
Florida Housing Finance Corporation

Credit Underwriting Report

Heritage Park Apartments

HOME Loan, MMRB & Non-Competitive 4% Housing Credits

2014-288H / 2014-111B

Section A: Board Summary

Section B: HOME Loan and MMRB Conditions & Housing Credit Allocation Recommendation

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

June 4, 2014

Heritage Park Apartments

TABLE OF CONTENTS

	<u>Page</u>
Section A	
Board Summary	
Recommendation	A1-A8
Overview	A9-A12
Uses of Funds	A13-A16
Operating Pro Forma	A17-A19
Expense Comparables	A20
Section B	
HOME Loan Conditions	B1-B7
Housing Credit Recommendation	B8
Section C	
Supporting Information & Schedules	
Additional Development & Third Party Information	C1-C5
Applicant Information	C6-C9
Guarantor Information	C10
Bond Purchaser	C11-C12
Syndicator Information	C13
General Contractor Information	C14-C15
Property Management Information	C16-C17
Exhibits	
15 Year Pro Forma	1
Housing Credit Allocation	2. 1-3
Description of Features and Amenities	3. 1-6
Completion and Issues Checklist	4. 1-2

Section A

Board Summary

Recommendation

Heritage Park Apartments, Ltd. (“Applicant”) has applied for a Florida Housing Finance Corporation (“FHFC”) Multifamily Mortgage Revenue Bond (“MMRB”), a HOME Loan and a Federal Housing Credit (“HC”) determination to finance the new construction and permanent financing of the development referenced above. First Housing recommends a **\$19,500,000** MMRB during construction, a **\$18,000,000** MMRB during permanent financing, a **\$5,000,000** HOME Loan, and an annual HC Allocation of **\$1,162,040** be awarded to this development for its new construction and permanent financing.

DEVELOPMENT & SET-ASIDES														
Development Name: <u>Heritage Park Apartments</u>														
Program Numbers: <u>2014-288H</u> <u>2014-111B</u>														
Address: <u>2104 East Irlo Bronson Memorial Hwy</u> City: <u>Kissimmee</u> Zip Code: <u>34744</u>														
County: <u>Osceola</u> County Size: <u>Medium</u>														
Development Category: <u>New Construction</u> Development Type: <u>Garden Style Apartments</u>														
Construction Type: <u>Wood Frame</u>														
Demographic Commitment: Elderly: <u>No</u> Homeless: <u>No</u> ELI: <u> </u> Unit: @ <u> </u> AMI														
Farmwork or Commercial Fish Worker: <u>No</u> Family: <u>Yes</u> Link: <u> </u> Units														

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	4	644	50%	\$538	\$555		\$92		\$446	\$473	\$463	\$463	\$22,224
1	1.0	21	644	60%	\$645		\$705	\$92		\$553	\$553	\$553	\$553	\$139,356
1	1.0	11	644	100%	\$800			\$0		\$800	\$799	\$800	\$800	\$105,600
2	1.0	3	849	50%	\$645	\$668		\$101		\$544	\$579	\$567	\$567	\$20,412
2	1.0	18	849	60%	\$774		\$848	\$101		\$673	\$674	\$673	\$673	\$145,368
2	1.0	8	849	100%	\$900			\$0		\$900	\$899	\$900	\$900	\$86,400
2	2.0	1	984	100%	\$975			\$0		\$975	\$899	\$975	\$975	\$11,700
3	2.0	11	1046	50%	\$745	\$772		\$112		\$633	\$674	\$660	\$660	\$87,120
3	2.0	64	1046	60%	\$894		\$970	\$112		\$782	\$783	\$782	\$782	\$600,576
3	2.0	32	1046	100%	\$1,000			\$0		\$1,000	\$979	\$1,000	\$1,000	\$384,000
4	3.0	7	1186	50%	\$831	\$862		\$143		\$688	\$733	\$719	\$719	\$60,396
4	3.0	29	1186	60%	\$997		\$1,063	\$143		\$854	\$854	\$854	\$854	\$297,192
4	3.0	10	1506	60%	\$997		\$1,063	\$143		\$854	\$854	\$854	\$854	\$102,480
4	3.0	19	1506	100%	\$1,250			\$0		\$1,250	\$1,099	\$1,250	\$1,250	\$285,000
		238												\$2,347,824

HOME Subsidy Limits:

Low HOME Rent Units: 25

High HOME Rent Units: 97

Total HOME-Assisted Units: 122

19 One Bedroom units at \$88,306 = \$1,677,814
 15 Two Bedroom units at \$107,378 = \$1,610,670
 58 Three Bedroom units at \$138,913= \$8,056,954
 30 Four Bedroom units at \$152,483= \$4,574,490
 122 Total units for a maximum subsidy of: \$15,919,928

Buildings: Residential - 24 Non-Residential - 0
 Parking: Parking Spaces - 459 Accessible Spaces - 9

Set Asides:	Program	% of Units	# of Units	% AMI	Term (Years)
	HOME Assisted Uts	10.0%	25	50%	30
	HOME Assisted Uts	40.0%	97	60%	30
	MMRB	40.0%	96	60%	30
	4% HC	70.0%	167	60%	30

Absorption Rate 35 units per month for 7 months.

Occupancy Rate at Stabilization: Physical Occupancy 96.00% Economic Occupancy 95.00%
 Occupancy Comments _____

DDA?: Yes QCT?: No
 Site Acreage: 13.45 Density: 17.70 Flood Zone Designation: X
 Zoning: PD (Planned Development: permits multifamily use) Flood Insurance Required?: No

DEVELOPMENT TEAM		
Applicant/Borrower:	Heritage Park Apartments, Ltd.	
General Partner 1:	Heritage Park Managers, L.L.C.	0.0100%
Limited Partner 1:	Bank of America, N.A. ("BOA") and FL Tax Holdings 2010, Ltd.	99.9900%
Guarantor(s):	Heritage Park Apartments, Ltd.	
	Heritage Park Managers, L.L.C.	
	FL Tax Holdings 2010, Ltd.	
	Michael J. Sciarrino Revocable Trust	
	Michael Sciarrino	
Developer:	Atlantic Housing Partners, L.L.L.P. ("AHP")	
Principal 1	Paul Missigman	
Principal 2	Scott Culp	
Principal 3	Michael Sciarrino	
General Contractor 1:	CPG Construction, L.L.L.P. ("CPG")	
Management Company:	Concord Management, Ltd.	
Bond Purchaser	Fairview Bond Holdings, L.L.C. ("FBH")	
Syndicator:	Bank of America ("BOA")	
Bond Issuer:	Florida Housing Finance Corporation ("FHFC")	
Architect:	Slocum Platts Architects, P.A.	
Market Study Provider:	Integra Realty Resources ("IRR")	
Appraiser:	Integra Realty Resources	

PERMANENT FINANCING INFORMATION			
	1st Source	2nd Source	3rd Source
Lien Position	First	Second	Third
Lender/Grantor	FBH	FHFC	SAS
Amount	\$18,000,000	\$5,000,000	\$1,125,000
Underwritten Interest Rate	4.57%	0.21%	0.00%
All In Interest Rate	4.57%	0.21%	0.00%
Loan Term	35.00	35.00	40.00
Amortization	42.00	0.00	0.00
Market Rate/Market Financing LTV	62.94%	80.42%	84.35%
Restricted Market Financing LTV	90.45%	115.58%	121.23%
Loan to Cost	45%	57%	60%
Debt Service Coverage	1.18	1.17	1.17
Operating/Deficit Service Reserve	\$0.00	\$0.00	\$0.00
Period of Operating Expenses/Deficit Reserve in Months	0	0	0

Deferred Developer Fee	\$4,881,596
Land Value	\$2,400,000
Market Rent/Market Financing Stabilized Value	\$28,600,000
Rent Restricted Market Financing Stabilized Value	\$19,900,000
Projected Net Operating Income (NOI) - Year 1	\$1,141,724
Projected Net Operating Income (NOI) - 15 Year	\$1,302,315
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Private Placement
Housing Credit Syndication Price	\$1.02
Housing Credit Annual Allocation	\$1,162,040

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Tax Exempt Bonds	FBH	\$19,500,000	\$18,000,000	\$75,630
HOME Loan	FHFC	\$5,000,000	\$5,000,000	\$21,008
Match Funds	SAS	\$1,125,000	\$1,125,000	\$4,727
Housing Credit Equity	BOA	\$7,159,771	\$11,015,033	\$46,282
Bridge Loan	BOA	\$2,753,758	\$0	\$0
Deferred Developer	AHP	\$4,483,100	\$4,881,596	\$20,511
TOTAL		\$40,021,629	\$40,021,629	\$168,158

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	X	
Are all funding sources the same as shown in the Application?	X	
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?	X	
Does the applicant have site control at or above the level indicated in the Application?	X	
Does the applicant have adequate zoning as indicated in the Application?	X	

Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development costs remained equal to or less than those listed in the Application?		2
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	X	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	X	
Is the Development in all other material respects the same as presented in the Application?	X	

The following are explanations of each item checked "No" in the table above:

1. The cost has increased 1%, due mainly to adjustments in financial costs by the underwriter.

Does the development team have any FHFC Financed Developments on the Past Due/Non-Compliance Report?

According to the FHFC, March 28, 2014 Asset Management Non-Compliance Report, the development team has the following non-compliance item(s) that are not in the correction period:

- Beach Village at Palm Coast I: Annual Review 11/18/2013
 - a) Failure to meet Uniform Physical Condition Standards: Health & safety - missing fire exit signs; 4/7/2014: Status unchanged. Last activity: Letter to Owner 4/3/2014
- Marbella Pointe: Annual Review 10/24/2013
 - a) Failure to meet Uniform Physical Condition Standards: Health & safety - missing fire exit signs. 4/7/2014: Status unchanged. Last activity: letter to owner 3/17/2014.
- Moss Park: Initial Review 10/17/2013
 - a) Failure to meet Uniform Physical Condition Standards: Health & safety - missing fire exit signs;
 - b) Failure to meet Green Building requirements. 4/7/2014: Status unchanged. Last activity: letter from owner 4/1/2014.

According to the FHFC Past Due report dated March 28, 2014, the development team has the following past due item(s) that are not in the correction period:

- None

Closing of the loan is conditioned upon verification that any outstanding past due, and/or non-compliance items noted at the time closing, have been satisfied.

Strengths:

1. Integra Realty Resources (“IRR”) prepared a Market Study for the subject property dated April 3, 2014. The market research indicates there is sufficient demand in the market to support the subject. The subject apartment market has remained healthy as illustrated by the continued strength in construction and absorption rates.
2. The study identified 6 restricted comparable properties within the PMA. The weighted average occupancy of these comparable properties was 99%.

Other Considerations:

1. IRR has performed a search within the primary market area for Guarantee Funded projects, which revealed one family oriented property within the primary market area: Walden Park is a LIHTC development that was built in 2002 and has 300 units. The set-aside unit mix consists of 1-, 2-, and 3-bedroom units, all of which are restricted at 60% AMI. At the time of survey the property was 99% occupied. IRR concluded the subject development will not adversely affect this project, as it is an established, stabilized community.
2. The Developer was planning to have the Bonds be drawn down as funds became necessary during construction. The underwriter did not approve this structure considering the Bond Purchaser, Fairview Bond Holdings, L.L.C. (“FBH”), is a newly formed entity related to the Developer that has no experience and no financial strength. The underwriter recommends all the Bonds to be funded at closing and deposited with the Trustee.

Mitigating Factors:

None

Waiver Requests/Special Conditions:

None

Additional Information:

1. The bond issue and the bond structure, including the proposed bond purchaser, must comply with, among other things, (a) Section 67-21 et seq., Florida Administrative Code, including the requirement that non-credit enhanced multifamily mortgage revenue bonds be sold only to a Qualified Institutional Buyer and related criteria, and (b) all applicable Florida Housing, State and Federal laws and requirements, all as determined by Florida Housing, its counsel and the credit underwriter. As of the date of this Credit Underwriting Report, neither Florida Housing, its counsel nor the credit underwriter has approved the bond issue or the bond structure, including the proposed bond purchaser.

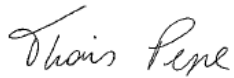
Recommendation:

First Housing recommends a MMRB in the amount of \$19,500,000 during construction and \$18,000,000 during permanent financing, a HOME Loan in the amount of \$5,000,000 and an annual Housing Credit Allocation of \$1,162,040 be awarded to this development for its new construction and permanent financing.

These recommendations are based upon the assumptions detailed in the Board Summary (Section A), and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the HOME Loan and MMRB Conditions and HC Allocation Recommendation Special and General Conditions (Section B). **This recommendation is only valid for six months from the date of the report.**

The reader is cautioned to refer to these sections for complete information.

Prepared by:



Thais Pepe
Senior Credit Underwriter

Reviewed by:



Ed Busansky
Senior Vice President

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
Tax Exempt Bonds	FBH	\$19,500,000	\$19,500,000	\$19,500,000	4.57%	\$891,914
HOME Loan	FHFC	\$5,000,000	\$5,000,000	\$5,000,000	0.21%	\$10,447
Match Funds	SAS	\$1,125,000	\$1,125,000	\$1,125,000	0.00%	\$0
Housing Credit Equity	BOA	\$9,260,528	\$11,015,033	\$7,159,771	N/A	N/A
Bridge Loan	BOA	\$0	\$0	\$2,753,758	N/A	N/A
Deferred Developer Fee	AHP	\$5,545,804	\$2,510,162	\$4,483,100	N/A	N/A
Total		\$40,431,332	\$39,150,195	\$40,021,629		\$902,361

First Mortgage:

First Housing reviewed a letter of interest from Fairview Bond Holdings, L.L.C. (“FBH”) dated May 22, 2014, which indicates FBH is willing to buy approximately \$19,500,000 in MMRB Bond. The term of the loan will be 35 years, with interest only for 36 months. Interest rate is fixed at 4.25% plus applicable fees of 24 basis points (“bps”), plus servicing fee of 2.3 bps, plus compliance fee of 1.9 bps, plus trustee fee of 4 bps for an “all in” interest of 4.57%.

FHFC HOME Loan:

The Applicant has applied to Florida Housing for a \$5,000,000 HOME Loan under RFA 2013-010 to finance the construction and permanent financing of this development. The HOME Loan term will be for 35 years to be co-terminus with the First Mortgage, which meets the requirements of the HOME Rule. The HOME Loan will be non-amortizing and repayment of principal shall be deferred until maturity. Annual payments of all applicable fees will be required. Fees include Servicing Fees (25 bps with a minimum annual payment of \$2,400 and a maximum annual payment of \$9,576) and Compliance Monitoring Fees (\$871 or 1.7 bps). The FHFC Board of Directors determined an interest rate of 0% for all HOME loans issued under RFA 2013-010 at the December 13, 2013 FHFC Board of Directors meeting. Interest rate will be at 0% PLUS servicing fees of approximately 19 bps (\$9,576), plus compliance monitoring fee of 1.7 bps for a total “all-in” rate of 0.21% simple interest. The compliance monitoring fee shall be adjusted January 1 of each year, but not decreased, based on the South Region Consumer Price Index for the twelve month period ending each November 30th. This automatic increase shall not exceed 3% of the prior year’s fee.

HOME Match Funds:

The Applicant has provided a letter from Southern Affordable Services, Inc. (“SAS”), dated December 27, 2013, which SAS agrees to provide HOME Match funding in the principal amount of \$1,125,000 for the subject development. The loan will be non-amortizing with 0% interest and a term of 40 years, when all principal is due.

Housing Credits Equity:

FHDC has reviewed a letter of interest, dated as of May 14, 2014 indicating Bank of America, N.A. (“BOA”) is interested in a potential investment for the acquisition of the Low Income Housing tax Credits. Based on this letter, BOA estimates \$1.02 for every dollar of Federal Low Income Housing Tax Credit to be provided with a 99.99% ownership interest, for a total capital investment of \$11,015,033, of which \$7,159,771 will be available during construction.

Bridge Loan:

BOA is expected to provide a Bridge Loan. The underwriter has not received any information on the amount or terms of this loan. The amount shown above is an estimate based on the amount of the third syndication installment. Receipt of a Bridge Loan firm commitment is a condition to this report.

Deferred Developer Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer \$4,483,100 or 78% of total developer fee until construction completion.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Tax Exempt Bonds	FBH	\$19,500,000	\$18,000,000	\$18,000,000	35	42	4.57%	\$965,176
HOME Loan	FHFC	\$5,000,000	\$5,000,000	\$5,000,000	35	0	0.21%	\$10,447
Match Funds	SAS	\$1,125,000	\$1,125,000	\$1,125,000	40	0	0.00%	\$0
Housing Credit Equity	BOA	\$10,289,476	\$11,015,033	\$11,015,033	N/A	N/A	N/A	N/A
Deferred Developer Fee	BOA	\$5,545,804	\$4,010,162	\$4,881,596	N/A	N/A	N/A	N/A
Total		\$41,460,280	\$39,150,195	\$40,021,629				\$975,623

First Mortgage:

First Housing reviewed a letter of interest from Fairview Bond Holdings, L.L.C. (“FBH”) dated May 22, 2014, which indicates FBH is willing to buy approximately \$19,500,000 in MMRB Bond, to be paid down to \$18,000,000 at stabilization. The term of the loan will be 35 years, with interest only for 36 months. Commencing with the 37th month payments of principal and interest shall be due based on 42 year amortization and interest rate fixed at 4.25% % plus applicable fees of 24 basis points (“bps”), plus servicing fee of 2.3 bps, plus compliance fee of 1.9 bps, plus trustee fee of 4 bps for an “all in” interest of 4.57% for 17 years. Interest rate will be reset after 17 years to the greater of 4.25% or 200 basis points over the 10 year treasury rate.

FHFC HOME Loan:

The Applicant has applied to Florida Housing for a \$5,000,000 HOME Loan under RFA 2013-010 to finance the construction and permanent financing of this development. The HOME Loan term will be for 35 years to be co-terminus with the First Mortgage, which meets the requirements of the HOME Rule. The HOME Loan will be non-amortizing and repayment of principal shall be deferred until maturity. Annual payments of all applicable fees will be required. Fees include Servicing Fees (25 bps with a minimum annual payment of \$2,400 and a maximum annual payment of \$9,576) and Compliance Monitoring Fees (\$871 or 1.7 bps). The FHFC Board of Directors determined an interest rate of 0% for all HOME loans issued under RFA 2013-010 at the December 13, 2013 FHFC Board of Directors meeting. Interest rate will be at 0% PLUS servicing fees of approximately 19 bps (\$9,576), plus compliance monitoring fee of 1.7 bps for a total “all-in” rate of 0.21% simple interest. The compliance monitoring fee shall be adjusted January 1 of each year, but not decreased, based on the South Region Consumer Price Index for the twelve month period ending each November 30th. This automatic increase shall not exceed 3% of the prior year’s fee.

HOME Match Funds:

The Applicant has provided a letter from Southern Affordable Services, Inc. (“SAS”), dated December 27, 2013, which SAS agrees to provide HOME Match funding in the principal amount of \$1,125,000 for the subject development. The loan will be non-amortizing with 0% interest and a term of 40 years, when all principal is due.

Housing Credits Equity:

FHDC has reviewed a letter of interest, dated as of May 14, 2014 indicating Bank of America, N.A. (“BOA”) is interested in a potential investment for the acquisition of the Low Income Housing tax Credits. Based on this letter, BOA estimates \$1.02 for every dollar of Federal Low Income Housing Tax Credit to be provided with a 99.99% ownership interest, for a total capital investment of \$11,015,033 paid in five installments, as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$4,406,013	40.00%	Closing
2nd Installment	\$2,753,758	25.00%	50% Completion
3rd Installment	\$2,753,758	25.00%	Temporary CO
4th Installment	\$550,752	5.00%	Lien Free & Forms 8609
5th Installment	\$550,752	5.00%	Conversion
Total	\$11,015,033	100.00%	

Annual Credit Per Syndication Agreement	\$1,080,013
Calculated HC Exchange Rate	\$1.02
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	\$7,159,771

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent period, the Developer is required to defer \$4,881,596 or 85% of total developer fee.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR	HOME Ineligible Costs - CUR
New Rental Units	\$22,366,764	\$21,675,023	\$21,675,023	\$91,072	\$608,992	\$0
General Conditions	\$0	\$1,300,501	\$1,300,501	\$5,464	\$0	\$0
Overhead	\$3,131,346	\$433,501	\$433,501	\$1,821	\$0	\$0
Profit	\$0	\$1,300,501	\$1,300,501	\$5,464	\$0	\$0
Hard Cost Contingency	\$1,496,155	\$1,083,751	\$1,083,751	\$4,554	\$0	\$0
Total Construction Contract/Costs	\$26,994,265	\$25,793,277	\$25,793,277	\$108,375	\$608,992	\$0
Fees for LOC used as Construction Surety	\$256,081	\$241,812	\$241,812	\$1,016	\$0	\$0
Total Construction Costs:	\$27,250,346	\$26,035,089	\$26,035,089	\$109,391	\$608,992	\$0

Notes to the General Development Costs:

1. The Applicant has provided an executed construction contract dated March 6, 2014 in the amount of \$25,793,277. This is a Standard Form of Agreement Between the Owner, Heritage Park Apartments, Ltd., and the Contractor, CPG Construction, L.L.L.P., where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price. Per this contract substantial completion is to be achieved no later than 480 days from commencement. The Owner will make monthly progress payments to the Contractor, based upon Applications for Payment approved by the Architect. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 5% retainage thereafter is required.
2. The Hard Cost Contingency is 5% of hard cost which is within the maximum allowable of 5% for new construction developments per Rule.
3. The General Contractor fee is within the maximum 14% of hard costs allowed by Rule.
4. The General Contractor has budgeted for Letter of Credit of 25% of the contract amount in lieu of a Payment and Performance Bond to secure the construction contract.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR	HOME Ineligible Costs - CUR
Accounting Fees	\$5,000	\$0	\$5,000	\$21	\$0	\$0
Appraisal	\$10,000	\$10,000	\$10,000	\$42	\$0	\$0
Architect's Fee - Site/Building Design	\$331,887	\$331,887	\$331,887	\$1,394	\$0	\$0
Architect's Fee - Supervision	\$0	\$311,767	\$311,767	\$1,310	\$0	\$0
Building Permits	\$80,000	\$50,000	\$50,000	\$210	\$0	\$0
Builder's Risk Insurance	\$88,060	\$88,060	\$88,060	\$370	\$0	\$0
Engineering Fees	\$200,000	\$200,339	\$200,339	\$842	\$0	\$0
Environmental Report	\$50,000	\$17,750	\$17,750	\$75	\$0	\$0
FHFC Administrative Fees	\$86,657	\$86,303	\$92,963	\$391	\$92,963	\$92,963
FHFC Application Fee	\$3,500	\$3,500	\$6,500	\$27	\$6,500	\$0
FHFC Credit Underwriting Fee	\$17,581	\$17,582	\$17,582	\$74	\$17,582	\$0
FHFC HC Compliance Fee (HC)	\$126,874	\$126,874	\$0	\$0	\$0	\$0
Impact Fee	\$1,558,553	\$1,558,553	\$1,558,553	\$6,549	\$0	\$0
Lender Inspection Fees / Const Admin	\$7,500	\$7,500	\$7,500	\$32	\$0	\$0
Green Building Cert. (LEED, FGBC, NAHB)	\$103,530	\$103,530	\$103,530	\$435	\$0	\$0
Legal Fees	\$100,000	\$275,000	\$275,000	\$1,155	\$236,500	\$0
Market Study	\$9,000	\$9,000	\$9,000	\$38	\$0	\$0
Marketing and Advertising	\$48,671	\$48,671	\$48,671	\$205	\$48,671	\$0
Property Taxes	\$50,000	\$50,000	\$50,000	\$210	\$0	\$0
Soil Test	\$15,000	\$11,727	\$11,727	\$49	\$0	\$0
Survey	\$45,000	\$130,473	\$130,473	\$548	\$0	\$0
Title Insurance and Recording Fees	\$30,000	\$30,000	\$30,000	\$126	\$0	\$0
Utility Connection Fees	\$1,488,176	\$1,488,176	\$1,488,176	\$6,253	\$0	\$0
Soft Cost Contingency	\$0	\$0	\$247,887	\$1,042	\$0	\$0
Other: Bank Inspec., Photos, Prints, etc.	\$0	\$113,256	\$113,256	\$476	\$0	\$0
Total General Development Costs:	\$4,454,989	\$5,069,948	\$5,205,621	\$21,872	\$402,216	\$92,963

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. The Credit Underwriter has utilized actual costs for: credit underwriting, appraisal, market study, and the appropriate FHFC fees.
3. The FHFC Administrative Fee is based on 8% of the recommended annual housing credit allocation.
4. The Soft Cost Contingency line item is within 5% of the General Development Costs less the contingency as allowed for new construction developments.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR	HOME Ineligible Costs - CUR
Construction Loan Origination Fee	\$146,250	\$146,250	\$146,250	\$614	\$0	\$0
Construction Loan Interest	\$261,868	\$261,868	\$891,914	\$3,748	\$0	\$0
Bridge Loan Interest	\$222,728	\$222,728	\$222,728	\$936	\$0	\$0
FHFC Bond Underwriting Fee	\$0	\$7,500	\$7,500	\$32	\$7,000	\$0
FHFC Bond Trustee Fee	\$0	\$7,500	\$7,500	\$32	\$7,000	\$0
FHFC Bond Origination Fee	\$0	\$0	\$78,000	\$328		\$0
Financial Advisor Fee	\$0	\$105,216	\$0	\$0	\$0	\$0
Total Financial Costs:	\$630,846	\$751,062	\$1,353,892	\$5,689	\$14,000	\$0

Notes to the Financial Costs:

1. First Mortgage Loan Costs and Other Financing Fees & Interest are the Applicant's detailed estimates.
2. Construction Loan Interest was based on 12 months period and an interest rate of 4.57%.

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

Notes to the Non-Land Acquisition Costs:

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

OTHER DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR	HOME Ineligible Costs - CUR
Development Cost Before Developer Fee	\$32,336,181	\$31,856,099	\$32,594,601	\$136,952	\$1,025,208	\$92,963
Developer Fee	\$5,545,804	\$5,734,097	\$5,867,028	\$24,651	\$0	\$0
Total Other Development Costs:	\$5,545,804	\$5,734,097	\$5,867,028	\$24,651	\$98,202	\$0

Notes to the Other Development Costs:

1. The recommended Developer's Fee is within 18% of total development cost before developer fee and land per the Rule.
2. Based on RFA 2013-010 the maximum allowable Developer fee is limited to the maximum allowable Total Development Cost ("TDC") per unit base limitation exclusive

of land, which is set at \$163,000 for Garden Style Wood construction. The subject TDC per unit exclusive of land is \$161,603. The maximum allowable Developer fee can be determined by multiplying the applicable TDC Per Unit Base Limitation of \$163,000 by the number of total units in the Development, then divide this product by 1.18 and multiply the result by 18 percent, which results in a maximum allowable Developer fee of \$5,917,729.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR	HOME Ineligible Costs - CUR
Land	\$1,560,000	\$1,560,000	\$1,560,000	\$6,555	\$1,560,000	\$0
Total Acquisition Costs:	\$1,560,000	\$1,560,000	\$1,560,000	\$6,555	\$1,560,000	\$0
TOTAL DEVELOPMENT COSTS:	\$39,441,985	\$39,150,196	\$40,021,630	\$168,158	\$2,683,410	\$92,963

Notes to Acquisition Costs:

1. The land was acquired in two contiguous parcels for a total of \$1,560,000, as follows:
 - a. First Housing Development Corporation ("FHDC") has reviewed an executed Purchase Agreement for a 5.42 acres site, between IB Partners I, Ltd. ("Seller") and Heritage Park Apartments, Ltd. ("Purchaser"), dated March 10, 2014, for a total purchase price of \$760,000. The Seller is a related entity to Southern Affordable Services, Inc. and therefore not an arms length transaction.
 - b. First Housing Development Corporation ("FHDC") has reviewed an executed Purchase Agreement, between Heritage Osceola Investment Partners, L.L.C. ("Seller") and Heritage Park Apartments, Ltd. ("Purchaser"), dated March 10, 2014, for a total purchase price of \$800,000.
2. First Housing reviewed an Appraisal of Real Property, dated April 3, 2014, prepared by Integra Realty Resources. The fee simple interest in the subject (land value) "as is" is valued at \$2,400,000.

Notes to Total Development Costs:

1. The cost has increased 1%, due mainly to adjustments in financial costs done by the underwriter.

Operating Pro Forma – Heritage Park Apartments

FINANCIAL COSTS:		Year 1	Year 1 Per Unit
OPERATING PRO FORMA			
INCOME:	Gross Potential Rental Income	\$2,347,824	\$9,865
	Other Income		
	Parking Income	\$0	\$0
	Miscellaneous	\$47,600	\$200
	Washer/Dryer Rentals	\$70,686	\$297
	Cable/Satellite Income	\$100,674	\$423
	Gross Potential Income	\$2,566,784	\$10,785
	Less:		
	Physical Vac. Loss Percentage: 5.00%	\$117,391	\$493
	Collection Loss Percentage: 1.00%	\$23,478	\$99
Total Effective Gross Income	\$2,425,915	\$10,193	
EXPENSES:	Fixed:		
	Real Estate Taxes	\$235,400	\$989
	Insurance	\$55,454	\$233
	Variable:		
	Management Fee Percentage: 4.50%	\$109,166	\$459
	General and Administrative	\$102,340	\$430
	Payroll Expenses	\$286,790	\$1,205
	Utilities	\$243,950	\$1,025
	Marketing and Advertising	\$45,220	\$190
	Maintenance and Repairs/Pest Control	\$88,060	\$370
	Grounds Maintenance and Landscaping	\$46,410	\$195
	Reserve for Replacements	\$71,400	\$300
Total Expenses	\$1,284,190	\$5,396	
Net Operating Income	\$1,141,724	\$4,797	
Debt Service Payments			
First Mortgage -	\$965,176	\$4,055	
Second Mortgage -	\$10,447	\$44	
Third Mortgage -	\$0	\$0	
Total Debt Service Payments	\$975,623	\$4,099	
Cash Flow after Debt Service	\$166,102	\$698	
	Annual	Per Unit	
Debt Service Coverage Ratios			
DSC - First Mortgage	1.18		
DSC - Second Mortgage	1.17		
DSC - Third Mortgage	1.17		
Financial Ratios			
Operating Expense Ratio	52.94%		
Break-even Economic Occupancy Ratio (all debt)	88.04%		

Notes to the Operating Pro Forma and Ratios:

1. The Appraisal's estimate of achievable rent within the restricted scenario is consistent with the maximum net rental rates per unit type set forth by the State for each set-aside unit type. In the case of the subject, 71 units (30%) are set aside at market rates, 25 units (11%) are set aside at 50% HOME rates, while the remaining 142 units (60%) are set aside at 60% of the median household income. Below is the rent roll for the subject property:

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	4	644	50%	\$538	\$555		\$92		\$446	\$473	\$463	\$463	\$22,224
1	1.0	21	644	60%	\$645		\$705	\$92		\$553	\$553	\$553	\$553	\$139,356
1	1.0	11	644	100%	\$800			\$0		\$800	\$799	\$800	\$800	\$105,600
2	1.0	3	849	50%	\$645	\$668		\$101		\$544	\$579	\$567	\$567	\$20,412
2	1.0	18	849	60%	\$774		\$848	\$101		\$673	\$674	\$673	\$673	\$145,368
2	1.0	8	849	100%	\$900			\$0		\$900	\$899	\$900	\$900	\$86,400
2	2.0	1	984	100%	\$975			\$0		\$975	\$899	\$975	\$975	\$11,700
3	2.0	11	1046	50%	\$745	\$772		\$112		\$633	\$674	\$660	\$660	\$87,120
3	2.0	64	1046	60%	\$894		\$970	\$112		\$782	\$783	\$782	\$782	\$600,576
3	2.0	32	1046	100%	\$1,000			\$0		\$1,000	\$979	\$1,000	\$1,000	\$384,000
4	3.0	7	1186	50%	\$831	\$862		\$143		\$688	\$733	\$719	\$719	\$60,396
4	3.0	29	1186	60%	\$997		\$1,063	\$143		\$854	\$854	\$854	\$854	\$297,192
4	3.0	10	1506	60%	\$997		\$1,063	\$143		\$854	\$854	\$854	\$854	\$102,480
4	3.0	19	1506	100%	\$1,250			\$0		\$1,250	\$1,099	\$1,250	\$1,250	\$285,000
		238												\$2,347,824

2. The appraiser estimated vacancy loss rate of 5% and collection loss rate of 1%, which is acceptable by the underwriter.
3. The subject has 72 attached non-direct access garages that are forecasted to be rented for \$100 per month, which is within the range of other competitive properties within the market. Total potential annual parking revenue is estimated at \$81,216, net of vacancy and rent loss. Please note the developer's budget does not include parking revenue, therefore the underwriter did not consider this revenue to be conservative.
4. Other Income is comprised of forfeited deposits, vending machines, late charges, etc. Total other income of \$200 per unit/ per year is supported by the appraisal.
5. The subject will charge residents for washer/dryer unit packages as an additional fee per month. Based on the current asking rates of the comparable set, the projected washer/dryer income by the developer is \$45 per month with a 55% participation rate. This is well in the average in the average of comparable properties.
6. The subject will charge residents for cable packages as an additional fee per month. Based on the current asking rates of the comparable set, the projected cable income by the developer is \$47 per month with a 75% participation rate. This is well in the average in the average of comparable properties.

7. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and the Credit Underwriter'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 ban of reasonableness.
8. Insurance expense includes property and casualty insurance for the subject. The Appraiser has estimated the insurance at \$500 per unit, which is higher than the budget and comparable data, which all include a blanket coverage discount. The underwriter used the Developer's estimate due to the blanket coverage discount.
9. The Applicant has submitted a Management Agreement executed May 1, 2014, which reflects a management fee equal to five percent (4.5%) of the monthly gross collections.
10. All of the units will be individually metered for electricity and water. The tenant will be responsible for paying electricity, water and sewer. The landlord will be responsible for trash, and electricity, water, trash, and sewer for the common areas and vacant units. The Appraisal estimated this line item at \$1,025 per unit.
11. Replacement Reserves is \$300 per unit per year, as required by FHFC Rule 67-48 and 67-21.
12. 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 are increasing at an annual rate of 3%.
13. Please see below for a chart of 2012 comparable expenses from Osceola and Orange County.

Expense Analysis

Deal	Crescent Club	St. Cloud Village	Northbridge at Millenia II	Sumerset Housing
County	Orange	Osceola	Orange	Orange
Number of Units	215	208	211	148
Year Completed	1974/2003	1998	2005	1969/2004
Demographic	Elderly	Family	Family	Family

Management Company	Leland	Concord	Concord	Richelson	Average	Appraiser	Developer	First Housing
Real Estate Taxes	\$698	\$478	\$1,309	\$384	\$717	\$989	\$753	\$989
Insurance	\$0	\$530	\$272	\$448	\$313	\$500	\$233	\$233
Management Fee	\$330	\$258	\$335	\$282	\$301	\$527	\$507	\$459
General and Administrative	\$242	\$864	\$642	\$525	\$568	\$430	\$337	\$430
Payroll Expenses	\$615	\$1,127	\$1,375	\$972	\$1,022	\$1,205	\$1,204	\$1,205
Utilities	\$380	\$1,022	\$1,368	\$793	\$891	\$1,025	\$1,027	\$1,025
Marketing and Advertising	\$13	\$230	\$188	\$139	\$143	\$190	\$190	\$190
Maintenance and Repairs/Pest Control	\$522	\$806	\$1,152	\$1,341	\$955	\$370	\$349	\$370
Grounds Maintenance and Landscaping	\$0	\$0	\$0	\$0	\$0	\$195	\$194	\$195
Reserve for Replacements	\$250	\$200	\$200	\$200	\$213	\$300	\$300	\$300
Total Expense Per Unit	\$3,050	\$5,515	\$6,841	\$5,084	\$5,123	\$5,731	\$5,094	\$5,396

Section B

**HOME Loan and MMRB Conditions & HC Allocation
Recommendations**

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least 30 days prior to real estate Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the bond pricing date and/or closing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the notice of bond sale:

1. The bond issue and the bond structure, including the proposed bond purchaser, must comply with, among other things, (a) Section 67-21 et seq., Florida Administrative Code, including the requirement that non-credit enhanced multifamily mortgage revenue bonds be sold only to a Qualified Institutional Buyer and related criteria, and (b) all applicable Florida Housing, State and Federal laws and requirements, all as determined by Florida Housing, its counsel and the credit underwriter. As of the date of this Credit Underwriting Report, neither Florida Housing, its counsel nor the credit underwriter has approved the bond issue or the bond structure, including the proposed bond purchaser.
2. All the Bonds should be funded at closing and be deposited with the Trustee.
3. Closing and funding of the Southern Affordable Services, Inc. (“SAS”) HOME Match funding in the principal amount of \$1,125,000.
4. Receipt and satisfactory review of current financial statements of the Principal dated within 30 days of closing is a condition of this credit underwriting report
5. C-3 Consulting Group or another entity chosen by the underwriter is to act as construction inspector during the construction phase.
6. Receipt of an updated Plan and Cost Analysis (PCA) that addresses all Features and Amenities and is satisfactory to the credit underwriter.
7. Receipt of financial statements for the most fiscal year ended or unaudited financials followed by the last two years of tax returns for the following entities:
 - a. Atlantic Housing Partners, L.L.L.C.
 - b. CPG Construction, L.L.L.P.
 - c. FL Tax Holdings 2010, Ltd.
 - d. Heritage Park Apartments, Ltd.
 - e. Michael J. Sciarrino Revocable Trust
 - f. Michael Sciarrino

- g. Southern Affordable Services, Inc.
8. Receipt of Credit Authorization, statements of contingent liabilities, Bank and Trade References for Michael J. Sciarrino Revocable Trust and for Michael Sciarrino individually.
9. Receipt of final signed and sealed Plans.
10. Receipt of permits.
11. Receipt of signed and sealed Survey.
12. Receipt of firm commitment from the private placement purchaser with terms compatible with the ones in this underwriting report.
13. Receipt of firm commitment from the Syndicator.
14. Receipt of Bridge Loan commitment from Syndicator.
15. Receipt of Construction Draw Schedule.
16. Satisfactory evidence of compliance with the Davis Bacon Act and other applicable Federal Labor Standards and Section 3 during the construction of this Development. Evidence of compliance must be through satisfactory completion of a compliance audit by FHFC and its authorized subcontractor.
17. Completion of a Davis Bacon Federal Labor Standard pre-construction conference.
18. At least 15% of the total equity needs to be provided, prior to or simultaneously with the closing of the construction financing.
19. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least 30 days prior to real estate closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the closing date:

1. During construction, the developer is only allowed to draw a maximum of 50% of the total developer fee but in no case more than the payable developer fee during construction, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" will be funded at closing. The remainder of the "developer's overhead" will be disbursed during construction on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and the Servicer. The remaining unpaid developer fee (if applicable) shall be considered attributable to "developer's profit", and may not be funded until the development has achieved 100% lien free completion, and only after retainage has been released.
2. Signed and sealed survey, dated within 90 days of loan closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
3. All building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, Department of Transportation, etc.) or a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
4. The final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specs.
5. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction loan interest based upon the final draw schedule, documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.
6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. HOME Program loan proceeds shall be disbursed during the construction phase in an amount per draw which does not exceed the ratio of the HOME Loan to the Total Development Costs, net of deferred developer fees, unless approved by the Credit

Underwriter. The closing draw must include appropriate backup and ACH wiring instructions.

7. Evidence of general liability, flood (if applicable), builder's risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, with coverages, deductibles, and amounts satisfactory to Florida Housing.
8. If the development is not 100% lien-free completed, a 100% Payment and Performance Bond or a Letter of Credit (LOC) in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the GC and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds must be from a company rated at least "A-" by A.M. Best & Co with a financial size category of at least FSC VI. FHFC, and/or legal counsel must approve the source, amount(s) and all terms of the P&P bonds, or LOC. If the LOC option is utilized, the LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.
9. Architect, Construction Consultant, and Developer Certifications on forms provided by FHFC will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.

This recommendation is contingent upon the review and approval by Florida Housing, and its legal counsel **at least 30 days prior to real estate closing**. Failure to receive approval of these items, along with all other items listed on Florida Housing counsel's due diligence, within this time frame may result in postponement of the loan closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/manager(s) of the Borrower, the guarantor, and any limited partners of the Borrower.
2. Award of Housing Credits ("HC") and purchase of HC by Bank of America, N.A. ("BOA") or an affiliate under terms consistent with the assumptions of this report.
3. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

4. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of closing, unless otherwise approved by Florida Housing, and legal counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations and remediation restrictions noted in the Environmental Assessment(s) and Updates and the Environmental Review, if applicable.
5. Title insurance pro forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan(s) naming FHFC as the insured. All endorsements required by FHFC shall be provided.
6. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.
7. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to Florida Housing.
8. Receipt of a legal opinion from the Borrower's legal counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager.;
 - b. Authorization, execution, and delivery by the Borrower and the guarantor, of all Loan(s) documents;
 - c. The Loan(s) documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. The Borrower's and the guarantor's execution, delivery and performance of the Loan(s) documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a

- party or to which the Development is subject to the Borrower's Partnership Agreement and;
- e. Such other matters as Florida Housing or its legal counsel may require.
9. Evidence of compliance with the local concurrency laws, if applicable.
 10. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its legal counsel in form and substance acceptable to Florida housing or its legal counsel, in connection with the Loan(s).
 11. UCC Searches for the Borrower, its partnerships, as requested by counsel.
 12. Any other reasonable conditions established by Florida Housing and its legal counsel.

Additional Conditions

This recommendation is also contingent upon satisfaction of the following additional conditions:

1. Compliance with all provisions of Sections 420.507 and 420.509, Florida Statutes, Rule Chapter 67-21, F.A.C., Sections 420.507(22) and 420.5087, Florida Statutes, Rule Chapter 67-53, F.A.C., Rule Chapter 67-48, F.A.C., Rule Chapter 67-60, F.A.C., RFA 2013-010, and any other State and Federal requirements.
2. Acceptance by the Borrower and execution of all documents evidencing and securing the HOME Loan in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), and the Land Use Restriction Agreement(s).
3. A copy of an Amended and Restated Limited Partnership Agreement reflecting purchase of the Low Income Tax Credits ("HCs") by the Syndicator, or an affiliate under terms consistent with the assumptions contained within this credit underwriting report.
4. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and Bank of America, N.A. ("BOA") or an affiliate, that requires funding of all HC Equity Installments during construction, even if the Borrower is in default under the Limited Partnership Agreement.

5. The limited partnership agreement from Bank of America, N.A. ("BOA") or an affiliate shall be in a form and of financial substance satisfactory to FHFC, FHFC's Counsel and FHDC.
6. If applicable, Guarantors to provide the standard FHFC Construction Completion Guarantee, to be released upon lien-free completion, as approved by the Servicer.
7. Guarantors are to provide the standard FHFC Operating Deficit Guarantee to be released upon achievement of a 1.15 debt service coverage on the combined permanent first mortgage and HOME Loan, and 90% occupancy, and 90% of the gross potential rental income, net of utility allowances, if applicable, for a period equal to twelve consecutive months, all as certified by an independent Certified Public Accountant. The Operating Deficit Guarantee shall not terminate earlier than three years following the final certification of occupancy.
8. Guarantors to provide the Standard FHFC Environmental Indemnity.
9. Guarantors to provide the Standard FHFC Guaranty of Recourse Obligations.
10. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the Loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel. The form of the title policy must be approved prior to closing.
11. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender, Trustee, or the Servicer. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release funds shall be at Florida Housing's sole discretion.
12. Replacement Reserves in the amount of \$300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's Loan(s) servicing agent. However, Applicant has the option to prepay Replacement Reserves. New construction developments shall not be allowed to draw during the first five (5) years after closing or until the establishment of a minimum balance equal to the accumulation of five (5) years of replacement reserves per unit. The reserve shall be adjusted based on a capital needs assessment beginning no later than the 10th year after the first residential building receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("Initial Replacement Reserve Date"). A subsequent CNA is required no later than the 15th year

after the Initial Replacement Reserve Date and subsequent assessments are required every five years thereafter.

13. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The GC contract indicates a 10% retainage holdback through 50% completion then 5% retainage holdback thereafter, which satisfies the minimum requirement.
14. Satisfactory completion of a pre-loan closing compliance audit conducted by FHFC or Servicer, if applicable.
15. Satisfactory resolution of any outstanding past due or non compliance issues prior to closing.
16. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

Housing Credit Allocation Recommendation

First Housing Development Corporation has estimated a preliminary annual HC allocation of \$1,162,040. Please see the HC Allocation Calculation in Exhibit 2 of this report for further details.

Contingencies

The HC allocation will be contingent upon the receipt and satisfactory review of the following items by First Housing and Florida Housing by the deadline established in the Preliminary Determination. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. Closing of the MMRB Loan, HOME Loan and subordinate debt consistent with the assumptions of this Credit Underwriting Report.
2. Purchase of the HC's by Bank of America, N.A. ("BOA"), or an affiliated entity, under terms consistent with assumptions of this report.
3. This report is subject to continued approval of managing agent by Florida Housing.
4. Satisfactory resolution of any outstanding past due or non-compliance prior to closing.
5. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

15-Year 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	\$2,347,824	\$2,394,780	\$2,442,676	\$2,491,530	\$2,541,360	\$2,592,187	\$2,644,031	\$2,696,912	\$2,750,850	\$2,805,867	\$2,861,984	\$2,919,224	\$2,977,609	\$3,037,161	\$3,097,904
	Other Income															
	Parking Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Miscellaneous	\$47,600	\$48,552	\$49,523	\$50,514	\$51,524	\$52,554	\$53,605	\$54,677	\$55,771	\$56,886	\$58,024	\$59,185	\$60,368	\$61,576	\$62,807
	Washer/Dryer Rentals	\$70,686	\$72,100	\$73,542	\$75,013	\$76,513	\$78,043	\$79,604	\$81,196	\$82,820	\$84,476	\$86,166	\$87,889	\$89,647	\$91,440	\$93,269
	Cable/Satellite Income	\$100,674	\$102,687	\$104,741	\$106,836	\$108,973	\$111,152	\$113,375	\$115,643	\$117,956	\$120,315	\$122,721	\$125,175	\$127,679	\$130,233	\$132,837
	Gross Potential Income	\$2,566,784	\$2,618,120	\$2,670,482	\$2,723,892	\$2,778,370	\$2,833,937	\$2,890,616	\$2,948,428	\$3,007,397	\$3,067,544	\$3,128,895	\$3,191,473	\$3,255,303	\$3,320,409	\$3,386,817
	Less:															
	Physical Vac. Loss Percentage: 5.00%	\$117,391	\$119,739	\$122,134	\$124,576	\$127,068	\$129,609	\$132,202	\$134,846	\$137,543	\$140,293	\$143,099	\$145,961	\$148,880	\$151,858	\$154,895
	Collection Loss Percentage: 1.00%	\$23,478	\$23,948	\$24,427	\$24,915	\$25,414	\$25,922	\$26,440	\$26,969	\$27,509	\$28,059	\$28,620	\$29,192	\$29,776	\$30,372	\$30,979
Total Effective Gross Income	\$2,425,915	\$2,474,433	\$2,523,922	\$2,574,400	\$2,625,888	\$2,678,406	\$2,731,974	\$2,786,613	\$2,842,346	\$2,899,192	\$2,957,176	\$3,016,320	\$3,076,646	\$3,138,179	\$3,200,943	
EXPENSES:	Fixed:															
	Real Estate Taxes	\$235,400	\$242,462	\$249,736	\$257,228	\$264,945	\$272,893	\$281,080	\$289,512	\$298,198	\$307,144	\$316,358	\$325,849	\$335,624	\$345,693	\$356,064
	Insurance	\$55,454	\$57,118	\$58,831	\$60,596	\$62,414	\$64,286	\$66,215	\$68,201	\$70,247	\$72,355	\$74,526	\$76,761	\$79,064	\$81,436	\$83,879
	Variable:															
	Management Fee Percentage: 5.00%	\$109,166	\$111,349	\$113,576	\$115,848	\$118,165	\$120,528	\$122,939	\$125,398	\$127,906	\$130,464	\$133,073	\$135,734	\$138,449	\$141,218	\$144,042
	General and Administrative	\$102,340	\$105,410	\$108,573	\$111,830	\$115,185	\$118,640	\$122,199	\$125,865	\$129,641	\$133,530	\$137,536	\$141,662	\$145,912	\$150,290	\$154,798
	Payroll Expenses	\$286,790	\$295,394	\$304,256	\$313,383	\$322,785	\$332,468	\$342,442	\$352,716	\$363,297	\$374,196	\$385,422	\$396,984	\$408,894	\$421,161	\$433,796
	Utilities	\$243,950	\$251,269	\$258,807	\$266,571	\$274,568	\$282,805	\$291,289	\$300,028	\$309,029	\$318,299	\$327,848	\$337,684	\$347,814	\$358,249	\$368,996
	Marketing and Advertising	\$45,220	\$46,577	\$47,974	\$49,413	\$50,896	\$52,422	\$53,995	\$55,615	\$57,283	\$59,002	\$60,772	\$62,595	\$64,473	\$66,407	\$68,399
	Maintenance and Repairs/Pest Control	\$88,060	\$90,702	\$93,423	\$96,226	\$99,112	\$102,086	\$105,148	\$108,303	\$111,552	\$114,898	\$118,345	\$121,896	\$125,553	\$129,319	\$133,199
Grounds Maintenance and Landscaping	\$46,410	\$47,802	\$49,236	\$50,713	\$52,235	\$53,802	\$55,416	\$57,078	\$58,791	\$60,555	\$62,371	\$64,242	\$66,170	\$68,155	\$70,199	
Reserve for Replacements	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400	\$71,400	\$73,542	\$75,748	\$78,021	\$80,361	\$82,772	\$85,255	
Total Expenses	\$1,284,190	\$1,319,482	\$1,355,811	\$1,393,208	\$1,431,703	\$1,471,331	\$1,512,124	\$1,554,116	\$1,597,343	\$1,643,985	\$1,692,000	\$1,741,429	\$1,792,314	\$1,844,699	\$1,898,628	
Net Operating Income	\$1,141,724	\$1,154,951	\$1,168,110	\$1,181,192	\$1,194,184	\$1,207,075	\$1,219,850	\$1,232,497	\$1,245,002	\$1,257,208	\$1,269,177	\$1,280,891	\$1,292,332	\$1,303,480	\$1,314,315	
Debt Service Payments																
First Mortgage -	\$965,176	\$965,176	\$965,176	\$965,176	\$965,176	\$965,176	\$965,176	\$965,176	\$965,176	\$965,176	\$965,176	\$965,176	\$965,176	\$965,176	\$965,176	\$965,176
Second Mortgage -	\$10,447	\$10,447	\$10,447	\$10,447	\$10,447	\$10,447	\$10,447	\$10,447	\$10,447	\$10,447	\$10,447	\$10,447	\$10,447	\$10,447	\$10,447	\$10,447
Third Mortgage -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments	\$975,623	\$975,623	\$975,623	\$975,623	\$975,623	\$975,623	\$975,623	\$975,623	\$975,623	\$975,623	\$975,623	\$975,623	\$975,623	\$975,623	\$975,623	\$975,623
Cash Flow after Debt Service	\$166,102	\$179,328	\$192,487	\$205,569	\$218,562	\$231,452	\$244,227	\$256,875	\$269,379	\$279,585	\$289,554	\$299,268	\$308,709	\$317,857	\$326,692	
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Debt Service Coverage Ratios																
DSC - First Mortgage	1.18	1.20	1.21	1.22	1.24	1.25	1.26	1.28	1.29	1.30	1.31	1.32	1.33	1.34	1.35	
DSC - Second Mortgage	1.17	1.18	1.20	1.21	1.22	1.24	1.25	1.26	1.28	1.29	1.30	1.31	1.32	1.33	1.33	
DSC - Third Mortgage	1.17	1.18	1.20	1.21	1.22	1.24	1.25	1.26	1.28	1.29	1.30	1.31	1.32	1.33	1.33	
DSC - All Mortgages and Fees	1.17	1.18	1.20	1.21	1.22	1.24	1.25	1.26	1.28	1.29	1.30	1.31	1.32	1.33	1.33	
Financial Ratios																
Operating Expense Ratio	52.94%	53.32%	53.72%	54.12%	54.52%	54.93%	55.35%	55.77%	56.20%	56.70%	57.22%	57.73%	58.26%	58.78%	59.31%	
Break-even Economic Occupancy Ratio (all de	88.04%	87.66%	87.30%	86.96%	86.65%	86.34%	86.06%	85.80%	85.55%	85.40%	85.26%	85.13%	85.03%	84.94%	84.87%	

HC Allocation Calculation

Section I: Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	\$40,021,629
Less Land Costs	\$1,560,000
Less Federal Grants and Loans	\$0
Less Other Ineligible Costs	\$1,123,410
Total Eligible Basis	\$37,338,219
Applicable Fraction	70%
DDA/QCT Basis Credit	130%
Qualified Basis	\$33,977,779
Housing Credit Percentage	3.42%
Annual Housing Credit Allocation	\$1,162,040

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include brokerage fees, accounting, legal and other fees attributable to land acquisition and syndication, advertising/marketing fees, operating reserves required by lender, the lease up portion of construction interest and certain closing costs.
2. The development has a 70% set-aside: therefore, the Applicable Fraction is 70%.
3. For purposes of this analysis, the development is located in a Difficult Development Area ("DDA") and/or Qualified Census Tract ("QCT"); therefore the 130% basis credit was applied for the Rehabilitation Allocation Calculation.
4. For purposes of this recommendation, a HC percentage of 3.42% was applied for the qualified basis credit allocation based on 15 basis points over 3.27%, the rate on the date of acceptance to credit underwriting, or February 2014.

Section II: GAP Calculation

Total Development Costs(including land and ineligible Costs)	\$40,021,629
Less Mortgages	\$24,125,000
Less Grants	\$0
Equity Gap	\$15,896,629
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$1.02
HC Required to meet Equity Gap	\$15,586,489
Annual HC Required	\$1,558,649

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from an executed Housing Credit Equity letter of interest dated as of May 14, 2012 from BOA.

Section III: Summary

HC Per Application	\$1,083,211
HC Per Qualified Basis	\$1,162,040
HC Per GAP Calculation	\$1,558,649
Annual HC Recommended	\$1,162,040
Syndication Proceeds based upon Syndication Agreement	\$11,015,033

1. The estimated annual housing credit allocation is limited to the lesser of the qualified basis calculation or the gap calculation. The recommendation is based on the qualified basis.

50% Test

Tax-Exempt Bond Amount	\$19,500,000
Less: Debt Service Reserve Funded with Tax Exempt Bond Proceeds	\$0
Other:	\$0
Other:	\$0
Equals Net Tax-Exempt Bond Amount	\$19,500,000
Total Depreciable Cost	\$37,338,220
Plus Land Cost	\$1,560,000
Aggregate Basis	\$38,898,220
Net Tax-Exempt Bond to Aggregate Basis Ratio	50.13%

1. The Development meets the 50% test.

A. The Development will consist of:

238 units located in 24 residential buildings.

Unit Mix:

Thirty-six (36) one bedroom/one bath units containing 644 square feet each; and

Twenty-nine (29) two bedroom/one bath units containing 849 square feet each;
and

One (1) two bedroom/two bath unit containing 984 square feet; and

One hundred and seven (107) three bedroom/two bath units containing 1,046
square feet each; and

Thirty-six (36) four bedroom/three bath units containing 1,186 square feet each.

Twenty-nine (29) four bedroom/three bath units containing 1,506 square feet
each.

238 Total Units

The Development is to be constructed in accordance with the final plans and specifications approved by the appropriate city or county building or planning department or equivalent agency, and approved as reflected in the Pre-Construction Analysis prepared for Florida Housing or its Servicer, unless a change has been approved in writing by Florida Housing or its Servicer. The Development will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act and Americans with Disabilities Act (“ADA”), as applicable.

B. The Applicant commits to provide the following Optional Features and Amenities for All Developments:

1. Exercise room with appropriate equipment.
2. Community center or clubhouse.
3. 30 year expected life roofing on all buildings.

C. The Applicant has committed to provide the following Green Building Features:

1. Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings.
2. Programmable thermostat in each unit.
3. Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams or less for non-flat paint.)
4. Energy Star ceiling fans in all bedrooms and living areas.
5. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
 - A. Toilets: 1.6 gallons/flush or less; and
 - B. Faucets: 1.5 gallons/minute or less; and
 - C. Showerheads: 2.2 gallons/minute or less.

D. The Applicant has committed to provide the following Qualified Resident Program:

1. Health and Nutrition Classes – At least 8 hours per year, provided on site at no cost to the residents. Classes must be held between the hours of 8:00 a.m. and 7:00 p.m. and electronic media, if used, must be used in conjunction with live instruction. If the Development consists of Scattered Sites, this resident program must be provided on the Scattered Site with the most units.

D. Required Construction Features and Amenities:

a. All Applicants will be required to provide the following General Features and Accessibility, Universal Design and Visitability Features:

(1) The following General Features must be provided for all proposed Developments:

- Termite prevention;
- Pest control;
- Window covering for each window and glass door inside each unit;
- Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;
- Full-size range and oven in all units;
- At least two full bathrooms in all 3 bedroom or larger new construction units; and
- Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units.

(2) Accessibility, Universal Design and Visitability Features:

(a) All units of the proposed Development must meet all federal requirements and state building code requirements, including the following:

- 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, Florida Statutes;
- The Fair Housing Act as implemented by 24 CFR 100;
- Section 504 of the Rehabilitation Act of 1973; and
- Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR 35, incorporating the most recent amendments, regulations and rules.

For purposes of the Housing Credit Program, a Housing Credit allocation shall be deemed "Federal financial assistance" within the meaning of that term as used in Section 504 of the Rehabilitation Act of 1973 as implemented by 24 CFR Part 8 for all Housing Credit Developments.

(b) All new construction units that are located on an accessible route must have the following features and all rehabilitation units that are located on an accessible route must include as many of the following features as are structurally and financially feasible within the scope of the rehabilitation work utilizing a capital needs assessment performed during the credit underwriting process:

- Primary entrance door shall have a threshold with no more than a ½-inch rise;

- All door handles on primary entrance door and interior doors must have lever handles;
 - Lever handles on all bathroom faucets and kitchen sink faucets;
 - Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level;
 - Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.
- b. All new construction units must include the following General Features and Green Building Features:

(1) General Features in all Family Demographic Developments:

Provide reinforced walls for future installation of grab bars that meet or exceed 2010 ADA Standards for Accessible Design around each tub/shower unit in each dwelling unit. At the request of and at no charge to a resident household, the Development shall purchase and install grab bars around each tub/shower unit in the dwelling unit. The product specifications and installation must meet or exceed 2010 ADA Standards for Accessible Design. The Development shall inform a prospective resident that the Development, upon a resident household's request and at no charge to the household, will install grab bars around a dwelling unit's tub/shower unit, pursuant to the 2010 ADA Standards. At a minimum, the Development shall inform each prospective lessee by including language in the Development's written materials listing and describing the unit's features, as well as including the language in each household's lease.

(2) Green Building Features in all Family and Elderly Demographic Developments:

- Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms—WaterSense labeled products or the following specifications:
 - o Toilets: 1.6 gallons/flush or less,
 - o Faucets: 1.5 gallons/minute or less,
 - o Showerheads: 2.2 gallons/minute or less;
- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;

- Water heating minimum efficiency specifications (choose gas, electric, gas tankless, or boiler/hot water maker):
 - o Gas:
 - 30 gal = .63 EF; or
 - 40 gal = .61 EF; or
 - 50 gal = .59 EF; or
 - 60 gal = .57 EF; or
 - 70 gal = .55 EF; or
 - 80 gal = .53 EF; or

 - o Electric:
 - 30 gal = .94 EF; or
 - 40 gal = .93 EF; or
 - 50 gal = .92 EF; or
 - 60 gal = .91 EF; or
 - 70 gal = .90 EF; or
 - 80 gal = .89 EF; or

 - o Tankless gas water heater: minimum .80 EF; or
 - o Boiler or hot water maker:
 - < 300,000 Btu/h: 85% Et (thermal efficiency); or
 - 300,000 Btu/h or higher: 80% Et;

- Energy Star qualified ceiling fans with lighting fixtures in bedrooms;
- Air Conditioning minimum efficiency specifications (choose in-unit or commercial):
 - o In-unit air conditioning: minimum 14 SEER; or
 - o Central chiller AC system—based on size:
 - 0-65 KBtuh: Energy Star certified; or
 - >65-135 KBtuh: 11.3 EER/11.5 IPLV; or
 - >135-240 KBtuh: 11.0 EER/11.5 IPLV; or
 - >240 KBtuh: 10.6 EER/11.2 IPLV.

DEVELOPMENT

NAME: Heritage Park Apartments

DATE: June 4, 2014

In accordance with the applicable Program Rule(s), the applicant is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by the Florida Housing Finance Corporation ("FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the applicant that the transaction can close within the allowed time frame. Unsatisfactory items, if any, are noted below in the "Issues and Concerns" section of the Executive Summary.

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	Satis. / Unsatis.	
1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Unsatis.	1
2. Final site plan and/or status of site plan approval.	Unsatis.	1
3. Permit Status.	Satis.	
4. Pre-construction analysis ("PCA").	Unsatis.	2
5. Survey.	Unsatis.	3
6. Complete, thorough soil test reports.	Satis.	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
8. Market Study separate from the Appraisal.	Satis.	
9. Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor.	Satis.	
11. Resumes and experience of applicant, general contractor and management agent.	Satis.	
12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Satis.	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	Unsatis.	4
15. Firm commitment letter from the syndicator, if any.	Unsatis.	5
16. Firm commitment letter(s) for any other financing sources.	Unsatis.	6

17. Updated sources and uses of funds.	Satis.	
18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Unsatis.	7
19. Fifteen-year income, expense, and occupancy projection.	Satis.	
20. Executed general construction contract with "not to exceed" costs.	Satis.	
21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis.	
22. Any additional items required by the credit underwriter.	Satis.	

NOTES AND DEVELOPER RESPONSES:

Notes:

1. Plans provided were permit plans, but not final signed and sealed
2. Plan and Cost Review did not address all Features and Amenities as selected by the Borrower.
3. Survey provided was not signed and sealed.
4. The underwriter received a letter of interest from the private placement purchaser, but not a firm commitment.
5. The underwriter received a letter of interest from the Syndicator, but not a firm commitment.
6. Bridge Loan commitment not provided.
7. Construction Draw Schedule not yet provided.

Applicant's Response: