FLORIDA HOUSING FINANCE CORPORATION

Modification of Request for Applications (RFA) 2013-010
Financing of Affordable Multifamily Housing Developments with HOME Funding to be used in conjunction with Florida Housing-Issued Multifamily Mortgage Revenue Bond Financing and Non-Competitive Housing Credits

1.   The first paragraph of **Section Three A** of the RFA provides the following:

A. A complete Application consists of Exhibit A of RFA 2013-010 and all applicable attachments, as outlined in Section Four of the RFA. Exhibit A is available online at www.floridahousing.org . All Applicants must complete the online Exhibit A by 11:00 a.m., Eastern Time, on December 17, 2013 (Application Deadline). The Corporation must receive (i) the completed online Exhibit A electronically submitted by the Applicant to the Corporation by clicking the "Submit" button and (ii) a sealed package(s) containing four (4) printed copies of the complete Application (consisting of the submitted online Exhibit A and all applicable attachments), housed in separate 3-ring binders with numbered divider tabs for each attachment, all by the Application Deadline. One (1) of the four (4) printed copies of the complete Application must be labeled "Original Hard Copy", reflect an original signature (blue ink preferred) at Item 9 of Exhibit A, Applicant Certification and Acknowledgement, and include the required non-refundable $3,000 Application fee payable to Florida Housing Finance Corporation (check or money order only). The Applicant should label the outside of each shipping box with the applicable RFA number. The Corporation will not consider faxed or e-mailed Applications. After 11:00 a.m., Eastern Time, on the Application Deadline, each Application, for which hard copies are received by the Application Deadline, will be assigned an Application number. In addition, such Applications will be assigned a lottery number by having the Corporation's internal auditors run the total number of Applications received through a random number generator program. The printed copies of the complete Application must be addressed to:

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies the first paragraph of **Section Three A.** to read as follows:

A. A complete Application consists of Exhibit A of RFA 2013-010 and all applicable attachments, as outlined in Section Four of the RFA. Exhibit A is available online at www.floridahousing.org . All Applicants must complete the online Exhibit A by 11:00 a.m., Eastern Time, on December 19, 2013 (Application Deadline). The Corporation must receive (i) the completed online Exhibit A electronically submitted by the Applicant to the Corporation by clicking the "Submit" button and (ii) a sealed package(s) containing four (4) printed copies of the complete Application (consisting of the submitted online Exhibit A and all applicable attachments), housed in separate 3-ring binders with numbered divider tabs for each attachment, all by the Application Deadline. One (1) of the four (4) printed copies of the complete Application must be labeled "Original Hard Copy", reflect an original signature (blue ink preferred) at Item 9 of Exhibit A, Applicant Certification and Acknowledgement, and include the required non-refundable $3,000 Application fee payable to Florida Housing Finance Corporation (check or money order only). The Applicant should label the outside of each shipping box with the applicable RFA number. The Corporation will not consider faxed or e-mailed Applications. After 11:00 a.m., Eastern Time, on the Application Deadline, each Application, for which hard copies are received by the Application Deadline, will be assigned an Application number. In addition, such Applications will be assigned a lottery number by

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having the Corporation's internal auditors run the total number of Applications received through a random number generator program. The printed copies of the complete Application must be addressed to:

2. **Section Four A.6.c. (1) and (2)** of the RFA provides the following:

(1) If the Applicant owns the Development site, provide a narrative describing the acquisition as **Attachment 5** to Exhibit A. This narrative must describe how, when, and from whom the property was acquired and whether or not the property was vacant when acquired.

(2) If the Applicant is a private company and is acquiring the property, the Applicant (buyer) must provide the seller with a notice that the buyer does not have the power of eminent domain to obtain the property and a determination of market value will estimate the value of the property. This must be done prior to execution of the contract or may be attached as an addendum to the contract. A copy of the required notice must be provided as **Attachment 6** to Exhibit A.

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies **Section Four A.6.c. (1) and (2)** to read as follows:

(1) If the Applicant owns the Development site (i.e., holds a deed or currently has a long-term (99 year) lease), provide a narrative describing the acquisition as **Attachment 5** to Exhibit A. This narrative must describe how, when, and from whom the property was acquired and whether or not the property was vacant when acquired.

(2) If the Applicant is a private company and is acquiring the property or will have a long-term (99 year) lease for the property, the Applicant must provide the current owner/seller with a notice that the Applicant does not have the power of eminent domain to obtain the property and a determination of market value will estimate the value of the property. This notice must be provided to the current owner/seller prior to execution of the contract or proposed long-term (99 year) lease or it may be attached as an addendum to the contract or proposed long-term (99 year) lease. A copy of the required notice and confirmation of the current owner's/seller's receipt of the notice must be provided as Attachment 6 to Exhibit A.

3. **Question 6.c.(2) of Exhibit A** of the RFA provides the following:

(2) Is Applicant a private company?

○ Yes ○ No

If "Yes" - Provide a copy of the notice provided to the seller as Attachment 6 and skip questions (3) and (4) below.

If "No" - Answer question (3) below.

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Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies **Question 6.c.(2) of Exhibit A** of the RFA to read as follows:

(2) Is Applicant a private company?

○   Yes   ○   No

If "Yes" - Provide a copy of the notice provided to the current owner/seller as Attachment 6 and skip questions (3) and (4) below.

If "No" - Answer question (3) below.

4.   The first paragraph of **Section Four A.7.** of the RFA provides the following:

To be eligible to be considered for HOME funding in this RFA, all Applications must reflect a Match Amount totaling at least 5 percent of the Applicant's HOME Request Amount (stated by the Applicant at question 8.a. of Exhibit A). Neither Corporation-issued MMRB nor forgone Developer fee can be used as Match funding for purposes of this requirement.

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies the first paragraph of **Section Four A.7.** to read as follows:

To be eligible to be considered for HOME funding in this RFA, all Applications must reflect a Match Amount totaling at least 5 percent of the Applicant's HOME Request Amount (stated by the Applicant at question 8.a. of Exhibit A). Neither Corporation-issued MMRB, Housing Credit equity, nor forgone Developer fee can be used as Match funding for purposes of this requirement.

5.   **Item 9.a. of Exhibit A** of the RFA provides the following:

a.   The Applicant acknowledges and certifies that the following information will be provided by the time the Applicant's Non-Competitive Application is deemed complete, or as otherwise outlined in the invitation to enter credit underwriting for the HOME funding:

(1) The required information and documentation relative to the General Information Notice (required by the HOME Uniform Relocation Act), consistency with the Consolidated Plan, conformance with Federal Labor requirements, as well as Debarment/Suspension and Lead Based Paint regulations, as outlined in Item 8 of Exhibit B;

(2) The unit mix for the proposed Development (number of bedrooms per unit, number of baths per unit, and number of units per bedroom type);

(3) Selection of any construction features and amenities, as required in Item 3 of Exhibit B of the RFA;

(4) Selection of resident programs, as required in Item 4 of Exhibit B of the RFA;

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    (5) Confirmation that all features and amenities committed to and proposed by the Applicant shall be located on the Development site; and

    (6) Confirmation of the proposed Development's eligibility for HOME funding in the event that construction has commenced.

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies **Item 9.a. of Exhibit A** to include a new subsection (7) to read as follows:

    (7) Confirmation of site control, in the form of a purchase agreement, long-term (minimum 99 year) lease, and/or deed, showing the Applicant as the purchaser, tenant, and/or sole grantee, as applicable.

6.   **Item 5 of Exhibit B** of the RFA provides the following:

5.   Total Development Cost Per Unit Limitation:

The Corporation shall limit the Total Development Cost (TDC) per unit for all Developments categorized by the construction type of the units as indicated by the Applicant in the RFA. The maximum amounts are provided on the TDC Per Unit Limitation chart set out below (the maximum TDC per unit exclusive of land costs) and will be tested during the credit underwriting process and during the final allocation process, as outlined below.

These TDC Per Unit Base Limitation amounts are effective from the Application Deadline through Final Cost Certification.

	New Construction Units				Rehabilitation Units	
Measure	**Garden Wood***	**Garden Concrete***	**Mid-Rise-Wood***	**Mid-Rise-Concrete***	**Garden***	**Non-Garden***
Maximum TDC Per Unit exclusive of Land Costs	$163,000	$196,000	$196,000	$216,000	$137,000	$193,000

* Garden includes all Development Types other than Mid-Rise; Non-Garden includes Development Types of Mid-Rise with Elevator (4 stories, 5 stories, or 6 stories); Mid-Rise includes Development Types of Mid-Rise with Elevator (4 stories, 5 stories, or 6 stories).

a.   Any Applicant that has the Credit Underwriter present a credit underwriting report with an amount that exceeds these limitations by more than 5 percent, taking into consideration an escalation factor for construction costs rising after the Application Deadline of either (i) 1.8 percent for any Applicant with the Development Category of New Construction, Acquisition and New Construction, Redevelopment, or Acquisition and Redevelopment, or (ii) 1.4 percent for any Applicant with the Development Category of Rehabilitation or Acquisition and Rehabilitation and incorporating any applicable TDC

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reduction and adjustments processes provided below will receive a negative
recommendation by the Credit Underwriter.

Any Applicant that has the Credit Underwriter present a credit underwriting report with
an amount that exceeds these limitations, taking into consideration the applicable
escalation factor outlined above, will require staff to review the credit underwriting report
for compliance to the TDC reduction and adjustment procedure provided below:

(1) The Developer fee will be limited to the maximum allowable within the TDC Per
Unit Base Limitation, inclusive of any applicable escalation factor, in all instances.
A Developer fee can be earned on qualifying TDC (which does not include operating
reserves) exclusive of land up to the TDC Per Unit Base Limitation, inclusive of any
applicable escalation factor, but it cannot be earned on costs in excess of said
limitation. If the Development costs exceed the amount allowed by the TDC Per
Unit Base Limitation, inclusive of any applicable escalation factor, then the
maximum allowable Developer fee will be adjusted as outlined below. The
maximum allowable Developer fee can be determined by multiplying the applicable
TDC Per Unit Base Limitation with respect to the Development as provided in this
RFA, inclusive of any applicable escalation factor, by the number of total units in the
Development. Second, divide this product by 1.18 and then multiply the result by 18
percent*. This will yield the maximum allowable Developer fee within the TDC Per
Unit Base Limitation, inclusive of any applicable escalation factor.

(2) Prior to determining any necessary adjustment, if the Developer fee initially stated by
the Applicant or Credit Underwriter is in excess of the maximum allowable
Developer fee as provided in (1) above, the Developer fee will be reduced to said
maximum allowable Developer fee and the TDC will be equally reduced to
incorporate the cost reduction.

Subsequent to reducing the Developer fee to the maximum allowable amount,
additional adjustments may be necessary if the TDC Per Unit Base Limitation
remains exceeded. An adjustment shall be determined by reducing the maximum
allowable Developer fee as determined in (1) above dollar-for-dollar for any costs in
excess of the amount allowed by the TDC Per Unit Base Limitation, inclusive of any
applicable escalation factor, up to the lesser of (a) the actual amount of costs in
excess of the amount allowed by the TDC Per Unit Base Limitation, inclusive of any
applicable escalation factor, (b) $500,000, or (c) 25 percent of the maximum
allowable Developer fee. If after following this Developer fee limitation process, the
TDC exclusive of land costs is reduced to be within the amount allowed by the TDC
Per Unit Base Limitation, inclusive of any applicable escalation factor, then the
Developer fee adjustment calculation is complete. If the TDC exclusive of land costs
remains above the amount allowed by the TDC Per Unit Base Limitation, inclusive
of any applicable escalation factor, then there is an additional Developer fee
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(3) An additional Developer fee adjustment will be initiated to further reduce the allowable Developer fee in the event the TDC exclusive of land (as adjusted above) exceeds the TDC Per Unit Base Limitation. The reduction will be determined by deriving a percentage amount that the TDC exclusive of land costs (as adjusted above) exceeds the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, and multiplying this excess percentage by the amount of the adjusted Developer fee, resulting in a product that is the additional adjustment to the Developer fee. For instance, if the Development's adjusted TDC excusive of land costs exceeds the limitation, inclusive of any applicable escalation factor, by 4 percent, then the allowable Developer fee is further reduced by 4 percent. Once this step is complete, there is no further Developer fee adjustment or corresponding cost savings to be incorporated into the TDC as a result of having a TDC exclusive of land costs that exceeds the limitation.

As a note, if the Developer fee in the credit underwriting report is already at or below this allowable Developer fee, then there is no additional adjustment to be incorporated into the Developer fee. This also means there are no corresponding costs savings to reduce the TDC since all TDC cost reductions stemming from this process are coming from reducing the Developer fee. If the Developer fee in the credit underwriting report needs to be reduced to incorporate any adjustment as provided above, then as the Developer fee is reduced, so is the TDC in order to incorporate the reduced Developer fee cost.

For example:

An 85-unit development with a Development Category of New Construction and a Development Type of Garden Concrete reports a TDC of $18,232,000, inclusive of a stated Developer fee of $2,780,000, and exclusive of land at time of credit underwriting, and also prior to any adjustment:

Calculate TDC Limitation for the Development and Maximum Allowable Developer fee

1.(a) TDC Per Unit Base Limitation, inclusive of any applicable escalation factor: $196,000 Per Unit x (1 + 1.8%) = $199,528 Per Unit.

1.(b) Determine TDC Limitation for the Development: $199,528 Per Unit x 85 units = $16,959,880.

1.(c) Implied maximum Development Cost per the limitation: $16,959,880 ÷ 1.18 = $14,372,780 (assumes no operating reserves).

1.(d) Determine maximum allowable Developer fee within the limitation (prior to any adjustment): $14,372,780 x 18% = $2,587,100.

First Developer fee/TDC adjustment Calculation Methodology (If necessary)

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2.(a)(i)   Is the stated Developer fee greater than the maximum allowable? $2,780,000 > $2,587,100.

2.(a)(ii)   If the response to 2.(a)(i) is yes, then determine the excess: $2,780,000 - $2,587,100 = $192,900 (excess Developer fee and excess TDC).

2.(b)   Reduce the stated Developer fee to the lesser of maximum allowable or stated fee and reduce the stated TDC by an equal amount: $2,780,000 - $192,900 = $2,587,100; $18,232,000 - $192,900 = $18,039,100.

2.(c)   Determine if the TDC remains in excess of the limitation: $18,039,100 - $16,959,880 = $1,079,220.

2.(d)   Determine the lesser of either (i) $500,000, (ii) 25 percent of the maximum allowable Developer fee, or (iii) 100% of the excess TDC: 25% x $2,587,100 = $646,775; $500,000 < $646,775 < $1,079,220.

2.(e)   Apply the lesser of 2(d) above to determine the Maximum allowable Developer fee, subject to the first adjustment: $2,587,100 - $500,000 = $2,087,100.

2.(f)   TDC reduction due to Developer fee adjustment: $18,039,100 - $500,000 = $17539,100.

(As a note, this TDC is still greater than the TDC Per Unit Base Limitation, inclusive of any applicable upward adjust so an additional Developer fee adjustment will need to be calculated.)

Second Developer fee/TDC adjustment Calculation Methodology (If necessary)

3.(a)   The percentage the TDC without land (as adjusted above for first adjustment) that exceeds the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor: $17539,100 - $16,959,880 = $579,220; $579,220 ÷ $16,959,880 = 3.42%.

3.(b)   Additional adjustment: 3.42% x $2,087,100 = $71,279.

3.(c)   Final maximum Developer fee, after adjustments: $2,087,100 - $71,279 = $2,015,821

3.(d)   Final adjusted TDC at time of credit underwriting: $17,539,100 - $71,279 = $17,467,821.

3.(e)   Verify status of the 5% variance test: ($17,467,821 - $16,959,880) / $16,959,880 = 2.99%, which falls under criteria of being less than or equal to 5% above of the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor.

b.   Any Applicant that presents a Final Cost Certification Application (FCCA) that has amounts that exceed the TDC Per Unit Base Limitation, subject to an escalation factor of either (i) 1.8 percent for any Applicant with the Development Category of New Construction, Acquisition and New Construction, Redevelopment, or Acquisition and

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Redevelopment, or (ii) 1.4 percent for any Applicant with the Development Category of Rehabilitation or Acquisition and Rehabilitation, will require staff to review the FCCA for compliance to the procedure provided below. If the Development has already had its Developer fee adjusted at credit underwriting as provided in 8.b. above and the TDC without land in the FCCA exceeds the TDC without land provided in the credit underwriting report, then the Developer fee will have an additional adjustment to be incorporated as provided in (4) below.

(1) The Developer fee will be limited to the maximum allowable within the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, in all instances. A Developer fee can be earned on qualifying TDC exclusive of land up to the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, but it cannot be earned on costs in excess of said limitation. If the Development costs exceed the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, then the maximum allowable Developer fee will be adjusted as outlined below. The maximum allowable Developer fee can be determined by multiplying the applicable TDC Per Unit Base Limitation with respect to the Development as provided in this RFA, inclusive of any applicable escalation factor, by the number of total units in the Development. Second, divide this product by 1.18 and then multiply the result by 18 percent*. This will yield the maximum allowable Developer fee within the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor.

(2) Prior to determining any necessary adjustment, if the Developer fee initially stated by the FCCA is in excess of the maximum allowable Developer fee as provided in (1) above, the Developer fee will be reduced to said maximum allowable Developer fee and the TDC will be equally reduced to incorporate the cost reduction.

Subsequent to reducing the Developer fee to the maximum allowable amount, additional adjustments may be necessary if the TDC Per Unit Base Limitation remains exceeded. An adjustment shall be determined by reducing the maximum allowable Developer fee as determined in (1) above dollar-for-dollar for any costs in excess of the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, up to the lesser of (a) the actual amount of costs in excess of the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, (b) $250,000, or (c) 10 percent of the maximum allowable Developer fee. If after following this Developer fee limitation process, the TDC exclusive of land costs is reduced to be within the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, then the Developer fee adjustment calculation is complete. If the TDC exclusive of land costs remains above the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, then there is an additional Developer fee adjustment, as outlined in (3) below.

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(3) An additional Developer fee adjustment will be initiated to further reduce the allowable Developer fee in the event the TDC elusive of land costs (as adjusted above) exceeds the TDC Per Unit Base Limitation. The reduction will be determined by deriving a percentage amount that the TDC exclusive of land costs (as adjusted above) exceeds the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor and multiplying this excess percentage by the amount of the adjusted Developer fee, resulting in a product that is the additional adjustment to the Developer fee. For instance, if the Development's adjusted TDC exclusive of land costs exceeds the limitation, inclusive of any applicable escalation factor, by 4 percent, then the allowable Developer fee is further reduced by 4 percent. Once this step is complete, there is no further Developer fee adjustment or corresponding cost savings to be incorporated into the TDC as a result of having a TDC exclusive of land costs that exceeds the limitation.

As a note, if the Developer fee in the FCCA is already at or below this allowable Developer fee, then there is no additional adjustment to be incorporated into the Developer fee. This also means there are no corresponding costs savings to reduce the TDC since all TDC cost reductions stemming from this process are coming from reducing the Developer fee. If the Developer fee in the FCCA needs to be reduced to incorporate any penalties provided above, then as the Developer fee is reduced, so is the TDC in order to incorporate the reduced Developer fee cost.

(4) For those Developments that have already had its Developer fee adjusted at credit underwriting as provided in 8.b. above and whose TDC without land in the FCCA exceeds the TDC without land provided in the credit underwriting report, the allowable Developer fee will incorporate an additional adjustment. This additional Developer fee adjustment will be the lesser of (a) the difference between the amount of TDC exclusive of land costs as reported in the FCCA that is in excess of the TDC exclusive of land costs provided in the credit underwriting report, (b) $250,000, or (c) 10 percent of the allowable Developer fee reported in the credit underwriting report. If the Developer fee in the FCCA is already equal to or less than the allowable Developer fee as determined with the incorporation of this additional Developer fee adjustment, then neither the Developer fee nor the TDC is further reduced.

For example:

Assuming the Development in the example provided in 8.b. above provides a FCCA with a TDC exclusive of land costs of $500,000 higher than the TDC exclusive of land costs provided in the credit underwriting report, but the Developer fee is the same as provided in the credit underwriting report of $2,015,821. The additional Developer fee adjustment will be the lesser of (a) $500,000 (the new excess costs), (b) $250,000 (the maximum dollar limit of this additional Developer fee adjustment), or (c) $201,582 (10% of the allowable Developer fee reported in the credit underwriting report).

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Since (c) is the lowest of the three options, the allowable Developer fee and the TDC will both be lowered by $201,582. The allowable Developer fee will be $1,814,239 (the allowable Developer fee reported in the credit underwriting report of $2,015,821, less the adjustment of $201,582). The TDC exclusive of land costs in the FCCA would be adjusted to $17,766,239 ($17,467,821 from the credit underwriting report plus $500,000 of new additional costs less $201,582 for the reduction in allowable Developer fee).

*These figures represent the applicable Developer fee percentage for the Development (18%) and one plus the applicable Developer fee percentage for the Development (1+18%).

Pursuant to Rule 67-60.005, F.A.C., Modification of Terms of Competitive Solicitations, Florida Housing hereby modifies **Item 5 of Exhibit B** to read as follows:

5. Total Development Cost Per Unit Limitation:

The Corporation shall limit the Total Development Cost (TDC) per unit for all Developments categorized by the construction type of the units as indicated by the Applicant in the RFA. The maximum amounts are provided on the TDC Per Unit Limitation chart set out below (the maximum TDC per unit exclusive of land costs) and will be tested during the credit underwriting process and during the final allocation process, as outlined below.

These TDC Per Unit Base Limitation amounts are effective from the Application Deadline through Final Cost Certification.

	New Construction Units					Rehabilitation Units	
Measure	**Garden Wood***	**Garden Concrete***	**Mid-Rise Wood (4 Stories)***	**Mid-Rise Concrete (4 Stories)***	**Mid-Rise Concrete (5 or 6 Stories)***	**Garden***	**Non-Garden***
Maximum TDC Per Unit exclusive of Land Costs	$173,000	$206,000	$206,000	$226,000	$231,000	$147,000	$203,000

* Garden includes all Development Types other than Mid-Rise; Non-Garden includes Development Types of Mid-Rise with Elevator (4 stories, 5 stories, or 6 stories); Mid-Rise includes Development Types of Mid-Rise with Elevator (4 stories, 5 stories, or 6 stories).

a. Any Applicant that has the Credit Underwriter present a credit underwriting report with an amount that exceeds these limitations by more than 5 percent, taking into consideration an escalation factor for construction costs rising after the Application Deadline of either (i) 1.8 percent for any Applicant with the Development Category of New Construction, Acquisition and New Construction, Redevelopment, or Acquisition and Redevelopment, or (ii) 1.4 percent for any Applicant with the Development Category of Rehabilitation or Acquisition and Rehabilitation and incorporating any applicable TDC reduction and adjustments processes provided below will receive a negative recommendation by the Credit Underwriter.

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Any Applicant that has the Credit Underwriter present a credit underwriting report with
an amount that exceeds these limitations, taking into consideration the applicable
escalation factor outlined above, will require staff to review the credit underwriting report
for compliance to the TDC reduction and adjustment procedure provided below:

(1) The Developer fee will be limited to the maximum allowable within the TDC Per
Unit Base Limitation, inclusive of any applicable escalation factor, in all instances.
A Developer fee can be earned on qualifying TDC (which does not include operating
reserves) exclusive of land up to the TDC Per Unit Base Limitation, inclusive of any
applicable escalation factor, but it cannot be earned on costs in excess of said
limitation. If the Development costs exceed the amount allowed by the TDC Per
Unit Base Limitation, inclusive of any applicable escalation factor, then the
maximum allowable Developer fee will be adjusted as outlined below. The
maximum allowable Developer fee can be determined by multiplying the applicable
TDC Per Unit Base Limitation with respect to the Development as provided in this
RFA, inclusive of any applicable escalation factor, by the number of total units in the
Development. Second, divide this product by 1.18 and then multiply the result by 18
percent*. This will yield the maximum allowable Developer fee within the TDC Per
Unit Base Limitation, inclusive of any applicable escalation factor.

(2) Prior to determining any necessary adjustment, if the Developer fee initially stated by
the Applicant or Credit Underwriter is in excess of the maximum allowable
Developer fee as provided in (1) above, the Developer fee will be reduced to said
maximum allowable Developer fee and the TDC will be equally reduced to
incorporate the cost reduction.

Subsequent to reducing the Developer fee to the maximum allowable amount,
additional adjustments may be necessary if the TDC Per Unit Base Limitation
remains exceeded. An adjustment shall be determined by reducing the maximum
allowable Developer fee as determined in (1) above dollar-for-dollar for any costs in
excess of the amount allowed by the TDC Per Unit Base Limitation, inclusive of any
applicable escalation factor, up to the lesser of (a) the actual amount of costs in
excess of the amount allowed by the TDC Per Unit Base Limitation, inclusive of any
applicable escalation factor, (b) $500,000, or (c) 25 percent of the maximum
allowable Developer fee. If after following this Developer fee limitation process, the
TDC exclusive of land costs is reduced to be within the amount allowed by the TDC
Per Unit Base Limitation, inclusive of any applicable escalation factor, then the
Developer fee adjustment calculation is complete. If the TDC exclusive of land costs
remains above the amount allowed by the TDC Per Unit Base Limitation, inclusive
of any applicable escalation factor, then there is an additional Developer fee
adjustment, as outlined in (3) below.

(3) An additional Developer fee adjustment will be initiated to further reduce the
allowable Developer fee in the event the TDC exclusive of land (as adjusted above)
exceeds the TDC Per Unit Base Limitation. The reduction will be determined by

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deriving a percentage amount that the TDC exclusive of land costs (as adjusted above) exceeds the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, and multiplying this excess percentage by the amount of the adjusted Developer fee, resulting in a product that is the additional adjustment to the Developer fee. For instance, if the Development's adjusted TDC excusive of land costs exceeds the limitation, inclusive of any applicable escalation factor, by 4 percent, then the allowable Developer fee is further reduced by 4 percent. Once this step is complete, there is no further Developer fee adjustment or corresponding cost savings to be incorporated into the TDC as a result of having a TDC exclusive of land costs that exceeds the limitation.

As a note, if the Developer fee in the credit underwriting report is already at or below this allowable Developer fee, then there is no additional adjustment to be incorporated into the Developer fee. This also means there are no corresponding costs savings to reduce the TDC since all TDC cost reductions stemming from this process are coming from reducing the Developer fee. If the Developer fee in the credit underwriting report needs to be reduced to incorporate any adjustment as provided above, then as the Developer fee is reduced, so is the TDC in order to incorporate the reduced Developer fee cost.

For example:

An 85-unit development with a Development Category of New Construction and a Development Type of Garden Concrete reports a TDC of $18,600,000, inclusive of a stated Developer fee of $2,836,000, and exclusive of land at time of credit underwriting, and also prior to any adjustment:

Calculate TDC Limitation for the Development and Maximum Allowable Developer fee

1.(a)   TDC Per Unit Base Limitation, inclusive of any applicable escalation factor: $206,000 Per Unit x (1 + 1.8%) = $209,708 Per Unit.

1.(b)   Determine TDC Limitation for the Development: $209,708 Per Unit x 85 units = $17,825,180.

1.(c)   Implied maximum Development Cost per the limitation: $17,825,180 ÷ 1.18 = $15,106,085 (assumes no operating reserves).

1.(d)   Determine maximum allowable Developer fee within the limitation (prior to any adjustment): $15,106,085 x 18% = $2,719,095.

First Developer fee/TDC adjustment Calculation Methodology (If necessary)

2.(a)(i) Is the stated Developer fee greater than the maximum allowable? $2,836,000 > $2,719,095.

2.(a)(ii) If the response to 2.(a)(i) is yes, then determine the excess: $2,836,000 - $2,719,095 = $116,905 (excess Developer fee and excess TDC).

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2.(b) Reduce the stated Developer fee to the lesser of maximum allowable or stated fee and reduce the stated TDC by an equal amount: $2,836,000 - $116,905 = $2,719,095; $18,600,000 - $116,905 = $18,483,095.

2.(c) Determine if the TDC remains in excess of the limitation: $18,483,095 - $17,825,180 = $657,915.

2.(d) Determine the lesser of either (i) $500,000, (ii) 25 percent of the maximum allowable Developer fee, or (iii) 100% of the excess TDC: 25% x $2,719,095 = $679,774; $500,000 < $657,915 < $679,774.

2.(e) Apply the lesser of 2(d) above to determine the Maximum allowable Developer fee, subject to the first adjustment: $2,719,195 - $500,000 = $2,219,095.

2.(f) TDC reduction due to Developer fee adjustment: $18,483,095 - $500,000 = $17,983,095.

(As a note, this TDC is still greater than the TDC Per Unit Base Limitation, inclusive of any applicable upward adjust so an additional Developer fee adjustment will need to be calculated.)

Second Developer fee/TDC adjustment Calculation Methodology (If necessary)

3.(a) The percentage the TDC without land (as adjusted above for first adjustment) that exceeds the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor: $17,983,095 - $17,825,180 = $157,915; $157,915 ÷ $17,825,180 = 0.89%.

3.(b) Additional adjustment: 0.89% x $2,219,095 = $19,659.

3.(c) Final maximum Developer fee, after adjustments: $2,219,095 - $19,659 = $2,199,436

3.(d) Final adjusted TDC at time of credit underwriting: $17,983,095 - $19,659 = $17,963,436.

3.(e) Verify status of the 5% variance test: ($17,963,436 - $17,825,180) / $17,825,180 = 0.78%, which falls under criteria of being less than or equal to 5% above of the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor.

b. Any Applicant that presents a Final Cost Certification Application (FCCA) that has amounts that exceed the TDC Per Unit Base Limitation, subject to an escalation factor of either (i) 1.8 percent for any Applicant with the Development Category of New Construction, Acquisition and New Construction, Redevelopment, or Acquisition and Redevelopment, or (ii) 1.4 percent for any Applicant with the Development Category of Rehabilitation or Acquisition and Rehabilitation, will require staff to review the FCCA for compliance to the procedure provided below. If the Development has already had its Developer fee adjusted at credit underwriting as provided in 8.b. above and the TDC without land in the FCCA exceeds the TDC without land provided in the credit

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underwriting report, then the Developer fee will have an additional adjustment to be incorporated as provided in (4) below.

(1) The Developer fee will be limited to the maximum allowable within the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, in all instances. A Developer fee can be earned on qualifying TDC exclusive of land up to the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, but it cannot be earned on costs in excess of said limitation. If the Development costs exceed the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, then the maximum allowable Developer fee will be adjusted as outlined below. The maximum allowable Developer fee can be determined by multiplying the applicable TDC Per Unit Base Limitation with respect to the Development as provided in this RFA, inclusive of any applicable escalation factor, by the number of total units in the Development. Second, divide this product by 1.18 and then multiply the result by 18 percent*. This will yield the maximum allowable Developer fee within the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor.

(2) Prior to determining any necessary adjustment, if the Developer fee initially stated by the FCCA is in excess of the maximum allowable Developer fee as provided in (1) above, the Developer fee will be reduced to said maximum allowable Developer fee and the TDC will be equally reduced to incorporate the cost reduction.

Subsequent to reducing the Developer fee to the maximum allowable amount, additional adjustments may be necessary if the TDC Per Unit Base Limitation remains exceeded. An adjustment shall be determined by reducing the maximum allowable Developer fee as determined in (1) above dollar-for-dollar for any costs in excess of the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, up to the lesser of (a) the actual amount of costs in excess of the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, (b) $250,000, or (c) 10 percent of the maximum allowable Developer fee. If after following this Developer fee limitation process, the TDC exclusive of land costs is reduced to be within the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, then the Developer fee adjustment calculation is complete. If the TDC exclusive of land costs remains above the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor, then there is an additional Developer fee adjustment, as outlined in (3) below.

(3) An additional Developer fee adjustment will be initiated to further reduce the allowable Developer fee in the event the TDC elusive of land costs (as adjusted above) exceeds the TDC Per Unit Base Limitation. The reduction will be determined by deriving a percentage amount that the TDC exclusive of land costs (as adjusted above) exceeds the amount allowed by the TDC Per Unit Base Limitation, inclusive of any applicable escalation factor and multiplying this excess percentage by the

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amount of the adjusted Developer fee, resulting in a product that is the additional
adjustment to the Developer fee. For instance, if the Development's adjusted TDC
exclusive of land costs exceeds the limitation, inclusive of any applicable escalation
factor, by 4 percent, then the allowable Developer fee is further reduced by 4 percent.
Once this step is complete, there is no further Developer fee adjustment or
corresponding cost savings to be incorporated into the TDC as a result of having a
TDC exclusive of land costs that exceeds the limitation.

As a note, if the Developer fee in the FCCA is already at or below this allowable
Developer fee, then there is no additional adjustment to be incorporated into the
Developer fee. This also means there are no corresponding costs savings to reduce the
TDC since all TDC cost reductions stemming from this process are coming from
reducing the Developer fee. If the Developer fee in the FCCA needs to be reduced to
incorporate any penalties provided above, then as the Developer fee is reduced, so is the
TDC in order to incorporate the reduced Developer fee cost.

(4) For those Developments that have already had its Developer fee adjusted at credit
underwriting as provided in 8.b. above and whose TDC without land in the FCCA
exceeds the TDC without land provided in the credit underwriting report, the
allowable Developer fee will incorporate an additional adjustment. This additional
Developer fee adjustment will be the lesser of (a) the difference between the amount
of TDC exclusive of land costs as reported in the FCCA that is in excess of the TDC
exclusive of land costs provided in the credit underwriting report, (b) $250,000, or (c)
10 percent of the allowable Developer fee reported in the credit underwriting report.
If the Developer fee in the FCCA is already equal to or less than the allowable
Developer fee as determined with the incorporation of this additional Developer fee
adjustment, then neither the Developer fee nor the TDC is further reduced.

For example:

Assuming the Development in the example provided in 8.b. above provides a FCCA
with a TDC exclusive of land costs of $500,000 higher than the TDC exclusive of
land costs provided in the credit underwriting report, but the Developer fee is the
same as provided in the credit underwriting report of $2,199,436. The additional
Developer fee adjustment will be the lesser of (a) $500,000 (the new excess costs),
(b) $250,000 (the maximum dollar limit of this additional Developer fee adjustment),
or (c) $219,944 (10% of the allowable Developer fee reported in the credit
underwriting report).

Since (c) is the lowest of the three options, the allowable Developer fee and the TDC
will both be lowered by $219,944. The allowable Developer fee will be $1,979,492
(the allowable Developer fee reported in the credit underwriting report of $2,199,436,
less the adjustment of $219,944). The TDC exclusive of land costs in the FCCA
would be adjusted to $18,243,492 ($17,963,436 from the credit underwriting report

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plus $500,000 of new additional costs less $219,944 for the reduction in allowable Developer fee).

*These figures represent the applicable Developer fee percentage for the Development (18%) and one plus the applicable Developer fee percentage for the Development (1+18%).

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