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Sent: Friday, September 24, 2021 12:43 PM

To: Jean Salmonsens <Jean.Salmonsens@floridahousing.org>; Kevin Tatreau <Kevin.Tatreau@floridahousing.org>; Marisa Button <Marisa.Button@floridahousing.org>; Melissa Levy <Melissa.Levy@floridahousing.org>

Cc: Brian Waterfield <bwaterfield@timsheldevelopment.com>; Lisa Lacock <lisa@lacockconsulting.com>

Subject: RFA 2021-211 Viability Loan Funding - Additional Public Comment

Marisa/Melissa/Jean/Kevin,

We would like to add one more comment as it relates to the interest rate of the hard pay option being proposed in RFA 2021-211.

Our thought process behind increasing the interest rate on the hard pay option is to make that option less incentivizing towards those pursuing Viability Loan Funding. The reason to make it less incentivizing is because at a lower than market interest rate, it is no longer a penalty. Developers will instead pursue the Viability Loan Funding to lessen the burden of their first mortgage which would ultimately be at a higher interest rate. Even at a 1% interest rate, when it is hard pay, the first mortgage will ultimately need to be reduced to still meet DSCR requirements, thus requiring the Viability Loan to be upsized. Essentially all you are doing is replacing what could have been 1st mortgage proceeds with cheaper Viability Loan proceeds. Again, this is not a penalty for an Applicant, but rather a more incentivizing loan option, not only defeating the purpose of the penalty, but also requiring more Viability Loan Funding than would otherwise be necessary. This certainly helps to close the financing gap for an Applicant, but it doesn't serve as a penalty, nor does it help secure that Florida Housing is a lender of last resort. If a change is not made, we project that nearly every Applicant will select the very low interest hard pay option, with no penalty, thus resulting in fewer Applications being funded (since more funding will be required per Applicant).

Thank you for your consideration.

Sincerely,



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