

FLORIDA HOUSING FINANCE CORPORATION

Board Meeting

April 28, 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 3/31/2023 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, 3,817 MRPI Reports of 1,433 different developments. 91% of all MRPIs conducted during the study period were successfully closed. Of the 339 open reviews from the study period:
 - (1) 40% of developments and 41% of owners have unsatisfactory ratings for examination of records;
 - (2) 39% of developments and 36% of owners have unsatisfactory rating(s) regarding physical condition of the development; and
 - (3) 26% of development have deficiencies in both the examination of record and physical inspection categories.

FISCAL
Information

I. FISCAL

A. Operating Budget Analysis for February 28, 2023.

1. Background/Present Situation

- a) The Financial Analysis for February 28, 2023, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending February 28, 2023, 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 3/31/23, 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.

2. Corpus and Portfolio Risk Exposure

- 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 3/31/23	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 3/31/23	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 \$145.5 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.

B. Current Ratings (Insurer Financial Strength)

1. Background

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]

C. 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 3/31/23. 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.

D. 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.

HOUSING CREDITS

Information

I. HOUSING CREDITS

A. The developments listed below have requested changes to the Extended Use Agreement:

1. Background/Present Situation:

- a) Palmetto Park (2003-509C) is a 4% Housing Credit Development. The Extended Low-Income Housing Agreement (EUA) was recorded in Pinellas County on February 19, 2004. The First Amendment to Extended Low-Income Housing Agreement was recorded in Pinellas County on September 27, 2004. The Second Amendment to Extended Low-Income Housing Agreement was recorded in Pinellas County on October 16, 2006. The Third Amendment to Extended Low-Income Housing Agreement was recorded in Pinellas County on May 25, 2005. The Fourth Amendment to Extended Low-Income Housing Agreement was recorded in Pinellas County on December 5, 2006. The Fifth Amendment to Extended Low-Income Housing Agreement was recorded in Pinellas County on July 13, 2009. The Sixth Amendment to Extended Low-Income Housing Agreement was recorded in Pinellas County on November 20, 2009. The Assignment and Assumption of and Seventh Amendment to Extended Low-Income Housing Agreement was recorded in Pinellas County on January 28, 2022.
- b) On August 23, 2022, staff received a letter from the Owner to amend Section 2(e)(2) of the EUA to replace garbage disposals in every unit with new plumbing fixtures in kitchens and bathrooms as one of the features and amenities offered at the Development.
- c) Staff will amend the EUA as appropriate.

MULTIFAMILY BONDS

Information

I. MULTIFAMILY BONDS

A. Stadium Towers (RFA 2020-205 / 2021-245BS / 2020-534C) has requested approval to change the construction term of the first mortgage, revise terms of the SAIL and ELI loans, add additional subordinate debt, change ownership structure of investment member, and revise the set-asides

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 of the above named development, Rule Chapter 67-48.010(15), F.A.C (effective June 23, 2020), states:

(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) The Applicant requested a change to the construction loan term of the Series B construction only MMRN from 24 months to 30 months, which revised the SAIL and ELI loan term from a 17 year term with a 2 year construction term to a 17 year term with a 2.5 year construction term. Additional change requests were to add subordinate debt of \$1,800,000 from the City of Miami, reduce investor member ownership percentage from 99.99% to 99.0%, and to change set-asides as follows:

Table with 2 columns: Set-Aside (from) and Set-Aside (to). Rows include percentages of units at 30% AMI, 40% AMI, 60% AMI, and 70% AMI.

d) On December 19, 2022, staff received an update to the final credit underwriting report with a positive recommendation to change construction term of first mortgage, revised the terms of the SAIL and ELI loans, added additional subordinate debt, changed ownership structure of investment member, and revised the set-asides (Exhibit A). Staff reviewed this credit underwriting update letter and approved the Borrower’s requests. The closing occurred on December 21, 2022.

MULTIFAMILY BONDS

Information

B. Water's Edge (2019 Series P / RFA 2017-108 / 2018-025BS / 2016-580C) has requested approval to reallocate 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 of the above named development, Rule Chapter 67-48.010(15), F.A.C (effective May 24, 2017), stated:

(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) The Applicant requested consent to the reallocation of \$250,000 in HOME funding to SURTAX funding. The Miami-Dade SURTAX loan will continue to be subordinate to the MMRB, SAIL, and ELI loans.
- d) On April 20, 2023, staff received an update to the final credit underwriting report with a positive recommendation to reallocate the subordinate debt ([Exhibit B](#)). 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. No Applications were received.
- b) RFA 2023-105 “RFA 2023-105 Financing To Build Smaller Permanent Supportive Housing Properties For Persons With Developmental Disabilities” was issued on March 21, 2023 with an Application Deadline of April 18, 2023. 1 Application was received.
- c) RFA 2023-108 “Housing Credit And RRLP Financing For Homeless Housing Developments Located In Medium And Large Counties Affected By Hurricane Ian And Nicole” was issued on April 11, 2023 with an Application Deadline of April 27, 2023.
- d) RFA 2023-304 “RRLP Financing To Be Used For Rental Developments In Hurricane Ian And Hurricane Nicole Impacted Counties” was issued on March 31, 2023 with an Application Deadline of May 2, 2023.

B. 2023/2024 RFA Funding Cycle

1. Background/Present Situation

- a) A second workshop regarding the 2023/2024 RFA Funding Cycle has been scheduled for May 4, 2023. A draft of the 2023/2024 Tentative Funding Amounts and Timeline is attached as [Exhibit A](#). Staff plans to present the timeline to the Board for approval at the June 9, 2023 Board of Directors meeting.

MULTIFAMILY PROGRAMS

Information

I. MULTIFAMILY PROGRAMS

A. The development listed below has requested an approval to increase their hard cost contingency during credit underwriting:

1. Background/Present Situation

a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended and the Board granted staff 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 below Application, Rule Chapter 67-21.026(14), F.A.C. (effective July 6, 2022) stated:

(14) 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, unless otherwise recommended by the Credit Underwriter. 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 and Preservation may be included within the Total Development Cost for Application and underwriting purposes, unless otherwise recommended by the Credit Underwriter; 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.

c) Staff has approved the below request to increase the hard cost contingency reserve at the recommendation of the Credit Underwriter.

Development	Application Number	From	To
Pinnacle at Tropical Pointe	2022-517C	5%	7.7%

B. The developments listed below have requested an approval to change development type during credit underwriting:

1. Background/Present Situation

a) On April 1, 2022, via a Telephonic Board Meeting, staff recommended and the Board granted staff ability to approve changes to the Development Type (e.g. Garden Apartments, Townhouses, High-Rise, etc.). 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 below Application, Rule Chapter 67-48.004(3)(g), F.A.C. (effective May 18, 2021) stated:

MULTIFAMILY PROGRAMS

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(3) For the SAIL, HOME and Housing Credit Programs, notwithstanding any other provision of these rules, the following items as identified by the Applicant in the Application must be maintained and cannot be changed by the Applicant after the applicable submission, unless provided otherwise below:

(g) Development Type;

- c) The following Development has made a request to change the development type. Staff has reviewed this request and recommendation and approved the Applicant's request.

Development	Application Number	From	To
Jersey Commons	2022-269CAN	Mid-Rise 4-Stories	Garden

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

1. Background/Present Situation

- a) The Quarry III / RFA 2019-110 / 2019-395CS: The borrower has requested to change the Green Building Feature from "Energy efficient windows in each unit" to "Energy Star certified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles)" The scoring of the application will remain unaffected.
- b) Staff will amend the Land Use Restriction Agreement for the development as appropriate.

NATURAL DISASTERS

Information

I. NATURAL DISASTERS UPDATE

A. Hurricane Ian

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 twelve¹ (12) developments with work to be completed. Those developments have a total of 109 displaced households as of 3/31/2023.
- c) A summary of the status of developments within Florida Housing's portfolio that sustained damage from Hurricane Ian is attached as [Exhibit A](#).

B. Hurricane Michael

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](#).

¹ The March Hurricane Ian Update erroneously reported Renaissance Phases II, III, IV and Senior had been completed.

NATURAL DISASTERS

Information

C. Hurricane Eta

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 March 31, 2023, management reported 1 unit remaining 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. Captiva Cove III (RFA 2021-205 / 2022-204S / 2021-525C / 2022 CHIRP ITP) Request for Approval to Increase the First Mortgage Construction Loan:

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:
 - (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 March 14, 2023, staff received an update to the final credit underwriting report with a positive recommendation to increase the first mortgage construction loan ([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)

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B. Ridge Road (RFA 2021-205 / 2022-190S / 2021-517C / 2022 CHIRP ITP) Request for Approval to Increase Permanent First Mortgage, Increase Local Bond Amount, Remove 45L Credits as a Permanent Source, Extend the SAIL Mortgage Loan Term to be Coterminous with First Mortgage and Decrease the Hard Cost Contingency Reserves:

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:

(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 Application, Rule Chapter 67-48.010(14), F.A.C. (effective May 18, 2021) stated:

(14) The SAIL loan term shall be for a period of not more than 15 years. However, if both a SAIL loan and federal Housing Credits are to be used to assist a Development, the Corporation may set the SAIL loan term for a period commensurate with the investment requirements associated with the Housing Credit syndication. The term of the loan may also exceed 15 years if the lien of the Corporation's encumbrance is subordinate to the lien of another mortgagee, in which case the term may be made coterminous with the longest term of the superior loan.
- d) 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:

(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

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

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reserve up to 20 percent may be utilized if required by the program.
Contingency reserves shall not be paid from SAIL or HOME funds.

- e) On March 7, 2023, staff received an update to the final credit underwriting report with a positive recommendation to increase the permanent first mortgage, increase the local bond amount, remove 45L credits as a permanent source, extend the SAIL mortgage loan term to be coterminous with the first mortgage and decrease the hard cost contingency reserves at the recommendation of the credit underwriter ([Exhibit B](#)). 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

**C. Quail Roost Transit Village I (RFA 2020-208 / 2020-461SN / 2019-571C / 2022 CHIRP ITP)
Request for Approval of Additional Subordinate Debt, Increase Principal Amount of the
First Mortgage and Increase the Bridge Loan:**

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 July 11, 2019) stated:
 - (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 March 24, 2023, staff received a credit underwriting update letter with a positive recommendation for additional subordinate debt, increase the principal amount of the first mortgage and increase the bridge loan ([Exhibit C](#)). Staff has reviewed this report and finds that it all requirements of the RFA and the CHIRP ITP.

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) The Hometown Heroes Loan Program (HTH), 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. 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 April 7, 2023, we had a pipeline of 5,161 loans totaling over \$1.54 billion in first mortgage loan volume, paired with \$76.1 million of downpayment and closing cost assistance. The Live Local Act was signed into law on Wednesday, March 29th, 2023, by Governor DeSantis. It provides an additional \$100 million in funding to the HTH Loan Program. The new changes will take effect with

SINGLE FAMILY HOMEBUYER PROGRAMS

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new reservations made on or after July 1st, 2023. We will schedule and conduct trainings for our Lender and Real Estate Partners just as we did when the program was originally launched. This has no impact on the current HTH Loan program (DPA amounts and Occupation Eligibility requirements) as our lenders continue to expend the remaining \$23 million of the original funding.

- 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 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 both effective in reaching our realtor partners while freeing up staff time to devote to program support and lender management. Since our March Board Report, we have conducted three classes using this format that were attended by 453 realtors.
- j) 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 mortgages originated through our Homebuyer Loan Program.

SINGLE FAMILY HOMEBUYER PROGRAMS

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- k) Additionally, we 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	\$270,672	\$276,373	\$258,100
Average Acquisition Price	\$259,042	\$283,764	\$285,546	\$279,834
Average Compliance Income	\$68,916	\$78,203	\$78,933	\$76,595
County Area Median Income %	70%	72%	70%	74%
Total Purchased 1 st Mortgage Loan Amounts	\$1,378,488,464	\$603,206,436	\$423,755,520	\$179,450,916
Total # of Units	5,533	2,231	1,535	696

2023 TOP 10 COUNTIES FOR HOMEBUYER LOAN PROGRAMS ORIGINATIONS

County	Loan Count	Loan Amount	DPA
Duval	211	\$50,058,865.83	\$2,528,552.00
Hillsborough	131	\$38,688,319.38	\$1,838,049.00
Broward	129	\$43,693,996.02	\$2,134,767.00
Pasco	120	\$31,180,609.52	\$1,510,771.00
Polk	119	\$30,456,172.34	\$1,454,485.00
Volusia	114	\$30,185,334.89	\$1,462,788.00
Lee	98	\$28,591,170.07	\$1,341,174.00
Miami-Dade	96	\$34,447,121.66	\$1,692,166.00
Orange	84	\$23,750,125.60	\$1,145,697.00
Pinellas	83	\$22,151,213.66	\$1,082,234.00

DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Results of Operations for the two months ending February 2023

The budget to actual analysis for the two months ending February 2023 shows a net of revenues over expenses in the amount of \$1,108,027. Variances of note compared to the budget are as follows:

REVENUES

Investment Income (Line 1) is over budget by \$163,966. The budget was based on prior year average performance and a conservative projection of current year performance. Returns have been greater than expected.

Administrative Fees (Line 3) are \$212,276 under budget primarily due to timing of activities in the CDBG and HOME programs and directly offsets variances in expenses.

Other Income (Line 4) is \$99,876 over budget due to the timing of the transfer of receipts for SF TBA late fees collected.

SALARIES & BENEFITS

Total Salaries & Benefits are favorable to the budget by \$101,653 primarily due to a vacancy rate greater than budgeted.

OPERATING EXPENSES

Board Meetings (Line 3) are \$10,694 over budget due to higher costs for the January board meeting than anticipated as well as expenses for the special board meeting in February that were not included in the original budget.

Furniture, Equipment & Computer Expenses (Line 6) are under budget by \$54,226 due to the timing of renewals of various software licenses and purchases of computer equipment.

Legal Fees (Line 10) are \$55,989 under budget due to fewer hearings and less than anticipated use of outside counsel primarily in the Multifamily programs as well as the timing of fees incurred for closings in the HOME Rental, NHTF and CBDG-DR programs.

Professional Fees (Line 15) are \$59,275 over budget primarily due to disaster intervention activities in the Housing Locator related to Hurricane Ian that were not budgeted. These services were phased out as of the end of March.

Program Administration (Line 16) is 255,751 under budget due to the timing of various expenses in the CDBG-DR program including compliance monitoring, environmental review services and servicer fees as well as compliance monitoring in the Home Rental and SAIL programs.

Systems Maintenance, Support and Services (Line 19) are \$70,810 under budget primarily due to timing of planned maintenance of various hardware and software components.

Travel Staff to Board Meetings (Line 22) is over budget by \$5,059 primarily due to a special board meeting that was not included in the original approved budget.

Total Operating Expenses year-to-date are favorable to the budget by \$505,386.

**FLORIDA HOUSING FINANCE CORPORATION
OPERATING BUDGET TO ACTUAL SUMMARY
PERIOD ENDING February 28, 2023**

	2023 BUDGET YTD	2023 ACTUAL YTD	2023 VARIANCE YTD	2023 APPROVED ANNUAL BUDGET
REVENUES				
1. Investment Income	638,000	801,966	163,966	3,828,000
2. Program Fees	2,563,880	2,580,977	17,097	16,799,285
3. Administrative Fees	1,967,353	1,755,077	(212,276)	80,000
4. Other Income	13,334	113,210	99,876	11,950,824
TOTAL REVENUES	5,182,567	5,251,230	68,663	32,658,109
EXPENSES				
SALARIES & BENEFITS				
1. Salaries & Benefits	3,041,176	2,939,523	101,653	18,385,000
TOTAL SALARIES & BENEFITS	3,041,176	2,939,523	101,653	18,385,000
OPERATING EXPENSES				
1. Advertising, Marketing & Public Outreach	16,235	2,590	13,645	96,015
2. Bank Charges & Other Fees	7,694	4,760	2,934	52,444
3. Board Meetings	18,020	28,714	(10,694)	79,140
4. Books & Subscriptions	18,964	10,613	8,351	67,720
5. Capital Expenses	79,000	42,500	36,500	325,000
6. Furniture, Equipment & Computer Expenses	79,800	25,574	54,226	780,750
7. Conferences & Seminars	29,776	5,611	24,165	198,358
8. Corporate Insurance	290,000	285,292	4,708	307,550
9. General & Administrative Expenses	4,492	1,500	2,992	18,274
10. Legal Fees	87,052	31,063	55,989	695,102
11. Membership Dues	10,317	3,860	6,457	85,434
12. Office Supplies	4,125	1,003	3,122	13,916
13. Postage	3,948	1,592	2,356	23,532
14. Printing & Reproduction	4,900	1,655	3,245	16,225
15. Professional Fees	189,454	248,729	(59,275)	1,996,904
16. Program Administration	498,843	243,092	255,751	7,205,192
17. Rent	137,424	137,324	100	833,638
18. Repair & Maintenance	1,000	358	642	7,150
19. Systems Maintenance, Support and Services	85,380	14,570	70,810	412,630
20. Telephone	14,264	8,367	5,897	90,144
21. Travel - Board Members	10,540	6,954	3,586	63,730
22. Travel - Staff to Board Meetings	8,512	13,571	(5,059)	49,251
23. Travel - Reviews/Monitoring	2,101	-	2,101	31,595
24. Travel - FHFC Workshops	1,691	553	1,138	16,589
25. Travel - Staff Development	35,574	24,129	11,445	273,202
26. Travel - Marketing/Public Outreach	1,402	6	1,396	53,204
27. Travel - Other	2,058	1,095	963	17,494
28. Workshops	66,500	58,605	7,895	316,250
TOTAL OPERATING EXPENSES	1,709,066	1,203,680	505,386	14,126,433
TOTAL EXPENSES	4,750,242	4,143,203	607,039	32,511,433
REVENUES OVER EXPENSES	432,325	1,108,027	675,702	146,676

Guarantee Program Portfolio

(as of March 31, 2023)

Property Name Location	Developer	Issuer Closing Date	Total Units	1st Mortgage		HUD Risk- Share?	GF exposure of mtg guarantee	(\$ share)	SAIL	SMI	SAIL ELI	Projected refinance closing date	Comments / Refi Status
				Current Bal.	Debt/Unit								
Vista Palms 1) Lehigh Acres	Creative Choice	Lee Cnty 6/20/2001	229	\$4,857,086	\$21,210	N	\$4,857,086		\$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 (NC) 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 NC bond application was received 10/18/2022. Nov 2022: NC bond application was under review. Jan 2023: Program staff informed the applicant of needed corrections to cure the application. Feb 2023: Staff has reviewed corrections submitted by the Applicant and relayed comments, however, more corrections are still required to cure the application. Mar 2023: Staff reviewed corrections submitted by the Applicant and relayed comments, however, more corrections are still required to cure the application and that information has been relayed to the applicant. Staff received a 3rd revised application on 4/7/2023 and relayed comments on 4/14/2023 regarding the corrections that are required.
GF Total Commitments:							\$4,857,086						



December 19, 2022

Mr. Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301-3291

Re: Stadium Towers (“Development”) - Tax-Exempt Multifamily Mortgage Revenue Bonds (“MMRB” or “Bonds”), State Apartment Incentive Loan (“SAIL”), Extremely Low Income (“ELI”) Loan, RFA 2020-205 (2021-245BS) and 4% Non-Competitive Housing Credits (“HC”) 2020-534C

Credit Underwriting Report Update Letter (“CUR Update Letter”) – Changes to the Final Credit Underwriting Report, dated July 27, 2022 (“Final CUR”) and CUR Update Letter, dated September 8, 2022

First Housing Development Corporation of Florida (“FHDC”, “First Housing”, or “Servicer”) received a letter from a representative of the Applicant, requesting Florida Housing Finance Corporation (“FHFC” or “Florida Housing”) approve the change in the set-asides. Additionally, the MMRB Series B construction loan term has changed which affects the SAIL and ELI loan terms, an additional subordinate loan of \$1,800,000 from the City of Miami is being added as a source, and the syndicator has changed from RJAHI to ST Investor LLC. The change in syndicator also changed the investment member percentage from 99.99% with RJAHI to 99% with ST Investor LLC. The Manager will retain 1% ownership in the Applicant entity. There is also an increase in the Recommended Annual 4% HC Allocation from \$2,054,369 to \$2,086,033. First Housing has prepared this CUR Update Letter to outline the changes.

Since the Final CUR, the set-asides have changed. On September 26, 2022, the Applicant requested to change the set-asides, and Florida Housing staff approved the request on December 12, 2022. The change in set-asides is as follows:

FHDC

Set-Aside (from)	Set-Aside (to)
15.436% of units at 30% AMI – 23 units	16.107% of units at 30% AMI – 24 units
5.369% of units at 40% AMI – 8 units	0% of units at 40% AMI – 0 units
28.188% of units at 60% AMI – 42 units	44.295% of units at 60% AMI – 66 units
51.007% of units at 70% AMI – 76 units	39.598% of units at 70% AMI – 59 units

On behalf of Florida Housing, First Housing has performed certain due diligence and formulated a recommendation and closing conditions which are contained at the end of this CUR Update Letter. For the purposes of this analysis, First Housing has reviewed the following:

1. Final CUR, dated July 27, 2022 and CUR Update Letter, dated September 8, 2022.
2. Commitment Letter, dated October 26, 2022, from First Horizon Bank (“First Horizon”).
3. Term Sheet, dated November 30, 2022 from ST Investor LLC.
4. Request Letter, dated September 26, 2022, from a representative of the Applicant.
5. Letter, dated December 2, 2022, from City of Miami

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	First	Second	Third	Fourth	Fifth	Sixth and Seventh
Lender/Grantor	FHFC/First Horizon	FHFC - SAIL	FHFC- ELI	Public Housing and Community Development Miami-Dade County ("Miami PHCD") - Surtax	Miami PHCD - HOME	City of Miami and Lewis Swezy
Amount	\$12,650,000	\$4,321,000	\$600,000	\$3,725,000	\$1,017,500	\$3,960,500
Underwritten Interest Rate	4.50%	1.00%	0.00%	1.00%	0.75%	3.73%
All In Interest Rate	4.50%	1.00%	0.00%	1.00%	0.75%	3.73%
Loan Term	14.5	14.5	14.5	30	30	30
Amortization	35	0	0	0	0	0
Market Rate/Market Financing LTV	24%	32%	33%	41%	42%	50%
Restricted Market Financing LTV	64%	86%	89%	107%	113%	132%
Loan to Cost - Cumulative	27%	36%	37%	45%	48%	56%
Loan to Cost - SAIL Only	N/A	9%	N/A	N/A	N/A	N/A
Debt Service Coverage	1.43	1.33	1.33	1.27	1.26	1.07
Operating Deficit & Debt Service Reserves	\$0					
# of Months covered by the Reserves	0.0					

FHDC

Deferred Developer Fee	\$1,382,924
As-Is Land Value	\$4,770,000
Market Rent/Market Financing Stabilized Value	\$52,540,000
Rent Restricted Market Financing Stabilized Value	\$19,830,000
Projected Net Operating Income (NOI) - Year 1	\$1,085,233
Projected Net Operating Income (NOI) - 15 Year	\$1,283,697
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	\$0.945
HC Annual Allocation - Initial Award	\$1,377,786
HC Annual Allocation - Qualified in CUR	\$2,086,033
HC Annual Allocation - Equity Letter of Interest	\$2,064,668

FHDC

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
FHFC - MMRB	FHFC/First Horizon	\$23,500,000	\$23,500,000	\$23,500,000	6.64%	\$1,560,400
FHFC - SAIL	FHFC	\$4,321,000	\$4,321,000	\$4,321,000	1.00%	\$43,210
FHFC - SAIL ELI	FHFC	\$600,000	\$600,000	\$600,000	0.00%	\$0
Local Government Subsidy	Miami PHCD - Surtax	\$3,725,000	\$3,725,000	\$3,725,000	0.00%	\$0
Local Government Subsidy	Miami PHCD - HOME	\$1,017,500	\$1,017,500	\$1,017,500	0.00%	\$0
Local Government Subsidy	City of Miami	\$0	\$1,800,000	\$1,800,000	0.00%	\$0
Self-Sourced: Non-Bond Financing	Lewis Swezy	\$2,160,500	\$2,160,500	\$2,160,500	6.00%	\$129,630
HC Equity	ST Investor LLC	\$7,590,290	\$4,829,000	\$4,900,000	N/A	N/A
Deferred Developer Fee	RS Development Corp.	\$3,481,862	\$6,457,065	\$4,948,928	N/A	N/A
Total		\$46,396,152	\$48,410,065	\$46,972,928		\$1,733,240

Please note, the Application column is based on First Housing's conclusions in the CUR Update Letter, dated September 8, 2022.

First Mortgage:

The Applicant has requested \$23,500,000 in tax-exempt Bonds to be issued by FHFC for the construction of the Development. First Housing reviewed a commitment letter, dated October 26, 2022, where First Horizon anticipates purchasing bonds in an amount up to \$23,500,000, 50% bond to cost based on approved final total project cost, 65% bond to value based on the upon completion/stabilization unrestricted market value, or 80% of bond to value based on the upon completion/stabilization restricted market value. There will be a Series A bond in the amount of \$12,650,000 and a Series B bond in the amount of \$10,850,000. The Series A bonds will have a 204 month/17 year term and the Series B bonds will have a 24 month maturity. The Series B bond term may be extended for two three-month extensions in the event that construction completion is delayed. The Series A and Series B bonds will require monthly payments of interest only. The interest rate on the bonds will be floating at 82.5% of the one-month CME term Secured Overnight Finance Rate ("SOFR") plus 200 basis point spread. First Housing has based the interest rate on 82.5% of the one-month CME term SOFR (3.81% as of November 14, 2022 from CME Group) plus 200 basis point spread plus 150 basis point underwriting cushion for an all-in rate of 6.64%.

The annual FHFC Issuer Fee of 24 bps and the annual Trustee Fee of \$4,500 are included in the Uses section of this report.

FHFC SAIL and ELI Loans:

First Housing reviewed an invitation to enter credit underwriting, dated, June 23, 2021, from FHFC with a preliminary SAIL Loan in the amount of \$4,321,000 and a preliminary ELI Loan in the amount of \$600,000.

FHDC

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of 17 years, of which 2.5 years is for the construction/stabilization period and 14.5 years is for the permanent period and will be coterminous with the first mortgage as permitted by Rule Chapter 67-48. Annual payments of all applicable fees will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

The ELI Loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan term of 17 years, of which 2.5 years is for the construction/stabilization period and 14.5 years is for the permanent period and will be coterminous with the first mortgage as permitted by the RFA. Annual payments of all applicable fees will be required. Principal is forgivable at maturity, provided the units for which the ELI Loan amount is awarded are targeted to ELI households for the first 15 years of the 50-year Compliance Period. The Persons with Special Needs set aside requirement must be maintained through the entire 50-year Compliance Period.

Surtax:

First Housing reviewed a Memorandum, dated June 14, 2022, which was approved by the Miami-Dade Board of County Commissioners and indicates \$3,725,000 in surtax funds for the Development. It is anticipated that the surtax loan will have a 2 year construction period and a 30 year permanent period. The loan will have a 0% interest rate during the construction period, a 1% interest rate during years 3-17, and a 0.5% interest rate for years 18-30. Payments of interest only are due years 1-17 and then payments of interest and principal are due years 18-30. Payments are based on available cash flow.

HOME:

First Housing received a letter, dated September 11, 2021, from Public Housing and Community Development Miami-Dade County which indicates HOME funds in the amount of \$1,017,500 for the Development. It is anticipated that the HOME loan will have a 2 year construction period and a 30 year permanent period. The loan will have a 0% interest rate during the construction period and a 0.75% interest rate only payments from development cash flow during years 3-30. Full principal is due at maturity.

City of Miami:

First Housing received a letter, dated December 2, 2022, from City of Miami outlining the terms of the loan as well as draft loan documents. The loan is anticipated to be in the amount of \$1,800,000 and will bear interest at 0% during construction and 1% during the permanent period.

FHDC

Any unpaid interest each year will be deferred until maturity. Full repayment of principal and any unpaid interest will be due at the 30-year maturity.

Self-Sourced:

First Housing received a letter, dated June 28, 2022, from Lewis Swezy. The Self-Sourced loan in the amount of \$2,160,000 will be provided using Lewis Swezy's personal funds and will have an interest rate of 6%. The loan will require interest payments only subject to available cash flow. The loan will be coterminous with the Surtax loan and will have a total term of 32 years, of which 2 years is for the construction/stabilization period and 30 years is for the permanent period. The Self-Sourced Financing will be funded at closing of the SAIL loan via escrow account controlled by the SAIL loan Servicer and will be dispersed pro rata along with SAIL funding. The Self-Sourced Financing must be subordinate to the SAIL loan; no principal may be paid on the Self-Sourced Financing prior to the payoff of the SAIL loan and Surtax loan in full. Any payment of Self-Sourced Financing interest will be made subordinate to SAIL loan interest payments. Additionally, the Self-Sourced Financing must remain as a source in the Development for a minimum of 15 years and may not be repaid to the Applicant from any funding source, including development cash flow per the RFA.

Housing Credit Equity:

First Housing has reviewed a term sheet, dated November 30, 2022, indicating ST Investor LLC, will acquire 99% ownership interest in the Applicant. Based on the term sheet, the annual HC allocation is estimated to be in the amount of \$2,064,668 and the syndication rate is anticipated to be \$0.945 per dollar. ST Investor LLC anticipates a net capital contribution of \$19,316,004 and has committed to make available \$4,900,000 of the total net equity available at closing of the construction financing. An additional \$14,416,004 will be available at permanent loan conversion. The first installment, in the amount of \$4,900,000 or 25.37%, meets the RFA requirement that at least 15% of the total equity must be contributed at or prior to the closing.

Deferred Developer Fee:

In order to balance the sources and uses of funds during the construction period, the Developer must defer 76.78% or \$4,948,928 of the total Developer Fee of \$6,445,997 during the construction period.

FHDC

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
FHFC - MMRB	FHFC/First Horizon	\$13,750,000	\$13,750,000	\$12,650,000	14.5	35	4.50%	\$718,404
FHFC - SAIL	FHFC	\$4,321,000	\$4,321,000	\$4,321,000	14.5	0	1.00%	\$43,210
FHFC - SAIL ELI	FHFC	\$600,000	\$600,000	\$600,000	14.5	0	0.00%	\$0
Local Government Subsidy	Miami PHCD - Surtax	\$3,725,000	\$3,725,000	\$3,725,000	30	0	1.00%	\$37,250
Local Government Subsidy	Miami PHCD - HOME	\$1,017,500	\$1,017,500	\$1,017,500	30	0	0.75%	\$7,631
Local Government Subsidy	City of Miami	\$0	\$1,800,000	\$1,800,000	30	0	1.00%	\$18,000
Self-Sourced: Non-Bond Financing	Lewis Swezy	\$2,160,500	\$2,160,500	\$2,160,500	30	0	6.00%	\$129,630
HC Equity	ST Investor LLC	\$18,975,724	\$19,316,004	\$19,316,004	N/A	N/A	N/A	N/A
Deferred Developer Fee	RS Development Corp.	\$1,846,428	\$682,941	\$1,382,924	N/A	N/A	N/A	N/A
Total		\$46,396,152	\$47,372,945	\$46,972,928				\$954,125

Please note, the Application column is based on First Housing's conclusions in the CUR Update Letter, dated September 8, 2022.

First Mortgage:

First Housing reviewed a commitment letter, dated October 26, 2022, where First Horizon anticipates a permanent loan amount up to \$12,650,000. The permanent loan term will be 204 months from closing. The loan will amortize over 35 years. The commitment letter states that the permanent loan will bear interest at a fixed rate (via a swap) of 4.64%. The fixed rate is subject to change based on market conditions and final executed swap agreement. First Housing received an email, dated November 16, 2022, from First Horizon which shows an indicative fixed rate of 4.50%. First Housing has based the interest rate on the indicative fixed interest rate of 4.50%.

Based on the letter, dated August 9, 2022, from First Horizon the interest rate will be a variable rate equal to the one-month SOFR plus 200 basis points. The Applicant will elect to enter into a forward interest rate swap at closing which will fix the interest rate for the permanent period. The swap will be with First Horizon and will be secured under the first mortgage documents. Any default under the swap will be a default on the first mortgage loan and breakage costs due under the swap would be payable in addition to the first mortgage loan principal.

The Bond will mature 17 years following closing. At maturity, the Applicant may satisfy the loan via refinancing or sale of the Development pending market feasibility. In the event the Applicant is unable to refinance or sell the Development, then an event of default would not be triggered under the loan documents. Instead, a "Mortgage Assignment Event" would occur whereby First Horizon agrees to cancel the Bond in exchange for an assignment, by the Trustee, of the mortgage and all other related documents and accounts. The Trustee would cancel the Bond and discharge the lien of the Trustee. Then the Trustee would assign the mortgage loan and any other related documents and collateral to First Horizon, effectively ending the tax-exempt financing provided by FHFC. Under this scenario, the Bond will have been redeemed/cancelled not by payment of cash but by the assignment of the mortgage loan documents; therefore, there

FHDC

is no default. As the new direct mortgagee, First Horizon would then be in a position to work with the Applicant to arrive at a resolution without involvement of either FHFC or the Trustee (as the Bond would have been cancelled and would no longer be outstanding).

Additional fees included in the Debt Service calculation consist of an annual Permanent Loan Servicing Fee, an annual Compliance Monitoring Fee, an annual Issuer Fee of 24 bps, and an annual Trustee Fee of \$4,500. The annual Permanent Loan Servicing Fee is based upon a fee of 2.3 bps of the outstanding loan amount, with a minimum monthly fee of \$229. The annual Compliance Monitoring Fee is based upon a total fee which is comprised of a base fee of \$178 per month plus an additional fee per set-aside unit of \$10.91 per year, subject to a minimum of \$278 per month.

FHFC SAIL and ELI Loans:

First Housing reviewed an invitation to enter credit underwriting, dated, June 23, 2021, from FHFC with a preliminary SAIL Loan in the amount of \$4,321,000 and a preliminary ELI loan in the amount of \$600,000.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of 17 years, of which 2.5 years is for the construction/stabilization period and 14.5 years is for the permanent period and will be coterminous with the first mortgage as permitted by Rule 67-48. Annual payments of all applicable fees will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

The ELI loan is non-amortizing with an interest rate of 0% plus permanent loan servicing and compliance monitoring fees for a total loan term of 17 years, of which 2.5 years is for the construction/stabilization period and 14.5 years is for the permanent period and will be coterminous with the first mortgage as permitted by the RFA. Annual payments of all applicable fees will be required. Principal is forgivable at maturity, provided the units for which the ELI Loan amount is awarded are targeted to ELI households for the first 15 years of the 50-year Compliance Period. The Persons with Special Needs set aside requirement must be maintained through the entire 50-year Compliance Period.

The annual multiple program Compliance Monitoring Fee is \$993 for each of the SAIL and ELI loans. The annual Permanent Loan Servicing Fee is based upon the outstanding loan amounts, with a fee of 25 bps of the outstanding loan amount, with a minimum monthly fee of \$229 for each loan, and a maximum monthly fee of \$909 for each loan.

FHDC

Surtax:

First Housing reviewed a Memorandum, dated June 14, 2022, which was approved by the Miami-Dade Board of County Commissioners and indicates \$3,725,000 in surtax funds for the Development. It is anticipated that the surtax loan will have a 2 year construction period and a 30 year permanent period. The loan will have a 0% interest rate during the construction period, a 1% interest rate during years 3-17, and a 0.5% interest rate for years 18-30. Payments of interest only are due years 1-17 and then payments of interest and principal are due years 18-30. Payments are based on available cash flow.

HOME:

First Housing received a letter, dated September 11, 2021, from Public Housing and Community Development Miami-Dade County which indicates HOME funds in the amount of \$1,017,500 for the Development. It is anticipated that the HOME loan will have a 2 year construction period and a 30 year permanent period. The loan will have a 0% interest rate during the construction period and a 0.75% interest rate only payments from development cash flow during years 3-30. Full principal is due at maturity.

City of Miami:

First Housing received a letter, dated December 2, 2022, from City of Miami outlining the terms of the loan as well as draft loan documents. The loan is anticipated to be in the amount of \$1,800,000 and will bear interest at 0% during construction and 1% during the permanent period. Any unpaid interest each year will be deferred until maturity. Full repayment of principal and any unpaid interest will be due at the 30-year maturity.

Self-Sourced:

First Housing received a letter, dated June 28, 2022, from Lewis Swezy. The Self-Sourced loan in the amount of \$2,160,000 will be provided using Lewis Swezy's personal funds and will have an interest rate of 6%. The loan will require interest payments only subject to available cash flow. The loan will be coterminous with the Surtax loan and will have a total term of 32 years, of which 2 years is for the construction/stabilization period and 30 years is for the permanent period. The Self-Sourced Financing will be funded at closing of the SAIL loan via escrow account controlled by the SAIL loan Servicer and will be dispersed pro rata along with SAIL funding. The Self-Sourced Financing must be subordinate to the SAIL loan; no principal may be paid on the Self-Sourced Financing prior to the payoff of the SAIL loan and Surtax loan in full. Any payment of Self-Sourced Financing interest will be made subordinate to SAIL loan interest payments. Additionally, the Self-Sourced Financing must remain as a source in the Development

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for a minimum of 15 years and may not be repaid to the Applicant from any funding source, including development cash flow per the RFA.

Housing Credit Equity:

The Applicant has applied to FHFC to receive 4% Housing Credits directly from the U.S. Treasury in conjunction with tax exempt financing. The term sheet, dated November 30, 2022, indicates ST Investor LLC, its affiliate or designee, will provide HC equity as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$4,900,000	25.37%	Closing
2nd Installment	\$14,416,004	74.63%	Permanent Loan Conversion
Total	\$19,316,004	100.00%	

Annual Credit Per Syndication Agreement	\$2,064,668
Calculated HC Exchange Rate	\$0.945
Limited Partner Ownership Percentage	99.00%
Proceeds Available During Construction	\$4,900,000

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer \$1,382,924 or 21.45% of the total Developer Fee of \$6,445,997.

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Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
New Rental Units	\$23,714,000	\$23,714,000	\$23,714,000	\$159,154	\$137,825
Site Work	\$850,000	\$850,000	\$850,000	\$5,705	\$340,000
Constr. Contr. Costs subject to GC Fee	\$24,564,000	\$24,564,000	\$24,564,000	\$164,859	\$477,825
General Conditions	\$1,473,840	\$0	\$1,473,840	\$9,892	\$0
Overhead	\$491,280	\$0	\$491,280	\$3,297	\$0
Profit	\$1,473,840	\$3,438,959	\$1,473,840	\$9,892	\$0
Total Construction Contract/Costs	\$28,002,959	\$28,002,959	\$28,002,959	\$187,939	\$477,825
Hard Cost Contingency	\$1,400,147	\$1,400,147	\$1,400,147	\$9,397	\$0
FF&E paid outside Constr. Contr.	\$225,000	\$225,000	\$225,000	\$1,510	\$225,000
Other: <u>LOC and P&P Bonds</u>	\$224,031	\$224,031	\$224,031	\$1,504	\$0
Total Construction Costs:	\$29,852,137	\$29,852,137	\$29,852,137	\$200,350	\$702,825

Please note, the Application column is based on First Housing's conclusions in the CUR Update Letter, dated September 8, 2022.

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract, dated June 9, 2022, in the amount of \$28,002,959. This is a Standard Form of Agreement between Owner, Stadium Tower Apartments, LLC and Contractor, R.S. Construction of Dade, Inc., where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price ("GMP"). Per this contract, substantial completion is to be achieved by no later than 540 calendar days from the date of commencement. The construction contract specifies retainage of 10% be withheld until completion reaches 50% at which time retainage will be reduced to 5%.
2. First Housing utilized the Schedule of Values ("SOV") to breakout the construction costs.
3. First Housing adjusted Hard Cost Contingency to 5% of the total construction contract, which is within the allowable 5% of total hard costs for new construction developments as required by the RFA and Rule Chapters 67-48 and 67-21.
4. The GC Fee is within the maximum 14% of hard costs allowed by Rule Chapters 67-48 and 67-21. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process as per Rule Chapters 67-48 and 67-21.
5. First Housing has included 40% of the site work as ineligible costs for housing credits. First Housing has included the cost of purchasing the washers and dryers (\$137,825) as ineligible since they will be leased to the residents.
6. The GC Contract does not include any allowances.

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7. The Applicant includes costs for a Letter of Credit to secure the construction contract and P&P Bonds for the major subcontractors.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	\$52,150	\$52,150	\$52,150	\$350	\$15,000
Appraisal	\$10,450	\$10,450	\$10,450	\$70	\$0
Architect's Fee - Site/Building Design	\$447,000	\$447,000	\$447,000	\$3,000	\$0
Architect's Fee - Supervision	\$178,800	\$178,800	\$178,800	\$1,200	\$0
Building Permits	\$447,000	\$447,000	\$447,000	\$3,000	\$0
Builder's Risk Insurance	\$223,500	\$223,500	\$223,500	\$1,500	\$0
Engineering Fees	\$178,800	\$178,800	\$178,800	\$1,200	\$0
Environmental Report	\$20,000	\$20,000	\$20,000	\$134	\$0
FHFC Administrative Fees	\$184,893	\$186,363	\$187,743	\$1,260	\$187,743
FHFC Application Fee	\$3,000	\$3,000	\$3,000	\$20	\$3,000
FHFC Credit Underwriting Fee	\$28,193	\$25,243	\$31,143	\$209	\$31,143
FHFC Compliance Fee	\$0	\$251,332	\$0	\$0	\$0
Impact Fee	\$447,000	\$447,000	\$447,000	\$3,000	\$0
Lender Inspection Fees / Const Admin	\$37,250	\$37,250	\$37,250	\$250	\$0
Green Building Cert. (LEED, FGBC, NAHB)	\$44,700	\$44,700	\$44,700	\$300	\$0
Insurance	\$44,700	\$44,700	\$44,700	\$300	\$0
Legal Fees - Organizational Costs	\$200,000	\$200,000	\$200,000	\$1,342	\$100,000
Market Study	\$5,500	\$5,500	\$5,500	\$37	\$5,500
Marketing and Advertising	\$75,000	\$75,000	\$75,000	\$503	\$75,000
Plan and Cost Review Analysis	\$3,200	\$3,200	\$3,200	\$21	\$0
Property Taxes	\$37,250	\$37,250	\$37,250	\$250	\$0
Soil Test	\$15,000	\$15,000	\$15,000	\$101	\$0
Survey	\$29,800	\$29,800	\$29,800	\$200	\$0
Title Insurance and Recording Fees	\$149,000	\$149,000	\$149,000	\$1,000	\$29,800
Utility Connection Fees	\$163,900	\$163,900	\$163,900	\$1,100	\$0
Soft Cost Contingency	\$151,304	\$163,796	\$151,594	\$1,017	\$0
Total General Development Costs:	\$3,177,390	\$3,439,734	\$3,183,480	\$21,366	\$447,186

Please note, the Application column is based on First Housing's conclusions in the CUR Update Letter, dated September 8, 2022.

Notes to the General Development Costs:

- General Development Costs are the Applicant's estimates, which appear reasonable.
- First Housing has utilized actual costs for: FHFC Application Fee, FHFC Credit Underwriting, Appraisal, Market Study, and Plan and Cost Analysis ("PCA").
- The FHFC Administrative Fee is based on 9% of the recommended annual 4% Housing Credit allocation.
- The FHFC Credit Underwriting Fee includes \$25,243 for the Final CUR and \$2,950 each for both CUR Update Letters.
- The Applicant provided an executed proposal between Energy Cost Solution Group LLC and Centennial Management Corp. The Agreement is for consulting and verification services for the National Green Building Standard ICC 700 2015 (Standard).

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6. First Housing adjusted the Soft Cost Contingency to be 5% of the General Development Costs less the soft cost contingency, as allowed by the RFA and Rules 67-48 and 67-21 for new construction developments.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Commitment Fee	\$117,500	\$235,000	\$108,500	\$728	\$0
Construction Loan Closing Costs	\$0	\$0	\$0	\$0	\$0
Construction Loan Interest	\$1,529,192	\$1,641,710	\$2,184,560	\$14,661	\$546,140
Permanent Loan Commitment Fee	\$68,750	\$99,750	\$126,500	\$849	\$126,500
Permanent Loan Closing Costs	\$0	\$0	\$0	\$0	\$0
FHFC Bond Trustee Fee	\$9,000	\$0	\$11,250	\$76	\$11,250
FHFC Bond Cost of Issuance	\$277,584	\$289,834	\$277,584	\$1,863	\$277,584
SAIL Commitment Fee	\$43,210	\$49,210	\$43,210	\$290	\$43,210
SAIL-ELI Commitment Fee	\$6,000	\$0	\$6,000	\$40	\$6,000
Placement Agent/Underwriter Fee	\$35,000	\$35,000	\$35,000	\$235	\$35,000
Initial TEFRA Fee	\$1,000	\$0	\$1,000	\$7	\$1,000
Other: Syndication Fees	\$40,000	\$40,000	\$0	\$0	\$0
Other: FHFC Issuer Fee	\$112,800	\$141,000	\$141,000	\$946	\$141,000
Other: SAIL & ELI Extension Fees	\$49,210	\$49,210	\$49,210	\$330	\$49,210
Total Financial Costs:	\$2,289,246	\$2,580,714	\$2,983,814	\$20,026	\$1,236,894
Dev. Costs before Acq., Dev. Fee & Reserves	\$35,318,773	\$35,872,585	\$36,019,431	\$241,741	\$2,386,905

Please note, the Application column is based on First Housing's conclusions in the CUR Update Letter, dated September 8, 2022.

Notes to the Financial Costs:

- The Construction Loan Commitment Fee is based on 1% of the construction loan amount less the permanent loan origination fee.
- The Construction Loan Interest is based on an interest rate of 6.64%, a 30-month term, and an average outstanding loan balance of 56%.
- The Permanent Loan Origination Fee is based on 1% of the permanent loan amount.
- The FHFC Bond Trustee Fee represents 2.5 years of the annual Trustee Fee of \$4,500 during the construction period.
- FHFC Bond Cost of Issuance ("COI") includes MMRB, SAIL, and ELI Loan Closing Costs, and expenses of the Trustee, Real Estate Counsel, MMRB Counsel, Disclosure Counsel, and other fees.
- SAIL Commitment Fee is based on 1% of the SAIL Loan.
- ELI Commitment Fee is based on 1% of the ELI Loan.
- The FHFC Issuer Fee is based on an annual Issuer Fee of 24 bps on the total MMRB amount during the 2.5 year construction period.

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9. SAIL/ELI Extension Fee is based on 1% of the SAIL and ELI loans for the firm commitment extension.

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

Please note, the Application column is based on First Housing's conclusions in the CUR Update Letter, dated September 8, 2022.

Notes to the Non-Land Acquisition Costs:

- As this is new construction, there are no non-land acquisition costs.

DEVELOPER FEE ON NON-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Developer Fee - Unapportioned	\$6,319,879	\$6,419,565	\$6,445,997	\$43,262	\$0
Other: Advisor Fee	\$37,500	\$37,500	\$37,500	\$252	\$0
Total Other Development Costs:	\$6,357,379	\$6,457,065	\$6,483,497	\$43,513	\$0

Please note, the Application column is based on First Housing's conclusions in the CUR Update Letter, dated September 8, 2022.

Notes to the Developer Fee on Non-Acquisition Costs:

- The recommended Developer's Fee does not exceed 18% of Total Development Cost before Developer Fee, land acquisition costs, and Operating Deficit Reserves ("ODR") as allowed by the RFA 2020-205 and Rule Chapters 67-48 and 67-21.
- The advisor fee of \$37,500 has been included in Developer Fee as it is for financial advisory and structuring payable to Mark Waterbury.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Land	\$4,470,000	\$4,470,000	\$4,470,000	\$30,000	\$4,470,000
Total Acquisition Costs:	\$4,470,000	\$4,470,000	\$4,470,000	\$30,000	\$4,470,000

Please note, the Application column is based on First Housing's conclusions in the CUR Update Letter, dated September 8, 2022.

Notes to Acquisition Costs:

- First Housing has reviewed a Purchase Agreement, executed November 11, 2020, between Stadium Tower Apartments LLC ("Buyer") and Swezy Acquisitions, Inc. ("Seller"). According to the terms of the Agreement, the purchase price is \$4,470,000. Closing shall occur on or below December 31, 2021. First Housing received two

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amendments to the Purchase Agreement which extends the closing deadline to December 31, 2022.

2. The appraisal, dated July 15, 2022, indicated that the fee simple interest in the Development, as if vacant, based on market conditions prevailing on April 19, 2022, was \$4,770,000. Therefore, the appraisal supports the purchase price.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Operating Deficit Reserve (Syndicator)	\$250,000	\$573,295	\$0	\$0	\$0
Total Reserve Accounts:	\$250,000	\$573,295	\$0	\$0	\$0

Please note, the Application column is based on First Housing's conclusions in the CUR Update Letter, dated September 8, 2022.

Notes to Reserve Accounts:

1. An ODR is not being required by the Syndicator.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	\$46,396,152	\$47,372,945	\$46,972,928	\$315,255	\$6,856,905

Please note, the Application column is based on First Housing's conclusions in the CUR Update Letter, dated September 8, 2022.

Notes to Total Development Costs:

1. The TDC has increased by a total of \$576,776 from \$46,396,152 to \$46,972,928 or 1.24% since the Final CUR. The change is mainly due to an increase in financial costs.
2. Based on the TDC per unit limitations in effect as of the April 1, 2022 Telephonic FHFC Board meeting, Florida Housing has set the TDC for RFA 2020-205, exclusive of land costs and ODR, to \$521,529.84 per unit for new construction, high-rise Development located in Miami-Dade County. The Development's TDC, exclusive of land and ODR is \$42,502,928 or \$285,254.55 per unit, which is within the underwriting parameters.

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Operating Pro Forma: Stadium Towers

FINANCIAL COSTS:		Year 1	Year 1 Per Unit	
OPERATING PRO FORMA				
INCOME:	Gross Potential Rental Income	\$2,054,292	\$13,787	
	Other Income			
	Miscellaneous	\$35,760	\$240	
	Washer/Dryer Rentals	\$53,640	\$360	
	Gross Potential Income	\$2,143,692	\$14,387	
	Less:			
	Physical Vac. Loss Percentage: 3.00%	\$64,311	\$432	
	Collection Loss Percentage: 2.00%	\$42,874	\$288	
	Total Effective Gross Income	\$2,036,507	\$13,668	
	EXPENSES:	Fixed:		
Real Estate Taxes		\$201,299	\$1,351	
Insurance		\$126,650	\$850	
Variable:				
Management Fee Percentage: 5.00%		\$101,825	\$683	
General and Administrative		\$59,600	\$400	
Payroll Expenses		\$186,250	\$1,250	
Utilities		\$89,400	\$600	
Marketing and Advertising		\$11,175	\$75	
Maintenance and Repairs/Pest Control		\$59,600	\$400	
Grounds Maintenance and Landscaping		\$26,075	\$175	
Contract Services		\$44,700	\$300	
Reserve for Replacements		\$44,700	\$300	
Total Expenses		\$951,274	\$6,384	
Net Operating Income		\$1,085,233	\$7,283	
Debt Service Payments				
First Mortgage - FHFC/First Horizon		\$718,404	\$4,822	
Second Mortgage - FHFC-SAIL	\$43,210	\$290		
Third Mortgage - FHFC-ELI	\$0	\$0		
Fourth Mortgage - Miami PHCD Surtax	\$37,250	\$250		
Fifth Mortgage - Miami PHCD HOME	\$7,631	\$51		
All Other Mortgages - City of Miami and Lewis Swezy	\$147,630	\$991		
First Mortgage Fees - FHFC/First Horizon	\$41,334	\$277		
Second Mortgage Fees - FHFC-SAIL	\$11,796	\$79		
Third Mortgage Fees - FHFC-ELI	\$3,741	\$25		
Fourth Mortgage Fees - Miami PHCD Surtax	\$0	\$0		
Fifth Mortgage Fees - City of Miami	\$0	\$0		
All Other Mortgage Fees - Miami PHCD HOME and Lewis Swezy	\$0	\$0		
Total Debt Service Payments	\$1,010,996	\$6,785		
Cash Flow after Debt Service	\$74,237	\$498		
Debt Service Coverage Ratios				
DSC - First Mortgage plus Fees	1.43x			
DSC - Second Mortgage plus Fees	1.33x			
DSC - Third Mortgage plus Fees	1.33x			
DSC - Fourth Mortgage plus Fee	1.27x			
DSC - Fifth Mortgage plus Fees	1.26x			
DSC - All Mortgages and Fees	1.07x			
Financial Ratios				
Operating Expense Ratio	46.71%			
Break-even Economic Occupancy Ratio (all debt)	91.79%			

Notes to the Operating Pro Forma and Ratios:

- The MMRB program does not impose any rent restrictions. However, in conjunction with the MMRB this Development will be utilizing Housing Credits, SAIL, and ELI financing which will impose rent restrictions. The LIHTC rent levels are based on the 2022 maximum LIHTC rents published on FHFC's website for Miami-Dade County less the utility allowance. The utility allowances are based on the high-rise utility allowances for Miami-Dade County effective on January 1, 2022. Below is the rent roll for the Development. The appraisal and market study are based on the original set-asides reflected in the Final CUR. It is anticipated that the change in set-asides would have no material impact on the overall conclusions in the market study and appraisal and that there would be minimal impact on value, loan-to-value, and capture rates. First Housing

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has shown the set-asides distributed pro rata amongst the unit mix which is different than what was in the Request Letter, dated September 26, 2022, from a representative of the Applicant.

Miami-Dade County/ Miami-Miami Beach-Kendall HMFA

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	1	636	30%	\$914		\$548	\$84	\$ 464		\$ 426	\$ 464	\$ 464	\$ 5,568
1	1.0	6	636	30%			\$548	\$84	\$ 464		\$ 426	\$ 464	\$ 464	\$ 33,408
1	1.0	19	580	60%			\$1,097	\$84	\$ 1,013		\$ 935	\$ 1,013	\$ 1,013	\$ 230,964
1	1.0	18	580	70%			\$1,280	\$84	\$ 1,196		\$ 1,105	\$ 1,196	\$ 1,196	\$ 258,336
2	2.0	11	840	30%			\$658	\$132	\$ 526		\$ 482	\$ 526	\$ 526	\$ 69,432
2	2.0	4	924	60%			\$1,317	\$132	\$ 1,185		\$ 1,093	\$ 1,185	\$ 1,185	\$ 56,880
2	2.0	20	840	60%			\$1,317	\$132	\$ 1,185		\$ 1,093	\$ 1,185	\$ 1,185	\$ 284,400
2	2.0	2	985	60%		\$1,406	\$1,317	\$132	\$ 1,185		\$ 1,093	\$ 1,185	\$ 1,185	\$ 28,440
2	2.0	5	843	60%			\$1,317	\$132	\$ 1,185		\$ 1,093	\$ 1,185	\$ 1,185	\$ 71,100
2	2.0	26	840	70%			\$1,536	\$132	\$ 1,404		\$ 1,296	\$ 1,404	\$ 1,404	\$ 438,048
3	2.0	6	1,144	30%			\$760	\$199	\$ 561		\$ 515	\$ 561	\$ 561	\$ 40,392
3	2.0	2	1,144	60%			\$1,521	\$199	\$ 1,322		\$ 1,220	\$ 1,322	\$ 1,322	\$ 31,728
3	2.0	2	1,181	60%			\$1,521	\$199	\$ 1,322		\$ 1,220	\$ 1,322	\$ 1,322	\$ 31,728
3	2.0	1	1,061	60%		\$1,615	\$1,521	\$199	\$ 1,322		\$ 1,220	\$ 1,322	\$ 1,322	\$ 15,864
3	2.0	11	1,061	60%			\$1,521	\$199	\$ 1,322		\$ 1,220	\$ 1,322	\$ 1,322	\$ 174,504
3	2.0	15	1,061	70%			\$1,774	\$199	\$ 1,575		\$ 1,455	\$ 1,575	\$ 1,575	\$ 283,500
		149	123,834											\$ 2,054,292

2. First Housing included Vacancy and Collection loss rate of 5% which is supported by the appraisal.
3. Miscellaneous Income is comprised of revenue from vending machines, late charges, pet deposits, forfeited security deposits, etc. Total Miscellaneous Income of \$240 per unit per year is supported by the appraisal.
4. The Applicant will offer washer/dryer appliances to rent to the residents. A participation rate of 60% and a monthly premium of \$50 is projected by the appraiser.
5. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.
6. The Applicant has submitted an executed Housing Management Agreement, dated January 3, 2021, between the Applicant and Centennial Management Corp. which reflects a monthly management fee of 5% of revenue.

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7. Tenants are responsible for electric, water, sewer, cable, and internet. The landlord is responsible for common area electric, common area water/sewer, pest control, and trash collection.
8. Replacement Reserves of \$300 per unit per year are required, per the RFA and Rule Chapters 67-48 and 67-21.
9. Refer to Exhibit I, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses increasing at an annual rate of 3%.
10. The Break-Even Economic Occupancy Ratio includes the debt payments and fees on all mortgages. However, all mortgage payments, except the first mortgage payments, are subject to available cash flow.

Recommendation

First Housing's review indicates the proposed change in set-asides, MMRB Series B construction loan term, SAIL and ELI loan terms, additional subordinate loan of \$1,800,000 from the City of Miami, and the change in syndicator to ST Investor LLC has no substantial adverse impact to the Final CUR and CUR Update Letter, dated September 8, 2022. First Housing recommends Tax-Exempt Multifamily Mortgage Revenue Bonds in the amount of \$23,500,000, a SAIL Loan in the amount of \$4,321,000, an ELI Loan in the amount of \$600,000, and an annual 4% HC Allocation of \$2,086,033 for the construction and permanent financing of the Development.

Closing of the transaction is subject to the following conditions:

1. All closing conditions in the Final CUR must be met.
2. A fully executed First Horizon commitment letter.
3. Final loan documents for the City of Miami loan which confirm the loan terms used in this report.
4. ST Investor LLC must contribute the construction equity amount currently estimated at \$4,900,000 at or prior to closing.
5. All other due diligence required by FHFC, its Legal Counsel and Servicer.

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Prepared by:



Taylor Arruda
Senior Credit Underwriter

Reviewed by:



Ed Busansky
Senior Vice President

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Syndication Information

Syndicator Name: ST Investor LLC

Contact Person: Lewis Swezy
7735 NW 146 Street, Suite 306
Miami Lakes, FL 33016
305-821-0330 Telephone
lswezy@centennialmgt.com Email

Experience: ST Investor LLC is a Florida limited liability company of which Lewis Swezy is the sole manager and sole member. Lewis Swezy has over 35 years of experience in property acquisition, land development, construction, real estate finance, real estate brokerage, and property management specializing in affordable housing development and management. Lewis Swezy owns and manages over 3,700 apartments, about 900,00 square feet of warehouses, and over two hundred acres of vacant land. Lewis Swezy has developed and constructed or rehabilitated over one hundred million dollars in real property.

Financial Statements: First Housing has received and reviewed unaudited financial statements, dated May 31, 2022, for Lewis Swezy.

Lewis Swezy Personal Financial Statement Unaudited May 31, 2022	
Cash	\$92,779,995
Total Assets	\$720,439,725
Total Liabilities	\$198,197,022
Equity	\$522,242,703

Summary: ST Investor LLC through its sole manager/member has demonstrated that it has the experience and financial strength to serve as the syndicator for this Development.

HC Allocation Calculation

Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	\$46,972,928
Less Land Costs	\$4,470,000
Less Federal Grants and Loans	\$0
Less Other Ineligible Costs	\$2,386,905
Total Eligible Basis	\$40,116,023
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	\$52,150,830
Housing Credit Percentage	4.00%
Annual Housing Credit Allocation	\$2,086,033

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include; FHFC Fees, closing costs, and reserves.
2. The Development has a 100% set-aside: therefore, the Applicable Fraction is 100%.
3. For purposes of this analysis, the Development is located in a Qualified Census Tract ("QCT"); therefore the 130% basis credit was applied.
4. For purposes of this recommendation a HC percentage of 4.00% was applied based on the 4% floor rate, which was established through the Consolidated Appropriations Act of 2021.

FHDC

GAP Calculation

Total Development Costs(including land and ineligible Costs)	\$46,972,928
Less Mortgages	\$26,274,000
Less Grants	\$0
Equity Gap	\$20,698,928
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.945
HC Required to meet Equity Gap	\$21,905,818
Annual HC Required	\$2,190,582

Notes to the Gap Calculation:

1. The syndication pricing was taken from the term sheet, dated November 30, 2022, from ST Investor LLC.
2. HC Percentage to Investment Partner is based on Rule 67-21 which requires the greater of the actual percentage (99% for this Development) or 99.99%.

Summary

HC Per Syndication Agreement	\$2,064,668
HC Per Qualified Basis	\$2,086,033
HC Per GAP Calculation	\$2,190,582
Annual HC Recommended	\$2,086,033
Syndication Proceeds based upon Syndication Agreement	\$19,316,004

1. The estimated annual 4% Housing Credit allocation is limited to the lesser of the qualified basis calculation or the gap calculation. The recommendation is based on the gap calculation.

FHDC

50% Test

Tax-Exempt Bond Amount	\$23,500,000
Less: Debt Service Reserve Funded with Tax-Exempt Bond Proceeds	\$0
Other:	\$0
Other:	\$0
Equals Net Tax-Exempt Bond Amount	\$23,500,000
Total Depreciable Cost	\$40,116,023
Plus Land Cost	\$4,470,000
Aggregate Basis	\$44,586,023
Net Tax-Exempt Bond to Aggregate Basis Ratio	52.71%

1. Based on the budget, the Development appears to meet the 50% test for 4% Housing Credits.

FHDC

15 Year Proforma

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																
Gross Potential Rental Income		\$2,054,292	\$2,095,378	\$2,137,285	\$2,180,031	\$2,223,632	\$2,268,104	\$2,313,466	\$2,359,736	\$2,406,930	\$2,455,069	\$2,504,170	\$2,554,254	\$2,605,339	\$2,657,446	\$2,710,595
Other Income																
Miscellaneous		\$35,760	\$36,475	\$37,205	\$37,949	\$38,708	\$39,482	\$40,272	\$41,077	\$41,899	\$42,737	\$43,591	\$44,463	\$45,352	\$46,259	\$47,185
Washer/Dryer Rentals		\$53,640	\$54,713	\$55,807	\$56,923	\$58,062	\$59,223	\$60,407	\$61,615	\$62,848	\$64,105	\$65,387	\$66,695	\$68,028	\$69,389	\$70,777
Gross Potential Income		\$2,143,692	\$2,186,566	\$2,230,297	\$2,274,903	\$2,320,401	\$2,366,809	\$2,414,145	\$2,462,428	\$2,511,677	\$2,561,910	\$2,613,149	\$2,665,412	\$2,718,720	\$2,773,094	\$2,828,556
Less:																
Physical Vac. Loss Percentage: 3.00%		\$64,311	\$65,597	\$66,909	\$68,247	\$69,612	\$71,004	\$72,424	\$73,873	\$75,350	\$76,857	\$78,394	\$79,962	\$81,562	\$83,193	\$84,857
Collection Loss Percentage: 2.00%		\$42,874	\$43,731	\$44,606	\$45,498	\$46,408	\$47,336	\$48,283	\$49,249	\$50,234	\$51,238	\$52,263	\$53,308	\$54,374	\$55,462	\$56,571
Total Effective Gross Income		\$2,036,507	\$2,077,238	\$2,118,782	\$2,161,158	\$2,204,381	\$2,248,469	\$2,293,438	\$2,339,307	\$2,386,093	\$2,433,815	\$2,482,491	\$2,532,141	\$2,582,784	\$2,634,439	\$2,687,128
Fixed:																
Real Estate Taxes		\$201,299	\$207,338	\$213,558	\$219,965	\$226,564	\$233,361	\$240,362	\$247,572	\$255,000	\$262,650	\$270,529	\$278,645	\$287,004	\$295,614	\$304,483
Insurance		\$126,650	\$130,450	\$134,363	\$138,394	\$142,546	\$146,822	\$151,227	\$155,764	\$160,436	\$165,250	\$170,207	\$175,313	\$180,573	\$185,990	\$191,569
Variable:																
Management Fee Percentage: 5.00%		\$101,825	\$103,862	\$105,939	\$108,058	\$110,219	\$112,423	\$114,672	\$116,965	\$119,305	\$121,691	\$124,125	\$126,607	\$129,139	\$131,722	\$134,356
General and Administrative		\$59,600	\$61,388	\$63,230	\$65,127	\$67,080	\$69,093	\$71,166	\$73,300	\$75,499	\$77,764	\$80,097	\$82,500	\$84,975	\$87,525	\$90,150
Payroll Expenses		\$186,250	\$191,838	\$197,593	\$203,520	\$209,626	\$215,915	\$222,392	\$229,064	\$235,936	\$243,014	\$250,304	\$257,814	\$265,548	\$273,514	\$281,720
Utilities		\$89,400	\$92,082	\$94,844	\$97,690	\$100,620	\$103,639	\$106,748	\$109,951	\$113,249	\$116,647	\$120,146	\$123,751	\$127,463	\$131,287	\$135,226
Marketing and Advertising		\$11,175	\$11,510	\$11,856	\$12,211	\$12,578	\$12,955	\$13,344	\$13,744	\$14,156	\$14,581	\$15,018	\$15,469	\$15,933	\$16,411	\$16,903
Maintenance and Repairs/Pest Control		\$59,600	\$61,388	\$63,230	\$65,127	\$67,080	\$69,093	\$71,166	\$73,300	\$75,499	\$77,764	\$80,097	\$82,500	\$84,975	\$87,525	\$90,150
Grounds Maintenance and Landscaping		\$26,075	\$26,857	\$27,663	\$28,493	\$29,348	\$30,228	\$31,135	\$32,069	\$33,031	\$34,022	\$35,043	\$36,094	\$37,177	\$38,292	\$39,441
Contract Services		\$44,700	\$46,041	\$47,422	\$48,845	\$50,310	\$51,820	\$53,374	\$54,975	\$56,625	\$58,323	\$60,073	\$61,875	\$63,732	\$65,643	\$67,613
Reserve for Replacements		\$44,700	\$44,700	\$44,700	\$44,700	\$44,700	\$44,700	\$44,700	\$44,700	\$44,700	\$44,700	\$44,700	\$44,700	\$44,700	\$44,700	\$44,700
Total Expenses		\$951,274	\$977,453	\$1,004,397	\$1,032,129	\$1,060,671	\$1,090,048	\$1,120,284	\$1,151,405	\$1,183,437	\$1,216,406	\$1,251,681	\$1,287,990	\$1,325,364	\$1,363,833	\$1,403,431
Net Operating Income		\$1,085,233	\$1,099,784	\$1,114,385	\$1,129,029	\$1,143,710	\$1,158,421	\$1,173,154	\$1,187,902	\$1,202,656	\$1,217,409	\$1,232,180	\$1,247,151	\$1,262,240	\$1,277,406	\$1,283,697
Debt Service Payments																
First Mortgage - FHFC/First Horizon		\$718,404	\$718,404	\$718,404	\$718,404	\$718,404	\$718,404	\$718,404	\$718,404	\$718,404	\$718,404	\$718,404	\$718,404	\$718,404	\$718,404	\$718,404
Second Mortgage - FHFC-SAIL		\$43,210	\$43,210	\$43,210	\$43,210	\$43,210	\$43,210	\$43,210	\$43,210	\$43,210	\$43,210	\$43,210	\$43,210	\$43,210	\$43,210	\$43,210
Third Mortgage - FHFC-ELI		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fourth Mortgage - Miami PHCD Surtax		\$37,250	\$37,250	\$37,250	\$37,250	\$37,250	\$37,250	\$37,250	\$37,250	\$37,250	\$37,250	\$37,250	\$37,250	\$37,250	\$37,250	\$37,250
Fifth Mortgage - Miami PHCD HOME		\$7,631	\$7,631	\$7,631	\$7,631	\$7,631	\$7,631	\$7,631	\$7,631	\$7,631	\$7,631	\$7,631	\$7,631	\$7,631	\$7,631	\$7,631
All Other Mortgages - City of Miami and Lewis Swezy		\$147,630	\$147,630	\$147,630	\$147,630	\$147,630	\$147,630	\$147,630	\$147,630	\$147,630	\$147,630	\$147,630	\$147,630	\$147,630	\$147,630	\$147,630
First Mortgage Fees - FHFC/First Horizon		\$41,334	\$41,073	\$40,797	\$40,507	\$40,202	\$39,881	\$39,543	\$39,188	\$38,814	\$38,420	\$38,006	\$37,571	\$37,114	\$36,633	\$36,127
Second Mortgage Fees - FHFC-SAIL		\$11,796	\$11,796	\$11,796	\$11,796	\$11,796	\$11,796	\$11,796	\$11,796	\$11,796	\$11,796	\$11,796	\$11,796	\$11,796	\$11,796	\$11,796
Third Mortgage Fees - FHFC-ELI		\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741
Fourth Mortgage Fees - Miami PHCD Surtax		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fifth Mortgage Fees - City of Miami		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Other Mortgages Fees - Miami PHCD HOME and Lewis Swezy		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments		\$1,010,996	\$1,010,734	\$1,010,459	\$1,010,169	\$1,009,864	\$1,009,543	\$1,009,205	\$1,008,849	\$1,008,475	\$1,008,082	\$1,007,668	\$1,007,233	\$1,006,775	\$1,006,294	\$1,005,788
Cash Flow after Debt Service		\$74,237	\$89,050	\$103,926	\$118,860	\$133,846	\$148,878	\$163,949	\$179,053	\$194,181	\$209,328	\$223,142	\$236,918	\$250,645	\$264,312	\$277,909
Debt Service Coverage Ratios																
DSC - First Mortgage plus Fees		1.43	1.45	1.47	1.49	1.51	1.53	1.55	1.57	1.59	1.61	1.63	1.65	1.66	1.68	1.70
DSC - Second Mortgage plus Fees		1.33	1.35	1.37	1.39	1.41	1.42	1.44	1.46	1.48	1.50	1.52	1.53	1.55	1.57	1.59
DSC - Third Mortgage plus Fees		1.33	1.34	1.36	1.38	1.40	1.42	1.44	1.46	1.47	1.49	1.51	1.53	1.54	1.56	1.58
DSC - Fourth Mortgage plus Fee		1.27	1.29	1.30	1.32	1.34	1.36	1.37	1.39	1.41	1.43	1.44	1.46	1.48	1.49	1.51
DSC - Fifth Mortgage plus Fees		1.26	1.27	1.29	1.31	1.33	1.34	1.36	1.38	1.40	1.41	1.43	1.45	1.46	1.48	1.50
DSC - All Mortgages and Fees		1.07	1.09	1.10	1.12	1.13	1.15	1.16	1.18	1.19	1.21	1.22	1.24	1.25	1.26	1.28
Financial Ratios																
Operating Expense Ratio		46.71%	47.06%	47.40%	47.76%	48.12%	48.48%	48.85%	49.22%	49.60%	49.98%	50.42%	50.87%	51.32%	51.77%	52.23%
Break-even Economic Occupancy Ratio (all debt)		91.79%	91.18%	90.59%	90.03%	89.48%	88.96%	88.46%	87.98%	87.52%	87.08%	86.71%	86.36%	86.03%	85.72%	85.42%

FHDC

SELTZER MANAGEMENT GROUP, INC.

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

April 20, 2023

VIA EMAIL

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

Re: Water's Edge Apartments
MMRB 2019 Series P, SAIL and ELI – RFA 2017-108 (2018-025BS)/4% HC 2016-580C
CUR Update Letter - Reallocation of \$250,000 in Miami-Dade HOME funding to Miami-Dade
Surtax funding

Dear Mr. Kennedy:

Seltzer Management Group, Inc. ("SMG" or "Seltzer") is in receipt of email correspondence, dated December 13, 2022 that included a letter dated October 19, 2022 from a representative of Water's Edge Associates, Ltd. ("Borrower") requesting Florida Housing Finance Corporation's ("FHFC" or "Florida Housing") consent to the reallocation of \$250,000 in Miami-Dade HOME funding to Miami-Dade SURTAX funding for the above referenced transaction. The Miami-Dade SURTAX loan will continue to be subordinate to the Multifamily Mortgage Revenue Bonds ("MMRB"), State Apartment Incentive Loan ("SAIL"), and an Extremely Low Income ("ELI") loan. At your direction, SMG has reviewed the request and formulated a recommendation. Seltzer's findings are presented below.

For purposes of this analysis, Seltzer reviewed the following due diligence:

- Borrower's correspondence outlined above
- July 18, 2019 Credit Underwriting Report ("CUR") approved at the August 2, 2019 FHFC's Board meeting
- October 11, 2019 CUR Update Letter - First Mortgage Permanent Loan Amount approved at the October 31, 2019 FHFC's Board meeting
- December 4, 2019 Miami-Dade Credit Underwriting Report ("MD CUR") approved by Miami-Dade County Public Housing and Community Development ("PHCD")
- December 11, 2019 Closing Letter and Final Sources and Uses/Draw Schedule approved by FHFC
- March 25, 2021 Global Modification and Amendment to Miami-Dade SURTAX/HOME Loan Documents ("Amendment")
- December 31, 2021 Water's Edge Associates, Ltd. Audited Financial Statement
- May 10, 2022 Water's Edge Apartments Annual Compliance Management Review and Physical Inspection
- April 30, 2021 Draft General Contractor's Cost Certification and Independent Auditor's Report
- April 30, 2021 Draft Final Cost Certification and Independent Auditor's Report

The Borrower correspondence requests \$250,000 in reallocated funds from Miami-Dade HOME funding to Miami-Dade SURTAX funding be added to the transaction based on the Amendment dated March 25,

Mr. Tim Kennedy
Water's Edge Apartments
April 20, 2023
Page 2

2021. The term of the SURTAX funding is thirty (30) years. The interest rate during the construction phase (years 1-2) is zero percent (0%) interest and the interest rate for the remaining term (years 3-30) is one percent (1%). Payments will be interest only from available cash flow. Any unpaid interest will be deferred until cash flow is available. At maturity, however, all principal and unpaid interest is due. Set-asides are no more restrictive than those presented in the CUR. The additional SURTAX funding will have a subordinate mortgage position to all Florida Housing's funding including MMRB, SAIL and ELI Loans.

The draft Final Cost Certification ("DFCC") reflects the reallocation of the \$250,000 Miami-Dade HOME funding to Miami-Dade SURTAX funding and reflects a total development cost of \$26,637,911 (\$1,295,803 less than the amount noted in the Final Sources and Uses/Closing Draw).

Changes in Sources from the Final Sources and Uses/Draw Schedule to the DFCC are as follows:

	Final Sources and Uses/Draw Schedule	DFCC
First Mortgage	\$9,150,000	\$9,150,000
SAIL	\$3,000,000	\$3,000,000
ELI	\$600,000	\$600,000
SURTAX	\$3,200,000	\$3,770,000
HOME	\$320,000	\$0
HC Equity	\$9,409,759	\$9,139,438
Deferred Developer Fee	\$2,253,955	\$978,473
Total	\$27,933,714	\$26,637,911

SMG concludes that the reallocation of Miami-Dade HOME funding to Miami-Dade SURTAX funding will not adversely impact the transaction and would have otherwise been approved if it had been included as a funding source during the credit underwriting process. Accordingly, SMG provides this analysis for FHFC's consideration to approve the Borrower's request, subject to the following:

- Review and approval of all loan documents consistent with the terms outlined in this CUR Update Letter by Florida Housing, its Legal Counsel and Servicer.
- Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-48.0075(5) and 67-21.0025(5) F.A.C., of an Applicant or a Developer).
- Satisfactory resolution of any outstanding past due and/or noncompliance items.
- 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.



Frank Sforza
Credit Underwriter II

FLORIDA HOUSING FINANCE CORPORATION - Tentative 2023-2024 Funding Amounts/Time Lines
(All Information Subject to Change)

Preliminary Awards approved by the Board

4.28.23

DRAFT - SUBJECT TO BOARD APPROVAL

Assigned RFA Number	Subject of RFA	2023-2024 Program Funding and Estimated Funding Amount Available	Board Approval for RFA	RFA Workshop	RFA Issue Date	RFA Due Date	Review Committee (make recommendations to Board)	Request Board Approval of Recommendations (at scheduled Board Meeting - all dates are tentative)
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2023

	General Workshop for 2023-2024 RFA Cycle			1/26/2023 5/4/2023				
	General Workshop for 2023-2024 Permanent Supportive Housing RFAs			TBA				

2023-211	Viability Loan Funding pursuant to SB 102	\$159,300,000 M (estimated)	4/28/2023	4/18/2023 2:00 p.m.	5/1/2023	5/17/2023	5/31/2023 @ 10:00 a.m.	6/9/2023
2023-101	SAIL Financing for the Preservation of Elderly Developments	\$TBD SAIL (estimated) *In conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits	6/9/2023	October 2023	November 2023	December 2023	January 2024	Spring 2024
2023-201	Housing Credit Financing for Affordable Housing Developments Located in Medium and Small Counties	\$TBD - 9% HC - Small County (estimated) \$TBD - 9% HC - Medium County (estimated)	6/9/2023	6/8/2023	7/11/2023	8/8/2023	8/24/2023	9/8/2023
2023-202	Housing Credit Financing for Affordable Housing Developments Located in Broward, Duval, Hillsborough, Orange, Palm Beach, and Pinellas Counties	\$TBD 9% HC (estimated)	6/9/2023	6/8/2023	7/11/2023	8/9/2023	8/24/2023	9/8/2023
2023-203	Housing Credit Financing for Affordable Housing Developments Located in Miami-Dade County	\$TBD 9% HC (estimated)	6/9/2023	6/8/2023	7/11/2023	8/10/2023	8/29/2023	9/8/2023
2023-205	SAIL Financing of Affordable Multifamily Housing Developments	\$TBD- Elderly (estimated) \$TBD SAIL - Family (estimated) \$TBD M - NHTF (estimated) *In conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits	6/9/2023	6/1/2023	7/3/2023	8/3/2023	8/23/2023	9/8/2023
2023-206	HOME Financing For The Construction Of Small, Rural Developments	\$TBD HOME (estimated)	6/9/2023	November 2023	December 2023	January 2024	February 2024	Spring 2024

Assigned RFA Number	Subject of RFA	2023-2024 Program Funding and Estimated Funding Amount Available	Board Approval for RFA	RFA Workshop	RFA Issue Date	RFA Due Date	Review Committee (make recommendations to Board)	Request Board Approval of Recommendations (at scheduled Board Meeting - all dates are tentative)
2023-TBD	SAIL Financing for Innovative Projects Pursuant to Section 32 of SB 102, The Live Local Act; 420.50871, F.S.	\$150 M	6/9/2023	TBD	TBD	TBD	TBD	TBD
2023-TBD	SAIL Funding pursuant to Section 34 of SB 102, The Live Local Act; 420.50872, F.S., Live Local Program	\$100 M	6/9/2023	TBD	TBD	TBD	TBD	TBD

2024

2024-102	SAIL Financing for Smaller Permanent Supportive Housing Developments for Persons with Special Needs	\$TBD SAIL (estimated) \$TBD HOME-ARP (estimated) \$TBD NHTF (estimated)	6/9/2023	November 2023	December 2023	February/March 2024	Spring 2024	Spring 2024
2024-103	Housing Credit and SAIL Financing to Develop Housing for Homeless Persons	\$TBD SAIL (estimated) \$TBD HC -Medium county (estimated) \$TBD HC - Large county (estimated) \$TBD - NHTF (estimated)	6/9/2023	October 2023	November 2023	January/February 2024	Spring 2024	Spring 2024
2024-104	SAIL Financing Farmworker and Commercial Fishing Worker Housing	\$TBD SAIL (estimated)	6/9/2023	Spring 2024	Spring 2024	Spring 2024	Spring 2024	Spring 2024
2024-105	Financing to Build Smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities	\$TBD - DD Grant funding (estimated)	6/9/2023	Spring 2024	Spring 2024	Spring 2024	Spring 2024	Spring 2024
2024-106	Financing to Develop Housing for Persons with Disabling Conditions / Developmental Disabilities	\$TBD 9% HC (estimated) \$TBD (estimated) SAIL for Disabling Conditions \$TBD (estimated) in Grant funding for Developmental Disabilities \$TBD (estimated) NHTF	6/9/2023	October 2023	November 2023	January/February 2024	February/March 2024	Spring 2024

**Hurricane Eta (FEMA-3551_FL) Damage Assessment
as of March 31, 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. As of 3/31/2023, Management reported 1 unit remains out of service.</p>	0

Total Displaced Households

0

Hurricane Ian Damage Assessment
as of March 31, 2023

Development	City	County	# Units	Buildings Damaged	Units Damaged	Households Displaced	Estimated Damage	Current Status	Households Displaced at 3/31/2023
Daytona Gardens	Daytona Beach	Volusia	230		4	2	Limited	As of 3/31/2023, four (4) units remain out-of-service. Unit interior work is anticipated to be completed by 4/30/2023. Work on the Leasing Office, Community Room and Laundry is complete.	2
Kissimmee Homes	Kissimmee	Osceola	104		97	97	Catastrophic	The first group of 11 units was anticipated to be completed on 3/6/2023. As of 3/31/2023, 12 units are complete and awaiting fire extinguisher inspection prior to CO being issued. Inspection scheduled for 4/17/2023. Anticipated completion date for all units is 6/23/2023.	97
McPines	Arcadia	Desoto	64	2	2	1	Moderate	Interior drywall and painting is complete. Ready for cabinets, doors, light fixtures and appliances. Exterior siding work worked has started. Anticipated completion date for all work is 5/31/2023.	1
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. As of 3/31/2023, HACFM is waiting on insurance funds and/or FEMA funding to begin roof replacement. All roofs are currently tarped. Anticipated completion date is 2024.	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. As of 3/31/2023, HACFM is waiting on insurance funds and/or FEMA funding to begin roof replacement. All roofs are currently tarped. Anticipated completion date is 2024.	0

Hurricane Ian Damage Assessment
as of March 31, 2023

Development	City	County	# Units	Buildings Damaged	Units Damaged	Households Displaced	Estimated Damage	Current Status	Households Displaced at 3/31/2023
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. As of 3/31/2023, HACFM is waiting on insurance funds and/or FEMA funding to begin roof replacement. All roofs are currently tarped. Anticipated completion date is 2024.	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
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. As of 3/31/2023, completion date is pushed out to 8/1/2023 due to vendor delays and material supply issues.	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. As of 3/31/2023, all interior work is complete. Roof replacement contract is executed; currently waiting on permits to begin work. Anticipated duration of roof replacement work is 60 days.	0
Heron Cove	Arcadia	Desoto	64	8	60	0	Extensive	As of 3/31/2023, interior flooring replacement is complete. Waiting on permits in order to begin roof replacement work. Anticipated duration of roof replacement work is 60-days.	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. As of 3/31/2023, all work is complete.	0

Hurricane Ian Damage Assessment
as of March 31, 2023

Development	City	County	# Units	Buildings Damaged	Units Damaged	Households Displaced	Estimated Damage	Current Status	Households Displaced at 3/31/2023
Renaissance Senior	Ft. Myers	Lee	120	1	8	0	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 (HACFM). As of 3/31/2023, HACFM is waiting on insurance funds and/or FEMA funding to begin roof replacement. All roofs are currently tarped. Anticipated completion date is 2024. As of 3/31/2023, debris removal has started. Bids for reconstruction of the building are being reviewed. A contract should be finalized by 4/30/2023.	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. All work was completed as of 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. As of 3/31/2023, the anticipated completion date has been pushed out to 10/31/2023 due to permitting and inspection delays.	0
									109

RFA	Application Number	Name of Development		Name of Applicant	Name of Developers	County	Total Units	DeMO. 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, 30% 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, 91% 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, 82% 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, 59% 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, 77% 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, 94% 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. However, at the April 28, 2023 Board meeting, the Borrower is requesting an extension of the CHIRP ITP deadlines from April 28, 2023 to June 9, 2023 in an abundance of caution.	AmeriNat	n/a

SELTZER MANAGEMENT GROUP, INC.

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March 14, 2023

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

Re: Captiva Cove III – SAIL & ELI RFA 2021-205 (2022-204S) / 4% HC 2021-525C

Credit Underwriting Report Update Letter – Changes to the Final Credit Underwriting Report (“CUR”), dated October 20, 2022, to include an increase in the MMRN First Mortgage Construction Loan (JPMorgan Chase Bank Tax-Exempt Loan) and a Recommended Annual 4% Housing Credit Allocation of \$1,857,779

Dear Mr. Kennedy:

Seltzer Management Group, Inc. (“SMG” or “Seltzer”) is in receipt of correspondence dated November 29, 2022, and subsequent request dated December 22, 2022, from Captiva Cove III Associates, Ltd. (“Borrower”) requesting Florida Housing Finance Corporation’s (“FHFC” or “Florida Housing”) consent to an increase of the proposed first mortgage construction period loan for the above referenced transaction from \$19,500,000, to a maximum amount of \$21,000,000. The CUR was approved at Florida Housing’s October 28, 2022, Board meeting.

On November 1, 2022, the Borrower accepted a firm commitment letter dated November 1, 2022, for a \$7,480,000 State Apartment Incentive Loan (“SAIL”), inclusive of a \$3,180,000 SAIL and a \$4,300,000 SAIL Construction Housing Inflation Response Program (“CHIRP”) loan, and a \$600,000 Extremely Low Income (“ELI”) loan. Per Chapter 67-48.010(15) (“Rule”), after accepting a preliminary commitment, the Borrower 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 Florida Housing’s Board of Directors. At your direction, SMG has reviewed the request and formulated a recommendation, presented below.

The CUR contemplated a first mortgage construction period Tax-Exempt Multifamily Mortgage Revenue Note (“MMRN”) in the amount of \$19,500,000, that at conversion to the first mortgage permanent period would be reduced to a maximum amount of \$6,655,098. The Borrower has requested that the first mortgage construction period MMRN be increased by \$1,500,000, from \$19,500,000 to \$21,000,000. The increase in the MMRN is needed to compensate for an increase in construction costs associated with comments received for the civil permit for stormwater. Per Resolution 2022-013, the Housing Finance Authority of Broward County (“HFABC”) approved a maximum principal amount of \$22,000,000 for the MMRN at the August 17, 2022, HFABC meeting.

Seltzer reviewed the request, performed certain due diligence and formulated an analysis for FHFC’s consideration. For purposes of this analysis, Seltzer reviewed the following due diligence:

- Rules 67-21 and 67-48 (“Rules”)
- Captiva Cove III Final CUR dated October 20, 2022

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- Correspondence from the Borrower seeking Florida Housing’s consent of the request outlined above
- SAIL/SAIL CHIRP and ELI Firm Commitment dated November 1, 2022
- Resolution 2022-013 from the August 17, 2022, HFABC meeting approving a maximum principal amount of \$22,000,000 for the MMRN
- JPMorgan Chase Bank (“Chase”) Term Sheet dated December 21, 2022
- National Equity Funds, Inc. (“NEF”) letter of intent (“LOI”) dated December 21, 2022
- Updated Sources and Uses of Funds / Pro Forma provided by the Borrower
- An executed Standard Form Agreement between Owner and Brookstone Construction, LLC (“Brookstone”) with a Guaranteed Maximum Price of \$24,500,000 dated December 13, 2022
- A Plan and Cost Analysis (“PCA”) dated December 19, 2022, completed by Moran Construction Consultants, LLC (“Moran”)

Background Summary

The Development is to be located at 740 SW 11th Street in Pompano Beach, Broward County, Florida. The Development will consist of 106 units within 3 residential buildings. One building will consist of 58 units within one mid-rise (5-6 stories) building and 48 units within two garden style buildings.

The Borrower is a Florida Limited Partnership registered with the State of Florida on July 7, 2021. The partners of the Borrower are Cornerstone Captiva Cove III, LLC (“Captiva GP”) with a 0.01% ownership interest and Jorge Lopez with a 99.99% ownership interest. The members of Captiva GP are Jorge Lopez, Awilda Lopez, 9501 Partners, LLC and MSM Interests, LLC, all with 25.00% ownership in Captiva GP. The members of 9501 Partners, LLC are Leon J. Wolfe, Lisa M. Wolfe, Margo Wolfe, Meryl Wolfe and Myles Wolfe. The members of MSM Interests, LLC are the Mara S. Mades Revocable Trust and The Mades Family Trust. NEF, or an affiliate, will purchase the 99.99% ownership interest prior to or concurrent with the closing of the construction/permanent loan.

Along with the previously noted MMRN, the financing is to include SAIL/SAIL CHIRP, ELI loan, 4% Housing Credit equity and Deferred Developer Fee.

During underwriting, the Applicant applied for additional FHFC Loan funding through FHFC’s Invitation to Participate (“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, plus SAIL funds in the amount of \$3,180,000, for a total Second Mortgage SAIL of \$7,480,000. It is required that the Borrower defer at least 30% of the Developer Fee as required by the ITP SAIL CHIRP, which at the time of the CUR was estimated at 41.14%, and currently estimated at 61.14% during the permanent period.

As noted in the CUR, the Debt Service Coverage (“DSC”) for the permanent period first mortgage and SAIL reflected a ratio lower 1.10 to 1.00. According to Rule Chapter 67-48.0072 (11), the combined minimum DSC shall be 1.10 to 1.00 for SAIL including all superior mortgages. However, if the Applicant defers at least 35 percent of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final CUR and, in the case of a Housing Credit Development, the final cost certification documentation, and when the primary expected source of repayment has been identified as projected cash flow, the minimum DSC shall be 1.00 for the SAIL, including all superior mortgages. This Development meets the preceding guidelines.

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PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	2nd Source	3rd Source	4th Source	5th Source
Lender/Grantor	HFABC / Chase	FHFC SAIL	FHFC SAIL / SAIL CHIRP	Broward County	FHFC SAIL ELI	Pompano Beach
Amount	\$6,500,000	\$3,180,000	\$4,300,000	\$5,630,000	\$600,000	\$1,500,000
Underwritten Interest Rate	5.26%	1.00%	1.00%	0.00%	0.00%	1.00%
Loan Term	15.0	15.0	15.0	27.5	15.0	30.5
Amortization	35.0	N/A	N/A	N/A	N/A	N/A
Market Rate/Market Financing LTV	18.5%	27.5%	39.7%	55.7%	57.4%	61.7%
Restricted Market Financing LTV	54.2%	80.7%	116.5%	163%	168.4%	180.9%
Loan to Cost - Cumulative	15.2%	22.6%	32.6%	45.7%	47.1%	50.6%
Loan to Cost - SAIL Only			17.4%			
Debt Service Coverage	1.311		1.087	1.078	1.048	1.048
Operating Deficit & Debt Service Reserves	\$316,000.00					
# of Months covered by the Reserves	4.6					

Total Development Costs

Total Development Costs (“TDC”) have increased from \$41,083,132 to \$42,872,802, an increase of \$1,789,670. The change in TDC is primarily due to increases in the GMP Contract, hard cost contingency, financing costs and Developer Fee.

The sources included in the CUR and the revised sources are reflected below:

Sources per the CUR

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Local HFA Bonds	HFABC / Chase	\$19,500,000	\$6,655,098	\$62,783.94
FHFC - SAIL	FHFC	\$3,180,000	\$3,180,000	\$30,000.00
FHFC - SAIL	FHFC CHIRP	\$4,300,000	\$4,300,000	\$40,566.04
Local Government Subsidy	Broward County	\$4,504,000	\$5,630,000	\$53,113.21
FHFC - SAIL ELI	FHFC	\$600,000	\$600,000	\$5,660.38
Local Government Subsidy	Pompano Beach	\$1,500,000	\$1,500,000	\$14,150.94
HC Equity	NEF	\$2,851,649	\$16,931,732	\$159,733.32
Deferred Developer Fee	Developer	\$4,647,483	\$2,286,302	\$21,568.89
TOTAL		\$41,083,132	\$41,083,132	\$387,576.72

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Revised Sources

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Local HFA Bonds	HFABC / Chase	\$21,000,000	\$6,500,000	\$61,320.75
FHFC - SAIL	FHFC	\$3,180,000	\$3,180,000	\$30,000.00
FHFC - SAIL	FHFC CHIRP	\$4,300,000	\$4,300,000	\$40,566.04
Local Government Subsidy	Broward County	\$4,504,000	\$5,630,000	\$53,113.21
FHFC - SAIL ELI	FHFC	\$600,000	\$600,000	\$5,660.38
Local Government Subsidy	Pompano Beach	\$1,500,000	\$1,500,000	\$14,150.94
HC Equity	NEF	\$2,867,431	\$17,591,604	\$165,958.53
Deferred Developer Fee	Developer	\$4,921,371	\$3,571,198	\$33,690.54
TOTAL		\$42,872,802	\$42,872,802	\$404,460.39

Changes to the sources

1. As previously noted, the CUR reflected a HFABC MMRN amount of \$19,500,000 during construction. The MMRN amount being requested has increased by \$1,500,000 to \$21,000,000. The permanent period MMRN is projected to be \$6,500,000, a decrease of \$155,098 from \$6,655,098, as approved in the CUR.
 - a. For the construction period financing, the One-month Secured Overnight Financing Rate (“SOFR”) increased from 2.28169% in the CUR to 3.92768% as of December 22, 2022. The estimated interest rate has increased from 5.73% to 7.28%.
 - b. The interest rate of the permanent first mortgage was locked on March 8, 2023, at 5.26%. Since the CUR, the interest rate increased from 5.25% as underwritten to 5.26%.
2. As noted in the CUR, the DSC for the permanent period first mortgage and SAIL, inclusive of SAIL CHIRP, was lower than the minimum of 1.10 to 1.00 as required by Rule 67-48. However, per the Rule, the minimum DSC shall be 1.00 if the criteria is met. The Borrower met the criteria in the CUR, and with no change in the permanent period MMRN, still meets the criteria.
3. Based on the changes to the sources and updates to the TDC, 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, which is currently estimated at 61.14% as required by the ITP SAIL CHIRP. The CHIRP Calculator is attached to this Letter as Exhibit 1.
4. The HC equity amount has increased in both the construction and permanent periods. The construction period HC equity has increased by \$15,782, from \$2,851,649 to \$2,867,431, and the total amount of HC equity has increased by \$659,872, from \$16,931,732 to \$17,591,604.
5. The projected amount of deferred Developer Fee has been updated in the construction and permanent periods based on changes in sources. Deferred Developer Fee during the construction period has increased by \$273,888, from \$4,647,483 to \$4,921,371, and the permanent period has increased by \$1,284,896, from \$2,286,302 to \$3,571,198.
6. During underwriting, the Tax-Exempt Note 50% Test was estimated at 50.84% of Depreciable Development Costs plus Land Acquisition Costs. Based on the increase in the construction period

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MMRN and subsequent updates to the development budget, the 50% Test is now estimated at 52.53%.

- a. If at the time of Final Cost Certification, the Tax-Exempt Note Amount is less than 50%, developer fees will have to be reduced by an amount to ensure compliance with the 50% Test. That may, in turn, result in a reduction of HC Equity.

Housing Credit Equity Investment

The HC syndicator, NEF Assignment Corporation, as nominee, will provide a net equity investment of \$17,591,604 in exchange for 99.99% ownership interest in the Borrower.

The following equity installments are based on the Draft Amended and Restated (“A&R”) Limited Partnership Agreement (“LPA”) dated March 9, 2023:

Capital Contributions	Amount	Percent of Total	When Due
1st Installment	\$2,867,431	16.30%	At closing
2nd Installment	\$4,327,535	24.60%	Later of (i) 100% construction completion, (ii) temporary certificates of occupancy, (iii) draft cost certification prepared by Sponsor, (iv) unconditional lien release, and (v) not earlier than July 1, 2024
3rd Installment	\$10,265,026	58.35%	later of (i) achieve stabilized occupancy, (ii) funding of the permanent loan, (iii) achievement of stabilized occupancy, (iv) "as built" ALTA survey, (v) final certificates of occupancy, (vi) final cost certification, (vii) recorded extended use agreement, and (viii) not earlier than January 1, 2025
4th Installment	\$131,612	0.75%	Later of (i) first years tax return, (ii) fully executed Form 8609 for all buildings, and (iii) not earlier than January 1, 2025
Total	\$17,591,604	100.00%	

Annual Tax Credits per Syndication Agreement:	\$1,851,933
Total HC Available to Syndicator (10 years):	\$18,517,478
Syndication Percentage (investor member interest):	99.99%
Calculated HC Exchange Rate (per dollar):	\$0.950
Proceeds Available During Construction:	\$2,867,431

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Use of Funds

Please note that in the following tables, the Applicant Costs column reflects the TDC from the Final CUR.

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accessory Buildings				\$0	
New Rental Units	\$17,772,765	\$18,373,764	\$18,373,764	\$173,337	\$159,664
Off-Site Work				\$0	\$0
Recreational Amenities	\$177,475	\$177,475	\$177,475	\$1,674	
Site Work	\$2,940,960	\$2,940,961	\$2,940,961	\$27,745	\$441,144
Swimming Pool				\$0	
Furniture, Fixture, & Equipment				\$0	
Hard Cost Contingency - in Constr. Cont.				\$0	
Constr. Contr. Costs subject to GC Fee	\$20,891,200	\$21,492,200	\$21,492,200	\$202,757	\$600,808
General Conditions	\$1,252,500	\$1,288,500	\$1,288,500	\$12,156	
Overhead	\$417,800	\$429,800	\$429,800	\$4,055	
Profit	\$1,253,500	\$1,289,500	\$1,289,500	\$12,165	
Builder's Risk Insurance				\$0	
General Liability Insurance				\$0	
Payment and Performance Bonds				\$0	
Contract Costs not subject to GC Fee				\$0	
Total Construction Contract/Costs	\$23,815,000	\$24,500,000	\$24,500,000	\$231,132	\$600,808
Hard Cost Contingency	\$1,190,750	\$1,225,000	\$1,225,000	\$11,557	
PnP Bond paid outside Constr. Contr.	\$155,000	\$146,750	\$146,750	\$1,384	
Fees for LOC used as Constr. Surety				\$0	
Demolition paid outside Constr. Contr.				\$0	
FF&E paid outside Constr. Contr.	\$170,000	\$90,000	\$90,000	\$849	
Other:				\$0	
Other:				\$0	
Total Construction Costs:	\$25,330,750	\$25,961,750	\$25,961,750	\$244,922	\$600,808

Notes to Construction Costs:

- The Applicant has provided an executed AIA A102 Standard Form of Agreement between Owner and Brookstone where the basis of payment is the Cost of the Work plus a Fee with a Guaranteed Maximum Price ("GMP") dated December 13, 2022, in the amount of \$24,500,000, an increase of \$685,000 from the previous contract of \$23,815,000 described in the CUR. The contract provides for a Date of Commencement that shall be the latter of the following: (1) 10 days from the issuance of Notice to Proceed or (2) the date upon which permits for construction are issued for the buildings, site and civil work, in total. The contractor shall achieve substantial completion not later than sixteen (16) calendar months from the Date of Commencement. Ten percent (10%) retainage will be withheld on all work performed up to 50% completion and no retainage thereafter.

The Agreement did not include any allowances.

The ineligible portion of new rental unit costs represents the cost of providing income producing washers and dryers in the units at the Development.

General Contractor fees stated are within the 14% maximum per the RFA and Rules.

The hard cost contingency is within the 5% allowed by the RFA and Rules and is not included within the GC Contract or schedule of values.

- Seltzer reviewed a PCA from Moran dated December 19, 2022, related to the updated construction contract and budget. The PCA stated the review of the construction cost breakdown provided by the

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General Contractor indicates a cost per square foot of \$203.17 and a cost per unit of \$231,132.06. Moran notes that based on the current itemized schedule of values, the budget appears adequate to complete the scope of work.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	\$45,000	\$45,000	\$45,000	\$425	\$22,500
Appraisal	\$6,500	\$6,500	\$6,500	\$61	
Architect's and Planning Fees				\$0	
Architect's Fee - Green Initiative				\$0	
Architect's Fee - Landscape				\$0	
Architect's Fee - Site/Building Design	\$250,000	\$306,100	\$306,100	\$2,888	
Architect's Fee - Supervision	\$15,000	\$15,000	\$15,000	\$142	
Building Permits	\$954,000	\$956,161	\$956,161	\$9,020	
Builder's Risk Insurance	\$106,000	\$45,705	\$45,705	\$431	
Capital Needs Assessment/Rehab				\$0	
Engineering Fees	\$129,500	\$174,001	\$174,001	\$1,642	
Environmental Report	\$11,500	\$7,500	\$7,500	\$71	
Federal Labor Standards Monitoring				\$0	
FHFC Administrative Fees	\$159,622	\$168,112	\$167,201	\$1,577	\$167,201
FHFC Application Fee	\$3,000	\$3,000	\$3,000	\$28	\$3,000
FHFC Credit Underwriting Fee	\$24,905	\$25,051	\$27,977	\$264	\$27,977
FHFC Compliance Fee	\$230,000	\$230,000	\$230,000	\$2,170	\$230,000
FHFC Other Processing Fee(s)				\$0	
Impact Fee	\$315,294	\$302,327	\$302,327	\$2,852	
Lender Inspection Fees / Const Admin	\$50,000	\$50,000	\$50,000	\$472	
Green Building Cert. (LEED, FGBC, NGBS)	\$30,000	\$30,000	\$30,000	\$283	
Home Energy Rating System (HERS)				\$0	
Insurance	\$100,700	\$213,032	\$213,032	\$2,010	
Legal Fees - Organizational Costs	\$175,000	\$155,000	\$155,000	\$1,462	\$77,500
Local Subsidy Underwriting Fee				\$0	
Market Study	\$6,500	\$6,500	\$6,500	\$61	\$6,500
Marketing and Advertising	\$80,000	\$30,000	\$30,000	\$283	\$30,000
Plan and Cost Review Analysis	\$5,250	\$5,500	\$5,500	\$52	
Property Taxes	\$50,000	\$50,000	\$50,000	\$472	
Soil Test	\$15,000	\$7,500	\$7,500	\$71	
Survey	\$60,000	\$50,339	\$50,339	\$475	\$12,585
Tenant Relocation Costs				\$0	
Title Insurance and Recording Fees	\$169,600	\$169,600	\$169,600	\$1,600	\$42,400
Traffic Study				\$0	
Utility Connection Fees	\$212,000	\$166,516	\$166,516	\$1,571	
Soft Cost Contingency	\$174,000	\$172,000	\$172,000	\$1,623	
Other:				\$0	
Total General Development Costs:	\$3,378,371	\$3,390,443	\$3,392,459	\$32,004	\$619,663

Notes to General Development Costs:

1. Architect's Fees – Site/Building Design increased due to changes in the plans and specs relating to comments received on the civil permit set for stormwater.
2. Engineering Fees increased due to changes in the plans and specs relating to comments received on the civil permit set for stormwater.
3. FHFC Credit Underwriting Fee increased due to the underwriting fee charged by Seltzer to complete the MMRN Increase letter on behalf of Florida Housing. These include a FHFC UW Fee of \$19,909, SAIL CHIRP UW Fee of \$4,996 and an Increase Letter UW Fee of \$3,072.

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FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Origination Fee	\$195,000	\$210,000	\$210,000	\$1,981	
Construction Loan Commitment Fee				\$0	
Construction Loan Closing Costs				\$0	
Construction Loan Interest	\$1,420,801	\$2,201,000	\$2,201,000	\$20,764	\$674,214
Construction Loan Servicing Fees				\$0	
Permanent Loan Subsidy Layering Rev.				\$0	\$0
Permanent Loan Commitment Fee				\$0	\$0
Permanent Loan Origination Fee	\$66,551	\$65,000	\$65,000	\$613	\$65,000
Permanent Loan Closing Costs	\$40,000		\$40,000	\$377	\$40,000
Permanent Loan Servicing Fee				\$0	\$0
Local HFA Note Application Fee				\$0	\$0
Local HFA Note Underwriting Fee	\$16,009		\$19,081	\$180	\$19,081
Local HFA Note Subsidy Layering Rev.				\$0	\$0
Local HFA Note Origination Fee				\$0	\$0
Local HFA Note Commitment Fee				\$0	\$0
Local HFA Note Fiscal Agent Fee				\$0	\$0
Local HFA Note Credit Enh. Fee				\$0	\$0
Local HFA Note Rating Fee				\$0	\$0
Local HFA Note Cost of Issuance	\$316,350	\$484,793	\$365,712	\$3,450	\$365,712
Local HFA Note Closing Costs				\$0	\$0
Local HFA Note Interest				\$0	\$0
Local HFA Note Servicing Fee				\$0	\$0
Local HFA Legal - Tax Counsel				\$0	\$0
Local HFA Legal - Borrower's Counsel				\$0	\$0
Local HFA Legal - Issuer's Counsel				\$0	\$0
Local HFA Legal - Lender's Counsel				\$0	\$0
Local HFA Legal - U/W's Counsel				\$0	\$0
SAIL Commitment Fee	\$74,800	\$74,800	\$74,800	\$706	\$74,800
SAIL Closing Costs	\$12,500		\$12,500	\$118	\$12,500
SAIL Interest				\$0	\$0
SAIL Servicing Fee				\$0	\$0
SAIL-ELI Commitment Fee	\$6,000	\$6,000	\$6,000	\$57	\$6,000
SAIL-ELI Closing Costs	\$6,500		\$6,500	\$61	\$6,500
SAIL-ELI Servicing Fee				\$0	\$0
Misc Loan Underwriting Fee	\$5,000		\$5,000	\$47	\$5,000
Placement Agent/Underwriter Fee	\$35,000		\$35,000	\$330	\$35,000
Initial TEFRA Fee	\$1,000		\$1,000	\$9	\$1,000
Other: Syndicator Legal	\$55,000	\$55,000	\$55,000	\$519	\$55,000
Other: Broward Loan Legal		\$15,000	\$15,000	\$142	
Total Financial Costs:	\$2,250,511	\$3,111,593	\$3,111,593	\$29,355	\$1,359,807
Dev. Costs before Acq., Dev. Fee & Reserves	\$30,959,632	\$32,463,786	\$32,465,802	\$306,281	\$2,580,277

Notes to Financial Costs:

1. Construction Loan Origination Fee increased due to the increase in the construction period MMRN amount from \$19,500,000 to \$21,000,000.
2. Construction Loan Interest increased due to the increase in the construction period MMRN as well as an increase in the underlying interest rate.
3. Permanent Loan Origination Fee decreased due to the decrease in the permanent period first mortgage amount from \$6,655,098 to \$6,500,000.

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- Local HFA Note Underwriting Fee increased due to the underwriting fee charged by Seltzer to complete the MMRN Increase letter on behalf of HFABC.

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	\$5,557,500	\$5,841,000	\$5,841,000	\$55,104	
DF to fund Operating Debt Reserve				\$0	
DF to Brokerage Fees - Land			\$0	\$0	
DF to Excess Land Costs				\$0	
DF to Excess Bldg Acquisition Costs				\$0	
DF to Consultant Fees				\$0	
DF to Guaranty Fees				\$0	
Other:				\$0	
Total Other Development Costs:	\$5,557,500	\$5,841,000	\$5,841,000	\$55,104	\$0

Notes to Other Development Costs:

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

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Land			\$0	\$0	\$0
Land Acquisition Cost				\$0	\$0
Land	\$4,250,000	\$4,250,000	\$4,250,000	\$40,094	\$4,250,000
Land Lease Payment				\$0	\$0
Land Carrying Costs				\$0	\$0
Other:				\$0	\$0
Total Acquisition Costs:	\$4,250,000	\$4,250,000	\$4,250,000	\$40,094	\$4,250,000

Notes to Land Acquisition Costs:

- Per the BBG, Inc. ("BBG") appraisal dated September 23, 2022, the appraised value of the vacant land is \$6,100,000, which supports the purchase price.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Operating Deficit Reserve (FHFC)				\$0	\$0
Operating Deficit Reserve (Lender)				\$0	\$0
Operating Deficit Reserve (Syndicator)	\$316,000	\$314,000	\$316,000	\$2,981	\$316,000
Debt Service Coverage Reserve (FHFC)				\$0	\$0
Debt Service Coverage Reserve (Lender)				\$0	\$0
Debt Service Coverage Reserve (Syndicator)				\$0	\$0
Other:				\$0	\$0
Total Reserve Accounts:	\$316,000	\$314,000	\$316,000	\$2,981	\$316,000

Notes to Reserve Accounts:

- Operating Deficit Reserve ("ODR") is in the amount required by the Syndicator, NEF, in the A&R LPA dated March 9, 2023.

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TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	\$41,083,132	\$42,868,786	\$42,872,802	\$404,460	\$7,146,277

Notes to the Total Development Costs:

1. TDC have increased from \$41,083,132 to \$42,872,802, an increase of \$1,789,670.
2. Per RFA 2021-205, TDC is limited on a per unit basis based on the construction type of the units as indicated by the Borrower. The Borrower has indicated a construction type of Mid-Rise – ESSC Construction, 5-6 stories for 58 units, which had a maximum allowable per unit cost of \$361,000.00 and Garden Apartments – ESSC Construction for 48 units, which had a maximum allowable per unit cost of \$327,100.00; resulting in a blended maximum allowable cot of \$345,649.00. Based on changes to TDC limit increases as approved at previous FHFC Board meetings, most recently the April 1, 2022, Telephonic FHFC Board meeting, the maximum allowable per unit cost is \$467,856.00 for Mid-Rise – ESSC Construction and \$423,921.60 for Garden Apartments – ESSC Construction; resulting in a blended maximum allowable cost of \$447,961.18. Captiva Cove III’s final TDC per unit is \$361,384.92.

Operating Pro forma

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

Fort Lauderdale HMFA / Broward County

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	5	680	30%			\$510	\$58	\$452		\$452	\$452	\$452	\$27,120
1	1.0	19	680	60%			\$1,020	\$58	\$962		\$962	\$962	\$962	\$219,336
1	1.0	6	680	70%			\$1,190	\$58	\$1,132		\$1,132	\$1,132	\$1,132	\$81,504
2	2.0	11	1,000	30%			\$612	\$71	\$541		\$541	\$541	\$541	\$71,412
2	2.0	31	1,000	60%			\$1,225	\$71	\$1,154		\$1,154	\$1,154	\$1,154	\$429,288
2	2.0	34	1,000	70%			\$1,429	\$71	\$1,358		\$1,358	\$1,358	\$1,358	\$554,064
		106	96,400											\$1,382,724

Seltzer is in receipt of an appraisal from BBG dated September 23, 2022, with an effective date of July 25, 2022. Captiva Cove III is projected to achieve 2022 Maximum Allowable HC Rents published by Florida Housing on all units based on the appraiser’s estimate of achievable rents per comparable properties surveyed. The Applicant engaged Enercon Services, Inc. to prepare a UA Energy Consumption Model estimate. This model was approved by Florida Housing for underwriting on May 16, 2022. The model reflects the residents paying for electricity and the Applicant paying for water, sewer, pest control and trash pick-up. No manager/employee units are anticipated at this time.

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OPERATING PRO FORMA		ANNUAL	PER UNIT
INCOME	Gross Potential Rental Income	\$1,382,724	\$13,045
	Other Income:		
	Ancillary Income-Parking	\$0	\$0
	Miscellaneous	\$15,900	\$150
	Washer/Dryer Rentals	\$40,810	\$385
	Cable/Satellite Income	\$0	\$0
	Gross Potential Income	\$1,439,434	\$13,580
	Less:		
	Economic Loss - Percentage: 0.0%	\$0	\$0
	Physical Vacancy Loss - Percentage: 3.0%	(\$43,183)	(\$407)
Collection Loss - Percentage: 1.0%	(\$14,394)	(\$136)	
Total Effective Gross Revenue		\$1,381,857	\$13,036
EXPENSES	Fixed:		
	Real Estate Taxes	\$175,407	\$1,655
	Insurance	\$106,000	\$1,000
	Other	\$0	\$0
	Variable:		
	Management Fee - Percentage: 5.0%	\$69,093	\$652
	General and Administrative	\$40,810	\$385
	Payroll Expenses	\$166,950	\$1,575
	Utilities	\$84,800	\$800
	Marketing and Advertising	\$5,300	\$50
	Maintenance and Repairs	\$37,100	\$350
	Grounds Maintenance and Landscaping	\$0	\$0
	Resident Programs	\$0	\$0
	Contract Services	\$60,950	\$575
	Security	\$50,350	\$475
	Other-Pest Control	\$0	\$0
	Reserve for Replacements	\$31,800	\$300
Total Expenses		\$828,560	\$7,817
Net Operating Income		\$553,297	\$5,220
Debt Service Payments			
DEBT SERVICE	First Mortgage - HFABC / Chase	\$406,684	\$3,837
	Second Mortgage - FHFC SAIL / SAIL CHIRP	\$74,800	\$706
	Third Mortgage - Broward County	\$0	\$0
	Fourth Mortgage - FHFC SAIL ELI	\$0	\$0
	Fifth Mortgage - Pompano Beach	\$15,000	\$142
	All Other Mortgages -	\$0	\$0
	First Mortgage Fees - HFABC / Chase	\$15,450	\$146
	Second Mortgage Fees - FHFC SAIL / SAIL CHIRP	\$12,255	\$116
	Third Mortgage Fees - Broward County	\$0	\$0
	Fourth Mortgage Fees - FHFC SAIL ELI	\$3,855	\$36
	Fifth Mortgage Fees - Pompano Beach	\$0	\$0
	All Other Mortgage Fees -	\$0	\$0
	Total Debt Service Payments		\$528,044
Cash Flow After Debt Service		\$25,253	\$238

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Debt Service Coverage Ratios		
	DSC - First Mortgage plus Fees	1.311
	DSC - Second Mortgage plus Fees	1.087
	DSC - Third Mortgage plus Fees	1.087
	DSC - Fourth Mortgage plus Fees	1.078
	DSC - Fifth Mortgage plus Fees	1.048
	DSC - All Mortgages and Fees	1.048
Financial Ratios		
	Operating Expense Ratio	60.0%
	Break-Even Ratio	94.4%

Notes to the Operating Pro Forma and Ratios:

1. In the CUR, the DSC for the permanent first and second mortgage loans was calculated to be 1.057 to 1.00. Based on a decrease in the permanent period first mortgage and an increase in the underlying interest rate for the first mortgage, the DSC for the permanent period first mortgage and SAIL has improved and is now estimated at 1.087 to 1.00.
 - a. 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 6.12%.
2. The SAIL payments will be repaid from available cash flow. The Break-Even Ratio would be 89.2% if SAIL payments were excluded.
3. For each of the SAIL and ELI loans, fees include an annual multiple program Compliance Monitoring Fee of \$1,023 and an annual Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of \$936 per month, subject to a minimum of \$236 per month.

HC Allocation Calculation

Section I: Qualified Basis Calculation	
Development Cost	\$42,872,802
Less Land Cost	(\$4,250,000)
Less Federal Funds	\$0
Less Other Ineligible Cost	(\$2,896,277)
Less Disproportionate Standard	\$0
Total Eligible Basis	\$35,726,524
Applicable Fraction	100.00%
DDA/QCT Basis Credit	130.00%
Qualified Basis	\$46,444,482
Housing Credit Percentage	4.00%
Annual Housing Credit Allocation	\$1,857,779

Notes to the Qualified Basis Calculation:

1. Other ineligible costs primarily include a portion of site work, accounting fees, legal fees, permanent loan origination fees, FHFC loan commitment fees, FHFC administrative, application, and underwriting fees, market study and reserves.

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2. The Borrower committed to a set aside of 100%. Therefore, Seltzer has utilized an Applicable Fraction of 100%.
3. The Development is located in a Qualified Census Tract ("QCT"), Tract 308.01. Therefore, the 130% basis credit has been applied to the Eligible Basis.
4. Per the FY 2021 Omnibus Consolidated Appropriations Act passed by Congress as of December 21, 2020, a permanent 4% minimum HC rate was established. For purposes of this report, a HC percentage of 4.00% as therefore been applied.

Section II: Gap Calculation	
Total Development Cost (Including Land and Ineligible Costs)	\$42,872,802
Less Mortgages	(\$21,710,000)
Less Grants	\$0
Equity Gap	\$21,162,802
Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.95
HC Required to Meet Gap	\$22,278,862
Annual HC Required	\$2,227,886

Notes to the GAP Calculation:

1. Mortgages include the Chase first mortgage, FHFC SAIL second mortgage, Broward County third mortgage, FHFC ELI fourth mortgage and Pompano Beach fifth mortgage.
2. HC Syndication Pricing and Percentage to Investment Partnership are based upon the March 8, 2023, A&R LPA from NEF.

Section III: Tax-Exempt Note 50% Test	
Total Depreciable Cost	\$35,726,524
Plus Land Cost	\$4,250,000
Aggregate Basis	\$39,976,524
Tax-Exempt Note Amount	\$21,000,000
Less Debt Service Reserve	\$0
Less Proceeds Used for Costs of Issuance	\$0
Plus Tax-exempt GIC earnings	\$0
Tax-Exempt Proceeds Used for Building and Land	\$21,000,000
Proceeds Divided by Aggregate Basis	52.53%

Notes to 50% Test:

1. Seltzer estimates the Tax-Exempt MMRN amount to be 52.53% of Depreciable Development Costs plus Land Acquisition Costs.

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Section IV: Summary	
HC per Qualified Basis	\$1,857,779
HC per Gap Calculation	\$2,227,886
Annual HC Recommended	\$1,857,779

Notes to the Summary:

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

Conclusion

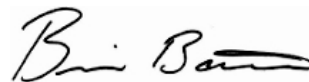
SMG's review indicates that an increase to the Chase first mortgage construction loan of \$21,000,000 will not adversely impact the transaction and/or Florida Housing's security position. Accordingly, SMG provides this analysis for FHFC consideration to approve the Borrower's request, subject to the following:

- Review and approval of all loan documents consistent with the terms outlined above by Florida Housing, its Legal Counsel and Servicer.
- All closing conditions, as stated in the CUR, must be satisfied.
- 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.



Brian Barth
Senior Credit Underwriter

Mr. Tim Kennedy
Captiva Cove III
March 14, 2023

Exhibit 1 – CHIRP Calculator

CHIRP RECOMMENDATION - ADDITIONAL LOANS			
<i>Development Name: Captiva Cove III</i>		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	106
Actual DSCR in current 1st Mtg LOI (Yr 1 NOI; no fees)	1.33x	Total Development Costs	\$ 42,872,801.50
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	35.00
Actual Traditional 1st Mtg Amount to be stated in CUR	\$ 6,655,098.00	Traditional 1st Mtg Interest Rate	5.26%
Calculated 1st Mtg at Restricted DSCR (1.30x)	\$ 6,802,538.48	Is the Perm 1st Mtg an MMRB or Local HFA bond	Local HFA
1st Mtg Restricted to 1.30x DSCR	\$ 6,802,538.48	Total Effective Gross Income in CUR	\$ 1,381,856.64
RESULT: 1st Mtg amount for sizing purposes	\$ 6,802,538.48	Total Operating Expenses in CUR	\$ 828,559.83
Total Sources		Net Operating Income in CUR Yr 1	\$ 553,296.81
1st Mtg amt. for sizing from above	\$ 6,802,538.48	Net Operating Income in CUR Yr 15	\$ 583,401.98
2nd Mortgage - SAIL	\$ 3,180,000.00		
3rd Mortgage -	\$ 5,630,000.00		
4th Mortgage -	\$ 600,000.00		
5th Mortgage -	\$ 1,500,000.00	Total HC Equity	\$ 17,591,604.00
6th Mortgage -	\$ -	Developer Fee % Basis for Deferral	18%
Total HC Equity	\$ 17,591,604.00	Total 18% Developer Fee	\$ 5,841,000.00
35% Deferred Developr Fee for Sizing	\$ 2,044,350.00		
Total Sources	\$ 37,348,492.48	Loan using lowest 1.30x DSCR (1st Yr NOI)	\$ 6,802,538.48
Total Uses	\$ 42,872,801.50	Loan using Max CHIRP 1.30x DSCR (1st Yr NOI)	\$ 6,802,538.48
Test 1 - GAP ANALYSIS		Annual Servicing Fees (\$) on 1.30x	\$ 23,574.09
RESULT: Total Gap	\$ 5,524,309.00	Annual Servicing Fees (\$) on 1.30x	\$ 23,574.09
Test 2 - INCREASED COST ANALYSIS		Actual DSC in current LOI, incl. fees (1st Yr NOI)	1.33x
Current GC Contract Amount	\$ 24,500,000.00		
30% of GC Contract (est. Increased costs)*	\$ 7,350,000.00		
Increased Corporation Fees	\$ -		
Increased Construction Financing Costs	\$ -		
Increased Dev. Fee (18.00% x sum of new costs)	\$ 1,323,000.00	Dev Fee Deduct for Incorporating Actual Fee	0.00%
RESULT: Total Increased Costs	\$ 8,673,000.00	(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) All at 25% LTC except the following:</i>			
Rule Test - SAIL LTC ANALYSIS		SAIL & 9%HCs (35% LTC)-	Over 25% LTC allowed
Active Award Total SAIL Funding	\$ 8,810,000.00	Family/Elderly: More than 10% ELI	At least 80% Homeles:
Max Total SAIL Funding assuming a 35% LTC	\$ 15,005,480.00	SAIL w/o 9%HCs (35% LTC)-	
Max New SAIL Funding using a 35% LTC	\$ 6,195,480.00	Family/Elderly: At least 5% ELI	
Rule Test - Minimum 1.00x DSC overall Ratio		(The above can be altered if RFA permitted a different limit)	
Net Operating Income	\$ 553,296.81		
Actual % DDF when using Actual 1st Mortgage	37.52%		
Debt Service for an Overall 1.00x DSC Ratio	\$ 553,296.81		
Actual Traditional 1st mortgage Debt Service	\$ 416,388.05		
Debt Service Available for New SAIL	\$ 136,908.75		
Total (non-ELI) SAIL at 1.00% Interest Only DS	\$ 13,690,875.48	SAIL Interest Rate: 1.00%	
Total (non-ELI) SAIL less Active Award (non-ELI) SAIL	\$ 10,510,875.48	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			
\$4,300,000.00			
FINAL: TOTAL NEW SAIL LOAN AMOUNT			
\$7,480,000.00			

Exhibit 2
Captiva Cove III
15 Year Income and Expense Projection

FINANCIAL COSTS:		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
OPERATING PRO FORMA																
INCOME	Gross Potential Rental Income	\$1,382,724	\$1,410,378	\$1,438,586	\$1,467,358	\$1,496,705	\$1,526,639	\$1,557,172	\$1,588,315	\$1,620,082	\$1,652,483	\$1,685,533	\$1,719,243	\$1,753,628	\$1,788,701	\$1,824,475
	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	\$15,900	\$16,218	\$16,542	\$16,873	\$17,211	\$17,555	\$17,906	\$18,264	\$18,629	\$19,002	\$19,382	\$19,770	\$20,165	\$20,568	\$20,980
	Washer/Dryer Rentals	\$40,810	\$41,626	\$42,459	\$43,308	\$44,174	\$45,058	\$45,959	\$46,878	\$47,815	\$48,772	\$49,747	\$50,742	\$51,757	\$52,792	\$53,848
	Cable/Satellite Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Rent Concessions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Alarm Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Gross Potential Income	\$1,439,434	\$1,468,223	\$1,497,587	\$1,527,539	\$1,558,090	\$1,589,251	\$1,621,036	\$1,653,457	\$1,686,526	\$1,720,257	\$1,754,662	\$1,789,755	\$1,825,550	\$1,862,061	\$1,899,303
	Less:															
	Economic Loss - Percentage:															
	Physical Vacancy Loss - Percentage: 3.0%	(\$43,183)	(\$44,047)	(\$44,928)	(\$45,826)	(\$46,743)	(\$47,678)	(\$48,631)	(\$49,604)	(\$50,596)	(\$51,608)	(\$52,640)	(\$53,693)	(\$54,767)	(\$55,862)	(\$56,979)
Collection Loss - Percentage: 1.0%	(\$14,394)	(\$14,682)	(\$14,976)	(\$15,275)	(\$15,581)	(\$15,893)	(\$16,210)	(\$16,535)	(\$16,865)	(\$17,203)	(\$17,547)	(\$17,898)	(\$18,256)	(\$18,621)	(\$18,993)	
Total Effective Gross Revenue	\$1,381,857	\$1,409,494	\$1,437,684	\$1,466,437	\$1,495,766	\$1,525,681	\$1,556,195	\$1,587,319	\$1,619,065	\$1,651,447	\$1,684,476	\$1,718,165	\$1,752,528	\$1,787,579	\$1,823,330	
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	\$175,407	\$180,669	\$186,089	\$191,672	\$197,424	\$203,345	\$209,445	\$215,728	\$222,200	\$228,866	\$235,732	\$242,804	\$250,088	\$257,591	\$265,319
	Insurance	\$106,000	\$109,180	\$112,455	\$115,829	\$119,304	\$122,883	\$126,570	\$130,367	\$134,278	\$138,306	\$142,455	\$146,729	\$151,131	\$155,665	\$160,335
	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Variable:															
	Management Fee - Percentage: 5.0%	\$69,093	\$70,475	\$71,884	\$73,322	\$74,788	\$76,284	\$77,810	\$79,366	\$80,953	\$82,572	\$84,224	\$85,908	\$87,626	\$89,379	\$91,167
	General and Administrative	\$40,810	\$42,034	\$43,295	\$44,594	\$45,932	\$47,310	\$48,729	\$50,191	\$51,697	\$53,248	\$54,845	\$56,491	\$58,185	\$59,931	\$61,729
	Payroll Expenses	\$166,950	\$171,959	\$177,117	\$182,431	\$187,904	\$193,541	\$199,347	\$205,327	\$211,487	\$217,832	\$224,367	\$231,098	\$238,031	\$245,172	\$252,527
	Utilities	\$84,800	\$87,344	\$89,964	\$92,663	\$95,443	\$98,306	\$101,256	\$104,293	\$107,422	\$110,645	\$113,964	\$117,383	\$120,905	\$124,532	\$128,268
	Marketing and Advertising	\$5,300	\$5,459	\$5,623	\$5,791	\$5,965	\$6,144	\$6,328	\$6,518	\$6,714	\$6,915	\$7,123	\$7,336	\$7,557	\$7,783	\$8,017
	Maintenance and Repairs	\$37,100	\$38,213	\$39,359	\$40,540	\$41,756	\$43,009	\$44,299	\$45,628	\$46,997	\$48,407	\$49,859	\$51,355	\$52,896	\$54,483	\$56,117
	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	\$60,950	\$62,779	\$64,662	\$66,602	\$68,600	\$70,658	\$72,777	\$74,961	\$77,210	\$79,526	\$81,912	\$84,369	\$86,900	\$89,507	\$92,192
	Security	\$50,350	\$51,861	\$53,416	\$55,019	\$56,669	\$58,369	\$60,121	\$61,924	\$63,782	\$65,695	\$67,666	\$69,696	\$71,787	\$73,941	\$76,159
	Other-Pest Control	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Reserve for Replacements	\$31,800	\$32,754	\$33,737	\$34,749	\$35,791	\$36,865	\$37,971	\$39,110	\$40,283	\$41,492	\$42,737	\$44,019	\$45,339	\$46,699	\$48,100
	Total Expenses	\$828,560	\$852,726	\$877,603	\$903,212	\$929,575	\$956,714	\$984,653	\$1,013,415	\$1,043,023	\$1,073,505	\$1,104,884	\$1,137,188	\$1,170,445	\$1,204,682	\$1,239,929
Net Operating Income	\$553,297	\$556,768	\$560,081	\$563,225	\$566,191	\$568,967	\$571,542	\$573,904	\$576,042	\$577,942	\$579,592	\$580,977	\$582,084	\$582,897	\$583,429	
DEBT SERVICE	Debt Service Payments															
	First Mortgage - HFABC / Chase	\$406,684	\$406,684	\$406,684	\$406,684	\$406,684	\$406,684	\$406,684	\$406,684	\$406,684	\$406,684	\$406,684	\$406,684	\$406,684	\$406,684	
	Second Mortgage - FHFC SAIL / SAIL CHIRP	\$74,800	\$74,800	\$74,800	\$74,800	\$74,800	\$74,800	\$74,800	\$74,800	\$74,800	\$74,800	\$74,800	\$74,800	\$74,800	\$74,800	
	Third Mortgage - Broward County	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Fourth Mortgage - FHFC SAIL ELI	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Fifth Mortgage - Pompano Beach	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	
	All Other Mortgages -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	First Mortgage Fees - HFABC / Chase	\$15,450	\$15,331	\$15,205	\$15,072	\$14,932	\$14,785	\$14,629	\$14,466	\$14,293	\$14,111	\$13,920	\$13,718	\$13,505	\$13,281	\$13,045
	Second Mortgage Fees - FHFC SAIL / SAIL CHIRP	\$12,255	\$12,225	\$12,225	\$12,225	\$12,225	\$12,225	\$12,225	\$12,225	\$12,225	\$12,225	\$12,225	\$12,225	\$12,225	\$12,225	\$12,225
	Third Mortgage Fees - Broward County	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Fourth 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	
	Fifth Mortgage Fees - Pompano Beach	\$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	
	Total Debt Service Payments	\$528,044	\$527,895	\$527,769	\$527,636	\$527,496	\$527,349	\$527,193	\$527,030	\$526,857	\$526,676	\$526,484	\$526,282	\$526,069	\$525,845	\$525,609
Cash Flow After Debt Service	\$25,253	\$28,873	\$32,312	\$35,589	\$38,695	\$41,618	\$44,348	\$46,875	\$49,185	\$51,267	\$53,108	\$54,695	\$56,014	\$57,052	\$57,793	
Debt Service Coverage Ratios																
DSC - First Mortgage plus Fees	1.311	1.319	1.328	1.335	1.343	1.350	1.357	1.363	1.368	1.373	1.378	1.382	1.385	1.388	1.390	
DSC - Second Mortgage plus Fees	1.087	1.094	1.101	1.107	1.113	1.119	1.124	1.129	1.134	1.138	1.142	1.145	1.148	1.150	1.151	
DSC - Third Mortgage plus Fees	1.087	1.094	1.101	1.107	1.113	1.119	1.124	1.129	1.134	1.138	1.142	1.145	1.148	1.150	1.151	
DSC - Fourth Mortgage plus Fees	1.078	1.086	1.092	1.099	1.105	1.111	1.116	1.121	1.125	1.130	1.133	1.136	1.139	1.141	1.143	
DSC - Fifth Mortgage plus Fees	1.048	1.055	1.061	1.067	1.073	1.079	1.084	1.089	1.093	1.097	1.101	1.104	1.106	1.108	1.110	
DSC - All Mortgages and Fees	1.048	1.055	1.061	1.067	1.073	1.079	1.084	1.089	1.093	1.097	1.101	1.104	1.106	1.108	1.110	
Financial Ratios																
Operating Expense Ratio	60.0%	60.5%	61.0%	61.6%	62.1%	62.7%	63.3%	63.8%	64.4%	65.0%	65.6%	66.2%	66.8%	67.4%	68.0%	
Break-Even Ratio	94.4%	94.2%	94.0%	93.9%	93.7%	93.5%	93.3%	93.1%	92.9%	92.7%	92.5%	92.3%	92.1%	91.9%	91.7%	



March 7, 2023

Mr. Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301-3291

Re: Ridge Road (“Development”) - State Apartment Incentive Loan (“SAIL”) and Invitation to Participate (“ITP”) 2022 Construction Housing Inflation Response Program (“CHIRP”) RFA 2021-205 (2022-190S) 4% Non-Competitive Housing Credits (“HC”) 2021-517C

Credit Underwriting Report Update Letter (“CUR Update Letter”) – Changes to the Final Credit Underwriting Report, dated November 29, 2022 (“Final CUR”)

First Housing Development Corporation of Florida (“FHDC”, “First Housing”, or “Servicer”) has received email correspondence from a representative of ECG Ridge Road, LP (“Applicant”), requesting Florida Housing Finance Corporation (“FHFC” or “Florida Housing”) approve the removal of the 45 L Credits in the amount of \$560,938 as a permanent source of funding, decrease in the hard cost contingency from 7% to 5%, extension of the SAIL Loan term to be coterminous with the first mortgage changes from a total term of 18.5 years, of which 2.5 years is for construction/stabilization period and 16 years is for the permanent period to a total term of 20.5 years, of which 3.5 years is for the construction/stabilization period and 17 years is for the permanent period, increase in the total bond amount from \$49,500,000 to \$51,000,000, and increase in the permanent first mortgage from \$23,905,000 to \$24,395,000. There is also a decrease in the Recommended Annual 4% HC Allocation from \$3,815,664 to \$3,784,198. First Housing has prepared this CUR Update Letter to outline the changes.

On behalf of Florida Housing, First Housing has performed certain due diligence and formulated a recommendation and closing conditions which are contained at the end of this CUR Update Letter. For the purposes of this analysis, First Housing has reviewed the following:

1. Final CUR, dated November 29, 2022.
2. Rate Lock email, dated January 27, 2023.

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3. Email from R4, dated February 7, 2023.

PERMANENT FINANCING INFORMATION					
	1st Source	2nd Source	2nd Source	3rd Source	4th Source
Lien Position	First	Second	Second	Third	Fourth
Lender/Grantor	HFALC/R4	FHFC - SAIL	FHFC - SAIL CHIRP	HFALC	Elmington Affordable, LLC
Amount	\$24,395,000	\$5,500,000	\$4,300,000	\$37,500	\$2,750,000
Underwritten Interest Rate	5.52%	1.00%	1.00%	1.00%	4.00%
All In Interest Rate	5.52%	1.00%	1.00%	1.00%	4.00%
Loan Term	17	17	17	20	17
Amortization	40	0	0	20	0
Market Rate/Market Financing LTV	37%	45%	52%	52%	56%
Restricted Market Financing LTV	62%	76%	87%	87%	94%
Loan to Cost - Cumulative	31%	38%	43%	43%	47%
Loan to Cost - SAIL Only	N/A		12%	N/A	N/A
Debt Service Coverage	1.16	1.09	1.09	1.02	1.02
Operating Deficit & Debt Service Reserves	\$1,475,443				
# of Months covered by the Reserves	5.5				

Per Rule 67-48 the minimum debt service coverage (“DSC”) ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. However, per Rule 67-48, if the Applicant defers at least 35% of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final credit underwriting report and, in the case of a Housing Credit Development, the final cost certification documentation, and when the primary expected source of repayment has been identified as projected cash flow, the minimum DSC shall be 1.00x for the SAIL Loan, including all superior mortgages. The Applicant will be required to show permanent Deferred Developer Fee of at least 35%, as the SAIL Loan DSC is 1.09x.

Deferred Developer Fee	\$8,533,691
As-Is Land Value	\$1,880,000
Market Rent/Market Financing Stabilized Value	\$66,100,000
Rent Restricted Market Financing Stabilized Value	\$39,200,000
Projected Net Operating Income (NOI) - Year 1	\$1,847,118
Projected Net Operating Income (NOI) - 15 Year	\$2,177,176
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	\$0.8976
HC Annual Allocation - Initial Award	\$3,078,244
HC Annual Allocation - Qualified in CUR	\$3,784,198
HC Annual Allocation - Equity Letter of Interest	\$3,707,955

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Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
Local HFA Bonds	HFALC/R4	\$49,500,000	\$49,500,000	\$51,000,000	5.52%	\$2,815,200
FHFC - SAIL	FHFC	\$5,500,000	\$5,500,000	\$5,500,000	1.00%	\$55,000
FHFC - SAIL CHIRP	FHFC	\$4,300,000	\$4,300,000	\$4,300,000	1.00%	\$43,000
Local Government Subsidy	HFALC	\$37,500	\$37,500	\$37,500	1.00%	\$375
Self-Sourced: Non-Bond Financing	Elmington Affordable, LLC	\$2,750,000	\$2,750,000	\$2,750,000	4.00%	\$110,000
HC Equity	USBCDC	\$4,991,835	\$4,991,835	\$4,991,835	N/A	N/A
Deferred Developer Fee	ECG Ridge Road Developer, LLC	\$10,346,436	\$11,821,879	\$8,740,312	N/A	N/A
Operating Deficit Reserve	N/A	\$1,475,443	\$0	\$1,475,443	N/A	N/A
Total		\$78,901,214	\$78,901,214	\$78,795,090		\$3,023,575

Please note, the Application column is based on First Housing's conclusions in the Final CUR, dated November 29, 2022.

First Mortgage:

The Applicant has requested \$51,000,000 in tax-exempt Bonds to be issued by Housing Finance Authority of Leon County for the construction of the Development. First Housing received an email, dated February 7, 2023, where R4 anticipates purchasing bonds in an amount up to \$51,000,000. The Bonds will have a 36 month initial term with a 6-month extension option. Based on an email, dated January 27, 2023, the interest rate was locked at 5.52%.

The annual Issuer Fee of 20 bps and the annual Trustee Fee of \$4,500 are included in the Uses section of this report.

FHFC SAIL Loan:

The original SAIL Loan and SAIL CHIRP Loan will be combined into one loan in the amount of \$9,800,000 at closing but have been separated for presentation purposes.

First Housing reviewed an invitation to enter credit underwriting, dated, March 1, 2022, from FHFC with a preliminary SAIL Loan in the amount of \$5,500,000.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of 20.5 years, of which 3.5 years is for the construction/stabilization period and 17 years is for the permanent period and will be coterminous with the first mortgage as permitted by Rule Chapter 67-48. Annual payments of all applicable fees will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

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First Housing received an email, dated August 25, 2022, from Florida Housing with the ITP 2022 CHIRP Application and Acknowledgement for the Development. Based on the updated Sources and Uses, the Applicant is requesting an additional \$4,300,000 in SAIL CHIRP Loan Proceeds. According to the CHIRP sizing, First Housing has concluded that the \$4,300,000 is within the parameters. The SAIL CHIRP Loan will be made under the same terms of the original SAIL Loan. The original SAIL Loan and SAIL CHIRP Loan will be closed as one loan and will have one set of closing documents. Additionally, the Applicant will be required to defer at least 30% of the Developer Fee.

Local Government Contribution:

First Housing received an email, dated October 25, 2022, from Mark Hendrickson, representative for HFALC, confirming the loan will be \$37,500 and will have an interest rate of 1%. The total loan term will be 22.5 years, of which 2.5 years is for the construction/stabilization period and 20 years is for the permanent period. The loan will amortize based on a 20 year schedule during the permanent period. Payments of principal and interest are based on available cash flow.

Self-Sourced:

First Housing received a letter, dated October 19, 2022, from Elmington Affordable, LLC. The Self-Sourced loan in the amount of \$2,750,000 will be provided from Elmington Affordable, LLC or an affiliate thereof and will have an interest rate not to exceed 4%. The loan will require interest payments only subject to available cash flow. The Self-Sourced Financing will be dispersed pro rata along with SAIL funding. The Self-Sourced Financing must be subordinate to the SAIL loan; no principal may be paid on the Self-Sourced Financing prior to the payoff of the SAIL loan in full. Any payment of Self-Sourced Financing interest will be made subordinate to SAIL loan interest payments. Additionally, the Self-Sourced Financing must remain as a source in the Development for a minimum of 15 years and may not be repaid to the Applicant from any funding source, including development cash flow per the RFA.

First Housing received an email, dated February 8, 2023, from a representative of Elmington Affordable, LLC which confirms that the self-source loan will be extended by six months. Therefore, the loan will have a total term of 20.5 years, of which 3.5 years is for the construction/stabilization period and 17 years is for the permanent period.

Housing Credit Equity:

First Housing has reviewed an equity proposal, dated October 22, 2022, indicating USBCDC or an affiliate, will acquire 99.99% ownership interest in the Applicant. Based on the proposal, the annual HC allocation is estimated to be in the amount of \$3,707,955 and the syndication rate is

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anticipated to be \$0.8975 per dollar. USBCDC anticipates a net capital contribution of \$33,278,899 and has committed to make available \$4,991,835 of the total net equity during the construction period. An additional \$28,287,064 will be available at construction completion, stabilization, and receipt of 8609s. The first installment, in the amount of \$4,991,835 or 15.00%, meets the RFA requirement that at least 15% of the total equity must be contributed at or prior to the closing.

First Housing has used a syndication rate of \$0.897589752 in order to be exact and tie to USBCDC's annual HC allocation amount. The equity proposal shows a total net capital contribution of \$33,278,898; however, the installments add to \$33,278,899. First Housing received email confirmation from USBCDC that the proposal has a rounding error and the total net capital contribution is \$33,278,899.

Deferred Developer Fee:

In order to balance the sources and uses of funds during the construction period, the Developer must defer 74.89% or \$8,740,312 of the total Developer Fee of \$11,670,253 during the construction period.

Deferred ODR:

The Operating Deficit Reserves in the amount of \$1,475,443 will be required to be funded at stabilization/conversion. Therefore, First Housing has shown this amount deferred during construction.

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Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Local HFA Bonds	HFALC/R4	\$23,905,000	\$25,527,000	\$24,395,000	17	40	5.52%	\$1,513,852
FHFC - SAIL	FHFC	\$5,500,000	\$5,500,000	\$5,500,000	17	0	1.00%	\$55,000
FHFC - SAIL CHIRP	FHFC	\$4,300,000	\$4,300,000	\$4,300,000	17	0	1.00%	\$43,000
Local Government Subsidy	HFALC	\$37,500	\$37,500	\$37,500	20	20	1.00%	\$2,070
Self-Sourced: Non-Bond Financing	Elmington Affordable, LLC	\$2,750,000	\$2,750,000	\$2,750,000	17	0	4.00%	\$110,000
HC Equity	USB CDC	\$33,278,899	\$34,213,105	\$33,278,899	N/A	N/A	N/A	N/A
Deferred Developer Fee	ECG Ridge Road Developer, LLC	\$8,568,877	\$5,247,408	\$8,533,691	N/A	N/A	N/A	N/A
Other	USB CDC	\$560,938	\$0	\$0	N/A	N/A	N/A	N/A
Total		\$78,901,214	\$77,575,013	\$78,795,090				\$1,723,921

Please note, the Application column is based on First Housing's conclusions in the Final CUR, dated November 29, 2022.

First Mortgage:

First Housing received an email, dated February 7, 2023, where R4 anticipates a permanent loan in the amount up to \$24,395,000. The permanent loan will be interest only for 5 years from closing. Assuming a 3.5 year construction period, the loan will be interest only for 1.5 years during the permanent period. The loan will have a 17 year term after conversion with an optional call date at year 15 and an option put at year 16. The loan will amortize over 40 years. Based on an email, dated January 27, 2023, the interest rate was locked at 5.52% until March 10, 2023.

During conversion, the Applicant intends to pursue an increase to the permanent first mortgage amount. Any adjustment to the approved permanent first mortgage amount will be subject to approval by FHFC.

Additional fees included in the Debt Service calculation consist of an annual Permanent Loan Servicing Fee, an annual Compliance Monitoring Fee, an annual Financial Monitoring Fee, an annual Issuer Fee of 20 bps, and an annual Trustee Fee of \$4,500. The annual Permanent Loan Servicing Fee is based upon a fee of 2.3 bps of the outstanding loan amount, with a minimum monthly fee of \$236. The annual Compliance Monitoring Fee is based on 4 bps. The annual Financial Monitoring Fee is based on 2.3 bps of the outstanding loan amount.

FHFC SAIL Loan:

The original SAIL Loan and SAIL CHIRP Loan will be combined into one loan in the amount of \$9,800,000 at closing but have been separated for presentation purposes.

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First Housing reviewed an invitation to enter credit underwriting, dated, March 1, 2022, from FHFC with a preliminary SAIL Loan in the amount of \$5,500,000.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of 20.5 years, of which 3.5 years is for the construction/stabilization period and 17 years is for the permanent period and will be coterminous with the first mortgage as permitted by Rule 67-48. Annual payments of all applicable fees will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

First Housing received an email, dated August 25, 2022, from Florida Housing with the ITP 2022 CHIRP Application and Acknowledgement for the Development. Based on the updated Sources and Uses, the Applicant is requesting an additional \$4,300,000 in SAIL CHIRP Loan Proceeds. According to the CHIRP sizing, First Housing has concluded that the \$4,300,000 is within the parameters. The SAIL CHIRP Loan will be made under the same terms of the original SAIL Loan. The original SAIL Loan and SAIL CHIRP Loan will be closed as one loan and will have one set of closing documents. Additionally, the Applicant will be required to defer at least 30% of the Developer Fee.

The annual multiple program Compliance Monitoring Fee is \$1,023 for the SAIL loan. The annual Permanent Loan Servicing Fee is based upon the outstanding loan amount, with a fee of 25 bps of the outstanding loan amount, with a minimum monthly fee of \$236, and a maximum monthly fee of \$936.

Local Government Contribution:

First Housing received an email, dated October 25, 2022, from Mark Hendrickson, representative for HFALC, confirming the loan will be \$37,500 and will have an interest rate of 1%. The total loan term will be 22.5 years, of which 2.5 years is for the construction/stabilization period and 20 years is for the permanent period. The loan will amortize based on a 20 year schedule during the permanent period. Payments of principal and interest are based on available cash flow.

Self-Sourced:

First Housing received a letter, dated October 20, 2022, from Elmington Affordable, LLC. The Self-Sourced loan in the amount of \$2,750,000 will be provided from Elmington Affordable, LLC or an affiliate thereof and will have an interest rate not to exceed 4%. The loan will require interest payments only subject to available cash flow. The Self-Sourced Financing will be dispersed pro rata along with SAIL funding. The Self-Sourced Financing must be subordinate to the SAIL loan; no principal may be paid on the Self-Sourced Financing prior to the payoff of the

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SAIL loan in full. Any payment of Self-Sourced Financing interest will be made subordinate to SAIL loan interest payments. Additionally, the Self-Sourced Financing must remain as a source in the Development for a minimum of 15 years and may not be repaid to the Applicant from any funding source, including development cash flow per the RFA.

First Housing received an email, dated February 8, 2023, from the Developer which confirms that the self-source loan will be extended by six months. Therefore, the loan will have a total term of 20.5 years, of which 3.5 years is for the construction/stabilization period and 17 years is for the permanent period.

Housing Credit Equity:

The Applicant has applied to FHFC to receive 4% Housing Credits directly from the U.S. Treasury in conjunction with tax exempt financing. A HC calculation is contained in Exhibit 2 of this credit underwriting report. Based on the equity proposal, dated October 22, 2022, indicating USBCDC or an affiliate, will provide HC equity as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$4,991,835	15.00%	Closing
2nd Installment	\$2,527,890	7.60%	Temporary CO
3rd Installment	\$800,000	2.40%	Permanent CO
4th Installment	\$20,508,352	61.63%	7/1/2025
5th Installment	\$4,300,822	12.92%	Stablization
6th Installment	\$150,000	0.45%	8609s
Total	\$33,278,899	100.00%	

Annual Credit Per Syndication Agreement

Calculated HC Exchange Rate

Limited Partner Ownership Percentage

Proceeds Available During Construction

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First Housing has used a syndication rate of \$0.897589752 in order to be exact and tie to USBCDC's annual HC allocation amount.

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer \$8,533,691 or 73.12% of the total Developer Fee of \$11,670,253. This meets the CHIRP requirement that the Applicant must defer at least 30% of their Developer Fee.

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Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
New Rental Units	\$44,473,713	\$44,473,713	\$44,473,713	\$177,895	\$250,000
Constr. Contr. Costs subject to GC Fee	\$44,473,713	\$44,473,713	\$44,473,713	\$177,895	\$250,000
General Conditions	\$2,668,423	\$2,668,423	\$2,668,423	\$10,674	\$0
Overhead	\$889,473	\$889,473	\$889,473	\$3,558	\$0
Profit	\$2,668,423	\$2,668,423	\$2,668,423	\$10,674	\$0
General Liability Insurance	\$98,000	\$98,000	\$98,000	\$392	\$0
Payment and Performance Bonds	\$344,000	\$344,000	\$344,000	\$1,376	\$0
Contract Costs not subject to GC Fee	\$125,000	\$125,000	\$125,000	\$500	\$0
Total Construction Contract/Costs	\$51,267,032	\$51,267,032	\$51,267,032	\$205,068	\$250,000
Hard Cost Contingency	\$3,588,692	\$3,588,692	\$2,563,351	\$10,253	\$0
FF&E paid outside Constr. Contr.	\$75,000	\$75,000	\$75,000	\$300	\$0
Total Construction Costs:	\$54,930,724	\$54,930,724	\$53,905,383	\$215,622	\$250,000

Please note, the Application column is based on First Housing's conclusions in the Final CUR, dated November 29, 2022.

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract, dated September 16, 2022, in the amount of \$51,267,032. This is a Standard Form of Agreement between Owner, ECG Ridge Road, LP and Contractor, Elmington Construction, LLC, where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price ("GMP"). Per this contract, substantial completion is to be achieved by no later than 664 calendar days from the date of commencement. The construction contract specifies retainage of 10% be withheld until completion reaches 50% at which time no further retainage will be withheld.
2. First Housing utilized the Schedule of Values ("SOV") to breakout the construction costs.
3. The CUR included hard cost contingency of 7% as the GC Contract allows for the General Contractor to provide a change order with a revised increased GMP closer to closing in the event prices of material costs have changed. Since closing is scheduled for March 8, 2023, it is no longer anticipated that a change order will be needed prior to closing. Therefore, the Applicant has requested to decrease the hard cost contingency to 5% of hard costs. First Housing has adjusted the hard cost contingency to be 5% of hard costs.
4. The GC Fee is within the maximum 14% of hard costs allowed by Rule Chapters 67-48 and 67-21. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process as per Rule Chapters 67-48 and 67-21.

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5. First Housing has included \$250,000 for site work as ineligible for housing credits.
6. The GC Contract includes \$1,539,279 or 3% of the GMP in allowances which are listed below. PCA

Landscape and Irrigation	\$40,000
Pool, Pool Deck, and Equipment and Fencing	\$300,000
Retaining Walls	\$156,900
Surface Detention	\$250,000
Lift Station Improvements	\$50,000
Brick Material	\$240,249
Overhead Doors	\$5,000
Signage	\$25,100
Monumental Sign	\$25,000
Fire Pucks	\$18,825
Passive Radon System	\$100,000
Electrical Primary Ductbanks	\$125,000
Low Voltage Ductbanks	\$25,000
Builder's risk security cameras and site lighting	\$141,000
Rough-in of access control	\$18,455
Card readers and security cameras	\$75 per unit or \$18,750
Total	\$1,539,279

7. The GC Contract includes costs for a P&P Bond to secure the construction contract.
8. Contract costs not subject to GC Fee includes \$125,000 in building permits.

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GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	\$40,000	\$20,000	\$20,000	\$80	\$10,000
Appraisal	\$5,000	\$5,000	\$5,000	\$20	\$0
Architect's and Planning Fees	\$1,025,341	\$1,025,341	\$1,025,341	\$4,101	\$0
Architect's Fee - Supervision	\$75,000	\$75,000	\$75,000	\$300	\$0
Building Permits	\$10,000	\$128,516	\$128,516	\$514	\$128,516
Builder's Risk Insurance	\$675,000	\$675,000	\$675,000	\$2,700	\$0
Engineering Fees	\$105,000	\$239,880	\$239,880	\$960	\$0
Environmental Report	\$25,000	\$29,200	\$29,200	\$117	\$0
FHFC Administrative Fees	\$343,410	\$343,410	\$343,410	\$1,374	\$343,410
FHFC Application Fee	\$3,000	\$3,000	\$3,000	\$12	\$3,000
FHFC Credit Underwriting Fee	\$27,405	\$44,323	\$30,355	\$121	\$30,355
FHFC Compliance Fee	\$325,382	\$325,382	\$325,382	\$1,302	\$325,382
Lender Inspection Fees / Const Admin	\$30,000	\$30,000	\$30,000	\$120	\$30,000
Green Building Cert. (LEED, FGBC, NAHB)	\$45,000	\$45,000	\$45,000	\$180	\$45,000
Insurance	\$20,180	\$20,180	\$20,180	\$81	\$0
Legal Fees - Organizational Costs	\$410,000	\$326,466	\$326,466	\$1,306	\$260,000
Market Study	\$7,500	\$11,000	\$11,000	\$44	\$11,000
Marketing and Advertising	\$0	\$0	\$0	\$0	\$0
Plan and Cost Review Analysis	\$5,250	\$5,250	\$5,250	\$21	\$0
Property Taxes	\$10,000	\$10,000	\$10,000	\$40	\$0
Soil Test	\$10,000	\$10,000	\$10,000	\$40	\$0
Survey	\$10,000	\$10,000	\$10,000	\$40	\$0
Title Insurance and Recording Fees	\$150,000	\$150,000	\$150,000	\$600	\$150,000
Utility Connection Fees	\$727,224	\$727,224	\$727,224	\$2,909	\$0
Soft Cost Contingency	\$204,234	\$0	\$212,948	\$852	\$0
Other: Travel Expense	\$0	\$13,764	\$13,764	\$55	\$0
Total General Development Costs:	\$4,288,926	\$4,272,936	\$4,471,916	\$17,888	\$1,336,663

Please note, the Application column is based on First Housing's conclusions in the Final CUR, dated November 29, 2022.

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. First Housing has utilized actual costs for: FHFC Application Fee, FHFC Credit Underwriting, and Plan and Cost Analysis ("PCA").
3. The FHFC Administrative Fee has already been paid. Therefore, First Housing has based the FHFC Administrative Fee on the amount paid.
4. The FHFC Credit Underwriting Fee is based on \$19,909 for the SAIL/4% HC report, \$4,996 for the CHIRP underwriting fee, \$2,500 for an update in the set asides, and \$2,950 for this CUR Update Letter for a total of \$30,355.
5. First Housing adjusted the Soft Cost Contingency to be 5% of the General Development Costs less the soft cost contingency, as allowed by the RFA and Rules 67-48 and 67-21 for new construction developments.
6. The Applicant provided an executed proposal with Econsultants, LLC for consulting and verification services for the National Green Building Standard ICC 700 2020 (Standard).

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FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Origination Fee	\$495,000	\$495,000	\$510,000	\$2,040	\$0
Construction Loan Interest	\$4,255,020	\$4,255,020	\$4,729,536	\$18,918	\$1,182,384
Construction Loan Servicing Fees	\$247,500	\$247,500	\$255,000	\$1,020	\$0
Local HFA Application Bond Fee	\$500	\$3,500	\$0	\$0	\$0
Local HFA Bond Underwriting Fee	\$16,009	\$16,009	\$16,009	\$64	\$16,009
Local HFA Bond Trustee Fee	\$11,250	\$11,250	\$13,500	\$54	\$13,500
Local HFA Bond Cost of Issuance	\$123,750	\$123,750	\$491,900	\$1,968	\$491,900
Local HFA Bond Closing Costs	\$247,500	\$247,500	\$306,000	\$1,224	\$306,000
Local HFA Legal - Issuer's Counsel	\$90,000	\$90,000	\$0	\$0	\$0
SAIL Commitment Fee	\$98,000	\$98,000	\$98,000	\$392	\$98,000
SAIL Closing Costs	\$12,500	\$19,909	\$12,500	\$50	\$12,500
Placement Agent/Underwriter Fee	\$37,500	\$37,500	\$0	\$0	\$0
Initial TEFRA Fee	\$15,000	\$15,000	\$0	\$0	\$0
Other: <u>Syndication Fee</u>	\$25,000	\$25,000	\$25,000	\$100	\$25,000
Other: <u>Local HFA Financial Advisor</u>	\$30,500	\$30,500	\$0	\$0	\$0
Total Financial Costs:	\$5,705,029	\$5,715,438	\$6,457,445	\$25,830	\$2,145,293
Dev. Costs before Acq., Dev. Fee & Reserves	\$64,924,679	\$64,919,098	\$64,834,744	\$259,339	\$3,731,956

Please note, the Application column is based on First Housing's conclusions in the Final CUR, dated November 29, 2022.

Notes to the Financial Costs:

1. The Construction Loan Commitment Fee is based on 1% of the construction loan amount.
2. The Construction Loan Servicing Fee is based on 0.5% of the construction loan.
3. The Construction Loan Interest is based on an interest rate of 5.52%, a 36-month term, and an average outstanding loan balance of 56%. It is assumed that if the construction loan is extended, then the Development will be partly leased up and can pay for interest out of available cash flow.
4. The Local HFA Bond Trustee Fee represents 3 years of the annual Trustee Fee of \$4,500 during the construction period. It is assumed that if the construction loan is extended, then the Development will be partly leased up and can pay for trustee fees out of available cash flow.
5. The Local HFA Bond Cost of Issuance is based on the schedule provided by RBC.
6. The Local HFA Bond Closing Costs represents the ongoing issuer fee of 0.20% of the bond amount for 3 years during construction. It is assumed that if the construction loan is extended, then the Development will be partly leased up and can pay for the ongoing issuer fee out of available cash flow.
7. SAIL Commitment Fee is based on 1% of the SAIL/SAIL CHIRP Loan.

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8. SAIL Closing Costs of \$12,500 is for FHFC Counsel.

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

Please note, the Application column is based on First Housing's conclusions in the Final CUR, dated November 29, 2022.

Notes to the Non-Land Acquisition Costs:

1. As this is new construction, there are no non-land acquisition costs.

DEVELOPER FEE ON NON-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Developer Fee - Unapportioned	\$11,686,442	\$11,686,442	\$11,670,253	\$46,681	\$0
Total Other Development Costs:	\$11,686,442	\$11,686,442	\$11,670,253	\$46,681	\$0

Please note, the Application column is based on First Housing's conclusions in the Final CUR, dated November 29, 2022.

Notes to the Developer Fee on Non-Acquisition Costs:

1. The recommended Developer's Fee does not exceed 18% of Total Development Cost before Developer Fee, land acquisition costs, and Operating Deficit Reserves ("ODR") as allowed by the RFA 2021-205 and Rule Chapters 67-48 and 67-21.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Land	\$19,650	\$25,231	\$19,650	\$79	\$19,650
Land	\$695,000	\$695,000	\$695,000	\$2,780	\$695,000
Total Acquisition Costs:	\$714,650	\$720,231	\$714,650	\$2,859	\$714,650

Please note, the Application column is based on First Housing's conclusions in the Final CUR, dated November 29, 2022.

Notes to Acquisition Costs:

1. First Housing has reviewed a Settlement Statement, dated January 19, 2023, between ECG Ridge Road, LP ("Buyer") and Seminole Boosters, Inc. ("Seller"). The purchase price of the land was \$695,000.
2. The Settlement Statement includes \$19,650 in brokerage fees. This is below the FHFC maximum amount of 4% of the purchase price when the acquisition price is \$5 million or less.

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3. The appraisal, dated November 17, 2022, indicated that the as is value of the land in the fee simple interest, as of August 30, 2022, is \$1,880,000. Therefore, the appraisal supports the purchase price.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Operating Deficit Reserve (Syndicator)	\$1,475,443	\$1,475,443	\$1,475,443	\$5,902	\$1,475,443
Reserves - Start-Up/Lease-up Expenses	\$100,000	\$100,000	\$100,000	\$400	\$100,000
Total Reserve Accounts:	\$1,575,443	\$1,575,443	\$1,575,443	\$6,302	\$1,575,443

Please note, the Application column is based on First Housing's conclusions in the Final CUR, dated November 29, 2022.

Notes to Reserve Accounts:

1. An ODR in the amount of \$1,475,443 is required by USBCDC. In exchange for receiving funding from the Corporation, the Corporation reserves the authority to restrict the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve's original purpose has terminated or is near termination. Authorized disposition uses are limited to payments towards any outstanding loan balances of the Development funded from the Corporation, any outstanding Corporation fees, any unpaid costs incurred in the completion of the Development (i.e., deferred Developer Fee), the Development's capital replacement reserve account (provided, however, that any operating deficit reserve funds deposited to the replacement reserve account will not replace, negate, or otherwise be considered an advance payment or pre-funding of the Applicant's obligation to periodically fund the replacement reserve account), the reimbursement of any loan(s) provided by a partner, member or guarantor as set forth in the Applicant's organizational agreement (i.e., operating or limited partnership agreement). The actual direction of the disposition is at the Applicant's discretion so long as it is an option permitted by the Corporation. In no event, shall the payment of amounts to the Applicant or the Developer from any operating deficit reserve established for the Development cause the Developer Fee or General Contractor fee to exceed the applicable percentage limitations provided for in this RFA.

At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the

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Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in Rule Chapter 67-48. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its legal counsel, and its Servicer.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	\$78,901,214	\$78,901,214	\$78,795,090	\$315,180	\$6,022,049

Please note, the Application column is based on First Housing's conclusions in the Final CUR, dated November 29, 2022.

Notes to Total Development Costs:

1. The TDC has decreased by a total of \$106,124 from \$78,901,214 to \$78,795,090 or 0.13% since the Final CUR. The change is mainly due to a decrease in hard cost contingency.
2. Based on the TDC per unit limitations in effect as of the April 1, 2022 Telephonic FHFC Board meeting, Florida Housing has set the TDC for RFA 2021-205, exclusive of land costs and Operating Reserves ("ODR") including the \$7,500 add on for Tax Exempt Bond, to \$358,149.60 per unit for new construction, non-ESSC, garden-style Development located in Leon County. The Development's TDC, exclusive of land and ODR is \$76,504,997 or \$306,020 per unit, which is within the underwriting parameters.

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Operating Pro Forma: Ridge Road

FINANCIAL COSTS:			Year 1	Year 1 Per Unit	
OPERATING PRO FORMA					
	Gross Potential Rental Income		\$3,577,428	\$14,310	
	Other Income				
INCOME:	Miscellaneous		\$75,000	\$300	
	Gross Potential Income		\$3,652,428	\$14,610	
	Less:				
	Physical Vac. Loss	Percentage: 3.00%	\$109,573	\$438	
	Collection Loss	Percentage: 2.00%	\$73,049	\$292	
Total Effective Gross Income			\$3,469,807	\$13,879	
EXPENSES:	Fixed:				
		Real Estate Taxes	\$383,896	\$1,536	
		Insurance	\$187,500	\$750	
	Variable:				
		Management Fee	Percentage: 4.00%	\$138,792	\$555
		General and Administrative		\$137,500	\$550
		Payroll Expenses		\$300,000	\$1,200
		Utilities		\$200,000	\$800
		Marketing and Advertising		\$12,500	\$50
		Maintenance and Repairs/Pest Control		\$150,000	\$600
		Grounds Maintenance and Landscaping		\$12,500	\$50
		Contract Services		\$12,500	\$50
		Security		\$12,500	\$50
		Reserve for Replacements		\$75,000	\$300
	Total Expenses			\$1,622,688	\$6,491
Net Operating Income			\$1,847,118	\$7,388	
Debt Service Payments					
	First Mortgage - HFALC/R4		\$1,513,852	\$6,055	
	Second Mortgage - FHFC - SAIL/SAIL CHIRP		\$98,000	\$392	
	Third Mortgage - HFALC		\$2,070	\$8	
	Fourth Mortgage - Elmington Affordable, LLC		\$110,000	\$440	
	First Mortgage Fees - HFALC/R4		\$74,027	\$296	
	Second Mortgage Fees - FHFC - SAIL/SAIL CHIRP		\$12,255	\$49	
	Third Mortgage Fees - HFALC		\$0	\$0	
	Fourth Mortgage Fees - Elmington Affordable, LLC		\$0	\$0	
Total Debt Service Payments			\$1,810,203	\$7,241	
Cash Flow after Debt Service			\$36,915	\$148	
Debt Service Coverage Ratios					
	DSC - First Mortgage plus Fees		1.16x		
	DSC - Second Mortgage plus Fees		1.09x		
	DSC - Third Mortgage plus Fees		1.09x		
	DSC - Fourth Mortgage plus Fee		1.02x		
Financial Ratios					
	Operating Expense Ratio		46.77%		
	Break-even Economic Occupancy Ratio (all debt)		94.19%		

Notes to the Operating Pro Forma and Ratios:

1. The Development will be utilizing Housing Credits and SAIL financing which will impose rent restrictions. The LIHTC rent levels are based on the 2022 maximum LIHTC rents published on FHFC's website for Leon County less the utility allowance. The Development will have a Housing Assistance Payment ("HAP") Contract for 41 of the units as shown below. Receipt of an Agreement to enter into a HAP ("AHAP") Contract with the rents below is a condition to closing in the Final CUR. Below is the rent roll for the Development.

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Leon County/Tallahassee HMFA

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	707	30%			\$457	\$57	\$ 400	\$ 1,060	\$ 1,060	\$ 1,060	\$ 1,060	\$ 50,880
1	1.0	31	707	60%			\$914	\$57	\$ 857		\$ 857	\$ 857	\$ 857	\$ 318,804
1	1.0	44	707	70%			\$1,066	\$57	\$ 1,009		\$ 1,009	\$ 1,009	\$ 1,009	\$ 532,752
2	2.0	3	1,010	30%			\$548	\$72	\$ 476	\$ 1,221	\$ 1,221	\$ 1,221	\$ 1,221	\$ 43,956
2	2.0	34	1,010	60%			\$1,096	\$72	\$ 1,024		\$ 1,024	\$ 1,024	\$ 1,024	\$ 417,792
2	2.0	47	1,010	70%			\$1,279	\$72	\$ 1,207		\$ 1,207	\$ 1,207	\$ 1,207	\$ 680,748
3	2.0	30	1,195	30%			\$633	\$80	\$ 553	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 572,400
3	2.0	12	1,195	60%			\$1,266	\$80	\$ 1,186		\$ 1,186	\$ 1,186	\$ 1,186	\$ 170,784
3	2.0	18	1,195	70%			\$1,477	\$80	\$ 1,397		\$ 1,397	\$ 1,397	\$ 1,397	\$ 301,752
4	2.0	4	1,484	30%			\$706	\$93	\$ 613	\$ 1,745	\$ 1,745	\$ 1,745	\$ 1,745	\$ 83,760
4	2.0	9	1,484	60%			\$1,413	\$93	\$ 1,320		\$ 1,320	\$ 1,320	\$ 1,320	\$ 142,560
4	2.0	14	1,484	70%			\$1,648	\$93	\$ 1,555		\$ 1,555	\$ 1,555	\$ 1,555	\$ 261,240
		250	252,461											\$ 3,577,428

2. The utility allowances are based on an Energy consumption Model Estimate prepared by Enercon Services, Inc. and approved on October 18, 2022 by FHFC for Credit Underwriting purposes only.
3. First Housing included a Vacancy and Collection loss rate of 5.00% which is supported by the appraisal.
4. Miscellaneous Income is comprised of revenue from late rent fees, damages, cleaning fees, and other miscellaneous fees. Total miscellaneous income of \$300 per unit per year is supported by the appraisal.
5. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.
6. The Applicant has submitted a draft Management Agreement, dated August 10, 2022, between the Applicant and Elmington Property Management, LLC which reflects a monthly management fee of 3.5% of gross receipts. Additionally, a compliance fee of \$42 per unit per year based on available cash flow will be due. A final management agreement with terms consistent with this report is a condition to closing. First Housing has based the management agreement on 4% which is industry standard.
7. The tenant is responsible for electric, cable, and internet. The landlord is responsible for common area electric, water/sewer, pest control and trash removal.

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8. Replacement Reserves of \$300 per unit per year are required, per the RFA and Rule Chapters 67-48 and 67-21.
9. Refer to Exhibit I, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses increasing at an annual rate of 3%.
10. The Break-Even Economic Occupancy Ratio includes the debt payments and fees on all mortgages. However, all mortgage payments, except the first mortgage payments and all fees, are subject to available cash flow. The Break-Even Economic Occupancy Ratio for the first mortgage and all fees is 88.44%.
11. Per Rule 67-48 the minimum DSC ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. However, per Rule 67-48, if the Applicant defers at least 35% of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final credit underwriting report and, in the case of a Housing Credit Development, the final cost certification documentation, and when the primary expected source of repayment has been identified as projected cash flow, the minimum DSC shall be 1.00x for the SAIL Loan, including all superior mortgages. The Applicant will be required to show permanent Deferred Developer Fee of at least 35% as the SAIL Loan DSC is 1.09x.

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Recommendation

First Housing's review indicates the proposed removal of the 45 L Credits in the amount of \$560,938 as a permanent source of funding, decrease in the hard cost contingency from 7% to 5%, extension of the SAIL Loan term to be coterminous with the first mortgage changes from a total term of 18.5 years, of which 2.5 years is the for construction/stabilization period and 16 years is for the permanent period to a total term of 20.5 years, of which 3.5 years is for the construction/stabilization period and 17 years is for the permanent period, increase in the total bond amount from \$49,500,000 to \$51,000,000, and increase in the permanent first mortgage from \$23,905,000 to \$24,395,000 has no substantial adverse impact to the Final CUR, dated November 29, 2022. First Housing recommends a SAIL Loan in the amount of \$5,500,000, a SAIL CHIRP Loan in the amount of \$4,300,000, and an annual 4% HC Allocation of \$3,784,198 for the construction and permanent financing of the Development.

Closing of the transaction is subject to the following conditions:

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

Prepared by:



Taylor Arruda
Senior Credit Underwriter

Reviewed by:



Ed Busansky
Senior Vice President

HC Allocation Calculation

Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	\$78,795,090
Less Land Costs	\$714,650
Less Federal Grants and Loans	\$0
Less Other Ineligible Costs	\$5,307,399
Total Eligible Basis	\$72,773,041
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	\$94,604,953
Housing Credit Percentage	4.00%
Annual Housing Credit Allocation	\$3,784,198

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include site work, permits, lender inspections, market study, FHFC Fees, accounting fees, legal fees, title and recording fees, financing/closing fees, and reserves.
2. The Development has a 100% set-aside: therefore, the Applicable Fraction is 100%.
3. For purposes of this analysis, the Development is located in a Qualified Census Tract ("QCT"); therefore the 130% basis credit was applied.
4. For purposes of this recommendation a HC percentage of 4.00% was applied based on the 4% floor rate, which was established through the Consolidated Appropriations Act of 2021.

FHDC

GAP Calculation

Total Development Costs(including land and ineligible Costs)	\$78,795,090
Less Mortgages	\$36,982,500
Less Grants	\$0
Equity Gap	\$41,812,590
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.8976
HC Required to meet Equity Gap	\$46,587,844
Annual HC Required	\$4,658,784

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from the equity proposal, dated October 22, 2022, from USBCDC.
2. First Housing has used a syndication rate of \$0.897589752 in order to be exact and tie to USBCDC's annual HC allocation amount.

Summary

HC Per Syndication Agreement	\$3,707,955
HC Per Qualified Basis	\$3,784,198
HC Per GAP Calculation	\$4,658,784
Annual HC Recommended	\$3,784,198
Syndication Proceeds based upon Syndication Agreement	\$33,278,899

1. The estimated annual 4% Housing Credit allocation is limited to the lesser of the qualified basis calculation or the gap calculation. The recommendation is based on the gap calculation.

FHDC

50% Test

Tax-Exempt Bond Amount	\$51,000,000
Less: Debt Service Reserve Funded with Tax-Exempt Bond Proceeds	\$0
Other:	\$0
Other:	\$0
Equals Net Tax-Exempt Bond Amount	\$51,000,000
Total Depreciable Cost	\$72,773,041
Plus Land Cost	\$714,650
Aggregate Basis	\$73,487,691
Net Tax-Exempt Bond to Aggregate Basis Ratio	69.40%

1. Based on the budget, the Development appears to meet the 50% test for 4% Housing Credits.

FHDC

CHIRP RECOMMENDATION - ADDITIONAL LOANS

Development Name: Ridge Road	
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)	1.22x
Maximum CHIRP DSCR	1.30x
DSCR used for sizing (lowest DSCs from above)	1.22x
Actual Traditional 1st Mtg Amount to be stated in CUR	\$ 24,395,000.00
Calculated 1st Mtg at Restricted DSCR (1.22x)	\$ 24,395,000.00
1st Mtg Restricted to 1.22x DSCR	\$ 24,395,000.00
RESULT: 1st Mtg amount for sizing purposes	\$ 24,395,000.00

Total Sources	
1st Mtg amt. for sizing from above	\$ 24,395,000.00
2nd Mortgage - SAIL	\$ 5,500,000.00
3rd Mortgage - HFALC	\$ 37,500.00
4th Mortgage - Self-source	\$ 2,750,000.00
5th Mortgage -	\$ -
6th Mortgage -	\$ -
Total HC Equity	\$ 33,278,899.00
35% Deferred Developr Fee for Sizing	\$ 4,084,588.55
Total Sources	\$ 70,045,987.55
Total Uses	\$ 78,795,090.00

Test 1 - GAP ANALYSIS	
RESULT: Total Gap	\$ 8,749,102.00

Test 2 - INCREASED COST ANALYSIS	
Current GC Contract Amount	\$ 51,267,032.00
30% of GC Contract (est. Increased costs)*	\$ 15,380,109.60
Increased Corporation Fees	\$ -
Increased Construction Financing Costs	\$ -
Increased Dev. Fee (18.00% x sum of new costs)	\$ 2,768,419.73
RESULT: Total Increased Costs	\$ 18,148,529.00

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

Rule Test - SAIL LTC ANALYSIS	
Active Award Total SAIL Funding	\$ 5,500,000.00
Max Total SAIL Funding assuming a 35% LTC	\$ 27,578,281.00
Max New SAIL Funding using a 35% LTC	\$ 22,078,281.00

Rule Test - Minimum 1.00x DSC overall Ratio	
Net Operating Income	\$ 1,847,119.00
Actual % DDF when using Actual 1st Mortgage	35.00%
Debt Service for an Overall 1.00x DSC Ratio	\$ 1,847,119.00
Actual Traditional 1st mortgage Debt Service	\$ 1,513,851.59
Actual Traditional 1st mortgage Servicing Fees	\$ 66,725.35
Debt Service Available for New SAIL	\$ 266,542.06
Total (non-ELI) SAIL at 1.00% Interest Only DS	\$ 26,654,206.10
Total (non-ELI) SAIL less Active Award (non-ELI) SAIL	\$ 21,154,206.10

ADDITIONAL FHDC 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	
\$9,800,000.00	

Select the RFA of the Active Award	2021-205
Assumptions	
Number of units	250
Total Development Costs	\$ 78,795,090.00
Annual Servicing Fees (\$) on stated	\$ -
Traditional 1st Mtg Amort. Years	40.00
Traditional 1st Mtg Interest Rate	5.52%
Is the Perm 1st Mtg an MMRB or Local HFA bond?	MMRB
Total Effective Gross Income in CUR	\$ 3,469,807.00
Total Operating Expenses in CUR	\$ 1,622,688.00
Net Operating Income in CUR Yr 1	\$ 1,847,119.00
Net Operating Income in CUR Yr 15	\$ 2,401,161.00
Total HC Equity	\$ 33,278,899.00
Developer Fee % Basis for Deferral	18%
Total 18% Developer Fee	\$ 11,670,253.00

Loan using lowest 1.22x DSCR (1st Yr NOI)	\$ 24,395,000.00
Loan using Max CHIRP 1.30x DSCR (1st Yr NOI)	\$22,896,497.07
Annual Servicing Fees (\$) on 1.22x	\$ 66,725.35
Annual Servicing Fees (\$) on 1.30x	\$ 62,934.14
Actual DSC in current LOI, incl. fees (1st Yr NOI)	1.22x

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% Homeless,
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 appr

FHDC

15 Year Proforma

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																
Gross Potential Rental Income		\$3,577,428	\$3,648,977	\$3,721,956	\$3,796,395	\$3,872,323	\$3,949,770	\$4,028,765	\$4,109,340	\$4,191,527	\$4,275,358	\$4,360,865	\$4,448,082	\$4,537,044	\$4,627,785	\$4,720,340
Other Income																
Miscellaneous		\$75,000	\$76,500	\$78,030	\$79,591	\$81,182	\$82,806	\$84,462	\$86,151	\$87,874	\$89,632	\$91,425	\$93,253	\$95,118	\$97,020	\$98,961
Gross Potential Income		\$3,652,428	\$3,725,477	\$3,799,986	\$3,875,986	\$3,953,506	\$4,032,576	\$4,113,227	\$4,195,492	\$4,279,402	\$4,364,990	\$4,452,289	\$4,541,335	\$4,632,162	\$4,724,805	\$4,819,301
Less:																
Physical Vac. Loss Percentage: 3.00%		\$109,573	\$111,764	\$114,000	\$116,280	\$118,605	\$120,977	\$123,397	\$125,855	\$128,382	\$130,950	\$133,569	\$136,240	\$138,965	\$141,744	\$144,579
Collection Loss Percentage: 2.00%		\$73,049	\$74,510	\$76,000	\$77,520	\$79,070	\$80,652	\$82,265	\$83,910	\$85,588	\$87,300	\$89,046	\$90,827	\$92,643	\$94,496	\$96,386
Total Effective Gross Income		\$3,469,807	\$3,539,203	\$3,609,987	\$3,682,187	\$3,755,830	\$3,830,947	\$3,907,566	\$3,985,717	\$4,065,431	\$4,146,740	\$4,229,675	\$4,314,268	\$4,400,554	\$4,488,565	\$4,578,336
Fixed:																
Real Estate Taxes		\$383,896	\$395,413	\$407,275	\$419,494	\$432,078	\$445,041	\$458,392	\$472,144	\$486,308	\$500,897	\$515,924	\$531,402	\$547,344	\$563,764	\$580,677
Insurance		\$187,500	\$193,125	\$198,919	\$204,886	\$211,033	\$217,364	\$223,885	\$230,601	\$237,519	\$244,645	\$251,984	\$259,544	\$267,330	\$275,350	\$283,611
Variable:																
Management Fee Percentage: 4.00%		\$138,792	\$141,568	\$144,399	\$147,287	\$150,233	\$153,238	\$156,303	\$159,429	\$162,617	\$165,870	\$169,187	\$172,571	\$176,022	\$179,543	\$183,133
General and Administrative		\$137,500	\$141,625	\$145,874	\$150,250	\$154,757	\$159,400	\$164,182	\$169,108	\$174,181	\$179,406	\$184,789	\$190,332	\$196,042	\$201,923	\$207,981
Payroll Expenses		\$300,000	\$309,000	\$318,270	\$327,818	\$337,653	\$347,782	\$358,216	\$368,962	\$380,031	\$391,432	\$403,175	\$415,270	\$427,728	\$440,560	\$453,777
Utilities		\$200,000	\$206,000	\$212,180	\$218,545	\$225,102	\$231,855	\$238,810	\$245,975	\$253,354	\$260,955	\$268,783	\$276,847	\$285,152	\$293,707	\$302,518
Marketing and Advertising		\$12,500	\$12,875	\$13,261	\$13,659	\$14,069	\$14,491	\$14,926	\$15,373	\$15,835	\$16,310	\$16,799	\$17,303	\$17,822	\$18,357	\$18,907
Maintenance and Repairs/Pest Control		\$150,000	\$154,500	\$159,135	\$163,909	\$168,826	\$173,891	\$179,108	\$184,481	\$190,016	\$195,716	\$201,587	\$207,635	\$213,864	\$220,280	\$226,888
Grounds Maintenance and Landscaping		\$12,500	\$12,875	\$13,261	\$13,659	\$14,069	\$14,491	\$14,926	\$15,373	\$15,835	\$16,310	\$16,799	\$17,303	\$17,822	\$18,357	\$18,907
Contract Services		\$12,500	\$12,875	\$13,261	\$13,659	\$14,069	\$14,491	\$14,926	\$15,373	\$15,835	\$16,310	\$16,799	\$17,303	\$17,822	\$18,357	\$18,907
Security		\$12,500	\$12,875	\$13,261	\$13,659	\$14,069	\$14,491	\$14,926	\$15,373	\$15,835	\$16,310	\$16,799	\$17,303	\$17,822	\$18,357	\$18,907
Reserve for Replacements		\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$77,250	\$79,568	\$81,955	\$84,413	\$86,946
Total Expenses		\$1,622,688	\$1,667,731	\$1,714,097	\$1,761,826	\$1,810,958	\$1,861,534	\$1,913,598	\$1,967,193	\$2,022,365	\$2,079,159	\$2,139,875	\$2,202,380	\$2,266,725	\$2,332,967	\$2,401,161
Net Operating Income		\$1,847,118	\$1,871,472	\$1,895,890	\$1,920,360	\$1,944,872	\$1,969,412	\$1,993,968	\$2,018,524	\$2,043,067	\$2,067,581	\$2,089,799	\$2,111,889	\$2,133,828	\$2,155,598	\$2,177,176
Debt Service Payments																
First Mortgage - HFALC/R4		\$1,513,852	\$1,513,852	\$1,513,852	\$1,513,852	\$1,513,852	\$1,513,852	\$1,513,852	\$1,513,852	\$1,513,852	\$1,513,852	\$1,513,852	\$1,513,852	\$1,513,852	\$1,513,852	\$1,513,852
Second Mortgage - FHFC - SAIL/SAIL CHIRP		\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000
Third Mortgage - HFALC		\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070
Fourth Mortgage - Elmington Affordable, LLC		\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
First Mortgage Fees - HFALC/R4		\$74,027	\$73,562	\$73,071	\$72,552	\$72,004	\$71,424	\$70,812	\$70,165	\$69,482	\$68,759	\$67,996	\$67,190	\$66,338	\$65,438	\$64,487
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 - HFALC		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fourth Mortgage Fees - Elmington Affordable, LLC		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments		\$1,810,203	\$1,809,739	\$1,809,247	\$1,808,728	\$1,808,180	\$1,807,601	\$1,806,988	\$1,806,341	\$1,805,658	\$1,804,936	\$1,804,172	\$1,803,366	\$1,802,514	\$1,801,614	\$1,800,663
Cash Flow after Debt Service		\$36,915	\$61,733	\$86,642	\$111,632	\$136,692	\$161,812	\$186,979	\$212,183	\$237,409	\$262,645	\$285,627	\$308,523	\$331,314	\$353,984	\$376,513
Debt Service Coverage Ratios																
DSC - First Mortgage plus Fees		1.16	1.18	1.19	1.21	1.23	1.24	1.26	1.27	1.29	1.31	1.32	1.34	1.35	1.36	1.38
DSC - Second Mortgage plus Fees		1.09	1.10	1.12	1.13	1.15	1.16	1.18	1.19	1.21	1.22	1.24	1.25	1.26	1.28	1.29
DSC - Third Mortgage plus Fees		1.09	1.10	1.12	1.13	1.15	1.16	1.18	1.19	1.20	1.22	1.23	1.25	1.26	1.27	1.29
DSC - Fourth Mortgage plus Fee		1.02	1.03	1.05	1.06	1.08	1.09	1.10	1.12	1.13	1.15	1.16	1.17	1.18	1.20	1.21
Financial Ratios																
Operating Expense Ratio		46.77%	47.12%	47.48%	47.85%	48.22%	48.59%	48.97%	49.36%	49.75%	50.14%	50.59%	51.05%	51.51%	51.98%	52.45%
Break-even Economic Occupancy Ratio (all debt)		94.19%	93.54%	92.92%	92.32%	91.74%	91.19%	90.65%	90.14%	89.65%	89.18%	88.78%	88.41%	88.05%	87.71%	87.39%



March 24, 2023

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

RE: Quail Roost Transit Village I (“Development”) – State Apartment Incentive Loan (“SAIL”) and Invitation to Participate (“ITP”) 2022 Construction Housing Inflation Response Program (“CHIRP”) National Housing Trust Fund (“NHTF CHIRP”) RFA 2020-208 (2020-461SN) / 4% Non-Competitive Housing Credits (“HC”) 2019-571C

Credit Underwriting Report Update Letter (“CUR Update Letter”) – Changes to the Final Credit Underwriting Report dated May 31, 2022 (“Final CUR”) and NHTF CUR Update Letter dated September 8, 2022 to approve additional subordinate debt from Miami-Dade County Department of Public Housing & Community Development (“PHCD”), increase the construction and permanent first mortgage Multifamily Housing Revenue Bonds (“MHRB”) loan amounts and increase the Bridge Loan amount.

Dear Mr. Kennedy:

Florida Housing Finance Corporation (“Florida Housing” or “FHFC”) has requested that AmeriNat® (“AmeriNat” or “Servicer”) review correspondences from various parties as outlined in this CUR Update Letter requesting approval of the changes above. Specifically, AmeriNat has been requested to provide a recommendation for the above-referenced changes to the Final CUR that was approved at the June 17, 2022 FHFC Board meeting and NHTF CUR Update Letter that was approved at the September 16, 2022 FHFC Board meeting. An analysis of the proposed changes follows below.

AmeriNat reviewed the requests, 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
2. NHTF CUR Update Letter
3. Correspondence from Wells Fargo Bank, National Association
4. Correspondence from Atlantic Pacific Communities (“APC”)
5. Correspondence from PHCD
6. FHFC Past Due Report dated February 27, 2023
7. FHFC Noncompliance Report dated December 28, 2022

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Background:

The Development will be located on South Miami-Dade Busway at the intersection of South Miami-Dade Busway and SW 186th Street, Miami, Miami-Dade County, FL 33157. The Development will be new construction consisting of a high-rise (12 stories) apartment building, 200 units, and a six-story parking garage, with a Workforce Housing demographic.

Per the Final CUR, AmeriNat recommended a SAIL loan in the amount of \$6,500,000 and an annual 4% HC allocation in the amount of \$3,718,259. Per the NHTF CUR Update Letter, AmeriNat recommended a NHTF CHIRP loan in the amount of \$3,700,000 to Quail Roost Transit Village I, Ltd. (“Applicant” or “Borrower”) for the construction and permanent financing of the Development.

The original construction and permanent funding sources in the NHTF CUR Update Letter were as follows:

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Local HFA Bonds	HFAMDC/Wells Fargo Bank, NA	\$15,300,000	\$15,300,000	\$76,500
FHFC - SAIL	FHFC	\$6,500,000	\$6,500,000	\$32,500
FHFC - NHTF	FHFC	\$3,700,000	\$3,700,000	\$18,500
Local Government Subsidy	Miami-Dade County Surtax - FY 2020 & FY 2021	\$6,000,000	\$6,000,000	\$30,000
Local Government Subsidy	Miami-Dade County Surtax - FY	\$4,000,000	\$4,000,000	\$20,000
Other	Miami-Dade County Transit Grant	\$4,327,507	\$4,327,507	\$21,638
HC Equity	Wells Fargo Community Lending &	\$8,957,875	\$38,547,784	\$192,739
Deferred Developer Fee	Developer	\$7,100,889	\$4,710,980	\$23,555
TOTAL		\$55,886,271	\$83,086,271	\$415,431
Cash Collateral Source(s):				
Bridge Loan	HFAMDC/Wells Fargo Bank, NA	\$27,200,000		
GRAND TOTAL		\$83,086,271		

The proposed revised construction and permanent funding sources are as follows:

CONSTRUCTION/PERMANENT SOURCES:			
Source	Lender	Construction	Permanent
Local HFA Bonds	HFAMDC/Wells Fargo Bank, NA	\$15,650,000	\$15,650,000
FHFC - SAIL	FHFC	\$6,500,000	\$6,500,000
FHFC - NHTF	FHFC	\$3,700,000	\$3,700,000
Local Government Subsidy	Miami-Dade County Surtax - FY 2020 & FY 2021	\$6,000,000	\$6,000,000
Local Government Subsidy	Miami-Dade County Surtax - FY 2020 Supplemental	\$4,000,000	\$4,000,000
Other	Miami-Dade County Transit Grant	\$4,327,507	\$4,327,507
Local Government Subsidy	Miami-Dade County DIAF/DRF	\$1,000,000	\$1,000,000
HC Equity	Wells Fargo Community Lending & Investment	\$8,957,875	\$38,547,784
Deferred Developer Fee	Developer	\$4,450,889	\$3,360,980
TOTAL		\$54,586,271	\$83,086,271
Cash Collateral Source(s):			
Bridge Loan	HFAMDC/Wells Fargo Bank, NA	\$28,500,000	
GRAND TOTAL		\$83,086,271	

First Mortgage MHRB Increase:

Per the Wells Fargo Bank, National Association commitment letter dated January 11, 2023, the construction and permanent MHRB loan amounts have increased by \$350,000 from \$15,300,000 to \$15,650,000 each and the interest rate has been locked at 5.32%. All other terms and conditions remain the same since the NHTF CUR Update letter. See below for the changes in the Debt Service Coverage ("DSC").

Bridge Loan Increase:

Per correspondence from Wells Fargo Bank, National Association, dated March 22, 2023, the Bridge Loan amount has increase by \$1,300,000 from \$27,200,000 to \$28,500,000. All other terms and conditions remain the same since the NHTF CUR Update Letter.

SAIL and NHTF Loans:

The only change to the SAIL and NHTF loans is an increase in the fees, which is based on FHFC 2023 Fee Schedule. Annual payments of all applicable fees will be required. For each of the SAIL and NHTF loans, 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 Additional Funding Miami-Dade County DIAF/DRF:

The Borrower provided an award letter from PHCD dated January 20, 2023, in the amount of \$1 million in Development Inflation Adjustment Funds/Development Relief Funds ("DIAF/DRF") to the Development. Per correspondence from PHCD, dated February 3, 2023, the loan term will be coterminous with the

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superior lien, which will be 41 years and 10 months (including a 22-month construction/stabilization period) with a zero (0.00%) percent interest rate. The loan will be forgivable.

Deferred Developer Fee:

During the construction phase, Deferred Developer Fee has been reduced by \$2,650,000 from \$7,100,889 to \$4,450,889 or 35.89% of total Developer Fee. During the permanent phase, the Deferred Developer Fee has been reduced by \$1,350,000 from \$4,710,980 to \$3,360,980 or 27.11% of total Developer Fee, which does not meet the minimum 30% requirement per the ITP NHTF CHIRP. However, the Borrower stated it will meet the minimum 30% requirement at the time of loan closing based on the anticipated increase in the Uses. Meeting the minimum 30% requirement of the ITP NHTF CHIRP is a condition precedent to loan closing and listed below in the Recommendation section.

Debt Service Coverage:

Per a letter dated January 5, 2023, from the U.S. Department of Housing and Urban Development (“HUD”), the final RAD contract rents, which will be reflected in the RAD HAP Contract, will be based on Fiscal Year 2020 Federal Appropriations for the 20 RAD studio units. The amended contract rents for the 20 units were reduced by \$9/unit from \$591/unit to \$582/unit for an overall annual rental income reduction of \$2,160. This reduction in rents does not change the DSC.

Overall, with the increase to the permanent first mortgage MHRB and rate lock at 5.32%, inclusion of FHFC 2023 Fees, inclusion of the \$1,000,000 PHCD funding and reduction in rents for the 20 RAD studio units, the DSC has increased for the permanent first mortgage from 1.30x to 1.46x. The DSC for the permanent first and second mortgages increased from 1.22x to 1.36x. The DSC for the remaining subordinate mortgages has increased from 1.12x to 1.24x, which meets the RFA and Rule Chapters 67-21 and 67-48 requirements.

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

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OPERATING PRO FORMA:

FINANCIAL COSTS:				Year 1	Year 1 Per Unit
OPERATING PRO FORMA					
Gross Potential Rental Income				\$2,837,352	\$14,187
Other Income					
INCOME:	Miscellaneous			\$40,000	\$200
	Washer/Dryer Rentals			\$48,000	\$240
	Gross Potential Income			\$2,925,352	\$14,627
	Less:				
	Physical Vac. Loss Percentage: 2.86%			\$83,568	\$418
Collection Loss Percentage: 0.95%			\$27,856	\$139	
Total Effective Gross Income				\$2,813,928	\$14,070
EXPENSES:	Fixed:				
	Real Estate Taxes			\$241,041	\$1,205
	Insurance			\$200,000	\$1,000
	Variable:				
	Management Fee Percentage: 6.00%			\$168,965	\$845
	General and Administrative			\$95,000	\$475
	Payroll Expenses			\$240,000	\$1,200
	Utilities			\$105,000	\$525
	Marketing and Advertising			\$5,000	\$25
	Maintenance and Repairs/Pest Control			\$85,000	\$425
	Grounds Maintenance and Landscaping			\$27,000	\$135
	Contract Services			\$75,000	\$375
	Reserve for Replacements			\$60,000	\$300
	Total Expenses				\$1,302,006
Net Operating Income				\$1,511,922	\$7,560
Debt Service Payments					
First Mortgage - MHRB			\$1,016,702	\$5,084	
Second Mortgage - SAIL			\$65,000	\$325	
Third Mortgage - NHTF			\$0	\$0	
Fourth Mortgage - Surtax \$6MM			\$60,000	\$300	
Fifth Mortgage - Surtax \$4MM			\$40,000	\$200	
All Other Mortgages - Transit Grant + DIAF/DRF			\$0	\$0	
First Mortgage Fees - MHRB			\$49,250	\$246	
Second Mortgage Fees - SAIL			\$12,255	\$61	
Third Mortgage Fees - NHTF			\$10,273	\$51	
Fourth Mortgage Fees - Surtax \$6MM			\$0	\$0	
Fifth Mortgage Fees - Surtax \$4MM			\$0	\$0	
All Other Mortgages Fees - Transit Grant + DIAF/DRF			\$0	\$0	
Total Debt Service Payments			\$1,253,480	\$6,267	
Cash Flow after Debt Service			\$258,442	\$1,292	
Debt Service Coverage Ratios					
DSC - First Mortgage plus Fees			1.42x		
DSC - Second Mortgage plus Fees			1.32x		
DSC - Third Mortgage plus Fees			1.31x		
DSC - Fourth Mortgage plus Fee			1.25x		
DSC - Fifth Mortgage plus Fees			1.21x		
DSC - All Mortgages and Fees			1.21x		
Financial Ratios					
Operating Expense Ratio			46.27%		
Break-even Economic Occupancy Ratio (all debt)			87.59%		

Mr. Tim Kennedy
Quail Roost Transit Village I
March 24, 2023
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Recommendation:

AmeriNat's review indicates that the inclusion of the PHCD additional subordinate debt, the increase in the construction and permanent first mortgage MHRB loan amounts, and the increase in the Bridge Loan amount do not adversely impact the transaction as previously underwritten. Accordingly, AmeriNat recommends that FHFC consent to and approve these changes to the NHTF CUR Update Letter, subject to the following:

1. Deferred Developer Fee must meet the minimum 30% requirement of the ITP NHTF CHIRP.
2. Review and approval of all loan documents consistent with the terms outlined above by the Servicer, Florida Housing and its Legal Counsel.
3. All of the closing conditions in the Final CUR are to be met.
4. 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
Quail Roost Transit Village I
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	\$2,837,352	\$2,894,099	\$2,951,981	\$3,011,021	\$3,071,241	\$3,132,666	\$3,195,319	\$3,259,226	\$3,324,410	\$3,390,898	\$3,458,716	\$3,527,891	\$3,598,448	\$3,670,417	\$3,743,826	
	Other Income																
	Miscellaneous	\$40,000	\$40,800	\$41,616	\$42,448	\$43,297	\$44,163	\$45,046	\$45,947	\$46,866	\$47,804	\$48,760	\$49,735	\$50,730	\$51,744	\$52,779	
	Washer/Dryer Rentals	\$48,000	\$48,960	\$49,939	\$50,938	\$51,957	\$52,996	\$54,056	\$55,137	\$56,240	\$57,364	\$58,512	\$59,682	\$60,876	\$62,093	\$63,335	
	Gross Potential Income	\$2,925,352	\$2,983,859	\$3,043,536	\$3,104,407	\$3,166,495	\$3,229,825	\$3,294,421	\$3,360,310	\$3,427,516	\$3,496,066	\$3,565,988	\$3,637,308	\$3,710,054	\$3,784,255	\$3,859,940	
	Less:																
	Physical Vac. Loss Percentage: 2.86%	\$83,568	\$85,239	\$86,944	\$88,683	\$90,457	\$92,266	\$94,111	\$95,993	\$97,913	\$99,872	\$101,869	\$103,906	\$105,984	\$108,104	\$110,266	
	Collection Loss Percentage: 0.95%	\$27,856	\$28,413	\$28,981	\$29,561	\$30,152	\$30,755	\$31,370	\$31,998	\$32,638	\$33,291	\$33,956	\$34,635	\$35,328	\$36,035	\$36,755	
	Total Effective Gross Income	\$2,813,928	\$2,870,207	\$2,927,611	\$2,986,163	\$3,045,886	\$3,106,804	\$3,168,940	\$3,232,319	\$3,296,965	\$3,362,904	\$3,430,163	\$3,498,766	\$3,568,741	\$3,640,116	\$3,712,918	
	EXPENSES:	Fixed:															
Real Estate Taxes		\$241,041	\$248,272	\$255,720	\$263,392	\$271,294	\$279,433	\$287,816	\$296,450	\$305,344	\$314,504	\$323,939	\$333,657	\$343,667	\$353,977	\$364,596	
Insurance		\$200,000	\$206,000	\$212,180	\$218,545	\$225,102	\$231,855	\$238,810	\$245,975	\$253,354	\$260,955	\$268,783	\$276,847	\$285,152	\$293,707	\$302,518	
Variable:																	
Management Fee Percentage: 6.00%		\$168,965	\$172,344	\$175,791	\$179,307	\$182,893	\$186,551	\$190,282	\$194,088	\$197,969	\$201,929	\$205,967	\$210,087	\$214,288	\$218,574	\$222,946	
General and Administrative		\$95,000	\$97,850	\$100,786	\$103,809	\$106,923	\$110,131	\$113,435	\$116,838	\$120,343	\$123,953	\$127,672	\$131,502	\$135,447	\$139,511	\$143,696	
Payroll Expenses		\$240,000	\$247,200	\$254,616	\$262,254	\$270,122	\$278,226	\$286,573	\$295,170	\$304,025	\$313,146	\$322,540	\$332,216	\$342,183	\$352,448	\$363,022	
Utilities		\$105,000	\$108,150	\$111,395	\$114,736	\$118,178	\$121,724	\$125,375	\$129,137	\$133,011	\$137,001	\$141,111	\$145,345	\$149,705	\$154,196	\$158,822	
Marketing and Advertising		\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524	\$6,720	\$6,921	\$7,129	\$7,343	\$7,563	
Maintenance and Repairs/Pest Control		\$85,000	\$87,550	\$90,177	\$92,882	\$95,668	\$98,538	\$101,494	\$104,539	\$107,675	\$110,906	\$114,233	\$117,660	\$121,190	\$124,825	\$128,570	
Grounds Maintenance and Landscaping		\$27,000	\$27,810	\$28,644	\$29,504	\$30,389	\$31,300	\$32,239	\$33,207	\$34,203	\$35,229	\$36,286	\$37,374	\$38,496	\$39,650	\$40,840	
Contract Services		\$75,000	\$77,250	\$79,568	\$81,955	\$84,413	\$86,946	\$89,554	\$92,241	\$95,008	\$97,858	\$100,794	\$103,818	\$106,932	\$110,140	\$113,444	
Reserve for Replacements		\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531	\$69,556
Total Expenses		\$1,302,006	\$1,337,577	\$1,374,180	\$1,411,848	\$1,450,610	\$1,490,500	\$1,531,549	\$1,573,793	\$1,617,266	\$1,662,004	\$1,709,845	\$1,759,080	\$1,809,752	\$1,861,902	\$1,915,573	
Net Operating Income		\$1,511,922	\$1,532,630	\$1,553,430	\$1,574,315	\$1,595,276	\$1,616,304	\$1,637,391	\$1,658,526	\$1,679,699	\$1,700,900	\$1,722,318	\$1,739,685	\$1,758,989	\$1,778,214	\$1,797,345	
Debt Service Payments																	
First Mortgage - MHRB	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	\$1,016,702	
Second Mortgage - SAIL	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	
Third Mortgage - NHTF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Fourth Mortgage - Surtax \$6MM	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	
Fifth Mortgage - Surtax \$4MM	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	
All Other Mortgages - Transit Grant + DIAF/DRF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
First Mortgage Fees - MHRB	\$49,250	\$49,223	\$49,187	\$49,143	\$49,088	\$49,022	\$48,944	\$48,854	\$48,749	\$48,629	\$48,493	\$48,339	\$48,165	\$47,971	\$47,754		
Second Mortgage Fees - SAIL	\$12,255	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	
Third Mortgage Fees - NHTF	\$10,273	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	\$3,741	
Fourth Mortgage Fees - Surtax \$6MM	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Fifth Mortgage Fees - Surtax \$4MM	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
All Other Mortgages Fees - Transit Grant + DIAF/DRF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Debt Service Payments	\$1,253,480	\$1,246,567	\$1,246,531	\$1,246,487	\$1,246,432	\$1,246,366	\$1,246,288	\$1,246,198	\$1,246,093	\$1,245,973	\$1,245,837	\$1,245,683	\$1,245,509	\$1,245,315	\$1,245,099		
Cash Flow after Debt Service	\$258,442	\$286,063	\$306,899	\$327,828	\$348,844	\$369,938	\$391,103	\$412,328	\$433,606	\$454,927	\$474,481	\$494,003	\$513,480	\$532,899	\$552,247		
Debt Service Coverage Ratios																	
DSC - First Mortgage plus Fees	1.42x	1.44x	1.46x	1.48x	1.50x	1.52x	1.54x	1.56x	1.58x	1.60x	1.62x	1.63x	1.65x	1.67x	1.69x		
DSC - Second Mortgage plus Fees	1.32x	1.34x	1.36x	1.38x	1.40x	1.41x	1.43x	1.45x	1.47x	1.49x	1.51x	1.52x	1.54x	1.56x	1.57x		
DSC - Third Mortgage plus Fees	1.31x	1.34x	1.35x	1.37x	1.39x	1.41x	1.43x	1.45x	1.47x	1.48x	1.50x	1.52x	1.54x	1.55x	1.57x		
DSC - Fourth Mortgage plus Fee	1.25x	1.27x	1.29x	1.30x	1.32x	1.34x	1.36x	1.38x	1.39x	1.41x	1.43x	1.44x	1.46x	1.48x	1.49x		
DSC - Fifth Mortgage plus Fees	1.21x	1.23x	1.25x	1.26x	1.28x	1.30x	1.31x	1.33x	1.35x	1.37x	1.38x	1.40x	1.41x	1.43x	1.44x		
DSC - All Mortgages and Fees	1.21x	1.23x	1.25x	1.26x	1.28x	1.30x	1.31x	1.33x	1.35x	1.37x	1.38x	1.40x	1.41x	1.43x	1.44x		
Financial Ratios																	
Operating Expense Ratio	46.27%	46.60%	46.94%	47.28%	47.63%	47.98%	48.33%	48.69%	49.05%	49.42%	49.85%	50.28%	50.71%	51.15%	51.59%		
Break-even Economic Occupancy Ratio (all debt)	87.59%	86.83%	86.34%	85.86%	85.40%	84.97%	84.55%	84.15%	83.77%	83.41%	83.11%	82.84%	82.58%	82.34%	82.11%		