underwritten to \$100,000 based on the Applicant's estimate.
- Construction Loan Interest decreased from \$2,292,680 as underwritten to \$2,143,653 based on decreases in the first mortgage amounts as well as updates to the interest rate.
- JHFA Issuer Fee decreased from \$91,200 as underwritten to \$87,200 based on the decrease in total MMRN from \$22,800,000 to \$21,800,000.
- Total Developer Fee decreased from \$6,229,777 as underwritten to \$6,218,257.

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

MSA / County: Jacksonville HMFA / Duval 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 |
|-----------|------------|-------|-------------|------|----------------|-----------------|---------------|----------------|----------------------|------------------|-----------------|-----------------|----------|----------------------|
| 0 | 1.0 | 1 | 476 | 33% | | | \$483 | \$49 | \$434 | | \$434 | \$434 | \$434 | \$5,208 |
| 0 | 1.0 | 7 | 476 | 60% | | | \$879 | \$49 | \$830 | | \$830 | \$830 | \$830 | \$69,720 |
| 1 | 1.0 | 2 | 666 | 33% | | | \$517 | \$58 | \$459 | | \$459 | \$459 | \$459 | \$11,016 |
| 1 | 1.0 | 59 | 666 | 60% | | | \$941 | \$58 | \$883 | | \$883 | \$883 | \$883 | \$625,164 |
| 2 | 2.0 | 5 | 948 | 33% | | | \$621 | \$73 | \$548 | | \$548 | \$548 | \$548 | \$32,880 |
| 2 | 2.0 | 84 | 948 | 60% | | | \$1,129 | \$73 | \$1,056 | | \$1,056 | \$1,056 | \$1,056 | \$1,064,448 |
| 3 | 2.0 | 1 | 1,183 | 33% | | | \$717 | \$84 | \$633 | | \$633 | \$633 | \$633 | \$7,596 |
| 3 | 2.0 | 13 | 1,183 | 60% | | | \$1,304 | \$84 | \$1,220 | | \$1,220 | \$1,220 | \$1,220 | \$190,320 |
| | | 172 | 145,368 | | | | | | | | | | | \$2,006,352 |

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Operating Pro Forma

| OPERATING PRO FORMA | | ANNUAL | PER UNIT |
|--|---|---------------|-----------------|
| INCOME | Gross Potential Rental Income | \$2,006,352 | \$11,665 |
| | Rent Subsidy (ODR) | \$0 | \$0 |
| | Other Income: | | |
| | Ancillary Income-Parking | \$0 | \$0 |
| | Miscellaneous | \$23,800 | \$138 |
| | Washer/Dryer Rentals | \$46,200 | \$269 |
| | Cable/Satellite Income | \$0 | \$0 |
| | Gross Potential Income | \$2,076,352 | \$12,072 |
| | Less: | | |
| | Economic Loss - Percentage: 0.0% | \$0 | \$0 |
| Physical Vacancy Loss - Percentage: 5.0% | (\$103,818) | (\$604) | |
| Collection Loss - Percentage: 0.0% | \$0 | \$0 | |
| Total Effective Gross Revenue | | \$1,972,534 | \$11,468 |
| EXPENSES | Fixed: | | |
| | Real Estate Taxes | \$279,741 | \$1,626 |
| | Insurance | \$103,200 | \$600 |
| | Other | \$0 | \$0 |
| | Variable: | | |
| | Management Fee - Percentage: 4.0% | \$78,901 | \$459 |
| | General and Administrative | \$60,200 | \$350 |
| | Payroll Expenses | \$275,100 | \$1,599 |
| | Utilities | \$86,000 | \$500 |
| | Marketing and Advertising | \$17,200 | \$100 |
| | Maintenance and Repairs | \$68,800 | \$400 |
| | Grounds Maintenance and Landscaping | \$0 | \$0 |
| | Resident Programs | \$0 | \$0 |
| | Contract Services | \$68,800 | \$400 |
| | Reserve for Replacements | \$51,600 | \$300 |
| Total Expenses | | \$1,089,542 | \$6,335 |
| Net Operating Income | | \$882,992 | \$5,134 |
| Debt Service Payments | | | |
| DEBT SERVICE | First Mortgage - JHFA / R4CF Designees - Tranche A | \$640,266 | \$3,722 |
| | Second Mortgage - FHFC SAIL / SAIL CHIRP | \$79,000 | \$459 |
| | Third Mortgage - FHFC SAIL ELI | \$0 | \$0 |
| | Fourth Mortgage - JHFA | \$25,750 | \$150 |
| | Fifth Mortgage - JHFA / Self-Sourced - Tranche B | \$99,000 | \$576 |
| | All Other Mortgages - | \$0 | \$0 |
| | First Mortgage Fees - JHFA / R4CF Designees - Tranche A | \$37,683 | \$219 |
| | Second Mortgage Fees - FHFC SAIL / SAIL CHIRP | \$12,255 | \$71 |
| | Third Mortgage Fees - FHFC SAIL ELI | \$3,855 | \$22 |
| | Fourth Mortgage Fees - JHFA | \$0 | \$0 |
| | Fifth Mortgage Fees - JHFA / Self-Sourced - Tranche B | \$0 | \$0 |
| | All Other Mortgages Fees - | \$0 | \$0 |
| Total Debt Service Payments | | \$897,809 | \$5,220 |
| Cash Flow After Debt Service | | (\$14,817) | (\$86) |

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| Debt Service Coverage Ratios | | |
|-------------------------------------|---------------------------------|-------|
| | DSC - First Mortgage plus Fees | 1.302 |
| | DSC - Second Mortgage plus Fees | 1.148 |
| | DSC - Third Mortgage plus Fees | 1.142 |
| | DSC - Fourth Mortgage plus Fees | 1.105 |
| | DSC - Fifth Mortgage plus Fees | 0.983 |
| | DSC - All Mortgages and Fees | 0.983 |
| Financial Ratios | | |
| | Operating Expense Ratio | 55.2% |
| | Break-Even Ratio | 95.9% |

Notes to the Operating Pro Forma and Ratios:

- Loan interest on the permanent R4CF first mortgage is based on a fixed rate locked at construction loan closing equal to the 10-year Treasury Index plus a spread of 2.00%, subject to a floor of 4.65%. As of December 19, 2022, the 10-year Treasury Index was 3.57%, resulting in an all-in interest of 5.57%. Based on the decrease in the first mortgage interest rate from 6.17% as underwritten to 5.57%, the Debt Service Coverage (“DSC”) of the first mortgage and fees increased from 1.216 to 1.00 to 1.308 to 1.00.
- The DSC for the permanent first mortgage and SAIL, inclusive of CHIRP, as underwritten was 1.081 to 1.00. With the reduction in the first mortgage interest rate, the SAIL DSC has increased to 1.148 to 1.00. Based on changes in the interest rate environment, Seltzer will need to verify that the Development still meets the 1.10 to 1.00 DSC requirement prior to closing.
 - To ensure that the Second Mortgage SAIL meets or exceeds the minimum DSC of 1.00 to 1.00, based on the projection/estimates and loan amounts in this letter, the interest rate on the permanent first mortgage may not exceed 6.84%.
- Fees for the SAIL and ELI loans include an Annual Permanent Loan Servicing fee based on 25 bps of the outstanding loan amount with a maximum of \$936 per month, subject to a minimum of \$236 per month and an Annual Multiple Program Compliance Monitoring fee of \$1,023.
- The SAIL and Self-Sourced payments will be repaid from available cash flow. The Break-Even Ratio would be 92.1% if SAIL payments were excluded. If the Self-Sourced Financing interest payments were excluded as well, the Break-Even Ratio would be 87.3%.

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Conclusion

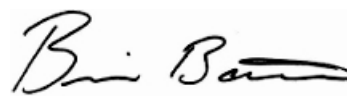
SMG concludes that the increase to the JHFA GAP Funding to a maximum amount of \$2,575,000 will not adversely impact the transaction and/or Florida Housing's security position. Accordingly, SMG recommends that FHFC approve the Borrower's request as amended, subject to the following:

- All closing conditions in the CUR must be met.
- All other due diligence required by FHFC, its Legal Counsel and Servicer.

Should you have any questions please feel free to contact me directly.

Sincerely,

SELTZER MANAGEMENT GROUP, INC.

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

Brian Barth
Senior Credit Underwriter

Exhibit 1
Lofts at San Marco East
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 | \$2,006,352 | \$2,046,479 | \$2,087,409 | \$2,129,157 | \$2,171,740 | \$2,215,175 | \$2,259,478 | \$2,304,668 | \$2,350,761 | \$2,397,776 | \$2,445,732 | \$2,494,647 | \$2,544,539 | \$2,595,430 | \$2,647,339 |
| | 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 | \$23,800 | \$24,276 | \$24,762 | \$25,257 | \$25,762 | \$26,277 | \$26,803 | \$27,339 | \$27,885 | \$28,443 | \$29,012 | \$29,592 | \$30,184 | \$30,788 | \$31,404 |
| | Washer/Dryer Rentals | \$46,200 | \$47,124 | \$48,066 | \$49,028 | \$50,008 | \$51,009 | \$52,029 | \$53,069 | \$54,131 | \$55,213 | \$56,318 | \$57,444 | \$58,593 | \$59,765 | \$60,960 |
| | Cable/Satellite Income | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Gross Potential Income | \$2,076,352 | \$2,117,879 | \$2,160,237 | \$2,203,441 | \$2,247,510 | \$2,292,460 | \$2,338,310 | \$2,385,076 | \$2,432,777 | \$2,481,433 | \$2,531,062 | \$2,581,683 | \$2,633,316 | \$2,685,983 | \$2,739,702 |
| | Less: | | | | | | | | | | | | | | | |
| | Economic Loss - Percentage: | | | | | | | | | | | | | | | |
| Physical Vacancy Loss - Percentage: 5.0% | (\$103,818) | (\$105,894) | (\$108,012) | (\$110,172) | (\$112,376) | (\$114,623) | (\$116,915) | (\$119,254) | (\$121,639) | (\$124,072) | (\$126,553) | (\$129,084) | (\$131,666) | (\$134,299) | (\$136,985) | |
| Collection Loss - Percentage: 0.0% | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Total Effective Gross Revenue | \$1,972,534 | \$2,011,985 | \$2,052,225 | \$2,093,269 | \$2,135,135 | \$2,177,837 | \$2,221,394 | \$2,265,822 | \$2,311,138 | \$2,357,361 | \$2,404,508 | \$2,452,599 | \$2,501,651 | \$2,551,684 | \$2,602,717 | |
| EXPENSES | Fixed: | | | | | | | | | | | | | | | |
| | Real Estate Taxes | \$279,741 | \$288,133 | \$296,777 | \$305,681 | \$314,851 | \$324,296 | \$334,025 | \$344,046 | \$354,368 | \$364,999 | \$375,949 | \$387,227 | \$398,844 | \$410,809 | \$423,133 |
| | Insurance | \$103,200 | \$106,296 | \$109,485 | \$112,769 | \$116,153 | \$119,637 | \$123,226 | \$126,923 | \$130,731 | \$134,653 | \$138,692 | \$142,853 | \$147,139 | \$151,553 | \$156,099 |
| | Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Variable: | | | | | | | | | | | | | | | |
| | Management Fee - Percentage: 4.0% | \$78,901 | \$80,479 | \$82,089 | \$83,731 | \$85,405 | \$87,113 | \$88,856 | \$90,633 | \$92,446 | \$94,294 | \$96,180 | \$98,104 | \$100,066 | \$102,067 | \$104,109 |
| | General and Administrative | \$60,200 | \$62,006 | \$63,866 | \$65,782 | \$67,756 | \$69,788 | \$71,882 | \$74,038 | \$76,260 | \$78,547 | \$80,904 | \$83,331 | \$85,831 | \$88,406 | \$91,058 |
| | Payroll Expenses | \$275,100 | \$283,353 | \$291,854 | \$300,609 | \$309,627 | \$318,916 | \$328,484 | \$338,338 | \$348,488 | \$358,943 | \$369,711 | \$380,803 | \$392,227 | \$403,994 | \$416,113 |
| | Utilities | \$86,000 | \$88,580 | \$91,237 | \$93,975 | \$96,794 | \$99,698 | \$102,688 | \$105,769 | \$108,942 | \$112,210 | \$115,577 | \$119,044 | \$122,615 | \$126,294 | \$130,083 |
| | Marketing and Advertising | \$17,200 | \$17,716 | \$18,247 | \$18,795 | \$19,359 | \$19,940 | \$20,538 | \$21,154 | \$21,788 | \$22,442 | \$23,115 | \$23,809 | \$24,523 | \$25,259 | \$26,017 |
| | Maintenance and Repairs | \$68,800 | \$70,864 | \$72,990 | \$75,180 | \$77,435 | \$79,758 | \$82,151 | \$84,615 | \$87,154 | \$89,768 | \$92,461 | \$95,235 | \$98,092 | \$101,035 | \$104,066 |
| | 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 | \$68,800 | \$70,864 | \$72,990 | \$75,180 | \$77,435 | \$79,758 | \$82,151 | \$84,615 | \$87,154 | \$89,768 | \$92,461 | \$95,235 | \$98,092 | \$101,035 | \$104,066 |
| | Reserve for Replacements | \$51,600 | \$53,148 | \$54,742 | \$56,385 | \$58,076 | \$59,819 | \$61,613 | \$63,461 | \$65,365 | \$67,326 | \$69,346 | \$71,426 | \$73,569 | \$75,776 | \$78,050 |
| | Total Expenses | \$1,089,542 | \$1,121,440 | \$1,154,278 | \$1,188,085 | \$1,222,891 | \$1,258,723 | \$1,295,614 | \$1,333,594 | \$1,372,695 | \$1,412,952 | \$1,454,397 | \$1,497,067 | \$1,540,998 | \$1,586,228 | \$1,632,794 |
| | Net Operating Income | \$882,992 | \$890,545 | \$897,947 | \$905,184 | \$912,244 | \$919,114 | \$925,780 | \$932,228 | \$938,443 | \$944,409 | \$950,111 | \$955,531 | \$960,652 | \$965,456 | \$969,923 |
| Debt Service Payments | | | | | | | | | | | | | | | | |
| DEBT SERVICE | First Mortgage - JHFA / R4FC Designees - Tranche A | \$640,266 | \$640,266 | \$640,266 | \$640,266 | \$640,266 | \$640,266 | \$640,266 | \$640,266 | \$640,266 | \$640,266 | \$640,266 | \$640,266 | \$640,266 | \$640,266 | \$640,266 |
| | Second Mortgage - FHFC SAIL / SAIL CHIRP | \$79,000 | \$79,000 | \$79,000 | \$79,000 | \$79,000 | \$79,000 | \$79,000 | \$79,000 | \$79,000 | \$79,000 | \$79,000 | \$79,000 | \$79,000 | \$79,000 | \$79,000 |
| | Third Mortgage - FHFC SAIL ELI | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Fourth Mortgage - JHFA | \$25,750 | \$25,750 | \$25,750 | \$25,750 | \$25,750 | \$25,750 | \$25,750 | \$25,750 | \$25,750 | \$25,750 | \$25,750 | \$25,750 | \$25,750 | \$25,750 | \$25,750 |
| | Fifth Mortgage - JHFA / Self-Sourced - Tranche B | \$99,000 | \$99,000 | \$99,000 | \$99,000 | \$99,000 | \$99,000 | \$99,000 | \$99,000 | \$99,000 | \$99,000 | \$99,000 | \$99,000 | \$99,000 | \$99,000 | \$99,000 |
| | All Other Mortgages - | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | First Mortgage Fees - JHFA / R4FC Designees - Tranche A | \$37,683 | \$37,437 | \$37,465 | \$37,488 | \$37,508 | \$37,523 | \$37,533 | \$37,538 | \$37,536 | \$37,529 | \$37,514 | \$37,492 | \$37,462 | \$37,423 | \$37,374 |
| | Second Mortgage Fees - FHFC SAIL / SAIL CHIRP | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 |
| | Third Mortgage Fees - FHFC SAIL ELI | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 |
| | Fourth Mortgage Fees - JHFA | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Fifth Mortgage Fees - JHFA / Self-Sourced - Tranche B | \$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 | \$897,809 | \$897,564 | \$897,591 | \$897,615 | \$897,634 | \$897,649 | \$897,659 | \$897,664 | \$897,662 | \$897,655 | \$897,640 | \$897,618 | \$897,588 | \$897,549 | \$897,500 |
| Cash Flow After Debt Service | (\$14,817) | (\$7,018) | \$356 | \$7,569 | \$14,610 | \$21,465 | \$28,121 | \$34,564 | \$40,781 | \$46,755 | \$52,471 | \$57,913 | \$63,064 | \$67,907 | \$72,423 | |
| Debt Service Coverage Ratios | | | | | | | | | | | | | | | | |
| DSC - First Mortgage plus Fees | 1.302 | 1.314 | 1.325 | 1.336 | 1.346 | 1.356 | 1.366 | 1.375 | 1.385 | 1.393 | 1.402 | 1.410 | 1.417 | 1.425 | 1.431 | |
| DSC - Second Mortgage plus Fees | 1.148 | 1.158 | 1.168 | 1.177 | 1.186 | 1.195 | 1.204 | 1.212 | 1.220 | 1.228 | 1.235 | 1.243 | 1.249 | 1.256 | 1.261 | |
| DSC - Third Mortgage plus Fees | 1.142 | 1.152 | 1.162 | 1.171 | 1.180 | 1.189 | 1.198 | 1.206 | 1.214 | 1.222 | 1.229 | 1.236 | 1.243 | 1.249 | 1.255 | |
| DSC - Fourth Mortgage plus Fees | 1.105 | 1.115 | 1.124 | 1.133 | 1.142 | 1.151 | 1.159 | 1.167 | 1.175 | 1.183 | 1.190 | 1.196 | 1.203 | 1.209 | 1.215 | |
| DSC - Fifth Mortgage plus Fees | 0.983 | 0.992 | 1.000 | 1.008 | 1.016 | 1.024 | 1.031 | 1.039 | 1.045 | 1.052 | 1.058 | 1.065 | 1.070 | 1.076 | 1.081 | |
| DSC - All Mortgages and Fees | 0.983 | 0.992 | 1.000 | 1.008 | 1.016 | 1.024 | 1.031 | 1.039 | 1.045 | 1.052 | 1.058 | 1.065 | 1.070 | 1.076 | 1.081 | |
| Financial Ratios | | | | | | | | | | | | | | | | |
| Operating Expense Ratio | 55.2% | 55.7% | 56.2% | 56.8% | 57.3% | 57.8% | 58.3% | 58.9% | 59.4% | 59.9% | 60.5% | 61.0% | 61.6% | 62.2% | 62.7% | |
| Break-Even Ratio | 95.9% | 95.5% | 95.2% | 94.9% | 94.5% | 94.3% | 94.0% | 93.8% | 93.5% | 93.3% | 93.1% | 93.0% | 92.8% | 92.7% | 92.6% | |

Mr. Tim Kennedy
Lofts at San Marco East
February 3, 2023

Exhibit 2 – CHIRP Calculator

CHIRP RECOMMENDATION - ADDITIONAL LOANS

Development Name:

| Permanent Period 1st Mortgages for Sizing Purposes | |
|---|------------------|
| Actual DSCR in <u>approved</u> CUR 1st Mtg LOI (no fees) | |
| Actual DSCR in <u>current</u> 1st Mtg LOI (Yr 1 NOI; no fees) | 1.38x |
| Maximum CHIRP DSCR | 1.30x |
| DSCR used for sizing (lowest DSCs from above) | 1.30x |
| Actual Traditional 1st Mtg Amount to be stated in CUI | \$ 10,250,000.00 |
| Calculated 1st Mtg at Restricted DSCR (1.30x) | \$ 10,873,684.71 |
| 1st Mtg Restricted to 1.30x DSCR | \$ 10,873,684.71 |
| RESULT: 1st Mtg amount for sizing purposes | \$ 10,873,684.71 |

| Total Sources | |
|--------------------------------------|-------------------------|
| 1st Mtg amt. for sizing from above | \$ 10,873,684.71 |
| 2nd Mortgage - SAIL | \$ 3,600,000.00 |
| 3rd Mortgage - SAIL ELI | \$ 600,000.00 |
| 4th Mortgage - Self-Sourced | \$ 2,575,000.00 |
| 5th Mortgage - City of Jacksonville | \$ 1,800,000.00 |
| 6th Mortgage - | \$ - |
| Total HC Equity | \$ 18,859,005.00 |
| 30% Deferred Developr Fee for Sizing | \$ 1,799,477.10 |
| Total Sources | \$ 40,107,166.81 |
| Total Uses | \$ 44,554,767.00 |

| Test 1 - GAP ANALYSIS | |
|-----------------------|-----------------|
| RESULT: Total Gap | \$ 4,447,600.00 |

| Test 2 - INCREASED COST ANALYSIS | |
|--|------------------|
| Current GC Contract Amount | \$ 27,677,196.00 |
| 30% of GC Contract (est. Increased costs)* | \$ 8,303,158.80 |
| Increased Corporation Fees | \$ - |
| Increased Construction Financing Costs | \$ - |
| Increased Dev. Fee (18.00% x sum of new costs) | \$ 1,494,568.58 |
| RESULT: Total Increased Costs | \$ 9,797,727.00 |

**(This amount already yields a CHIRP amount that meets or exceeds the maximum)*

| Rule Test - SAIL LTC ANALYSIS | |
|---|------------------|
| Active Award Total SAIL Funding | \$ 6,175,000.00 |
| Max Total SAIL Funding assuming a 35% LTC | \$ 15,594,168.00 |
| Max New SAIL Funding using a 35% LTC | \$ 9,419,168.00 |

| Rule Test - Minimum 1.00x DSC overall Ratio | |
|---|------------------|
| Net Operating Income | \$ 882,992.02 |
| Actual % DDF when using Actual 1st Mortgage | 40.40% |
| Debt Service for an Overall 1.00x DSC Ratio | \$ 882,992.02 |
| Actual Traditional 1st mortgage Debt Service | \$ 640,266.17 |
| Debt Service Available for New SAIL | \$ 242,725.85 |
| Total (non-ELI) SAIL at 1.00% Interest Only DS | \$ 24,272,585.10 |
| Total (non-ELI) SAIL less Active Award (non-ELI) SAIL | \$ 20,672,585.10 |

| ADDITIONAL FHFC LOAN AMOUNT | |
|---|--|
| Lessor of: Tests 1 & 2, \$4,300,000, 35% LTC, Minimum 1.00x DSC | |
| \$4,300,000.00 | |

| FINAL: TOTAL NEW SAIL LOAN AMOUNT | |
|-----------------------------------|--|
| \$7,900,000.00 | |

| Assumptions | |
|---|------------------|
| Number of units | 172 |
| Total Development Costs | \$ 44,554,767.00 |
| Annual Servicing Fees (\$) on stated | \$ - |
| Traditional 1st Mtg Amort. Years | 40.00 |
| Traditional 1st Mtg Interest Rate | 5.57% |
| Is the Perm 1st Mtg an MMRB or Local HFA bond | Local HFA |
| Total Effective Gross Income in CUR | \$ 1,972,534.40 |
| Total Operating Expenses in CUR | \$ 1,089,542.38 |
| Net Operating Income in CUR Yr 1 | \$ 882,992.02 |
| Net Operating Income in CUR Yr 15 | \$ 969,923.37 |
| Total HC Equity | \$ 18,859,005.00 |
| Developer Fee % Basis for Deferral | 18% |
| Total 18% Developer Fee | \$ 5,998,257.00 |

| | |
|--|------------------|
| Loan using lowest 1.30x DSCR (1st Yr NOI) | \$ 10,873,684.71 |
| Loan using Max CHIRP 1.30x DSCR (1st Yr NOI) | \$10,873,684.71 |
| Annual Servicing Fees (\$) on 1.30x | \$ 33,344.84 |
| Annual Servicing Fees (\$) on 1.30x | \$ 33,344.84 |
| Actual DSC in current LOI, incl. fees (1st Yr NOI) | 1.38x |

| | |
|---|-------|
| Dev Fee Deduct for Incorporating Actual Fee | 0.00% |
| (This amount will be deducted from 18.00%, yielding a net 18.00%) | |

All at 25% LTC except the following:

- SAIL & 9%HCs (35% LTC)- Over 25% LTC allowed
- Family/Elderly: More than 10% ELI At least 80% Homeles:
- SAIL w/o 9%HCs (35% LTC)-
- Family/Elderly: At least 5% ELI
- (The above can be altered if RFA permitted a different limit)

SAIL Interest Rate: 1.00%

For those developments that qualify for a rate of less than 1%, please enter the a

SELTZER MANAGEMENT GROUP, INC.

17633 ASHLEY DRIVE
PANAMA CITY BEACH, FL 32413
TEL: (850) 233-3616
FAX: (850) 233-1429

February 15, 2023

Mr. Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
City Centre Building
227 North Bronough Street
Tallahassee, Florida 32301

Re: Falcon Trace II – SAIL and ELI RFA 2021-205 (2022-186S) / ITP 2022 – SAIL CHIRP /4% HC (2021-519C)

Credit Underwriting Report Update Letter – Changes to the Final Credit Underwriting Report (“CUR”), dated December 1, 2022, to include an Increase in Existing Superior Debt – Bank of America Tax-Exempt Construction First Mortgage and Chase Permanent First Mortgage and a Recommended Annual 4% Housing Credit Allocation of \$4,869,242

Dear Mr. Kennedy:

Seltzer Management Group, Inc. (“SMG” or “Seltzer”) is in receipt of a correspondence dated December 13, 2021, from a representative of Falcon Trace II, LLC (“Borrower”) requesting Florida Housing Finance Corporation’s (“FHFC” or “Florida Housing”) consent to an increase to the existing first mortgage construction and permanent period debt for the above referenced transaction. At your direction, SMG has reviewed the request and formulated a recommendation. Seltzer’s findings are presented below.

The CUR for the above referenced transaction was approved at Florida Housing’s December 9, 2022, Board meeting and has not closed yet. The Borrower requests that Florida Housing consent to an increase in the construction phase first mortgage loan, to be provided by Bank of America, N.A. (“BOA”), in an amount up to \$55,000,000 and currently estimated at \$51,564,989. The credit underwriting report (“CUR”) dated December 1, 2022, contemplated a construction period tax-exempt loan in the amount of \$47,125,826, that at completion of construction and conversion to the permanent phase, the loan would be reduced to \$20,500,000.

Seltzer was not provided a letter of intent (“LOI”) for this financing; however, the amount was confirmed with a representative of BOA. Terms and conditions of the financing are consistent with terms as described in the CUR. The term of the construction loan will be 36 months, with the option for one 6-month post-construction conversion extension. The variable interest rate will be based on the Bloomberg Short-Term Bank Yield (“BSBY”) daily floating rate (floor of 1.00%), plus 250 basis points (2.50%). As of December 21, 2022, the BSBY daily floating rate was 4.38%, Seltzer has included an underwriting cushion of 150 basis points (1.50%), for an “all-in” rate of 8.38%.

The Borrower also requests that Florida Housing consent to an increase in the permanent phase first mortgage loan, to be provided by JPMorgan Chase Bank, N.A. (“Chase”), in an amount of \$22,000,000. The CUR, contemplated a permanent period tax-exempt loan in the amount of \$20,500,000. The interest

Mr. Tim Kennedy
Falcon Trace II
February 15, 2023

rate will be fixed at closing based upon the 10 year Secured Overnight Financing Rate (“SOFR”) Swap Rate (currently 3.32%) as of December 21, 2022, a Chase underwriting cushion of 25 bps (0.25%) and a spread of 181 basis points (1.81%) for an all-in rate of 5.38%. The rate will be committed at the time of the construction phase financing. The term of the loan is 18 years with a 40 year amortization.

During underwriting, the Applicant applied for additional FHFC Loan funding through FHFC’s ITP for 2022 SAIL CHIRP. Based on the sizing criteria and parameters set forth in the ITP – 2022 CHIRP, the Development would receive additional SAIL funds in the amount of \$4,300,000, along with a SAIL loan in the amount of \$6,000,000 for a total Second Mortgage SAIL of \$10,300,000. Based on updated estimates, primarily a lower permanent period first interest rate, the Development would not receive a recommendation for the full \$4,300,000 of SAIL CHIRP. However, per the CHIRP-ITP, since the development has received their Firm Commitment from FHFC, they will still receive the full \$4,300,000 of SAIL CHIRP. It is required that the Borrower defer at least 30% of the Developer Fee, which is currently estimated at 40.03%. The CHIRP Calculator is attached to this Letter as Exhibit 1.

Mr. Tim Kennedy
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Permanent Construction Financing Information

| PERMANENT FINANCING INFORMATION | | | | | | |
|---|---------------|-------------|-------------------|---------------|----------------|-------|
| | 1st Source | 2nd Source | 2nd Source | 3rd Source | 4th Source | Other |
| Lender/Grantor | OCHFA / Chase | FHFC SAIL | FHFC SAIL / CHIRP | FHFC SAIL ELI | Osceola County | |
| Amount | \$22,000,000 | \$6,000,000 | \$4,300,000 | \$600,000 | \$14,750,000 | |
| Underwritten Interest Rate | 5.38% | 1.00% | 1.00% | 0.00% | 0.00% | |
| Loan Term | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | |
| Amortization | 40.0 | N/A | N/A | N/A | N/A | |
| Market Rate/Market Financing LTV | 23.3% | 29.6% | 34.1% | 34.8% | 50% | |
| Restricted Market Financing LTV | 56.0% | 71.3% | 82.2% | 84% | 121% | |
| Loan to Cost - Cumulative | 21.9% | 27.9% | 32.2% | 32.8% | 47.5% | |
| Loan to Cost - SAIL Only | | | 10.3% | | | |
| Debt Service Coverage | 1.301 | | 1.201 | 1.198 | 1.198 | |
| Operating Deficit & Debt Service Reserves | \$1,865,121 | | | | | |
| # of Months covered by the Reserves | 9.4 | | | | | |
| Deferred Developer Fee | | | \$5,987,191 | | | |
| As-Is Land Value | | | \$4,960,000 | | | |
| Market Rent/Market Financing Stabilized Value | | | \$94,600,000 | | | |
| Rent Restricted Market Financing Stabilized Value | | | \$39,290,000 | | | |
| Projected Net Operating Income (NOI) - Year 1 | | | \$1,792,917 | | | |
| Projected Net Operating Income (NOI) - 15 Year | | | \$1,986,275 | | | |
| Year 15 Pro Forma Income Escalation Rate | | | 2.00% | | | |
| Year 15 Pro Forma Expense Escalation Rate | | | 3.00% | | | |
| Bond Structure | | | Private Placement | | | |
| Housing Credit (HC) Syndication Price | | | \$0.96 | | | |
| HC Annual Allocation - Qualified in CUR | | | \$4,869,242 | | | |
| HC Annual Allocation - Equity Letter of Interest | | | \$4,859,683 | | | |

Mr. Tim Kennedy
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Construction Financing Sources

Please note that in the following table, the Applicant column reflects the Construction Financing Sources from the CUR.

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Construction Debt Service |
|------------------------|-------------------|---------------------|---------------------|----------------------|---------------|---------------------------|
| First Mortgage | OCFHA / BOA | \$47,125,856 | \$51,564,989 | \$51,564,989 | 8.38% | \$6,265,662 |
| Second Mortgage | FHFC SAIL | \$6,000,000 | \$6,000,000 | \$6,000,000 | 1.00% | \$87,000 |
| Second Mortgage | FHFC SAIL / CHIRP | \$4,300,000 | \$4,300,000 | \$4,300,000 | 1.00% | \$62,350 |
| Third | FHFC SAIL ELI | \$600,000 | \$600,000 | \$600,000 | 0.00% | \$0 |
| Fourth | Osceola County | \$14,750,000 | \$14,750,000 | \$14,750,000 | 0.00% | \$0 |
| HC Equity | BOA | \$9,039,496 | \$9,329,658 | \$9,329,658 | | |
| Deferred Developer Fee | Developer | \$13,785,446 | \$11,565,698 | \$11,875,713 | | |
| Deferred ODR | BOA | \$1,865,121 | \$1,820,857 | \$1,865,121 | | |
| Total | | \$97,465,889 | \$99,931,202 | \$100,285,481 | | \$6,415,012 |

Changes to the sources:

- The OCHFA/BOA loan has increased from \$47,125,856 up to \$55,000,000, currently estimated at \$51,564,989, an increase up to \$7,874,144.
- HC Equity has increased from \$9,039,496 to \$9,329,658, an increase of \$290,162.
- Deferred Developer Fee has decreased from \$13,785,446 to \$11,875,713 a decrease of \$1,909,733 in the construction period, due to the increase in the construction first mortgage being offset by an increase in the development budget.

Permanent Financing Sources

Please note that in the following table, the Applicant column reflects the Permanent Financing Sources from the CUR.

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Amort. Yrs. | Term Yrs. | Annual Debt |
|--------------------|-------------------|---------------------|---------------------|----------------------|---------------|-------------|-----------|--------------------|
| First Mortgage | OCHFA / Chase | \$20,500,000 | \$22,000,000 | \$22,000,000 | 5.38% | 40 | 18 | \$1,340,145 |
| Second Mortgage | FHFC SAIL | \$6,000,000 | \$6,000,000 | \$6,000,000 | 1.00% | N/A | 18 | \$60,000 |
| Second Mortgage | FHFC SAIL / CHIRP | \$4,300,000 | \$4,300,000 | \$4,300,000 | 1.00% | N/A | 18 | \$43,000 |
| Third | FHFC SAIL ELI | \$600,000 | \$600,000 | \$600,000 | 0.00% | N/A | 18 | \$0 |
| Fourth | Osceola County | \$14,750,000 | \$14,750,000 | \$14,750,000 | 0.00% | N/A | 18 | \$0 |
| HC Equity | BOA | \$45,197,481 | \$46,648,290 | \$46,648,290 | | | | |
| Def. Developer Fee | Developer | \$6,118,408 | \$5,632,912 | \$5,987,191 | | | | |
| Total | | \$97,465,889 | \$99,931,202 | \$100,285,481 | | | | \$1,443,145 |

Changes to the sources:

- The OCHFA/Chase loan has increased from \$20,500,000 to \$22,000,000, an increase of \$1,500,000.
- HC Equity has increased from \$45,197,481 to \$46,648,290, an increase of \$1,450,809.
- The Deferred Developer fee has decreased from \$6,118,408 to \$5,987,191, a decrease of \$131,217 due to an increase in the first mortgage and the HC Equity.

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Falcon Trace II
February 15, 2023

| Capital Contributions | Amount | Percent of Total | When Due |
|-----------------------|---------------------|------------------|--------------------|
| 1st Installment | \$9,329,658 | 20.00% | Construction Close |
| 2nd Installment | \$23,324,145 | 50.00% | 100% Completion |
| 3rd Installment | \$12,828,280 | 27.50% | Stabilization |
| 4th Installment | \$1,166,207 | 2.50% | 8609s |
| Total | \$46,648,290 | 100.00% | |

Annual Tax Credits per Syndication Agreement: \$4,859,683

Total HC Available to Syndicator (10 years): \$48,591,970

Syndication Percentage (investor member interest): 99.990%

Calculated HC Exchange Rate (per dollar): \$0.960

Proceeds Available During Construction: \$9,329,658

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

Use 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 |
| New Rental Units | \$46,232,440 | \$52,038,000 | \$46,232,440 | \$130,600 | |
| Off-Site Work | | | | \$0 | \$0 |
| Recreational Amenities | | | | \$0 | |
| Rehab of Existing Common Areas | | | | \$0 | |
| Rehab of Existing Rental Units | | | | \$0 | |
| Site Work | \$5,805,560 | | \$5,805,560 | \$16,400 | \$870,834 |
| Swimming Pool | | | | \$0 | |
| Furniture, Fixture, & Equipment | | | | \$0 | |
| Hard Cost Contingency - in Constr. Cont. | | | | \$0 | |
| Constr. Contr. Costs subject to GC Fee | \$52,038,000 | \$52,038,000 | \$52,038,000 | \$147,000 | \$870,834 |
| General Conditions | \$3,122,280 | \$3,122,280 | \$3,122,280 | \$8,820 | |
| Overhead | \$1,040,760 | \$1,040,760 | \$1,040,760 | \$2,940 | |
| Profit | \$3,122,280 | \$3,122,280 | \$3,122,280 | \$8,820 | |
| Builder's Risk Insurance | \$150,000 | \$150,000 | \$150,000 | \$424 | |
| General Liability Insurance | | | | \$0 | |
| Payment and Performance Bonds | \$200,000 | \$200,000 | \$200,000 | \$565 | |
| Contract Costs not subject to GC Fee | | | | \$0 | |
| Total Construction Contract/Costs | \$59,673,320 | \$59,673,320 | \$59,673,320 | \$168,569 | \$870,834 |
| Hard Cost Contingency | \$2,966,166 | \$4,177,132 | \$4,177,132 | \$11,800 | |
| PnP Bond paid outside Constr. Contr. | | \$240,213 | \$240,213 | \$679 | |
| Fees for LOC used as Constr. Surety | | | | \$0 | |
| Demolition paid outside Constr. Contr. | | | | \$0 | |
| FF&E paid outside Constr. Contr. | \$200,000 | \$200,000 | \$200,000 | \$565 | |
| Other: | | | | \$0 | |
| Total Construction Costs: | \$62,839,486 | \$64,290,665 | \$64,290,665 | \$181,612 | \$870,834 |

Notes to the Construction Costs:

1. The P&P Bond costs outside the Construction cost have rose due to increases to the total P&P Bond amount.

Mr. Tim Kennedy
Falcon Trace II
February 15, 2023

- On February 6, 2023, the Applicant submitted a request to FHFC to increase the Hard Cost Contingency from 5% to 7%, which is reflected above. This contingency percentage is supported by the Plan and Cost Analysis completed by On Solid Ground, LLC, however, the percentage is in excess of the Rule and RFA requirements. Per the RFA and Rule, the maximum hard cost contingency is 5%. At the April 1, 2022, FHFC Telephonic Board meeting, the Board delegated staff to approve contingency reserve increases upon recommendations by the credit underwriter. Seltzer recommends that FHFC approve the contingency of 8.00%. FHFC staff approved this request on February 15, 2023.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|--|------------------------|--------------------------------|---------------------------------------|----------------------|----------------------------------|
| Accounting Fees | \$35,000 | \$35,000 | \$35,000 | \$99 | \$17,500 |
| Appraisal | \$8,500 | \$8,500 | \$8,500 | \$24 | |
| Architect's and Planning Fees | | | | \$0 | |
| Architect's Fee - Green Initiative | | | | \$0 | |
| Architect's Fee - Landscape | | | | \$0 | |
| Architect's Fee - Site/Building Design | \$295,000 | \$355,000 | \$295,000 | \$833 | |
| Architect's Fee - Supervision | \$60,000 | | \$60,000 | \$169 | |
| Building Permits | \$708,000 | \$708,000 | \$708,000 | \$2,000 | |
| Builder's Risk Insurance | | | | \$0 | |
| Capital Needs Assessment/Rehab | | | | \$0 | |
| Engineering Fees | \$394,850 | \$300,000 | \$394,850 | \$1,115 | |
| Environmental Report | \$8,100 | \$8,100 | \$8,100 | \$23 | |
| Federal Labor Standards Monitoring | | | | \$0 | |
| FHFC Administrative Fees | \$426,595 | \$428,595 | \$438,232 | \$1,238 | \$438,232 |
| FHFC Application Fee | \$3,000 | \$3,000 | \$3,000 | \$8 | \$3,000 |
| FHFC Credit Underwriting Fee | \$24,905 | \$40,918 | \$27,405 | \$77 | \$27,405 |
| FHFC Compliance Fee | \$401,334 | \$401,334 | \$401,334 | \$1,134 | \$401,334 |
| FHFC Other Processing Fee(s) | | | | \$0 | |
| Impact Fee | \$7,476,115 | \$9,578,167 | \$7,476,115 | \$21,119 | |
| Lender Inspection Fees / Const Admin | \$36,000 | \$43,200 | \$43,200 | \$122 | |
| Green Building Cert. (LEED, FGBC, NGBS) | \$61,440 | \$61,440 | \$61,440 | \$174 | |
| Home Energy Rating System (HERS) | | | | \$0 | |
| Insurance | | | | \$0 | |
| Legal Fees - Organizational Costs | \$305,000 | \$305,000 | \$305,000 | \$862 | \$152,500 |
| Local Subsidy Underwriting Fee | | | | \$0 | |
| Market Study | \$6,000 | \$9,000 | \$6,000 | \$17 | \$6,000 |
| Marketing and Advertising | \$75,000 | \$75,000 | \$75,000 | \$212 | \$75,000 |
| Plan and Cost Review Analysis | \$3,000 | | \$3,000 | \$8 | |
| Property Taxes | \$424,800 | \$406,746 | \$406,746 | \$1,149 | |
| Soil Test | \$18,000 | \$18,000 | \$18,000 | \$51 | |
| Survey | \$68,625 | \$68,625 | \$68,625 | \$194 | \$17,156 |
| Tenant Relocation Costs | | | | \$0 | |
| Title Insurance and Recording Fees | \$100,000 | \$100,000 | \$100,000 | \$282 | \$25,000 |
| Traffic Study | | | | \$0 | |
| Utility Connection Fees | | | | \$0 | |
| Soft Cost Contingency | \$556,963 | \$704,557 | \$569,138 | \$1,608 | |
| Other: P&P Bonds; Inspections; LG Loan Fees; Org Costs; Bond COI; FF&E | | | | \$0 | |
| Other: | | | | \$0 | |
| Total General Development Costs: | \$11,496,227 | \$13,658,182 | \$11,511,685 | \$32,519 | \$1,163,127 |

Notes to the General Development Costs:

- FHFC Administrative Fees have risen due to the increased P&P Bonds outside of the GC Contract.

Mr. Tim Kennedy
Falcon Trace II
February 15, 2023

2. FHFC Credit Underwriting Fee has risen \$3,500 due to the CUL.

| 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 | \$471,258 | \$520,000 | \$515,650 | \$1,457 | |
| Construction Loan Commitment Fee | | | | \$0 | |
| Construction Loan Closing Costs | \$50,000 | \$95,000 | \$95,000 | \$268 | |
| Construction Loan Interest | \$5,527,114 | \$5,165,673 | \$6,415,012 | \$18,122 | \$2,212,073 |
| Construction Loan Servicing Fees | | | | \$0 | |
| Permanent Loan Application Fee | | | | \$0 | \$0 |
| Permanent Loan Underwriting Fee | | | | \$0 | \$0 |
| Permanent Loan Subsidy Layering Rev. | | | | \$0 | \$0 |
| Permanent Loan Commitment Fee | \$174,250 | \$187,000 | \$187,000 | \$528 | \$187,000 |
| Permanent Loan Origination Fee | | | | \$0 | \$0 |
| Permanent Loan Closing Costs | | | | \$0 | \$0 |
| Permanent Loan Interest | | | | \$0 | \$0 |
| Permanent Loan Servicing Fee | | | | \$0 | \$0 |
| Local HFA Bond Rating Fee | | | | \$0 | \$0 |
| Local HFA Bond Cost of Issuance | \$219,958 | \$250,000 | \$219,958 | \$621 | \$219,958 |
| Local HFA Bond Closing Costs | | | | \$0 | \$0 |
| SAIL Commitment Fee | \$103,000 | \$109,000 | \$103,000 | \$291 | \$103,000 |
| SAIL Closing Costs | \$12,500 | \$31,500 | \$12,500 | \$35 | \$12,500 |
| SAIL Interest | | | | \$0 | \$0 |
| SAIL Servicing Fee | | | | \$0 | \$0 |
| SAIL-ELI Commitment Fee | \$6,000 | | \$6,000 | \$17 | \$6,000 |
| SAIL-ELI Closing Costs | \$6,500 | | \$6,500 | \$18 | \$6,500 |
| Placement Agent/Underwriter Fee | \$100,000 | | \$100,000 | \$282 | |
| Other: <u>Syndicator Closing Costs</u> | \$35,000 | | \$0 | \$0 | |
| Total Financial Costs: | \$6,705,580 | \$6,358,173 | \$7,660,620 | \$21,640 | \$2,747,031 |
| Dev. Costs before Acq., Dev. Fee & Reserves | \$81,041,293 | \$84,307,020 | \$83,462,970 | \$235,771 | \$4,780,992 |

Financial Cost Notes:

1. Construction Loan Origination fee has increased due to the increased first mortgage amount.
2. Construction Loan Interest has increased due to the increased first mortgage amount.

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

| 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 | \$14,559,374 | \$14,957,290 | \$14,957,290 | \$42,252 | |
| Other: | | | | \$0 | |
| Total Other Development Costs: | \$14,559,374 | \$14,957,290 | \$14,957,290 | \$42,252 | \$0 |

Developer Fee on Non-Acquisition Costs Notes:

1. Developer Fee – Unportioned has increased due to the higher development costs.

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| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---------------------------------|------------------------|--------------------------------|---------------------------------------|----------------------|----------------------------------|
| Land Acquisition Cost | | | | \$0 | \$0 |
| Land | \$100 | \$100 | \$100 | \$0 | \$100 |
| Other: | | | | \$0 | \$0 |
| Total Acquisition Costs: | \$100 | \$100 | \$100 | \$0 | \$100 |

| RESERVE ACCOUNTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|--|------------------------|--------------------------------|---------------------------------------|----------------------|----------------------------------|
| Operating Deficit Reserve (Syndicator) | \$1,865,121 | \$1,877,758 | \$1,865,121 | \$5,269 | \$1,865,121 |
| Other: | | | | \$0 | \$0 |
| Total Reserve Accounts: | \$1,865,121 | \$1,877,758 | \$1,865,121 | \$5,269 | \$1,865,121 |

Total Development Costs

| TOTAL DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---------------------------------|------------------------|--------------------------------|---------------------------------------|----------------------|----------------------------------|
| TOTAL DEVELOPMENT COSTS: | \$97,465,888 | \$101,142,168 | \$100,285,481 | \$283,292 | \$6,646,213 |

Notes to Total Development Costs:

1. Total Development Costs have increased from \$97,465,888 to \$100,285,481, an increase of \$2,819,592, primarily due to increases in construction loan interest.
2. The TDC per unit has increased from \$270,058.38 to \$278,023.33, an increase of \$7,964.95.

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Operating Pro Forma

| OPERATING PRO FORMA | | ANNUAL | PER UNIT |
|--------------------------------------|--|-------------|----------|
| INCOME | Gross Potential Rental Income | \$4,186,896 | \$11,827 |
| | Rent Subsidy (ODR) | \$0 | \$0 |
| | Other Income: | | |
| | Ancillary Income-Parking | \$0 | \$0 |
| | Miscellaneous | \$118,010 | \$333 |
| | Gross Potential Income | \$4,304,906 | \$12,161 |
| | Less: | | |
| | Economic Loss - Percentage: 0.0% | \$0 | \$0 |
| | Physical Vacancy Loss - Percentage: 2.0% | (\$86,098) | (\$243) |
| | Collection Loss - Percentage: 1.0% | (\$43,049) | (\$122) |
| Total Effective Gross Revenue | | \$4,175,759 | \$11,796 |
| EXPENSES | Fixed: | | |
| | Real Estate Taxes | \$406,886 | \$1,149 |
| | Insurance | \$318,600 | \$900 |
| | Variable: | | |
| | Management Fee - Percentage: 5.4% | \$223,656 | \$632 |
| | General and Administrative | \$141,600 | \$400 |
| | Payroll Expenses | \$531,000 | \$1,500 |
| | Utilities | \$318,600 | \$900 |
| | Marketing and Advertising | \$53,100 | \$150 |
| | Maintenance and Repairs | \$283,200 | \$800 |
| | Grounds Maintenance and Landscaping | \$0 | \$0 |
| | Other-Pest Control | \$0 | \$0 |
| | Reserve for Replacements | \$106,200 | \$300 |
| Total Expenses | | \$2,382,842 | \$6,731 |
| Net Operating Income | | \$1,792,917 | \$5,065 |
| Debt Service Payments | | | |
| DEBT SERVICE | First Mortgage - OCHFA / Chase | \$1,340,145 | \$3,786 |
| | Second Mortgage - SAIL / SAIL CHIRP | \$103,000 | \$291 |
| | Third Mortgage - FHFC SAIL ELI | \$0 | \$0 |
| | Fourth Mortgage - Osceola County | \$0 | \$0 |
| | All Other Mortgages - | \$0 | \$0 |
| | First Mortgage Fees - OCHFA / Chase | \$37,558 | \$106 |
| | Second Mortgage Fees - SAIL / SAIL CHIRP | \$12,255 | \$35 |
| | Third Mortgage Fees - FHFC SAIL ELI | \$3,855 | \$11 |
| | Fourth Mortgage Fees - Osceola County | \$0 | \$0 |
| | All Other Mortgages Fees - | \$0 | \$0 |
| Total Debt Service Payments | | \$1,496,813 | \$4,228 |
| Cash Flow After Debt Service | | \$296,104 | \$836 |
| Debt Service Coverage Ratios | | | |
| | DSC - First Mortgage plus Fees | 1.301 | |
| | DSC - Second Mortgage plus Fees | 1.201 | |
| | DSC - Third Mortgage plus Fees | 1.198 | |
| | DSC - Fourth Mortgage plus Fees | 1.198 | |
| | DSC - All Mortgages and Fees | 1.198 | |
| Financial Ratios | | | |
| | Operating Expense Ratio | 57.1% | |
| | Break-Even Ratio | 90.3% | |

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

MSA/County: Orlando-Kissimmee-Sanford MSA / Osceola 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 | 4 | 624 | 30% | | | \$466 | \$84 | \$382 | | \$389 | \$382 | \$382 | \$18,336 |
| 1 | 1.0 | 31 | 624 | 60% | | | \$933 | \$84 | \$849 | | \$856 | \$849 | \$849 | \$315,828 |
| 2 | 2.0 | 21 | 857 | 30% | | | \$560 | \$103 | \$457 | | \$455 | \$457 | \$457 | \$115,164 |
| 2 | 2.0 | 191 | 857 | 60% | | | \$1,120 | \$103 | \$1,017 | | \$1,015 | \$1,017 | \$1,017 | \$2,330,964 |
| 3 | 2.0 | 11 | 1,071 | 30% | | | \$646 | \$131 | \$515 | | \$515 | \$515 | \$515 | \$67,980 |
| 3 | 2.0 | 95 | 1,071 | 60% | | | \$1,293 | \$131 | \$1,162 | | \$1,162 | \$1,162 | \$1,162 | \$1,324,680 |
| 3 | 2.0 | 1 | 1,103 | 60% | | | \$1,293 | \$131 | \$1,162 | | \$1,162 | \$1,162 | \$1,162 | \$13,944 |
| | | 354 | 318,153 | | | | | | | | | | | \$4,186,896 |

Notes to the Operating Pro Forma and Ratios:

1. Based on the decrease in the first mortgage interest rate from 5.90% as underwritten in the CUR to 5.38%, the Debt Service Coverage (“DSC”) of the first mortgage and fees increased from 1.288 to 1.00 to 1.301 to 1.00.
2. The DSC for the permanent first mortgage and SAIL, inclusive of SAIL CHIRP, as underwritten in the CUR was 1.190 to 1.00. With the reduction in the first mortgage interest rate, the SAIL DSC has increased to 1.201 to 1.00.
3. Fees for each of the SAIL and ELI loans include an Annual Permanent Loan Servicing fee based on 25 bps of the outstanding loan amount with a maximum of \$936 per month, subject to a minimum of \$236 per month and an Annual Multiple Program Compliance Monitoring fee of \$1,023.

HC Allocation Calculation

| Section I: Qualified Basis Calculation | |
|---|----------------------|
| Development Cost | \$100,285,481 |
| Less Land Cost | (\$100) |
| Less Federal Funds | \$0 |
| Less Other Ineligible Cost | (\$6,646,113) |
| Less Disproportionate Standard | \$0 |
| Total Eligible Basis | \$93,639,268 |
| Applicable Fraction | 100.00% |
| DDA/QCT Basis Credit | 130.00% |
| Qualified Basis | \$121,731,048 |
| Housing Credit Percentage | 4.00% |
| Annual Housing Credit Allocation | \$4,869,242 |

Notes to the Qualified Basis Calculation:

1. Other Ineligible Costs primarily include a portion of site work, accounting fees, FHFC administrative, application, underwriting, and HC compliance fees, a portion of the construction loan interest, legal fees, Market Study, marketing, survey, title insurance, permanent loan closing costs, Osceola County Housing Finance Authority (“OCHFA”) cost of issuance, closing costs, land costs and operating deficit reserve.

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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 SADDA. 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 letter, a HC percentage of 4.00% has therefore been applied.

| Section II: Gap Calculation | |
|--|----------------|
| Total Development Cost (Including Land and Ineligible Costs) | \$100,285,481 |
| Less Mortgages | (\$32,900,000) |
| Less Grants | (\$14,750,000) |
| Equity Gap | \$52,635,481 |
| Percentage to Investment Partnership | 99.99% |
| HC Syndication Pricing | \$0.9600 |
| HC Required to Meet Gap | \$54,834,109 |
| Annual HC Required | \$5,483,411 |

Notes to the GAP Calculation:

1. Mortgages include the Chase first mortgage, FHFC SAIL second mortgage and FHFC ELI third mortgage.
2. Grants include an Osceola County grant for \$14,750,000.
3. HC Syndication Pricing and Percentage to Investment Partnership are based upon the December 20, 2022 draft Equity Model from BOA.

| Section III: Tax-Exempt Bond 50% Test | |
|--|--------------|
| Total Depreciable Cost | \$93,639,268 |
| Plus Land Cost | \$100 |
| Aggregate Basis | \$93,639,368 |
| Tax-Exempt Bond Amount | \$51,564,989 |
| 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 | \$51,564,989 |
| Proceeds Divided by Aggregate Basis | 55.07% |

Notes to 50% Test:

1. SMG estimates the Tax-Exempt MMRB amount to be 55.07% of Depreciable Development Costs plus Land Acquisition Costs. If, at the time of Final Cost Certification, the Tax-Exempt Bond Amount is less

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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.

| Section IV: Summary | |
|----------------------------|-------------|
| HC per Qualified Basis | \$4,869,242 |
| HC per Gap Calculation | \$5,483,411 |
| Annual HC Recommended | \$4,869,242 |

Notes to the Summary:

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

Summary and Recommendation

SMG concludes that the increase to the BOA construction first mortgage in an amount up to \$55,000,000 and current estimated at \$51,564,989 as well as increase to the Chase permanent first mortgage to an amount of \$22,000,000 will not adversely impact the transaction and/or Florida Housing's security position. Accordingly, SMG provides this analysis for FHFC's consideration to approve the Borrower's request, subject to the following:

- All closing conditions in the CUR must be met.
- All other due diligence required by FHFC, its legal counsel and Seltzer

Should you have any questions please feel free to contact me directly.

Sincerely,
SELTZER MANAGEMENT GROUP, INC.



Justin Coles
Credit Underwriter

Mr. Tim Kennedy
Falcon Trace II
February 15, 2023

Exhibit 1 – CHIRP Calculator

| Development Name: Falcon Trace II | | Select the RFA of the Active Award | 2021-205 |
|---|-------------------|--|-----------------------|
| Permanent Period 1st Mortgages for Sizing Purposes | | Assumptions | |
| Actual DSCR in approved CUR 1st Mtg LOI (no fees) | | Number of units | 354 |
| Actual DSCR in current 1st Mtg LOI (Yr 1 NOI; no fees) | NA | Total Development Costs | \$ 97,686,766.63 |
| Maximum CHIRP DSCR | 1.30x | Annual Servicing Fees (\$) on stated | \$ - |
| DSCR used for sizing (lowest DSCs from above) | 1.30x | Traditional 1st Mtg Amort. Years | 40.00 |
| Actual Traditional 1st Mtg Amount to be stated in CUI | \$ - | Traditional 1st Mtg Interest Rate | 5.38% |
| Calculated 1st Mtg at Restricted DSCR (1.30x) | \$ 22,640,589.74 | Is the Perm 1st Mtg an MMRB or Local HFA bond | Local HFA |
| 1st Mtg Restricted to 1.30x DSCR | \$ 22,640,589.74 | Total Effective Gross Income in CUR | \$ 4,175,758.82 |
| RESULT: 1st Mtg amount for sizing purposes | \$ 22,640,589.74 | Total Operating Expenses in CUR | \$ 2,382,841.94 |
| Total Sources | | Net Operating Income in CUR Yr 1 | \$ 1,792,916.88 |
| 1st Mtg amt. for sizing from above | \$ 22,640,589.74 | Net Operating Income in CUR Yr 15 | \$ 1,986,275.38 |
| 2nd Mortgage - SAIL | \$ 6,000,000.00 | | |
| 3rd Mortgage - | \$ 600,000.00 | | |
| 4th Mortgage - | \$ 14,750,000.00 | | |
| 5th Mortgage - | \$ - | Total HC Equity | \$ 45,197,481.00 |
| 6th Mortgage - | \$ - | Developer Fee % Basis for Deferral | 18% |
| Total HC Equity | \$ 45,197,481.00 | Total 18% Developer Fee | \$ 14,559,374.00 |
| 30% Deferred Developr Fee for Sizing | \$ 4,367,812.20 | | |
| Total Sources | \$ 93,555,882.94 | | |
| Total Uses | \$ 97,686,766.63 | Loan using lowest 1.30x DSCR (1st Yr NOI) | \$ 22,640,589.74 |
| Test 1 - GAP ANALYSIS | | Loan using Max CHIRP 1.30x DSCR (1st Yr NOI) | \$22,640,589.74 |
| RESULT: Total Gap | \$ 4,130,883.00 | Annual Servicing Fees (\$) on 1.30x | \$ 66,336.93 |
| | | Annual Servicing Fees (\$) on 1.30x | \$ 66,336.93 |
| Test 2 - INCREASED COST ANALYSIS | | Actual DSC in current LOI, incl. fees (1st Yr NOI) | 0.00x |
| Current GC Contract Amount | \$ 59,673,320.00 | | |
| 30% of GC Contract (est. Increased costs)* | \$ 17,901,996.00 | | |
| Increased Corporation Fees | \$ - | | |
| Increased Construction Financing Costs | \$ - | | |
| Increased Dev. Fee (18.00% x sum of new costs) | \$ 3,222,359.28 | Dev Fee Deduct for Incorporating Actual Fee | 0.00% |
| RESULT: Total Increased Costs | \$ 21,124,355.00 | (This amount will be deducted from 18.00%, yielding a net 18.00%) | |
| <i>*(This amount already yields a CHIRP amount that meets or exceeds the maximum)</i> | | | |
| Rule Test - SAIL LTC ANALYSIS | | All at 25% LTC except the following: | |
| Active Award Total SAIL Funding | \$ 6,600,000.00 | SAIL & 9%HCs (35% LTC)- | Over 25% LTC allowed |
| Max Total SAIL Funding assuming a 35% LTC | \$ 34,190,368.00 | Family/Elderly: More than 10% ELI | At least 80% Homeles: |
| Max New SAIL Funding using a 35% LTC | \$ 27,590,368.00 | SAIL w/o 9%HCs (35% LTC)- | |
| | | Family/Elderly: At least 5% ELI | |
| | | (The above can be altered if RFA permitted a different limit) | |
| Rule Test - Minimum 1.00x DSC overall Ratio | | | |
| Net Operating Income | \$ 1,792,916.88 | | |
| Actual % DDF when using Actual 1st Mortgage | 185.51% | | |
| Debt Service for an Overall 1.00x DSC Ratio | \$ 1,792,916.88 | | |
| Actual Traditional 1st mortgage Debt Service | \$ - | | |
| | | | |
| Debt Service Available for New SAIL | \$ 1,792,916.88 | | |
| Total (non-ELI) SAIL at 1.00% Interest Only DS | \$ 179,291,687.90 | SAIL Interest Rate: 1.00% | |
| Total (non-ELI) SAIL less Active Award (non-ELI) SAIL | \$ 173,291,687.90 | For those developments that qualify for a rate of less than 1%, please enter the a | |
| ADDITIONAL FHFC LOAN AMOUNT | | | |
| Lessor of: Tests 1 & 2, \$4,300,000, 35% LTC, Minimum 1.00x DSC | | | |
| \$4,130,883.00 | | | |
| FINAL: TOTAL NEW SAIL LOAN AMOUNT | | | |
| \$10,130,883.00 | | | |

Exhibit 2
Falcon Trace II
15 Year Income and Expense Projection

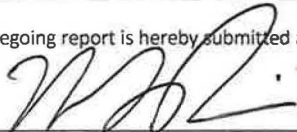
| FINANCIAL COSTS: | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|--------------------------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| OPERATING PRO FORMA | | | | | | | | | | | | | | | | |
| INCOME | Gross Potential Rental Income | \$4,186,896 | \$4,270,634 | \$4,356,047 | \$4,443,168 | \$4,532,031 | \$4,622,671 | \$4,715,125 | \$4,809,427 | \$4,905,616 | \$5,003,728 | \$5,103,803 | \$5,205,879 | \$5,309,996 | \$5,416,196 | \$5,524,520 |
| | 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 | \$118,010 | \$120,370 | \$122,778 | \$125,233 | \$127,738 | \$130,293 | \$132,898 | \$135,556 | \$138,268 | \$141,033 | \$143,854 | \$146,731 | \$149,665 | \$152,659 | \$155,712 |
| | Washer/Dryer Rentals | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Cable/Satellite Income | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Rent Concessions | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Alarm Income | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Gross Potential Income | \$4,304,906 | \$4,391,004 | \$4,478,824 | \$4,568,401 | \$4,659,769 | \$4,752,964 | \$4,848,023 | \$4,944,984 | \$5,043,883 | \$5,144,761 | \$5,247,656 | \$5,352,610 | \$5,459,662 | \$5,568,855 | \$5,680,232 |
| | Less: | | | | | | | | | | | | | | | |
| | Economic Loss - Percentage: | | | | | | | | | | | | | | | |
| | Physical Vacancy Loss - Percentage: 2.0% | (\$86,098) | (\$87,820) | (\$89,576) | (\$91,368) | (\$93,195) | (\$95,059) | (\$96,960) | (\$98,900) | (\$100,878) | (\$102,895) | (\$104,953) | (\$107,052) | (\$109,193) | (\$111,377) | (\$113,605) |
| Collection Loss - Percentage: 1.0% | (\$43,049) | (\$43,910) | (\$44,788) | (\$45,684) | (\$46,598) | (\$47,530) | (\$48,480) | (\$49,450) | (\$50,439) | (\$51,448) | (\$52,477) | (\$53,526) | (\$54,597) | (\$55,689) | (\$56,802) | |
| Total Effective Gross Revenue | \$4,175,759 | \$4,259,274 | \$4,344,459 | \$4,431,349 | \$4,519,976 | \$4,610,375 | \$4,702,583 | \$4,796,634 | \$4,892,567 | \$4,990,418 | \$5,090,227 | \$5,192,031 | \$5,295,872 | \$5,401,789 | \$5,509,825 | |
| EXPENSES | Fixed: | | | | | | | | | | | | | | | |
| | Ground Lease | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| | Sub-Ground Lease | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| | Real Estate Taxes | \$406,886 | \$419,093 | \$431,665 | \$444,615 | \$457,954 | \$471,692 | \$485,843 | \$500,418 | \$515,431 | \$530,894 | \$546,821 | \$563,225 | \$580,122 | \$597,526 | \$615,452 |
| | Insurance | \$318,600 | \$328,158 | \$338,003 | \$348,143 | \$358,587 | \$369,345 | \$380,425 | \$391,838 | \$403,593 | \$415,701 | \$428,172 | \$441,017 | \$454,247 | \$467,875 | \$481,911 |
| | Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| | Variable: | | | | | | | | | | | | | | | |
| | Management Fee - Percentage: 5.4% | \$223,656 | \$228,129 | \$232,692 | \$237,345 | \$242,092 | \$246,934 | \$251,873 | \$256,910 | \$262,049 | \$267,290 | \$272,635 | \$278,088 | \$283,650 | \$289,323 | \$295,109 |
| | General and Administrative | \$141,600 | \$145,848 | \$150,223 | \$154,730 | \$159,372 | \$164,153 | \$169,078 | \$174,150 | \$179,375 | \$184,756 | \$190,299 | \$196,008 | \$201,888 | \$207,944 | \$214,183 |
| | Payroll Expenses | \$531,000 | \$546,930 | \$563,338 | \$580,238 | \$597,645 | \$615,575 | \$634,042 | \$653,063 | \$672,655 | \$692,835 | \$713,620 | \$735,028 | \$757,079 | \$779,791 | \$803,185 |
| | Utilities | \$318,600 | \$328,158 | \$338,003 | \$348,143 | \$358,587 | \$369,345 | \$380,425 | \$391,838 | \$403,593 | \$415,701 | \$428,172 | \$441,017 | \$454,247 | \$467,875 | \$481,911 |
| | Marketing and Advertising | \$53,100 | \$54,693 | \$56,334 | \$58,024 | \$59,765 | \$61,557 | \$63,404 | \$65,308 | \$67,265 | \$69,283 | \$71,362 | \$73,503 | \$75,708 | \$77,979 | \$80,319 |
| | Maintenance and Repairs | \$283,200 | \$291,696 | \$300,447 | \$309,460 | \$318,744 | \$328,306 | \$338,156 | \$348,300 | \$358,749 | \$369,512 | \$380,597 | \$392,015 | \$403,775 | \$415,889 | \$428,365 |
| | Grounds Maintenance and Landscaping | \$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 | |
| | Contract Services | \$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 | |
| Other-Pest Control | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| Reserve for Replacements | \$106,200 | \$106,200 | \$106,200 | \$106,200 | \$106,200 | \$106,200 | \$106,200 | \$106,200 | \$106,200 | \$106,200 | \$109,386 | \$112,668 | \$116,048 | \$119,529 | \$123,115 | |
| Total Expenses | \$2,382,842 | \$2,448,909 | \$2,516,904 | \$2,586,899 | \$2,658,946 | \$2,733,108 | \$2,809,446 | \$2,888,024 | \$2,968,910 | \$3,052,171 | \$3,141,063 | \$3,232,568 | \$3,326,765 | \$3,423,731 | \$3,523,550 | |
| Net Operating Income | \$1,792,917 | \$1,810,365 | \$1,827,555 | \$1,844,450 | \$1,861,029 | \$1,877,267 | \$1,893,137 | \$1,908,610 | \$1,923,657 | \$1,938,248 | \$1,952,963 | \$1,967,807 | \$1,982,807 | \$1,997,952 | \$2,013,255 | |
| DEBT SERVICE | Debt Service Payments | | | | | | | | | | | | | | | |
| | First Mortgage - OCHFA / Chase | \$1,340,145 | \$1,340,145 | \$1,340,145 | \$1,340,145 | \$1,340,145 | \$1,340,145 | \$1,340,145 | \$1,340,145 | \$1,340,145 | \$1,340,145 | \$1,340,145 | \$1,340,145 | \$1,340,145 | \$1,340,145 | \$1,340,145 |
| | Second Mortgage - SAIL / SAIL CHIRP | \$103,000 | \$103,000 | \$103,000 | \$103,000 | \$103,000 | \$103,000 | \$103,000 | \$103,000 | \$103,000 | \$103,000 | \$103,000 | \$103,000 | \$103,000 | \$103,000 | \$103,000 |
| | Third Mortgage - FHFC SAIL ELI | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | Fourth Mortgage - Osceola County | \$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 - OCHFA / Chase | \$37,558 | \$37,541 | \$37,518 | \$37,489 | \$37,454 | \$37,412 | \$37,362 | \$37,305 | \$37,239 | \$37,163 | \$37,078 | \$36,982 | \$36,875 | \$36,756 | \$36,623 |
| | Second Mortgage Fees - SAIL / SAIL CHIRP | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 | \$12,255 |
| | Third Mortgage Fees - FHFC SAIL ELI | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 | \$3,855 |
| | Fourth Mortgage Fees - Osceola County | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| All Other Mortgage Fees - | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Total Debt Service Payments | \$1,496,813 | \$1,496,796 | \$1,496,773 | \$1,496,744 | \$1,496,709 | \$1,496,666 | \$1,496,617 | \$1,496,559 | \$1,496,493 | \$1,496,418 | \$1,496,333 | \$1,496,237 | \$1,496,130 | \$1,496,011 | \$1,495,878 | |
| Cash Flow After Debt Service | \$296,104 | \$313,574 | \$330,782 | \$347,706 | \$364,321 | \$380,601 | \$396,520 | \$412,051 | \$427,164 | \$441,830 | \$452,831 | \$463,226 | \$472,977 | \$482,048 | \$490,397 | |
| Debt Service Coverage Ratios | | | | | | | | | | | | | | | | |
| DSC - First Mortgage plus Fees | 1.301 | 1.314 | 1.327 | 1.339 | 1.351 | 1.363 | 1.374 | 1.386 | 1.397 | 1.407 | 1.415 | 1.423 | 1.430 | 1.437 | 1.443 | |
| DSC - Second Mortgage plus Fees | 1.201 | 1.213 | 1.224 | 1.235 | 1.247 | 1.258 | 1.268 | 1.279 | 1.289 | 1.299 | 1.306 | 1.313 | 1.320 | 1.326 | 1.331 | |
| DSC - Third Mortgage plus Fees | 1.198 | 1.209 | 1.221 | 1.232 | 1.243 | 1.254 | 1.265 | 1.275 | 1.285 | 1.295 | 1.303 | 1.310 | 1.316 | 1.322 | 1.328 | |
| DSC - Fourth Mortgage plus Fees | 1.198 | 1.209 | 1.221 | 1.232 | 1.243 | 1.254 | 1.265 | 1.275 | 1.285 | 1.295 | 1.303 | 1.310 | 1.316 | 1.322 | 1.328 | |
| DSC - All Mortgages and Fees | 1.198 | 1.209 | 1.221 | 1.232 | 1.243 | 1.254 | 1.265 | 1.275 | 1.285 | 1.295 | 1.303 | 1.310 | 1.316 | 1.322 | 1.328 | |
| Financial Ratios | | | | | | | | | | | | | | | | |
| Operating Expense Ratio | 57.1% | 57.5% | 57.9% | 58.4% | 58.8% | 59.3% | 59.7% | 60.2% | 60.7% | 61.2% | 61.7% | 62.3% | 62.8% | 63.4% | 64.0% | |
| Break-Even Ratio | 90.3% | 90.0% | 89.8% | 89.5% | 89.3% | 89.2% | 89.0% | 88.8% | 88.7% | 88.6% | 88.5% | 88.5% | 88.5% | 88.5% | 88.5% | |

Florida Housing Finance Corporation Quarterly Performance Measures and Targets: Quarter 4 - 2022 Exhibit A (Amended)

| Metric | Section 420.511 (1), F.S., specifies that as part of its strategic plan Corporation must provide performance measures and specific targets for the following: | Alignment with FL Strategic Plan for Economic Development | Explanation of Performance Measure & Performance Measure Targets |
|--|---|--|---|
| Number of local governments participating in the State Housing Initiatives Partnership (SHIP) Program with approved Local Housing Assistance Plans | (a) The ability of low-income and moderate-income Floridians to access housing that is decent and affordable. | Goals 1, 3 Objs 3, 4 Strategies 1, 4, 13, 24, 25, 26, 27 | <p>All 67 counties and 55 of Florida's largest cities are eligible for SHIP funds. These 122 local governments must have an approved Local Housing Assistance Plan (LHAP) by both the local elected body for the government and FHFC's staff review committee, specifying how their SHIP funding will be used.</p> <p><u>Performance Measure Quarterly Target:</u> This measure shows how many local governments have approved plans. Maintain at least 110 local governments with approved and active LHAPs corresponding with funding disbursed at all times.</p> <p>Q4/2022 Actual: 122 local governments have approved LHAPs.</p> |
| Amount of state appropriated rental funding awarded over time to target populations | (b) The continued availability and affordability of housing financed by the corporation to target populations. | Goals 1, 2, 3 Objs 1, 2, 5 Strategies 1, 4, 13, 24, 25, 27 | <p>Provides markers along the state fiscal year (July 1 through June 30) to show that Corporation is making progress towards awarding state appropriated rental funding to target populations. To match up with the quarterly reporting system in this contract, each quarter's targets will always relate to the most recent prior legislative appropriation received. For example, Quarters 1 and 2 of 2022 report on targets related to getting state fiscal year 2021/2022 funding awarded, and Quarters 3 and 4 of 2022 report on targets related to getting state fiscal year 2022/2023 funding awarded.</p> <p>The target populations change over time, based on statutory, legislative and policy priorities. In 2022-2023, the target populations are families, elders, persons with special needs, including persons with developmental disabilities; farmworkers and fishing workers; and homeless persons.</p> <p><u>Performance Measure Quarterly Targets</u></p> <p><u>Q1/2022 Target:</u> Open at least one funding opportunity to receive applications/proposals for the current FY funding.</p> <p><u>Q2/2022 Target:</u> 80% of current FY appropriated rental program funds awarded.</p> <p><u>Q3/2022 Target:</u> Corporation's Board approves plan for allocation of the current FY funding.</p> <p><u>Q4/2022 Target:</u> Hold at least one public meeting on one or more draft competitive funding proposals for the current FY funding.</p> <p>Q4/2022 Actual: Six public meetings related to Requests for Applications had been held by the end of the quarter.</p> |

| | | | |
|--|---|--|--|
| <p>Number of participating lenders trained and approved to offer first mortgage financing throughout the state</p> | <p>(c) The availability of affordable financing programs, including equity and debt products, and programs that reduce gaps in conventional financing in order to increase individual access to housing and stimulate private production of affordable housing.</p> | <p>Goal 3 Objs 1, 2, 5 Strategies 13, 24, 27</p> | <p>Corporation must partner with private sector lenders such as banks, credit unions, and mortgage companies to offer affordable housing programs to qualified first time homebuyers. This lender base forms partnerships with local realtors, title companies, home appraisers, and all other third party service providers involved in successful origination of the Corporation's Program Loans. Without an adequate number of trained and approved lenders, Corporation's programs and resources would not reach Florida residents.</p> <p><u>Performance Measure Quarterly Target:</u> Maintain at least 50 active participating lenders at all times. Q4/2022 Actual: 261 active, approved participating lenders (as of December 31, 2022).</p> |
| <p>FHFC budgeted total operating expenses to actual total operating expenses</p> | <p>(d) The establishment and maintenance of efficiencies in the delivery of affordable housing.</p> | <p>Goal 3 Strategies 13, 25, 27</p> | <p>Based on the annual operating budget approved by Corporation's Board. Year to date through the most recent month reported to the Board.</p> <p><u>Performance Measure Quarterly Target:</u> Actual total operating expenses do not exceed budgeted total operating expenses by more than 10%. Q4/2022 Actual: For the ten months ending 10/31/22, actual operating expenses were \$1,699,673 under the budgeted amount of \$10,121,624.</p> |
| <p>Board engagement: attendance and attainment of quorum</p> | <p>(e) Such other measures as directed by the corporation's board of directors.</p> | <p>Goal 3 Strategies 13, 25, 27</p> | <p>Shows the involvement of Corporation's Board members via their attendance at scheduled Board meetings and whether a quorum was achieved at these meetings for decision making purposes over the quarter.</p> <p><u>Performance Measure Quarterly Target:</u> Presence of five Corporation Board members required to achieve quorum at each Corporation Board meeting during the quarter. Q4/2022 Actual: 10/28/22 Meeting - 6 of 7 seated members present; 12/09/22 Meeting - 7 of 7 seated members present (October- December 2022 meetings).</p> |

The foregoing report is hereby submitted as of this 31st day of January, 2022, for the quarter ending December 31, 2022.

By: 
Harold L. "Trey" Price, Executive Director

| Florida Housing Finance Corporation Quarterly Key Indicators: Quarter 4 - 2022 Exhibit B (Amended) | | | |
|---|---|--|--|
| Key Indicator | Section 420.511 (1), F.S., specifies that as part of its strategic plan FHFC must provide performance measures and specific targets for the following: | Alignment with FL Strategic Plan for Economic Development | Explanation of Key Indicator |
| <p>Number of homebuyers assisted through FHFC first mortgages and purchase assistance</p> <ul style="list-style-type: none"> -- All homebuyers -- Veterans only | (a) and (c) | <p>Goals 1, 3 Objs 3, 4 Strategies 13, 27</p> | <p>First Time Homebuyer Program: Provides the total number of first mortgages (closed) by FHFC during the quarter, along with how many of those homebuyers received purchase assistance. Provides the data for the general population as well as broken out to show how many veterans were served during the quarter.</p> <p>1,865 All homebuyers 460 Veterans only (October - December 2022)</p> |
| <p>Average acquisition price during the quarter of single family homes financed through FHFC first mortgages</p> | (a) and (c) | <p>Goal 3 Objs 3, 4 Strategies 4, 13, 24, 25, 28</p> | <p>Provides the average acquisition price for homes financed through FHFC's first mortgage program(s) during the quarter.</p> <p>\$280,938 (October - December 2022)</p> |
| <p>FHFC rental portfolio occupancy rate statewide</p> | (a) and (b) | <p>(b) Goals 1, 3 Objs 3, 4 Strategies 1, 4, 27</p> | <p>Provides the average percentage of units in FHFC's multifamily rental portfolio (i.e., developments that have specified affordability periods and are under compliance monitoring agreements with FHFC) that reported being occupied during the quarter. Average occupancies ranging from 93-95% are considered stabilized. Data are not available until 45 days after each quarter; the most recent 3-month period is provided.</p> <p>97.27% (September - November 2022)</p> |

| Key Indicator | Section 420.511 (1), F.S., specifies that as part of its strategic plan FHFC must provide performance measures and specific targets for the following: | Alignment with FL Strategic Plan for Economic Development | Explanation of Key Indicator |
|--|--|--|--|
| Number of searches for affordable rentals conducted on Florida's web-based housing locator | (a), (b) and (d) | Goals 1, 3 Objs 3, 4 Strategies 1, 4, 13, 24, 25, 27 | FHFC provides a free, online affordable rental housing locator that helps citizens search for housing throughout Florida. FloridaHousingSearch.org allows users to search for and find available rental units by a number of different search criteria. This measures the number of searches carried out on the website during the quarter. 221,1871 searches conducted (October- December 2022) |
| Risk to Capital Ratio (Guarantee Fund) | (c) and (d) | Goal 3 Strategies 4, 13, 25 | Guarantee Program: Divides total guarantee commitments by Corpus assets net of the loan loss and HUD dedicated reserves. The Guarantee Fund operates under a board-directed, but not required by statute, maximum 5:1 risk-to-capital ratio. .03:1 (as of December 31, 2022) |
| Current Ratings (Insurer Financial Strength of the Guarantee Fund) | (c) and (d) | Goal 3 Strategies 4, 13, 25 | Guarantee Program: These ratings are independent opinions by a nationally recognized rating service about the Guarantee Program's ability to meet Florida Housing's ongoing guarantee obligations. These must be maintained at or above the third-highest rating classification of any nationally recognized rating service pursuant to section 420.5092(6)(b), Florida Statutes. Ratings are the most recent provided by the agencies. Compliant with statute: Standard & Poor's, A+/Stable (as of 05/21/20); Fitch, A+/Stable (as of 03/28/18) |

The forgoing report is hereby submitted as of this 31st day of January, 2023, for the quarter ending December 31, 2022.

By: _____

Harold L. "Trey" Price, Executive Director