

**BEFORE THE STATE OF FLORIDA  
FLORIDA HOUSING FINANCE CORPORATION**

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OCDC PALM VILLAGE, L.P.,  
PRESTWICK DEVELOPMENT  
COMPANY, LLC and OKALOOSA  
COMMUNITY DEVELOPMENT  
CORPORATION

Petitioner,  
vs.

FHFC No. 2013-042BP  
Application No. 2014-011C

FLORIDA HOUSING FINANCE  
CORPORATION,

Respondent.

\_\_\_\_\_ /

**FORMAL WRITTEN PROTEST AND  
PETITION FOR ADMINISTRATIVE HEARING**

Petitioner, OCDC PALM VILLAGE, LP; PRESTWICK DEVELOPMENT COMPANY, LLC and OKALOOSA COMMUNITY DEVELOPMENT CORPORATION (“OCDC”), pursuant to sections 120.57(3), Florida Statutes (“F.S.”), and Rule 28-110 and 67-60, Florida Administrative Code (“FAC”) hereby files this Formal Written Protest and Petition for Administrative Hearing regarding the decision of Respondent, FLORIDA HOUSING FINANCE CORPORATION (“Florida Housing”) to award funding to responsive bidders pursuant to RFA 2013-001 for Affordable Housing Developments Located in Medium and Small Counties. In support OCDC provided as follows:

1. OCDC is a Florida limited liability company in the business of providing affordable housing. OCDC is located at 2014 Coverdale Boulevard, Fort Walton Beach, Florida. For the purposes of this proceeding, OCDC's phone number is that of its undersigned attorneys.

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2. Florida Housing is the allocating agency for the State of Florida that was granted the authority to issue RFA 2013-001 for the purpose of providing much needed affordable housing. Florida Housing's address is 227 North Bronough Street, Tallahassee, Florida 32301.

3. On September 17, 2013, Florida Housing issued the RFA to award an estimated amount of \$11,166,425 of competitive Low Income Housing Tax Credits ("Tax Credit") for proposed developments in medium counties and \$1,308,328 for proposed developments in small counties.

4. Through the issuance of the RFA the Florida Housing sought to solicit proposals from qualified Applicants that would commit to construct and/or rehabilitate housing in accordance with the terms and conditions of the RFA, applicable laws, rules, and regulations.

5. On October 17, 2013 OCDC submitted a Response to the RFP which included information concerning a 38-unit apartment complex in Okaloosa County named Palm Village. Through the Response, OCDC requested \$420,421.00 in Tax Credit funding assistance for the project which has an overall development cost of approximately \$6,168,000. OCDC believed that it had satisfied all requirements of the RFA.

6. Consistent with the primary mission and goal of the RFA, the OCDC Development will provide much needed affordable housing and services. The proposed OCDC Development will provide three bedroom apartments for lease at subsidized, reduced and affordable rents. Without the Tax Credit funds provided by the RFA, OCDC will be unable to

proceed with the Development. Accordingly OCDC's substantial interest are affected by the decisions made by Florida Housing.

7. At Section Four the RFA lists those items which must be included in a response to the RFA as found in Exhibit A. At Exhibit A, Section 9 an Applicant must provide information concerning the funding of the proposed project. The total points available for the RFP were 27.

8. The RFP at Section Five describes the evaluation process as follows:

**SECTION FIVE  
EVALUATION PROCESS**

Committee members shall independently evaluate and score their assigned portions of the submitted Applications, consulting with non-committee Corporation staff and legal counsel as necessary and appropriate.

The Corporation will reject any competitive Application submittal and no action will be taken to score the Application if any of the following submission requirements are not met; the Application is not submitted online by the Application Deadline, the required number of hard copies are not submitted by the Application Deadline, the Applicant's hard copy submission is not contained in a sealed package, or the required Application fee is not submitted as the Application Deadline.

An Application will be deemed ineligible to be considered for funding if, as of close of business the day before the Committee meets to make a recommendation to the Board, there are any financial obligations for which an Applicant or Developer or Principal, Affiliate or Financial Beneficiary of the Applicant or Developer is in arrears to the Corporation or any agent or assignee of the Corporation as reflected on the most recently published Past Due Report posted to the Corporation's Website <http://www.floridahousing.org/PropertyOwnersAndManagers/PastDueReports/>, but not more recently than five (5) business days prior to the date the Committee meets to make a recommendation to the Board.

<b>Threshold Items</b>	<b>Point Items</b>	<b>Maximum Points</b>
Demographic Commitment	Proximity to Transit and Community Services	22
Name of Applicant	Local Government County	5
Evidence Applicant is a legally formed entity	Optional Construction Features and Amenities	
Principals for Applicant and for each Developer	Optional Resident Services	
Name of Each Developer	Leveraging with non-FHFC Resources	
Evidence that each Developer entity is a legally formed entity	How Proposed Development Aligns with Local, State	

	and/or Federal Government Initiatives	
Prior General Development Experience Chart for experience Principal of Developer		
Name of Proposed Development		
County identified		
Address of Development Site		
Verification of QCT status (if applicable)		
Multi-Phase Information (if applicable)		
Estimated qualified basis in Rehabilitation Expense per set-aside unit (if applicable)		
Development Category		
Development Type		
Total Number of Units		
New construction units and/or rehabilitation units		
Certification that all units are on site with DOT		
Status of proposed work (commenced/completed)		
Any units currently occupied if Elderly Rehabilitation (if applicable)		
Minimum Set-Aside election		
Development Location Point (if applicable)		
Total Set-Aside Breakdown Chart		
Evidence of Site Control		
Housing Credit Request Amount		
Development Cost Pro Forma (listing expenses or uses) and Construction/Rehab. analysis and Permanent analysis (listing sources) – Sources must equal or exceed uses		
Executed Applicant Certification and Acknowledgment (original signature in "Original Hard Copy")		
	Total Possible Points	27

The Committee shall conduct at least one public meeting during which the Committee members may discuss their evaluations, select Applicants to be considered for award, and make any adjustments deemed necessary to best serve the interests of the Corporation's mission. The Committee will list the Applications deemed eligible for funding in order from highest total score to lowest total score, applying the funding selection criteria outlined in Section Four B above, and develop a recommendation or series of recommendations to the Board.

The Board may use the Applications, the Committee's scoring, and any other information or recommendation provided by the Committee or staff, and any other information the Board deems relevant in its selection of Applicants to whom to award funding. Notwithstanding an award by the Board pursuant to this RFA, funding will be subject to a positive recommendation from the Credit Underwriter based on criteria outlined in the credit underwriting provisions in Rule Chapter 67-48, F.A.C.

9. On November 5th and 21st, 2013, the designated Review Committee met and considered the Responses to the RFP. The first meeting was an organizational meeting where

the Review Committee discussed the scoring process including a limited discussion of minor irregularities. While the RFA includes a definition of minor irregularities there was no apparent detailed discussion or explanation given at the Review Committee meetings to further explain how this definition could or should be used in this RFA review process. At the second meeting the Review Committee orally listed and manually input the scores for each section of each RFP Response and ultimately made recommendations to the Board of Directors for their consideration. The Review Committee consisted of Florida Housing staff.

10. In its consideration, the Review Committee determined that the OCDC Application should be awarded a perfect score of 27 points. However the Committee also determined that the Application should be considered ineligible for funding because of an alleged funding shortfall as described by the Review Committee member responsible for scoring the financing. In this challenge OCDC challenges the threshold determination of its own Application

11. On December 13, 2013, Florida Housing's Board of Directors accepted the Review Committee's ranking and funding recommendation as presented by Attachment A. Also during the December 13, 2013, meeting the Board of Directors accepted the Review Committee's recommendation find the OCDC Application ineligible. (See Exhibit A)

12. On December 18, 2013, OCDC timely filed its Notice of Intent to Protest. This Formal Written Protest is being timely filed and Florida Housing has waived by rule the bid protest bond requirement for the RFA. As a developer of affordable housing in need of supplemental funding, OCDC's substantial interests are affected by Florida Housing's decision not to award the necessary funding pursuant to the RFA. Indeed as the Application with Lottery #1, OCDC if found eligible would be eligible for funding.

13. As disclosed in the notes of the Review Committee and as disclosed orally during the Review Committee meeting held November 21, 2013, the OCDC Application was specifically found ineligible for the following reason:

"Financing shortfall"

Upon closer inspection of the scoring notes the scoring issue apparently involves the amount of equity to be paid prior to construction completion. It appears that Florida Housing opines that an amount listed in an equity commitment letter could not be considered as funding thus resulting in a shortfall.

14. Florida Housing's decision to find OCDC's Application ineligible for this specific reason is contrary to the RFA requirements to such an extent as to be clearly erroneous, arbitrary and capricious, and contrary to competition. Florida Housing's scoring decision must be reversed.

15. Initially, as a matter of fact OCDC in its Response has satisfied all listed RFA threshold requirements including providing an acceptable amount of equity to be paid prior to construction completion. Specifically, the RFA at Section Four (A) (9) in relevant part requires all Applicants to provide Information concerning all funding sources. As to Non-Corporation Funding Proposals the RFA requires a Housing Credit equity proposal to include the following criteria.

- Be executed by all parties, including the Applicant;
- Include specific reference to the Applicant as the beneficiary of the equity proceeds;
- State the proposed amount of equity to be paid prior to construction completion;
- State the anticipated Eligible Housing Credit Request Amount;
- State the anticipated dollar amount of Housing Credit allocation to be purchased; and

- State the anticipated total amount of equity to be provided.

16. In response to these RFA requirements OCDC provided at Attachment 13 a Term Sheet setting forth the proposed equity investment in the proposed Palm Village Project from SunTrust Community Capital, LLC. (See Exhibit B) The Term Sheet provides each specific item required above including the proposed amount of equity to be paid prior to construction completion. At page 2 the Term Sheet correctly states the amount of equity to be paid prior to construction completion (\$2,137,118), which combines the first and second capital contribution referenced in the Term Sheet.

17. Florida Housing however rather than relying on the bolded statement apparently read the 2nd paragraph of Capital Contribution in the amount of \$966,872 to be paid after construction completion. Florida Housing is not considering this amount paid prior to construction completion and therefore eliminated that portion from the calculation. This appears to be the scoring issue.

18. Florida Housing's scoring decision is erroneous in that it clearly ignores the language of the SunTrust Term Sheet which in unequivocal terms indicates that **"the proposed amount of equity to be paid prior to construction completion is \$2,127,118" which is the amount listed in OCDC's Cost Proforma.** This statement satisfies the requirements of the RFA and in fact was specifically included in the letter to meet that requirement. Moreover it is a statement made subsequent to the apparent offending language relied upon by Florida Housing. To ignore this language is clearly erroneous and perhaps more importantly is not consistent with the intent of the Parties which is that the project has adequate sources of funding. Indeed based on the draw schedule there is no funding shortfall. (See Exhibit C)

19. Florida Housing's decision also is erroneous as a matter of policy. Indeed one of the reasons given publicly for moving from the Universal Application Cycle process to an RFA process was to provide Florida Housing with more flexibility in scoring which would allow Applications to be scored and reviewed on the merits of the Application and not a technicality having no bearing on whether the proposed Development was a good Development that addressed the substantive needs and goals of the RFA.

20. Indeed to further this intent Florida Housing included in the RFA the ability to waive minor irregularities. In the instant case while Florida Housing may conclude that OCDC's letter is confusing such confusion is not material given the fact that the SunTrust letter specifically resolves the confusion by indicating the amount of equity to be paid prior to construction completion.

21. Additionally as the Term Sheet provides it is at the time of the Application Deadline merely an expression of interest to be finalized during credit underwriting. These letters are not intended to be used for threshold issues as Florida Housing is apparently doing here because funding issues will be addressed during the credit underwriting process. This is especially true given that the letter on its face satisfies all specific RFA requirements.

22. Material issues to be resolved:

- a. Whether OCDC's RFA Application has satisfied all RFA requirements.
- b. Whether Florida Housing's decision to find OCDC's Application to be ineligible for funding is arbitrary or capricious, clearly erroneous, and contrary to competition.

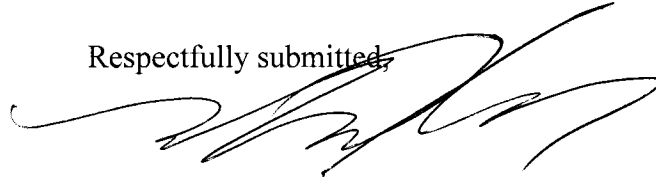
WHEREFORE, OCDC requests a hearing involving any disputed issues of material fact and entry of an order determining that Florida Housing's determination that OCDC's Application is ineligible to receive funding under the RFA is contrary to the RFA specifications and to



Florida Housing's governing statutes, rules and policies to such an extent as to be arbitrary, capricious, contrary to competition, and clearly erroneous. OCDC's Application should be deemed eligible for funding.

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Respectfully submitted,

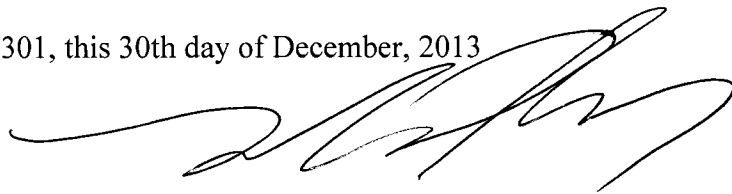


MICHAEL P. DONALDSON  
Florida Bar No. 0802761  
CARLTON, FIELDS, P.A.  
Post Office Drawer 190  
215 S. Monroe St., Suite 500  
Tallahassee, Florida 32302  
Telephone: 850/224-1585  
Facsimile: 850/222-0398

Attorney for Petitioner

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and two copies of the foregoing has been filed by Hand Delivery to the Agency Clerk, Florida Housing Finance Corporation, 227 N. Bronough Street, Suite 5000, Tallahassee, FL 32301, this 30th day of December, 2013

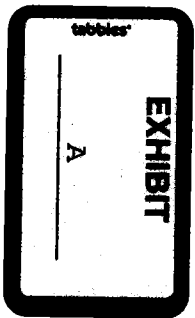


MICHAEL P. DONALDSON

**RFA 2013-001 Medium-Small County Geographic RFA  
Recommendations**

<b>Total HC Available for Small and Medium Geographic RFA</b>	<b>12,474,753</b>
<b>Total HC Allocated</b>	<b>12,359,923</b>
<b>Total HC Remaining</b>	<b>114,830</b>

Application Number	Name of Development	County	County Size	Name of Contact Person	Name of Developers	Demo. Commitment	Total Set Aside Units	HC Funding Amount	Eligible For Funding?	Eligible for Florida Keys Goal?	Eligible for SunRail TOD Goal?	Did TOD achieve 6 Transit Points?	Total Points	Development Category Funding Preference	Per Unit Construction Funding Preference	Total Corp Funding Per Set-Aside	Leveraging Classification	Florida Job Creation Preference	Lottery Number
<b>Application selected to meet the Florida Keys Area Goal</b>																			
2014-080C	Paradise Point Senior Housing	Monroe	S	Hana K. Eskra	Gorman & Company, Inc.	E	47	\$1,175,000.00	Y	Y	N	N	27	Y	Y	\$119,769.23	B	Y	41
<b>Application selected to meet goal to fund a second small county Application in a county other than Monroe</b>																			
2014-066C	Palm Breeze Apartments	Flagler	S	Jay P.. Brock	Atlantic Housing Partners, L.L.L.P.	E	51	\$133,328.00	Y	N	N	N	27	Y	Y	\$112,406.92	A	Y	3
<b>Application selected to meet the SunRail Station TOD Goal</b>																			
2014-098C	Heritage Village Commons	Seminole	M	Jonathan L. Wolf	Heritage Village Commons Developer, Inc.	E	120	\$1,510,000.00	Y	N	Y	Y	27	Y	Y	\$75,354.81	A	Y	25
<b>Other Medium County Applications selected</b>																			
2014-046C	Arbours at Tumblin Creek	Alachua	M	Samuel T. Johnston	Arbour Valley Development, LLC	E	64	\$1,042,127.00	Y	N	N	N	27	Y	Y	\$88,493.12	A	Y	2
2014-093C	Tupelo Vue	Polk	M	David O. Deutch	Pinnacle Housing Group, LLC	F	70	\$1,271,000.00	Y	N	N	N	27	Y	Y	\$108,733.35	A	Y	4
2014-010C	Madison Crossing	Osceola	M	Katie A. Breslow	ARD Madison Crossing, LLC	E	86	\$1,510,000.00	Y	N	N	N	27	Y	Y	\$79,011.63	A	Y	5
2014-038C	Forest Ridge	Citrus	M	Oscar Sol	Forest Ridge SD GM Dev, LLC	E	119	\$1,510,000.00	Y	N	N	N	27	Y	Y	\$87,847.45	A	Y	6



**RFA 2013-001 Medium-Small County Geographic RFA  
Recommendations**

Application Number	Name of Development	County	County Size	Name of Contact Person	Name of Developers	Demo. Commitment	Total Set Aside Units	HC Funding Amount	Eligible For Funding?	Eligible for Florida Keys Goal?	Eligible for SunRail TOD Goal?	Did TOD achieve 6 Transit Points?	Total Points	Development Category Funding Preference	Per Unit Construction Funding Preference	Total Corp Funding Per Set-Aside	Leveraging Classification	Florida Job Creation Preference	Lottery Number
2014-092C	Pinnacle at Hammock Crossings	Bay	M	David O. Deutch	Pinnacle Housing Group, LLC	F	92	\$1,075,000.00	Y	N	N	N	27	Y	Y	\$105,163.04	A	Y	8
2014-009C	Katie Manor	Okaloosa	M	Stephen A. Frick	TVC Development, Inc.	E	100	\$856,802.00	Y	N	N	N	27	Y	Y	\$77,112.18	A	Y	9
2014-056C	Vista Park Apartments	Hernando	M	Jay P. Brock	Atlantic Housing Partners, L.L.L.P.	E	93	\$1,510,000.00	Y	N	N	N	27	Y	Y	\$112,406.95	A	Y	11
2014-089C	Arbours at Central Parkway	Martin	M	Samuel T. Johnston	Arbour Valley Development, LLC	E	48	\$766,666.00	Y	N	N	N	27	Y	Y	\$95,648.96	A	Y	54

2014-066C will receive a Binding Commitment in the amount of \$678,102.

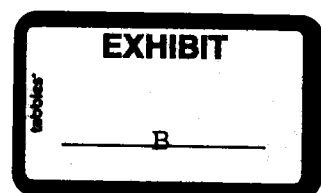
On December 13, 2013, the Board of Directors of Florida Housing Finance Corporation approved the Review Committee's motion to select the above Applications for funding and invite the Applicants to enter credit underwriting.

Any unsuccessful Applicant may file a notice of protest and a formal written protest in accordance with Section 120.57(3), Fla. Stat., Rule Chapter 28-110, F.A.C., and Rule 67-60.009, F.A.C. Failure to file a protest within the time prescribed in Section 120.57(3), Fla. Stat., shall constitute a waiver of proceedings under Chapter 120, Fla. Stat.

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# Attachment

# 13





Brian Womble  
First Vice President

SunTrust Community Capital, LLC  
1155 Peachtree Street, NE  
Suite 300  
Atlanta, Georgia 30309  
Tel 404.588.8775  
Fax 404.230.5534  
brian.womble@suntrust.com

October 1, 2013

OCDC Palm Village, L.P.  
Attn: James Robbins  
Executive Director  
Okaloosa Community Development Corporation  
2014 Cloverdale Blvd  
Fort Walton Beach, FL 32547

**Re: Palm Village, new construction of a 38 unit HTC apartment complex  
Location: Villa Palms Circle, at the intersection of Patrick Drive and Villa Palms Circle,  
Fort Walton Beach, Okaloosa County, FL**

Dear Mr. Robbins,

This Term Sheet is for discussion purposes only and sets forth general terms and conditions of a proposed equity investment in a Limited Partnership that will construct, develop, own and operate the property described below. This Term Sheet does not represent or imply an offer to invest nor does it limit the terms and provisions that would be set forth in an amended and restated Partnership Agreement and related documents prepared by SunTrust Community Capital, LLC's ("STCC") counsel (the "Project Documents"). No commitment exists until STCC completes all due diligence, underwriting, credit, management and regulatory approvals, and final Project Documents are signed by all respective parties.

- Partnership Name:** OCDC Palm Village, LP, a Florida limited partnership ("Partnership"). The Partnership is the Applicant for RFA 2013-001 to Florida Housing Finance Corporation ("FHFC") and is to be the beneficiary of the equity proceeds.
- Project Name/Description:** Palm Village. New Construction- 38 unit apartment complex with related site amenities, located in Fort Walton Beach, Okaloosa County, Florida (the "Project").
- General Partner:** Community Housing of Okaloosa County, LLC, a Florida limited liability company, is the General Partner. Okaloosa Community Development Corporation, a 501(c)3 not for profit corporation, is the sole member of the GP entity. The General Partner will have a .01% interest in the 1) operating profits and losses, 2) depreciation, 3) Low Income Housing Tax Credits (the "Tax Credits"), and shall have an interest in Cash Flow and proceeds from Capital Transactions as elsewhere described. The General Partner has certain rights and duties as described in the Project Documents and will agree to serve as the sole general partner of the Partnership for the entire Partnership term. All obligations of the General Partner under the Project Documents shall be guaranteed by financially responsible persons or entities acceptable to STCC in its sole discretion.
- Investor Limited Partner:** An affiliate of SunTrust Community Capital, LLC ("STCC") will have a 99.99% limited partner interest in the 1) operating profits and losses, 2) depreciation, 3) Low Income Housing Tax Credits (the "Tax Credits"),

depreciation, 3) Low Income Housing Tax Credits (the "Tax Credits"), and shall have an interest in Cash Flow and proceeds from Capital Transactions as elsewhere described. The Investor Limited Partner will have certain rights as described in the Project Documents.

**Special Limited Partner:**

An affiliate of SunTrust Community Capital, LLC ("STCC") will act as the Special Limited Partner with rights, powers and obligations defined in the Partnership Agreement.

**Developer:**

Prestwick Development Company, LLC and Okaloosa Community Development Corporation will act as the Developers of the property, pursuant to a Development Agreement acceptable to STCC

**Housing Tax Credits**

The anticipated annual Federal Low Income Housing Tax Credit ("LIHTC") amount is **\$420,431**. 100% of the units are expected to qualify under Section 42 of the Internal Revenue Code (the "Code"). 90% of the units will be rent restricted and set aside for tenants earning not more than 60% of the Area Median Income and 10% of the units for tenants earning not more than 33% of the Area Median Income. The unit mix will be: 38 3 BR/2 BA units. STCC's investment is subject to, among other things, the Project's receipt of a reservation for \$420,421 LIHTC's from the Florida Housing Finance Corporation, of which STCC will purchase an anticipated amount of \$420,379 (rounded to the nearest dollar).

**Estimated LIHTC:**

The project's Federal LIHTC's are estimated to be \$4,204,210 over the Tax Credit Period; based on a tax credit rate of 7.57%, and information you or your agents provided to STCC. STCC's investment is predicated on the Tax Credit Authority's award and allocation of LIHTC's of not less than this amount.

**LIHTC Purchase Price:**

**\$.92** per Federal Tax Credit dollar earned and properly allocable to STCC.

**Estimated STCC Capital:**

Estimated to be **\$3,867,488** based on information provided by you or your agents. The Capital Contribution will be reduced by, among other things, any reduction in the Partnership's qualified basis.

**STCC Pay In Schedule:**

**Capital Contribution #1: (30%)** Estimated to be **\$1,160,246** at Admission to the Partnership (contemplated to close prior to or simultaneously with the closing of the Construction Loan/Perm Loan). Funds will be made available for closing and via a monthly draw process. Prior to Admission, STCC shall have received and approved all due diligence requested by it, including without limitation, evidence of the Project's eligibility for LIHTC's acceptable to STCC, and an Accountant's Pro Forma Certificate indicating an anticipated Annual Credit of not less than \$420,421 per year, which Accountant and Certificate to be acceptable to STCC.

**Capital Contribution #2: (25%)** Estimated to be **\$966,872** upon receipt of 1) final Certificates of Occupancy on all units by the appropriate authority, 2) certification by STCC Construction Inspector that the Project was completed in accordance with the plans and specifications, and 3) acknowledgement by Lender of completion of the Project in accordance with the Project documents.

***The proposed amount of equity to be paid prior to construction completion is \$2,127,118.***

**Capital Contribution #3: (10%)** Estimated to be \$386,749 upon the latest to occur: 1) evidence that application has been made for Forms 8609 on all LIHTC units, 2) final Accountant's Cost Certification certifying the amount of the Annual Credit of not less than \$420,421 per year, and all costs, 3) physical occupancy of 90% of the units by qualified tenants at pro forma rents and qualified leases, and 4) achievement of debt service coverage of all contemplated payments of principal and interest of 1.0X for a period of three (3) consecutive calendar months.

**Capital Contribution #4: (35%)** Estimated to be \$1,353,621 upon the latest to occur of: 1) receipt of properly executed Forms 8609 representing all LIHTC units, 2) stabilized physical occupancy of 93% of the units by qualified tenants at pro forma rents and qualified leases for 90 consecutive days, 3) all permanent loans have closed on the property and have begun amortizing and 4) debt service coverage of all payments of principal and interest of 1.20X for three (3) consecutive calendar months.

**Construction/Perm Loan:**

The Partnership shall obtain construction bridge loan financing in an amount not to exceed \$2,706,000, and a perm loan in the amount of \$1,526,926, with terms and conditions acceptable to STCC. It is the understanding that SunTrust Bank will provide the Construction/Perm Loan.

The Partnership shall also obtain a SHIP loan in an amount of \$25,300 and a NSP award of \$629,200, with terms and conditions acceptable to STCC.

**OTHER FINANCING:** Any financing, refinancing, or substitute credit enhancement will be subject to terms and conditions acceptable to STCC.

**Asset Management Fee:**

\$3,000 annual fee paid to SunTrust Bank for its services from available cash flow and the extent not paid from cash flow, paid from the distributions of Capital Transactions. The amount of the Asset Management Fee shall increase by 3% per annum.

**Incentive Management Fee:**

The Partnership shall pay to the Supervisory Management Agent (an affiliate of the General Partner) and Incentive Management Fee for management supervision service as described in the Supervisory Management Agreement. Such fee will be 50% of cash flow and shall be payable in accordance with the provisions of the Supervisory Management Agreement, as approved by STCC.

**Reserve Requirements:**

1) **Working Capital Reserve:** \$143,159. This Reserve will be available to fund operating deficits, and capital improvements not paid from the Capital Replacement Reserve and shall be funded from Capital Contribution #4. If there is insufficient cash available from the proceeds of Capital Contribution #4, then the funding of the Working Capital Reserve will be the obligation of the Guarantors. Any draws from this Reserve shall be replenished from Cash Flow or by the Guarantors as set forth in the Project Documents.

2) **Capital Replacement Reserve:** The Partnership will establish and maintain a reserve for capital replacements at the higher of \$300 per unit per year (increased annually by 3%) or an amount required by the permanent lender.

**Cash Flow:**

After payment of all operating expenses and debt service, cash flow (after the stabilization of the Project) will be distributed within ninety (90) days after the end of each fiscal year, in the following priority:

- (i) Pay STCC for any amounts due as a result of any unpaid Credit Adjuster amount to be outlined in the Project Documents and not reimbursed by the Guarantors
- (ii) Restore Working Capital Reserve
- (iii) Distribute funds to the Partners as necessary to enable them to pay taxes on their respective shares of taxable income from the Partnership
- (iv) Voluntary Partner Loans
- (v) Asset Management Fee
- (vi) Deferred Developer Fee
- (vii) Negative Cash Flow Loans;
- (viii) Incentive Management Fee, if applicable 50%
- (ix) The balance, 80% to the General Partner and 20% to STCC

**Capital Transactions:**

During the LIHTC compliance period, STCC must approve terms and conditions related to any financing, refinancing or substitute credit enhancement of the Project. Use of proceeds from any sale, financing or refinancing would be prioritized as follows:

- (i) Debts and obligations, including expenses associated with sale or refinancing
- (ii) Pay STCC for any amounts due as a result of any unpaid Credit Adjuster amount to be outlined in the Project Documents and not reimbursed by the Guarantors
- (iii) Funding of any required Reserves (if refinancing)
- (iv) Voluntary Partner Loans
- (v) Asset Management Fees
- (vi) Deferred Developer Fee
- (vii) Negative Cash Flow Loans
- (viii) \$1,000 to the Special Limited Partner
- (ix) The balance, 90% to the General Partner and 10% to STCC.

**Attorney Matters:**

STCC shall rely upon the opinion of its legal counsel and other professionals as to its status as a partner, the availability of the Tax Credits to the Partnership, the taxation of the Partnership, the non-recourse nature of the mortgage loans and the absence of any risk of loss on any party or related person, the allocation of the low income tax credits and other tax items to STCC, and other matters, including the enforceability of guarantees and indemnities required by STCC, covered under the Project Documents. Such legal and other professional fees for STCC shall be paid by the Partnership.

**Accountants:**

Independent CPA acceptable to STCC and at the expense of the Partnership.

**Reporting:**

Monthly balance sheet, income statement, rent roll; annual Audit draft due by March 15 of each year; tax return draft due by February 15 of each year, with final tax return due March 1; annual budget due by December 1 of the preceding year. Because of STCC's need for timely, accurate tax and Audit information, failure to provide the tax return and Audit within the specified time period shall result in a fine to be paid by



the General Partners of not less than \$250 per day for every day past the due date. In addition, failure to deliver to STCC final cost certification for the Project within forty (90) days of the Completion Date for the Project shall result in a fine to be paid by the General Partner of not less than \$250 per day for every day past the due date.

**Project Accounts:**

All operating and reserve accounts to be maintained with SunTrust Bank or an affiliate, for the entire 15-year Compliance Period.

This entire offer is made based on representations by the General Partner, the Developer, and/ or their agents, as to all facts regarding the Project, including but not limited to , the credit worthiness and financial viability of the General Partner, project Partnership, and the Guarantors. STCC's investment is subject to receipt, review and approval of all environmental and geological reports, site inspections, appraisal, market study, personal and / or corporate financial statements of the Guarantors and General Partners, revised construction budgets, revised development budget and total project costs, plans and specifications, financing sources, cash flow projections, the construction contract and other items deemed necessary by STCC to make an informed investment decision. Terms are subject to change upon the completion of STCC's due diligence, and changes to the financial projections and other pertinent information provided by you or your agents. STCC's investment is contingent upon final STCC approval, regulatory approval, and mutually acceptable terms and conditions contained in the Project Documents. The Project Documents will supercede this letter.

**Unless accepted, this offer will expire on October 15, 2013. Once accepted, the offer will remain until July 31, 2014.**

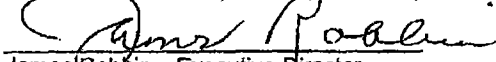
Sincerely,



Brian Womble  
First Vice President

Acknowledged and accepted:

OCDC Palm Village, L.P., a Florida limited partnership  
By: Community Housing of Okaloosa County, LLC, its General Partner  
By: Okaloosa Community Development Corporation, its sole member

By:   
James Robbins, Executive Director

Date: 10/11/13



Brian Womble  
First Vice President

SunTrust Community Capital, LLC  
1155 Peachtree Street, NE  
Suite 300  
Atlanta, Georgia 30309  
Tel 404.588.8775  
Fax 404.230.5534  
brian.womble@suntrust.com

December 20, 2014

Mr. Steve Auger  
Executive Director  
Florida Housing Finance Corporation  
227 N. Bronough Street, Suite 5000  
Tallahassee, Florida 32301

Re: Application #2014-011C  
Palm Village  
Fort Walton Beach, FL

Dear Mr. Auger,

SunTrust Community Capital, LLC provided a term sheet for the acquisition of the Housing Tax Credits related to the above referenced application. As part of our initial due diligence of this proposed development, we reviewed the financial model and draw schedule prepared by the development team. Based upon the draw schedule, and the terms and pay-in schedule presented in our term sheet, the Palm Village development has adequate sources to meet the funding requirements to achieve Certificates of Occupancy, Construction Completion and Permanent Loan Conversion.

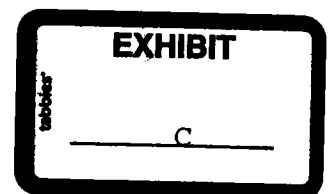
We look forward to working with Prestwick Development, Okaloosa Community Development Corporation and FHFC to bring high quality affordable housing to the Ft. Walton Beach community.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Brian Womble".

Brian Womble



Development Name:	Palm Village
City:	Ft Walton Beach
County:	Okaloosa

**Draw Schedule**

SOURCES	Total	Sources and Uses to Obtain	Sources and Uses to achieve	Sources and Uses to achieve
		CO's	100% comp	Stabilization
Permanent Loan	\$1,526,925	\$0	\$0	\$1,526,925
Federal Tax Credits	\$3,867,488	\$1,160,246	\$966,872	\$1,740,370
NSP	\$629,200	\$629,200	\$0	\$0
SHIP	\$25,300	\$25,300	\$0	\$0
Construction Loan	\$0	\$2,597,300	\$0	-\$2,597,300
Deferred Developer Fee / Borrower Equity	\$94,306	\$0	\$0	\$94,306
		\$0	\$0	\$0
<b>TOTAL SOURCES:</b>	<b>\$6,143,219</b>	<b>\$4,412,046</b>	<b>\$966,872</b>	<b>\$764,301</b>
<b>USES</b>				
	<b>Total</b>			
<b>ACQUISITION:</b>				
Land Purchase Price	\$1,000	\$1,000	\$0	\$0
Total Acquisition:	\$1,000	\$1,000	\$0	\$0
<b>CONSTRUCTION CONTRACT:</b>				
	100%			
Site Work	\$248,665	\$223,799	\$24,867	\$0
Structure	\$3,082,474	\$2,774,227	\$308,247	\$0
General Requirements	\$66,623	\$59,961	\$6,662	\$0
Contractor Overhead	\$199,868	\$189,881	\$9,987	\$0
Contractor Profit	\$199,868	\$179,881	\$19,987	\$0
	\$0	\$0	\$0	\$0
Total Construction Contract:	\$3,797,498	\$3,427,748	\$369,750	\$0
<b>Other Soft Cost</b>				
Property Appraisal	\$6,500	\$6,500	\$0	\$0
Market Study	\$7,500	\$7,500	\$0	\$0
Environmental Reports	\$6,000	\$6,000	\$0	\$0
Soil Borings	\$4,500	\$4,500	\$0	\$0
Tax Credit Application Fee	\$3,000	\$3,000	\$0	\$0
Boundary, tree & Topographical Survey (ALTA)	\$4,500	\$4,500	\$0	\$0
Other: Plan & Cost Review	\$4,000	\$4,000	\$0	\$0
Construction Loan Fee / LOC Fee	\$27,060	\$27,060	\$0	\$0
Construction Loan Interest	\$145,613	\$28,057	\$19,480	\$98,077
Construction Lender Legal	\$15,000	\$15,000	\$0	\$0
Construction Insurance	\$25,000	\$25,000	\$0	\$0
Architectural Fee-Design	\$133,000	\$116,375	\$16,625	\$0
inspection Fees	\$12,000	\$6,000	\$6,000	\$0
Engineering/Material Testing	\$25,000	\$25,000	\$0	\$0
Real Estate Attorney	\$85,000	\$85,000	\$0	\$0
Accounting	\$25,000	\$10,000	\$0	\$15,000
Real Estate Taxes	\$9,500	\$9,500	\$0	\$0
Building Permits/CO -	\$5,287	\$5,287	\$0	\$0
Impact Fees - assumes 3" meter	\$1,572	\$1,572	\$0	\$0
Water Tap Fees - meter set + tap fees with street cut	\$31,200	\$31,200	\$0	\$0
Sewer Tap Fees - 2 taps 6" or less with street cut connection fees	\$124,800	\$124,800	\$0	\$0
	\$1,000	\$500	\$500	\$0
Permanent Origination fee	\$19,087	\$19,087	\$0	\$0
Lender Financing/conversion Fee	\$15,000	\$15,000	\$0	\$0
Title and Recording Fees	\$35,000	\$35,000	\$0	\$0
Perm loan legal	\$5,000	\$5,000	\$0	\$0
As-Built Survey	\$4,500	\$0	\$4,500	\$0
Payment and Performance Bond Premium	\$37,975	\$37,975	\$0	\$0
Other: 0	\$11,341	\$11,341	\$0	\$0
Other: 0	\$3,200	\$1,600	\$1,600	\$0
Tax Credit Reservation Fee	\$33,634	\$33,634	\$0	\$0
Tax Credit Compliance Monitoring Fee - Pre final alloc	\$2,880	\$0	\$2,880	\$0
Tax Credit Compliance Monitoring Fee - Annual*	\$185,800	\$0	\$0	\$185,800
Partnership 0	\$25,000	\$25,000	\$0	\$0
Developers Fee	\$821,013	\$0	\$0	\$821,013
Construction Contingency*:	\$189,874	\$170,887	\$18,987	\$0
0	\$0	\$0	\$0	\$0
Total Other Soft Costs:	\$2,091,336	\$900,874	\$70,572	\$1,119,890
<b>RESERVES &amp; OTHER SOFT COSTS</b>				
Tax & Insurance Escrows	\$22,600	\$0	\$0	\$22,600
Marketing	\$15,000	\$15,000	\$0	\$0
Lease Up Reserve	\$42,626	\$42,626	\$0	\$0
Operating Reserve (6 mos op exp + debt service)	\$143,159	\$0	\$0	\$143,159
Other: Furnishings & Fixtures	\$30,000	\$24,000	\$6,000	\$0
Total Reserves & Interest:	\$253,385	\$81,626	\$6,000	\$165,759
<b>TOTAL USES:</b>	<b>\$6,143,219</b>	<b>\$4,411,249</b>	<b>\$446,322</b>	<b>\$1,285,649</b>
<b>OVERFUNDING BALANCE</b>	<b>\$0</b>	<b>\$797</b>	<b>\$520,550</b>	<b>(\$521,348)</b>