Florida Housing Finance Corporation

Credit Underwriting Report ("CUR")

Multifamily Mortgage Revenue Bonds ("MMRB"), State Apartment Incentive Loan Program ("SAIL"), Extremely Low Income ("ELI") Gap Loan, and 4% Housing Credits ("HC")

Brookside Square
2014-132B / RFA 2014-111 (2014-417S)

Section A: Report Summary

Section B: MMRB, SAIL, and ELI Program Loan Special and General Conditions, and HC Allocation Recommendation and Contingencies

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Prepared by

AmeriNational Community Services

Final Report

June 3, 2015

Brookside Square

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Report Summary

Recommendation

AmeriNational Community Services ("ACS") recommends the issuance of MMRB in the amount of $9,500,000, a SAIL Loan in the amount of $4,400,000, an ELI Gap Loan in the amount of $383,600, and an annual 4% HC allocation in the amount of $602,867 to Brookside Tax Credit, Ltd. ("Applicant" or "Borrower") for the acquisition, rehabilitation, and permanent financing of Brookside Square (the "Development").

DEVELOPMENT & SET-ASIDES

Development Name: Brookside Square

Program Numbers: RFA 2014-111 | 2014-417S | 2014-132B

Address: 200 72nd Avenue North City: St. Petersburg Zip Code: 33706

County: Pinellas County Size: Large

Development Category: Acquisition and Rehab/Moderate Rehab/Substantial Rehab Development Type: Garden style apartments

Construction Type: CMU with stone veneer

Demographic Commitment: Elderly: ___ Homeless: ___ ELI: 8 Units @ 40% AMI
Farmworker or Commercial Fish Worker: ___ Family: X Link: 15 Units

Bed Rooms	Bath Rooms	Units	Square Feet	Type	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
1.0	1.0	2	653	HAP	40%	$442			$106	$699	$336	$593	$593	$593	$14,232
1.0	1.0	30	653	HAP	60%	$663			$106	$699	$557	$593	$593	$593	$213,480
2.0	1.0	4	784	HAP	40%	$531			$136	$878	$395	$742	$742	$742	$35,616
2.0	1.0	70	784	HAP	60%	$796			$136	$878	$660	$742	$742	$742	$623,280
2.0	1.0	4	784	LIHTC	60%	$796			$136		$660	$660	$660	$660	$31,680
3.0	1.0	2	995	HAP	40%	$614			$177	$1,184	$437	$1,007	$1,007	$1,007	$24,168
3.0	1.0	29	995	HAP	60%	$921			$177	$1,184	$744	$1,007	$1,007	$1,007	$350,436
3.0	1.0	1	995	LIHTC	60%	$921			$177		$744	$744	$744	$744	$8,928
		142	113888												$1,301,820

Rental Assisted Units: 137

Buildings: Residential - 14 Non-Residential - 1
Parking: Parking Spaces - 205 Accessible Spaces - 10

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
HC	5%	8	40%	30
HC	95%	134	60%	30
SAIL/ELI Gap	5%	8	40%	50
SAIL	95%	134	60%	50
MMRB	5%	8	40%	30
MMRB	95%	134	60%	30

Person with a Disabling Condition Set-Aside Commitment: The proposed Development must set aside 10% of the total units for Persons with a Disabling Condition that are referred by a supportive services lead agency that serves Persons with a Disabling Condition and are designated by the Corporation. As of the place-in-service date for the proposed Development, this requirement will be deemed to be met with any existing units occupied by residents that do not qualify as a Person with a Disabling Condition; however, this set-aside commitment must be met as new units are rented after the place-in-service date.

Some or all of the units set aside to meet this 10 percent Person with a Disabling Condition set-aside commitment can be the same units that are set aside to meet the ELI Set-Aside commitment; however, at least 50% of the Development's dwelling units set aside for the Person with a Disabling Condition set-aside commitment shall be ELI Set-Aside units.

Absorption Rate: 0 units per month for 0 months.

Occupancy Rate at Stabilization: Physical Occupancy 97.00% Economic Occupancy 96.00%
Occupancy Comments 96.5% occupied as of March 2015

DDA?: Yes QCT?: No
Site Acreage: 8.28 Density: 17.1498 Flood Zone Designation: AE
Zoning: Neighborhood Suburban Multifamily (NSM-1) Flood Insurance Required?: Yes

DEVELOPMENT TEAM		
Applicant/Borrower:	Brookside Tax Credit, Ltd.	% Ownership
General Partner 1:	Brookside Tax Credit Manager, LLC	0.01%
Principal 1	Gulfcoast Housing Foundation, Inc.	
Principal 2	James R. Attkisson	
Principal 3	Douglas Lampe	
Principal 4	Larry Brown	
Principal 5	David Johnson	
Principal 6	Carter Clarke	
Initial Limited Partner:	Blue Sky Communities, LLC	99.99%
Guarantor(s):	Brookside Tax Credit, Ltd.	
	Brookside Tax Credit Manager, LLC	
	Gulfcoast Housing Foundation, Inc.	
	Blue Sky Communities, LLC	
	Blue Sky GE, LLC	
	Shawn Wilson	
	James M. Chadwick	
Pvt Placement Purchaser:	Red Stone Tax Exempt Funding, LLC	
Developer:	Brookside Redevelopment Associates, LLC	
Principal 1	Blue Sky Communities, LLC	
Principal 2	Gulfcoast Housing Foundation, Inc.	
General Contractor 1:	Vaughn Bay Construction, Inc.	
Management Company:	Carteret Management Corporation	
Syndicator:	Raymond James Tax Credit Funds, Inc.	
Bond Issuer:	Florida Housing Finance Corporation	
Architect:	Architectonics Studio, Inc.	
Market Study Provider:	Meridian Appraisal Group, Inc.	
Appraiser:	Meridian Appraisal Group, Inc.	

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	First	Second	Third	Fourth		
Lender/Grantor	FHFC/Red Stone	FHFC - SAIL	FHFC - ELI Gap	GHF		
Amount	$5,750,000	$4,400,000	$383,600	$500,000		
Underwritten Interest Rate	5.6025%	1.00%	0.00%	7.00%		
All In Interest Rate	5.6025%	1.00%	0.00%	7.00%		
Loan Term	40	17	17	17		
Amortization	40	0	0	30		
Market Rate/Market Financing LTV	76.6%	135.2%	140.3%	146.9%		
Restricted Market Financing LTV	85.1%	150.1%	155.8%	163.2%		
Loan to Cost	31.7%	24.3%	2.1%	2.8%		
Debt Service Coverage	1.23	1.10	1.10	1.06		
Operating/Deficit Service Reserve	$590,765					
Period of Operating Expenses/Deficit Reserve in Months	5.6					

Deferred Developer Fee	$364,183
Land Value	$1,136,000
As-Is Value (Rehabilitation)	$6,480,000
Market Rent/Market Financing Stabilized Value	$7,510,000
Rent Restricted Market Financing Stablized Value	$6,760,000
Projected Net Operating Income (NOI) - Year 1	$444,300
Projected Net Operating Income (NOI) - 15 Year	$468,449
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Private placement of Fixed Rate Tax Exempt Bonds
Housing Credit Syndication Price	$1.029999958
Housing Credit Annual Allocation	$602,867

Construction/Permanent Sources

CONSTRUCTION/PERMANENT SOURCES:				
Source	**Lender**	**Construction**	**Permanent**	**Perm Loan/Unit**
First Mortgage	FHFC/Red Stone	$9,500,000	$5,750,000	$40,493
Second Mortgage	FHFC - SAIL	$4,400,000	$4,400,000	$30,986
Third Mortgage	FHFC - ELI Gap	$383,600	$383,600	$2,701
Fourth Mortgage	GHF	$500,000	$500,000	$3,521
HC Equity	RJTCF	$1,510,235	$6,040,943	$42,542
Transferable Reserves	Borrower	$675,000	$675,000	$4,754
Deferred Developer Fee	Developer	$1,144,891	$364,183	$2,565
TOTAL		$18,113,726	$18,113,726	$127,562

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?		1
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?	N/A	
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?		3

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

1. The Applicant, via an email request sent to FHFC on May 5, 2015 and acknowledged May 12, 2015, increased the MMRB amount from $9,000,000 to $9,500,000.

2. Total Development Costs increased by $1,655,413 since the time of Application primarily due to an increase in Construction and Financial Costs, Non-Land Acquisition Costs, and Developer Fee.

3. The initial Limited Partner and member of the Developer, Blue Sky Communities, LLC, altered their organizational structure as follows:

   <u>Application</u>
   Weedon Enterprises, LLC – 70% member

Shawn Wilson – 30% member

<u>Current</u>
Weedon Enterprises, LLC – 66.5% member
Shawn Wilson – 28.5% member
Scott Macdonald – 5% member

The change is subject to approval by FHFC's Board of Directors.

The Applicant is requesting the following changes with respect to the Additional Green Features at the Development:

Delete:
- Humidistat in each unit (2 points)
- Eco-friendly cabinets – formaldehyde free, material certified by the Forest Stewardship Council or a certification program endorsed by the Programme for the Endorsement of Forest Certification (3 points)
- Florida Yards and Neighborhoods certification on all landscaping (2 points)

Add:
- Energy star qualified roof coating (2 points)
- Energy star rating for all windows in each unit (3 points)
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points)

These changes are subject to approval by FHFC Staff.

<u>Does the Development Team have any FHFC Financed Developments on the Past Due/Non-Compliance Report?</u>

According to the FHFC Asset Management Noncompliance Report dated April 7, 2015, no noncompliance issues exist for the Development Team.

According to the FHFC Past Due Report dated April 7, 2015, no past due issues exist for the Development Team.

This recommendation is subject to satisfactory resolution, as determined by Florida Housing, of any outstanding non-compliance or past due issues applicable to the Development Team prior to the issuance of the annual HC recommended herein.

<u>Strengths:</u>

1. The Development currently operates 137 of its units under the Housing Assistant Payments ("HAP") Program through the U.S. Department of Housing and Urban Development ("HUD"), according to a 20-year HAP Renewal Contract effective May 1, 2003, with an expiration date of April 30, 2033.

2. Per the Market Study completed by Meridian Appraisal Group, Inc. ("Meridian"), dated March 24, 2015, the Development should benefit from the rental rate advantage it will have over market rents. Based on the proposed rents, the Development will have an average rental rate advantage of 106.3% to 123.1% over the attainable market rents for the area. The appraiser stated the Development will achieve the maximum Housing Credit restricted rents on the 40% and 60% of Area Median Income ("AMI") units.

3. Meridian estimates no lease-up period. The Development plans to retain residents and complete the rehabilitation with current tenants remaining in-place. In the event that tenants must be relocated, they will be housed on site in fully furnished units while their unit is rehabilitated. As such, the Development should experience minimal income loss due to vacancy during the planned construction period.

<u>Other Considerations:</u>

None

<u>Issues and Concerns</u>:

1. Mr. Chadwick, a financial beneficiary in the transaction, indicated four separate incidences of bankruptcy/reorganization filings; foreclosure, deed in lieu of foreclosure, short sale, loan default, or payment moratorium; or loan(s) in arrears for principal, interest, taxes, or insurance premiums due.

   <u>Mitigating factors:</u>

   ACS received the following detail regarding these items:

   a. Botanica Gardens (228 units of market rate multifamily housing located in Mandeville, LA): Chadwick Investment Partnership, Ltd., of which Mr. Chadwick was the sole member, had 12% interest in Botanica Group LLC. Original financing was provided by Regions Bank in August 2006 in the amount of $27,364,031 and the loan matured as of 8/31/10; Mr. Chadwick was a personal guarantor for the loan. The note was acquired by LTP Real Estate Solutions I, LLC. The company could find no alternative financing and amicably agreed to a deed in lieu of foreclosure in September 2010. Mr. Chadwick agreed to a settlement of $125K for full release from his personal guarantee.

   b. The Cove (689 units of market rate multifamily housing located in Tampa, FL): Mr. Chadwick and his wife, Cecile, held a 15% interest in Westshore Acquisition Trust Group LLC. Original financing was provided by LB Commercial Mortgage Trust in May 2007 in the amount of $54MM; Mr. Chadwick was a personal guarantor in the transaction. The property located in Tampa, FL was purchased in 2005 with funds provided by Wachovia with the intent to redevelop. The real estate market declined and the owner contributed $14MM of equity to it. Despite renovations and equity contributions, the performance of the asset continued to decline. The partnership filed bankruptcy. A settlement was reached wherein the property was deeded to the lender and Mr. Chadwick paid $375K for a full release of his guarantee as of March 2011.

c. The Villas of Seagate at St. Joseph Sound (33 for-sale townhomes in Dunedin, FL): Mr. Chadwick and his wife held a 49% interest in the managing member of C2FS-Dunedin, LLC. Bank of America (1st mortgage of $2,769,777 in June 2005) and St. Joseph Sound Development Group, Inc. (2nd mortgage) provided the financing. A total of 33 townhomes were built and 28 of the units sold. The remaining five units had a value significantly greater than the 1st mortgage, and the 2nd mortgagee refused to negotiate. The owner entered into a stipulated foreclosure agreement with Bank of America to take back the property in full satisfaction of the debt and releasing the guarantors in August 2009.

d. The Cottages at Green Key (vacant land located in New Port Richey, FL): Mr. Chadwick held a 15% interest in Lagoon Investment Partners LLC. Regions Bank provided acquisition financing of $3,663,782 in March 2006 with Mr. Chadwick listed as a personal guarantor. The Applicant represents that the loan was kept current throughout its term. Regions agreed to accept the property in full satisfaction of the debt in account of a deficiency as of June 2009.

None of the above defaults are related to affordable housing developments, which is in agreement with RFA 2014-111 (“RFA”) and Rule. In addition, ACS was advised that all of the defaults were settled amicably between the respective Lenders and Mr. Chadwick.

<u>Waiver Requests</u>:

None

<u>Additional Information</u>:

1. Per the RFA, FHFC limits the Total Development Cost (“TDC”) per unit to a figure based on the average cost to deliver new construction units and rehabilitation units for proposed Developments requesting Non-Competitive HC. Based on the Application, the Applicant indicated the Development is an existing garden style property and as such is limited to a TDC of no more than $143,900 per unit. Applying the 1.4% escalation factor allowable for the Development Category of Rehabilitation/Moderate Rehabilitation/Substantial Rehabilitation Acquisition and Rehabilitation/Moderate Rehabilitation/Substantial Rehabilitation, Elderly Transformative Preservation, or Acquisition and Elderly Transformative Preservation, the maximum TDC per unit cost is $145,915. Based on the instructions set forth in Exhibit D.1.d.(2) of the RFA, the TDC per unit exclusive of land costs for the Development is $119,561 as underwritten.

2. Based on its proposed location, the Development does not qualify as a Limited Development Area (“LDA”) property as defined by the chart presented as Exhibit D.2.(d) of the RFP.

3. As currently underwritten, the combined debt service coverage (“DSC”) of the First Mortgage Loan and SAIL Loan is 1.10 to 1.00 in accordance with the RFA. DSC for all mortgages and fees is 1.00 to 1.00. Per the RFA, the combined DSC cannot be below 1.10 to 1.00 unless the Applicant defers at least 35% of its Developer fee for at least six (6) months following construction completion. In such cases, the minimum debt service coverage shall be no less than 1.00 for the SAIL loan, including all superior mortgages. The transaction has been underwritten accordingly.

4. Development and execution by the Borrower of the required Memorandum of Understanding ("MOU") with a designated supportive services lead agency to assist Persons with a Disabling Condition, as outlined in Section Four A.7.b.(2) of the RFA.

5. The amount of any superior mortgages combined with the SAIL mortgage shall be less than the appraised value of the Development as stated in the RFA. The combined loan to value ("LTV") for the First Mortgage and SAIL Loan, as proposed, for the Development as underwritten equals 135.2% under the market rate scenario. However, per Statute F.S. 420.5087(5), FHFC may waive this requirement for projects in rural areas or urban infill areas which have market rate rents that are less than the allowable rents pursuant to applicable state and federal guidelines, and for projects which reserve units for extremely-low-income persons. As such, the Development is exempt from the requirement.

<u>Special Conditions</u>

None

<u>Recommendation</u>:

ACS recommends the issuance of MMRB in the amount of $9,500,000, a $4,400,000 SAIL Loan, a $383,600 ELI Gap Loan, and an annual 4% HC allocation in the amount of $602,867 to the Applicant for the acquisition, rehabilitation, and permanent financing of the Development. Please see Exhibit 3 of this report for further information regarding the HC allocation calculation.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the MMRB, SAIL, and ELI Program Loan Special and General Conditions, and HC Allocation Recommendation and Contingencies as set forth in Section B of this report. 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:	Reviewed by:
George J. Repity	Michael Drapkin, Jr.
Senior Credit Underwriter	Multifamily Credit Underwriting Manager

Overview

Construction Financing Sources:

Source	Lender	Applicant's Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Debt Service During Construction
First Mortgage	FHFC/Red Stone	$9,000,000	$9,500,000	$9,500,000	5.8066%	$611,943
Second Mortgage	FHFC - SAIL	$4,400,000	$4,400,000	$4,400,000	1.00%	$0
Third Mortgage	FHFC - ELI Gap	$383,600	$383,600	$383,600	0.00%	$0
Fourth Mortgage	GHF	$0	$500,000	$500,000	7.00%	$0
HC Equity	RJTCF	$1,950,000	$2,676,029	$1,510,235		
Transferable Reserves	Borrower	$0	$675,000	$675,000		
Deferred Developer Fee	Developer	$2,000,000	$219,848	$1,144,891		
	Total :	**$17,733,600**	**$18,354,477**	**$18,113,726**		**$611,943**

Proposed First Mortgage and Tax Exempt MMRB Loan:

The Applicant applied for $9,000,000 in tax-exempt bonds to be issued by FHFC for the acquisition and rehabilitation of the Development. This amount was increased to $9,500,000 per a request made by the Applicant to FHFC on May 5, 2015. The bonds will be privately placed and purchased by an investment fund, GA Housing LLC, sponsored by Red Stone Tax Exempt Funding LLC ("Red Stone"), a subsidiary of Red Stone LLC. GA Housing LLC utilizes various bank facilities to acquire the bonds on their behalf. ACS was advised that Deutsche Bank will be the bank acquiring the bonds at closing.

The Applicant provided a construction and permanent term sheet dated September 24, 2014 and revised as of May 26, 2015 from Red Stone evidencing a $9,500,000 construction loan with an 18 month term. Interest is to be paid monthly at a fixed rate of 5.00% per annum on the bonds beginning on the date of delivery of the bonds (the "closing") through the loan term. In addition to interest, the Applicant will pay all Issuer (0.24%), Compliance (0.0230%), Servicing (0.204%) and Trustee (0.0895%) fees on the MMRB during the rehabilitation period. ACS included a 25 basis point cushion in the rate stack to account for rate volatility.

Proposed Second Mortgage – FHFC SAIL:

The Applicant applied to Florida Housing for a $4,400,000 SAIL Program loan under RFA 2014-111 for the construction financing of the Development. The SAIL loan term will be 17 years, as requested by the HC syndicator and as permitted by the RFA. The SAIL loan shall be non-amortizing with a 1.00% interest rate over the life of the loan with payments based upon available cash flow as determined by Florida Housing. Any unpaid interest will be deferred until cash flow is available. Annual payments of all applicable fees will be required. SAIL Program loan proceeds may be amongst the sources of funds utilized to pay down the First Mortgage Loan during the construction phase. Based on the analysis presented herein, a total of $4,400,000 in SAIL Loan proceeds are necessary during the construction phase of the Development. SAIL loan proceeds shall be disbursed during the construction phase in an amount per construction draw which does not exceed the ratio of the SAIL Loan to Total Development Costs, unless approved by the credit underwriter.

Proposed Third Mortgage Loan – FHFC ELI Gap:

The Applicant requested an Extremely Low Income ("ELI") Gap Loan in the amount of $383,600. This is in accordance with the RFA which states an Applicant is eligible for "a forgivable loan in an amount per ELI Set-Aside unit that is dependent upon the proposed Development's unit mix and the county where the proposed Development is located. For each proposed ELI Set-Aside unit, the proposed Development must take a unit that would otherwise be at 60% of AMI or higher and restrict it as an ELI Set-Aside unit. The ELI Set-Aside units must be distributed across the unit mix on a pro-rata basis." The Applicant is proposing to provide 142 total units, with an ELI Set-Aside commitment of 5% (eight units) in accordance with the RFA. Based on the analysis presented herein, a total of $383,600 in ELI Gap Loan proceeds are necessary during the construction phase of the Development.

The ELI Gap loan will have non-amortizing payments at 0% interest per year over the life of the loan with principal forgivable at maturity provided the units are targeted to ELI Households for the duration of the 50-year Compliance Period. It shall have a term of 17 years, as requested by the HC syndicator and as permitted by the RFA. After 15 years all of the ELI Set-Aside units may convert to serve residents at or below 60% of AMI. The Person with a Disabling Condition set-aside requirement must be maintained throughout the entire compliance period. ELI Gap loan proceeds shall be disbursed during the construction phase in an amount per construction draw which does not exceed the ratio of the ELI Gap loan to Total Development Costs, unless approved by the credit underwriter.

Proposed Fourth Mortgage – GHF:

The Applicant provided a letter of intent dated May 27, 2015 from Gulfcoast Housing Foundation, Inc. ("GHF"), a principal of the General Partner, for a loan in an amount not to exceed $500,000. Terms of the loan include a 7.00% interest rate per annum. It will be coterminous with the SAIL Loan. During the term of the loan, Development cash flow remaining after payment of all superior debt shall be paid to GHF and shall be credited first against accrued interest due and then against principal until no interest or principal remains. At maturity, all interest and principal are due. Based on the analysis presented herein, ACS determined a loan of $500,000 is necessary. The loan will be available during the construction and permanent phase periods.

Additional Construction Sources of Funds:

The Applicant provided a letter of intent from Raymond James Tax Credit Funds, Inc. ("RJTCF") dated April 8, 2015. According to the letter of intent, RJTCF or its assigns will acquire a 99.99% limited partnership interest in the Applicant at $1.029999958 per housing credit for a total investment of $6,040,943. The letter of intent states that $906,141 or 15% will be provided at closing, which meets the requirement stated in the Rule. A total of $1,510,235 will be provided during construction.

Transferable Reserves:
At the time of loan closing, $675,000 in proceeds from an existing replacement reserve account will be transferred to the Applicant to be utilized to fund development costs. Unless otherwise expended at loan closing, these proceeds shall be deposited with the trustee. Documentation of the transfer of these proceeds that is satisfactory to FHFC, its legal counsel and its servicer is a special condition of loan closing and listed in Section B of this report.

Deferred Developer Fee:

The Applicant will be required to defer $1,144,891 of total developer fee during the construction phase.

Permanent Financing Sources:

Source	Lender	Applicant's Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Amortization Years	Term Years	Annual Debt Service
First Mortgage	FHFC/Red Stone	$6,500,000	$5,750,000	$5,750,000	5.6025%	40	40	$360,705
Second Mortgage	FHFC - SAIL	$4,400,000	$4,400,000	$4,400,000	1.00%	0	17	$44,000
Third Mortgage	FHFC - ELI Gap	$383,600	$383,600	$383,600	0.00%	0	17	$0
Fourth Mortgage	GHF	$0	$500,000	$500,000	7.00%	30	17	$15,475
HC Equity	RJTCF	$5,600,000	$5,926,527	$6,040,943				
Transferable Reserves	Borrower	$0	$675,000	$675,000				
Deferred Developer Fee	Developer	$1,000,000	$719,350	$364,183				
	Total :	$17,883,600	$18,354,477	$18,113,726				$420,180

First Mortgage and Tax Exempt MMRB Loan:

As previously noted, the Applicant has submitted a proposal dated September 24, 2014 and revised as of May 26, 2015 from Red Stone to purchase up to $9,500,000 of tax exempt bonds. Red Stone will purchase the bonds directly or indirectly with a designee through a placement agent or bond underwriter at closing. The designee will abide by all the terms set forth by Red Stone. Currently, it is anticipated that RBC Capital Markets as the bond underwriter will be facilitating the delivery of the bonds through a limited offering to Redstone and/or its designee. The proceeds of the bond purchase will be lent to the Applicant pursuant to a Loan Agreement.

GA Housing, LLC (“GA”) is the Red Stone-sponsored investment fund that will acquire the bonds used to finance the Development. GA utilizes various bank facilities to acquire bonds and Deutsche Bank will be the bank acquiring the bonds used to finance the Development on behalf of GA at closing.

The loan amount is based on Redstone’s pro forma NOI of $478,336, and subject to a maximum 85% loan to value, and a minimum 1.15 debt service coverage ratio. The bonds will require payments of interest only for 18 months followed by amortization on a 40 year schedule. The Bonds shall mature 40 years after the interest only period; however, upon the 16-year anniversary of closing Red Stone shall have the option, with six months’ notice, to require a mandatory tender of the Bonds. The intent of Red Stone is to include language in the documents indicating that failure to pay the redemption/purchase price of the bonds at that time shall not cause a bond default. Rather, such failure will constitute a “mortgage assignment event.” The bondholder’s sole remedy in this circumstance will be to present the bonds to the bond trustee for cancellation in exchange for an assignment of the project owner’s mortgage loan. At such time, the bond trustee would cancel the bonds and discharge the lien of the indenture, assigning the mortgage loan and any other related collateral to the bondholder. The bonds will be considered satisfied by the assignment of the mortgage and therefore no bond default will have occurred.

Interest will be paid monthly at a fixed rate of 5.00% per annum on the bonds beginning on the date of delivery of the bonds (the “closing”) through the loan term. In addition to interest, the Applicant will pay all Issuer, Servicing, Compliance, and Trustee fees on the MMRB. The fees are shown as a part of debt service in the operating pro forma.

Other fees payable at closing are a construction loan administration fee of 0.50% of the loan and an origination fee of 1.00% of the loan.

For transactions that have SAIL funding, the minimum debt service coverage shall be 1.10x for the SAIL loan, including all superior mortgages. However, if the Applicant defers at least 35% of its Developer fee for at least six (6) months following construction completion, the minimum debt service coverage shall be 1.00 for the SAIL loan, including all superior mortgages. The LOI from Red Stone indicates a permanent phase bond amount of $6,300,000; however, the First Mortgage Loan has been sized at $5,750,000, which conforms to the RFA.

Second Mortgage:

The Applicant applied to Florida Housing for a $4,400,000 SAIL Program loan under RFA 2014-111 for the construction financing of the Development. The SAIL loan term will be 17 years, as requested by the HC syndicator and as permitted by the RFA. The SAIL loan shall be non-amortizing with a 1.00% interest rate over the life of the loan with payments based upon available cash flow as determined by Florida Housing. Any unpaid interest will be deferred until cash flow is available. However, at maturity of the SAIL loan, all principal and interest will be due. Annual payments of all applicable fees will be required. Fees including Permanent Loan Servicing Fees (25 bps of the outstanding loan amount up to a maximum of $808 per month, subject to a minimum of $203 per month) and Compliance Monitoring Fees ($882 based upon the Multiple Program Fees of the current contract between FHFC and its Servicer).

Third Mortgage:

The $383,600 ELI Gap loan will have non-amortizing payments at 0% simple interest per year over the life of the loan with principal forgivable at maturity provided the units are targeted to ELI Households for the duration of the 50-year Compliance Period. It shall have a term of 17 years, as requested by the HC syndicator. After 15 years all of the ELI Set-Aside units may convert to serve residents at or below 60% of AMI. The Person with a Disabling Condition set-aside requirement must be maintained throughout the entire compliance period. Annual payment of all applicable fees will be required. Fees associated with the ELI GAP Loan include Permanent Loan Servicing Fees (25 bps of the outstanding loan amount up to a maximum of $808 per month, subject to a minimum of $203 per month) and Compliance Monitoring Fees ($882 based upon the Multiple Program Fees of the current contract between FHFC and its Servicer).

Fourth Mortgage:

Funds in the amount of $500,000 will be available during the permanent phase of the Development with repayment provisions as previously outlined. Please note the debt service amount for this source has been adjusted so as to conform to the RFA with regard to a minimum of 1.00 to 1.00 DSC for all mortgages and fees in the transaction.

Additional Permanent Sources of Funds:

The Applicant provided a letter of intent from RJTCF dated April 8, 2015. According to the letter of intent, RJTCF or its assigns will acquire a 99.99% limited partnership interest in the Applicant at $1.029999958 per housing credit for a total investment of $6,040,943 to be paid as follows:

Capital Contributions	Amount	Percent of Total	Due upon
1st Installment	$906,141	15%	Prior to or simultaneous with the closing of construction financing
2nd Installment	$604,094	10%	At the later of January 1, 2016 or 50% construction completion
3rd Installment	$650,000	11%	At the later of April 1, 2016 or 100% construction completion
4th Installment	$3,880,708	64%	At the later of July 1, 2016 or Stabilized Operations, of which $150,000 may be held back and paid whena all reaquired tax filing information and Form(s) 8609 are received and audited financial ffor the year of Breakeven Operations are available.
Total:	**$6,040,943**	**100%**	

Annual Credits Per Syndication Agreement	$586,558
Total Credits Per Syndication Agreement	$5,865,580
Calculated HC Rate:	$1.029999958
Limited Partner Ownership Percentage	99.99%
Proceeds During Construction	$1,510,235

Transferable Reserves:
At the time of loan closing, $675,000 in proceeds from an existing replacement reserve account will be transferred to the Applicant to be utilized to fund development costs. Unless otherwise expended at loan closing, these proceeds shall be deposited with the trustee. Documentation of the transfer of these proceeds that is satisfactory to FHFC, its legal counsel and its servicer is a special condition of loan closing and listed in Section B of this report.

Deferred Developer Fee:

The Applicant will be required to permanently defer $364,183 of total developer fee after stabilization.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Rehab of Existing Rental Units	$4,615,000	$4,615,000	$4,614,984	$32,500	$0
General Conditions	$646,100	$646,100	$276,899	$1,950	$0
Overhead	$0	$0	$92,300	$650	$0
Profit	$0	$0	$276,899	$1,950	$0
Total Construction Contract/Costs	$5,261,100	$5,261,100	$5,261,082	$37,050	$0
Hard Cost Contingency	$0	$789,165	$526,108	$3,705	$0
Other: P&P Bond outside of GC Contract	$0	$50,000	$50,000	$352	$0
Total Construction Costs:	**$5,261,100**	**$6,100,265**	**$5,837,190**	**$41,107**	**$0**

Notes to Actual Construction Costs:

1. A Standard Form of Agreement Between Owner and Contractor where the basis of payment is the cost of the work plus a fee with a guaranteed maximum price in the amount $5,261,082 (the “Construction Contract”), dated April 13, 2015, has been provided between the Applicant and Vaughn Bay Construction, Inc. The Construction Contract indicates substantial completion shall be achieved no later than 240 days from the date of commencement, estimated to be October 1, 2015. 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.

2. General Contractor’s Fee (consisting of general requirements, overhead, and profit) is based on the schedule of values contained in the executed Construction Contract and does not exceed 14.00% of hard costs as allowed by the RFA and Rule 67-21.

3. The General Contractor will secure a Payment and Performance Bond to secure the Construction Contract, a draft of which has been provided. The bond provider, International Fidelity Insurance Company (“IFIC”), is rated A- by A.M. Best Company, which satisfies the RFA. The cost is exclusive of the Construction Contract’s Schedule of Values.

4. GLE performed a Plan & Cost Review (“PCR”) dated June 1, 2015 for the Development. The PCR indicates the estimated value of the projected hard construction costs for the site work is $355,000, or approximately $0.98 per square foot for the approximate 8.28 acres of developed area. The estimated value of the projected hard construction costs is $4,259,984 or $35.81 per square foot. The total cost per unit equates to $37,050 based on a total construction cost of $5,261,082, which is slightly below comparable ranges of $40,140 to $63,661 per unit. However, GLE opines the cost is sufficient to complete the construction and is reasonable when compared to the costs of similar projects. GLE stated the construction schedule of 240 days (approximately eight months) is appropriate for the project.

5. GLE, as part of the PCR, recommended a hard cost contingency of 5% -7%. ACS utilized a more conservative figure of 10% ($526,108), which does not exceed the 15% maximum percentage permitted by the RFA.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	$30,000	$30,000	$30,000	$211	$0
Appraisal	$6,000	$8,000	$8,000	$56	$0
Architect's and Planning Fees	$115,375	$80,000	$80,000	$563	$0
Architect's Fee - Supervision	$23,075	$20,000	$20,000	$141	$0
Building Permits	$46,150	$59,995	$59,995	$423	$0
Builder's Risk Insurance	$34,613	$35,000	$35,000	$246	$0
Capital Needs Assessment/Rehabilitation	$8,000	$0	$3,825	$27	$0
Environmental Report	$17,000	$15,000	$15,000	$106	$0
FF&E paid outside Construction Contract	$0	$100,000	$100,000	$704	$0
FHFC Administrative Fees	$40,000	$52,200	$48,230	$340	$48,230
FHFC Application Fee	$6,000	$6,000	$6,000	$42	$6,000
FHFC Credit Underwriting Fee	$25,000	$25,000	$22,091	$156	$22,091
FHFC HC Compliance Fee (HC)	$250,000	$0	$0	$0	$0
Lender Inspection Fees / Const Admin	$30,000	$20,000	$35,000	$246	$0
Legal Fees	$185,000	$150,000	$150,000	$1,056	$150,000
Market Study	$6,000	$7,000	$5,000	$35	$0
Marketing and Advertising	$15,000	$10,000	$10,000	$70	$10,000
Plan and Cost Review Analysis	$0	$10,000	$3,475	$24	$0
Property Taxes	$0	$123,186	$123,186	$868	$0
Survey	$25,000	$25,000	$25,000	$176	$0
Tenant Relocation Costs	$100,000	$120,000	$120,000	$845	$0
Title Insurance and Recording Fees	$100,000	$99,400	$99,400	$700	$99,400
Soft Cost Contingency	$0	$52,289	$49,960	$352	$50,431
Total General Development Costs:	**$1,062,213**	**$1,048,070**	**$1,049,162**	**$7,388**	**$386,152**

Notes to the General Development Costs:

1. Architects and Planning Fees were adjusted to reflect the actual costs represented in the executed contract reviewed by the Underwriter.

2. ACS reflects actual costs for the Plan and Cost Review, Capital Needs Assessment and the following FHFC Fees: Administrative, Application and Credit Underwriting.

3. The FHFC Administrative Fee is based upon a fee of 8% of the Annual HC Recommendation.

4. The FHFC Credit Underwriting Fee is inclusive of MMRB and SAIL/HC multiple program fees, as well as a $150 credit reporting fee.

5. The Applicant provided a detailed budget confirming the relocation costs for the Development. All demolition and new installation work will be closely coordinated, so tenants will be able to remain in their units during the renovation process. Tenants will be without a kitchen one night; the bathroom will be completely renovated in one day. Renovation work will be limited to the hours between 8 a.m. and 5 p.m. Monday through Friday, and all housing services necessary for the unit to be habitable shall be restored daily at the end of working hours (e.g., disconnected utility services restored by 5 p.m.). Workers will clean up at the end of the work day, removing scrap lumber, sawdust, cardboard containers and other combustible construction materials. To ensure tenant safety, the project’s contractor will manage safe disposal of all construction waste.

Renovations will be done by trade, meaning that instead of one unit being fully renovated from start to finish on consecutive days, the renovations of units will be done as each trade is scheduled in the unit. In total, each unit will be impacted for a maximum of six (6) days; however some trades may overlap causing this number to decrease. Units designated as accessible will require the tenants to be relocated on-site to vacant apartments so that more extensive renovations can be completed. In order to have units available to move tenants into, no new leases have been executed since January 2015. As improvements are completed, the tenants will be assigned a newly renovated unit of appropriate size and type in the community, unless they require the features of the accessible unit. Additionally, all accessible units will first be offered to current residents who may require these features prior to signing new leases.

6. The Soft Cost Contingency has been adjusted to 5% of Total General Development Costs and is within the RFA.

7. The remaining General Development Costs appear reasonable.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Origination Fee	$90,000	$95,000	$95,000	$669	$0
Construction Loan Interest	$100,000	$513,351	$534,505	$3,764	$534,505
Construction Loan Servicing Fees	$0	$47,500	$47,500	$335	$0
FHFC Bond Underwriting Fee	$0	$0	$31,000	$218	$31,000
FHFC Bond Origination Fee	$0	$0	$38,000	$268	$38,000
FHFC Bond Trustee Fee	$0	$0	$8,500	$60	$8,500
FHFC Bond Closing Costs	$0	$0	$13,500	$95	$13,500
SAIL Commitment Fee	$0	$47,836	$47,836	$337	$47,836
SAIL Closing Costs	$0	$0	$15,000	$106	$15,000
Reserves - Operating + Debt Service	$0	$577,154	$590,765	$4,160	$590,765
Legal Fees - Bond Counsel	$0	$0	$61,000	$430	$61,000
Legal Fees - Borrower's Counsel	$0	$0	$45,000	$317	$45,000
Legal Fees - Disclosure Counsel	$0	$0	$22,500	$158	$22,500
Legal Fees - Special/Real Estate Counsel	$0	$0	$51,500	$363	$0
Legal Fees - Underwriter's Counsel	$0	$0	$0	$0	$0
Legal Fees - Trustee's Counsel	$0	$0	$10,500	$74	$9,500
TEFRA Fee	$0	$0	$1,260	$9	$1,260
Other: Syndication Expenses	$0	$25,000	$25,000	$176	$25,000
Other: Cost of Issuance	$180,000	$235,760	$0	$0	$0
Other: Lender - Due Diligence Fee	$0	$25,000	$25,000	$176	$25,000
Other: SBA Fiscal Determination Fee	$0	$0	$1,000	$7	$1,000
Other: ACS closing attendance fee	$0	$0	$2,268	$16	$2,268
Other: Cashflow verif./Binding & Mailing	$0	$0	$9,000	$63	$9,000
Total Financial Costs:	**$435,000**	**$1,566,601**	**$1,675,634**	**$11,800**	**$1,480,634**

Notes to the Financial Costs

1. A FHFC Bond Origination Fee of $38,000 has been included and calculated at 40 bps of the requested Bond issuance amount.

2. SAIL Commitment Fee is based on 1% of the combined SAIL and ELI Gap Loan amounts.

3. SAIL Closing Costs is an estimate of SAIL and ELI Gap loan closing costs.

4. The Applicant provided a letter of intent from RJTCF outlining the terms and conditions for which an Operating Deficit Reserve is required. The reserve is to be funded out of the Stabilization Capital Contribution.

5. Cost of Issuance expenses related to the Bonds are based on documentation provided by the Applicant and included in the appropriate line items as illustrated above.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Building Acquisition Cost	$5,625,000	$5,393,000	$5,344,000	$37,634	$0
Other: Existing Reserves	$0	$675,000	$675,000	$4,754	$675,000
Total Non-Land Acquisition Costs:	**$5,625,000**	**$6,068,000**	**$6,019,000**	**$42,387**	**$675,000**

Notes to the Non-Land Acquisition Costs:

1. An Agreement for Purchase and Sale dated September 16, 2014 between Brookside Square, Ltd., a Florida limited partnership, and the Applicant was provided in the amount of $7,143,000. A First Amendment to the agreement dated March 18, 2015 reflects a purchase price to be increased by the replacement reserves account balance for the Development, estimated to be $675,000, for a total purchase price of $7,818,000. The closing date shall take place on or before September 30, 2015.

2. Building acquisition cost as underwritten is based on the “As Is” value of the Development of $6,480,000 per the appraisal completed by Meridian dated March 12, 2015, less a land value of $1,136,000 per the value allocated by the Pinellas County Tax Appraiser’s 2014 estimate.

OTHER DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Development Cost Before Developer Fee and Land Costs	$12,383,313	$13,734,866	$14,580,986	$102,683	$2,541,786
Developer Fee on Acquisition of Buildings	$0	$0	$961,920	$6,774	$0
Developer Fee	$2,200,000	$1,964,541	$771,820	$5,435	$0
Excess Acquisition Costs	$0	$471,000	$663,000	$4,669	$0
Total Other Development Costs:	**$2,200,000**	**$2,435,541**	**$2,396,740**	**$16,878**	**$0**

Notes to the Other Development Costs:

1. The total Developer Fee in the amount of $2,396,740 does not exceed 18.00% of the Total Development Costs less Developer Fee, Land and Reserves. The Developer Fee on Acquisition of Buildings equals 18.00% of Building Acquisition Costs. Excess acquisition costs of $663,000, which is a subset of Developer Fee, represents the difference between the actual building acquisition cost of $5,344,000 and the appraised value of the buildings as previously detailed.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Land	$1,875,000	$1,136,000	$1,136,000	$8,000	$1,136,000
Total Acquisition Costs:	**$1,875,000**	**$1,136,000**	**$1,136,000**	**$8,000**	**$1,136,000**

Notes to Land Acquisition Costs:

1. According to the appraisal prepared by Meridian, the "As Is" (vacant land) market value of the property is $2,560,000. Based on FHFC's Land Allocation criteria, the lowest calculated land value is $1,136,000.

TOTAL DEVELOPMENT COSTS:	**$16,458,313**	**$18,354,477**	**$18,113,726**	**$127,561**	**$3,677,786**

Notes to Total Development Costs:

1. Total Development Costs have increased by $1,655,413 since the time of Application primarily due to an increase in Construction and Financial Costs, Non-Land Acquisition Costs, and Developer Fee.

2. Per the RFA, the TDC per Unit Base Limitation for an existing garden style property is $143,900 per unit. Applying the 1.4% escalation factor allowable for the Development Category yields a TDC per Unit Base Limitation of $145,915. Based on the underwritten TDC, exclusive of land costs, the Development has a per unit cost of $119,561.

OPERATING PRO FORMA

FINANCIAL COSTS:				Year 1	Year 1 Per Unit
OPERATING PRO FORMA					
INCOME:	Gross Potential Rental Income			**$1,301,820**	**$9,168**
	Other Income				
	Ancillary Income			$17,040	**$120**
	Gross Potential Income			**$1,318,860**	**$9,288**
	Less:				
	Physical Vac. Loss	Percentage:	3.00%	$39,566	**$279**
	Collection Loss	Percentage:	1.00%	$13,189	**$93**
	Total Effective Gross Income			**$1,266,106**	**$8,916**
EXPENSES:	Fixed:				
	Real Estate Taxes			$120,068	**$846**
	Insurance			$113,600	**$800**
	Variable:				
	Management Fee	Percentage:	5.00%	$63,305	**$446**
	General and Administrative			$37,630	**$265**
	Payroll Expenses			$209,450	**$1,475**
	Utilities			$119,280	**$840**
	Marketing and Advertising			$994	**$7**
	Maintenance and Repairs/Pest Control			$42,600	**$300**
	Grounds Maintenance and Landscaping			$11,360	**$80**
	Contract Services			$8,520	**$60**
	Security			$39,050	**$275**
	Reserve for Replacements			$55,948	**$394**
	Total Expenses			**$821,805**	**$5,787**
	Net Operating Income			**$444,300**	**$3,129**
	Debt Service Payments				
	First Mortgage - FHFC/Redstone			$360,705	**$2,540**
	Second Mortgage - SAIL			$44,000	**$310**
	Third Mortgage - ELI Gap			$0	**$0**
	Fourth Mortgage - GHF			$15,475	**$109**
	SAIL/ELI PLS Fee			$19,392	**$137**
	MMRB/SAIL/ELI CM Fee			$4,728	**$33**
	Total Debt Service Payments			**$444,300**	**$3,129**
	Cash Flow after Debt Service			**$0**	**$0**
				Annual	Per Unit
	Debt Service Coverage Ratios				
	DSC - First Mortgage			**1.23**	**1.23**
	DSC - Second Mortgage			**1.10**	**1.10**
	DSC - Third Mortgage			**1.10**	**1.10**
	DSC - Fourth Mortgage			**1.06**	**1.06**
	DSC - All Mortgages and Fees			**1.00**	**1.00**
	Financial Ratios				
	Operating Expense Ratio			**64.9%**	
	Break-even Economic Occupancy Ratio (all debt)			**96.0%**	

Notes to the Operating Pro Forma and Ratios:

1. The MMRB and SAIL/ELI programs do not impose any rent restrictions. However, this development will be utilizing Housing Credits in conjunction with the tax-exempt bond and SAIL/ELI financing, which will impose rent restrictions. As restricted by the SAIL, Housing Credit, and Tax-Exempt Bond programs, 95% of the units (134 units) will be set aside for households earning 60% or less of the Area Median Income ("AMI"), with 5% of the units further restricted as ELI units at 40% or less of AMI. There will be 137 units that continue to operate under the existing HUD HAP contract this expires as of April 30, 2033. Gross potential rental revenue for the Housing Credit units is based upon the 2015 restricted rents published by Florida Housing. The estimated utility allowances are based on the HAP contract currently in place. The utility allowances are deducted from the maximum gross rental rates in order to determine the maximum net rental rates as restricted by the Housing Credit program.

   Overall, the maximum Housing Credit rents for the Development are achievable and confirmed by the appraiser. A rent roll for the Development property is illustrated in the following table:

   MSA (County): Tampa/St. Petersburg MSA (Pinellas)

Bed Rooms	Bath Rooms	Units	Square Feet	Type	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
1.0	1.0	2	653	HAP	40%	$442			$106	$699	$336	$593	$593	$593	$14,232
1.0	1.0	30	653	HAP	60%	$663			$106	$699	$557	$593	$593	$593	$213,480
2.0	1.0	4	784	HAP	40%	$531			$136	$878	$395	$742	$742	$742	$35,616
2.0	1.0	70	784	HAP	60%	$796			$136	$878	$660	$742	$742	$742	$623,280
2.0	1.0	4	784	LIHTC	60%	$796			$136		$660	$660	$660	$660	$31,680
3.0	1.0	2	995	HAP	40%	$614			$177	$1,184	$437	$1,007	$1,007	$1,007	$24,168
3.0	1.0	29	995	HAP	60%	$921			$177	$1,184	$744	$1,007	$1,007	$1,007	$350,436
3.0	1.0	1	995	LIHTC	60%	$921			$177		$744	$744	$744	$744	$8,928
		142	113888												$1,301,820

2. For the Credit Underwriter to make a favorable recommendation for Housing Credits, the submarket of the proposed Development must have an average market rental rate, based on unit mix and annualized rent concessions, of 110% or greater of the applicable maximum Housing Credit rental rate. The submarket's average market rental rates are between 106.3% and 123.1% over the average maximum Housing Credit rental rates, which exceed the Rule.

3. Ancillary Income of $120 per unit/per year is comprised of fees associated with laundry and vending income, late charges, pet deposits, and forfeiture of security deposits.

4. A 4.0% economic vacancy loss rate was concluded by the appraisal based on comparables in the market which had a weighted occupancy average of 99%. ACS utilized 4.0% economic vacancy for underwriting purposes.

5. ACS utilized the appraiser's estimated property tax assessment for the Development as renovated to be $38,000 per unit or $5,396,000. The restricted tax comparables exhibit a range from $26,019 to $55,290 per unit while the unrestricted comparables exhibit a range from $30,706 to $44,186 per unit. The current millage rate was applied and the real estate tax burden was concluded to be $846 per unit for underwriting purposes.

6. The insurance expense was reconciled based on the Development's most recent operating history and Meridian concluded an expense of $800 per unit or $113,600 per year. The Development is located in Zone AE, which is an area within the 100-year flood plain. Flood insurance is therefore required.

7. The Applicant has submitted an executed Management Agreement dated as of May 11, 2015 between Carteret Management Corporation ("CMC") and the Applicant. The term of the Agreement commences on the date of closing on the sale of the Development and shall be for an initial term of five (5) years. No renewal terms were included in the agreement. Compensation is payable on the 10th day of each month in an amount equal to 6.89% of gross collections of residential income, including residential rent, housing assistance payments, and vacancy allowances, miscellaneous income including parking, laundry, commercial rents, and other miscellaneous revenue. Please note that 1.89% of the fee will be subordinate to the debt service of the First and Second Mortgages. As such, the management fee has been underwritten at 5.00%.

8. Replacement Reserves are $394 per unit per year, which was concluded in the Capital Needs Assessment prepared by GLE dated May 19, 2015.

9. Based upon an estimated Net Operating Income ("NOI") of $444,300 for the proposed Development's initial year of stabilized operations; the First Mortgage loan and SAIL Loan can be supported by operations at a combined 1.10 to 1.00 Debt Service Coverage ("DSC"). For transactions that have SAIL funding, the minimum debt service coverage shall be 1.10x for the SAIL loan, including all superior mortgages. However, if the Applicant defers at least 35% of its Developer fee for at least six (6) months following construction completion, the minimum debt service coverage shall be 1.00 for the SAIL loan, including all superior mortgages. All mortgage loans and fees can be supported by operations at a 1.00 to 1.00 DSC, as previously discussed.

10. The SAIL and ELI Permanent Loan Servicing Fees ($19,392 annually) are equal to 25 basis points of the SAIL and ELI Gap loan amounts, subject to a minimum monthly fee of $203 and a monthly maximum of $808.

11. The MMRB/SAIL/ELI Compliance Monitoring Fees are estimated to be $4,728. The FHFC Compliance Monitoring Fee is based on the contract between FHFC and the Servicer and subject to annual increases, not to exceed 3% of the prior year's fee.

12. A 15-year Operating Pro Forma reflects rental income increasing at an annual rate of 2% and expenses increasing at an annual rate of 3%.

Section B

MMRB, SAIL, and ELI Gap Loan Special and General Conditions and HC Allocation Recommendation and Contingencies

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and the Servicer, at least two weeks prior to real estate loan closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the loan closing date.

1. Approval by FHFC's Asset Management Department of the Applicant's selection of Carteret Management Corporation to manage the Development.

2. Receipt of documentation of the transfer of the existing Replacement Reserve account in the estimated amount of $675,000, from Brookside Square, Ltd. ("Seller") to the Applicant that is satisfactory to FHFC, its legal counsel, and its servicer. These funds should be utilized at loan closing or deposited with the trustee.

3. A Proposal for Professional Services dated January 21, 2015 between the Applicant and the architect was provided. However, an executed AIA document of Standard Form of Agreement between Owner and Architect is required to the satisfaction of FHFC, its servicer, and GLE.

4. Notwithstanding any and all provisions including those pertaining to release, expenditure, or other conditions to the Operating Deficit Reserve within the RJTCF April 8, 2015 proposal or any subsequent Operating Agreement, any and all terms and conditions of the Operating Reserve must be acceptable to Florida Housing, its Servicer, and its Legal Counsel. Upon the expiration of the Operating Deficit Reserve, the balance in the reserve will be used to pay down any FHFC administered loan debt, if any, and if there is no FHFC administered loan debt, then the balance of the Reserve shall be deposited into a replacement reserve account for the proposed development. In no event shall the remaining balance in said Operating Deficit Reserve be paid to the Applicant or Developer.

General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and the Servicer at least two weeks prior to real estate loan closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the bond pricing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the Notice of Bond Sale.

1. Borrower is to comply with any and all recommendations noted in the Plan and Cost Review and Capital Needs Assessment prepared by GLE Associates, Inc.

2. 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.

3. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). An acceptable alternative to this requirement is receipt and satisfactory review of 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. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The final sources and uses of funds schedule will be attached to the Loan Agreements as the approved Development budget.

5. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. MMRB, SAIL and ELI Program loan proceeds shall be disbursed during the construction phase in an amount per Draw that does not exceed the ratio of the MMRB, SAIL and ELI loans to the Total Development Cost, unless approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.

6. During construction/rehabilitation, the Developer is only allowed to draw a maximum of 50% of the total developer fee (developer fee minus acquisition developer fee) during construction/rehabilitation, but in no case more than the payable developer fee, which is determined to be “developer’s overhead”. No more than 35% of “developer’s overhead” during construction/rehabilitation will be allowed to be disbursed at closing. The remainder of the “developer’s overhead” will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer. The remaining unpaid developer fee shall be considered attributable to “developer’s profit” and may not be funded until the development has achieved 100% lien-free completion and retainage has been released.

7. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing’s judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

8. 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.

9. 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 the Servicer, Florida Housing, and its Legal Counsel.

10. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing 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, as applicable.

11. A copy of the Amended and Restated Limited Partnership Agreement ("LPA") reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The LPA shall be in a form and of financial substance satisfactory to Servicer, Florida Housing, and its Legal Counsel.

12. 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 67-21.0025 (5) and the RFA, of an Applicant or a Developer).

13. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications.

14. Satisfactory resolution of any outstanding past due or non-compliance notices issues by closing of the loan(s).

This recommendation is contingent upon the review and approval by Florida Housing, and its Legal Counsel <u>at least two weeks prior to real estate loan closing</u>. Failure to receive approval of these items within this timeframe may result in postponement of the bond pricing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the notice of bond sale.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/managers(s) of the Borrower, the guarantors, and any limited partners of the Borrower.

2. 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.

3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of MMRB, SAIL and ELI loan closings, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower is to comply with any and all recommendations noted in the updated Environmental Audit Report(s) and all other environmental reports related to the property, as deemed appropriate by Florida Housing in its sole discretion.

4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the MMRB, SAIL and ELI loans naming Florida Housing as the insured. All endorsements required by Florida Housing shall be provided.

5. 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 MMRB, SAIL and ELI loans have been satisfied.

6. 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.

7. 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, and of any corporate guarantor and any manager;
   b. Authorization, execution, and delivery by the Borrower and the guarantors, of all loan documents;
   c. The loan 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 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.

8. Evidence of compliance with local concurrency laws, if applicable.

9. 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).

10. UCC Searches for the Borrower, its partnerships, as requested by counsel.

11. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

This recommendation is also contingent upon the following additional conditions.

1. Compliance with all applicable provisions of Sections 420.507 and 420.509, Florida Statutes, Rule Chapter 67-21, F.A.C., Rule Chapter 67-53, F.A.C., Rule Chapter 67-60, F.A.C., RFA 2014-111, Section 42 I.R.C., and any other applicable State and Federal requirements.

2. Development and execution by the Borrower of the required Memorandum of Understanding with a designated supportive services lead agency to assist Persons with a Disabling Condition, as outlined in Section Four A.7.b.(2) of the RFA.

3. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRB, SAIL and ELI loans in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note, the Loan Agreement(s), the Mortgage and Security Agreement, and the Land Use Restriction Agreement(s) and Final Cost Certificate.

4. MMRB Program Loan - All amounts necessary to complete construction/rehabilitation, must be deposited with the Bond Trustee prior to closing, or any phased pay-in of amount necessary to complete construction/rehabilitation shall be contingent upon an unconditional obligation, through a Joint Funding Agreement or other mechanism acceptable to Florida Housing, of the entity providing HC Equity payments (and evidence that 100% of such amount is on deposit with such entity at loan closing) to pay, regardless of any default under any documents relating to the HC as long as the First Mortgage continues to be funded.

5. Guarantors are to provide the standard FHFC Operating Deficit Guaranty to be released upon achievement of an average 1.15 DSC on the combined First Mortgage (MMRB Program Loan), 90% occupancy and 90% of Gross Potential Rental Income net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public Accountant (“CPA”). The calculation of the debt service coverage ratio shall be made by Florida Housing or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three years following the final Certificate of Occupancy.

6. Guarantors are to provide the standard FHFC Operating Deficit Guaranty to be released upon achievement of an average 1.15 DSC on the combined First Mortgage and SAIL, 90% Occupancy and 90% of Gross Potential Rental Income net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public Accountant (“CPA”). The calculation of the debt service coverage ratio shall be made by Florida Housing or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three years following the final Certificate of Occupancy.

7. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.

8. Guarantors to provide the standard Florida Housing Construction Completion Guaranty; to be released upon lien-free completion as approved by the Servicer.

9. Guarantors are to provide the standard Florida Housing Environmental Indemnity Guaranty.

10. Guarantors are to provide the standard Florida Housing Guaranty of Recourse Obligations.

11. Closing of the MMRB first mortgage loan simultaneous with or prior to closing of the SAIL and ELI loans.

12. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the MMRB, Sail and ELI loans is to be issued immediately after closing. Any exceptions to the title insurance policy

must be acceptable to Florida Housing or its Legal Counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.

13. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee, the Bond Trustee or the Servicer. In the event the reserve account is held by the Servicer, the release of funds shall be at Florida Housing's sole discretion.

14. Replacement Reserves funds in the amount of $394 per unit per year are required to be deposited on a monthly basis into a designated escrow account to be maintained by the First Mortgagee/Credit Enhancer, the Bond Trustee, or Florida Housing's loan servicing agent. Preservation or Rehabilitation Developments (with or without acquisition) shall not be allowed to draw until the start of the scheduled replacement activities as outlined in the pre-construction capital needs assessment report ("CNA") subject to the activities completed in the scope of rehabilitation, but not sooner than the third year.

    The Initial Replacement Reserve will have limitations on the ability to be drawn. The amount established as a Replacement Reserve shall be adjusted based on a CNA to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the 10th year after the first residential building in the development 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 subsequently every five (5) years thereafter.

15. GLE Associates, Inc. will act as Florida Housing's inspector during the construction period.

16. 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.

17. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.

18. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

Housing Credit Allocation Recommendation

AmeriNational recommends an annual Housing Credit allocation in the amount of $602,867 the construction and permanent financing of Brookside Square Apartments. Please refer to Exhibit 3 - HC Allocation Calculation for further detail.

<u>HC Contingencies</u>

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by ACS and FHFC. Failure to resolve these contingencies within this timeframe may result in forfeiture of the HC allocation:

1. Closing of the MMRB loan consistent with the assumptions of this credit underwriting report.

2. Closing of the SAIL and ELI Gap Loans consistent with the assumptions of this credit underwriting report.

3. GLE Associates, Inc. is to act as construction phase inspector for Florida Housing.

4. Award of Housing Credit (“HC”) and purchase of same by Raymond James Tax Credit Funds, Inc. or assigns, under terms consistent with the assumptions of this report and most recent commitment letter.

5. Receipt of executed FHFC Fair Housing, Section 504 and ADA as-built certification forms 122, 127, and 129.

6. Receipt and satisfactory resolution (as determined by FHFC) of any outstanding past due items or non-compliance issues, according to the latest FHFC Past Due and/or Non- Compliance Reports.

7. Any other reasonable requirements of Florida Housing or its Servicer.

Exhibit 1
Brookside Square
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	**$1,301,820**	**$1,327,856**	**$1,354,414**	**$1,381,502**	**$1,409,132**	**$1,437,314**	**$1,466,061**	**$1,495,382**	**$1,525,290**	**$1,555,795**	**$1,586,911**	**$1,618,650**	**$1,651,023**	**$1,684,043**	**$1,717,724**
	Ancillary Income	$17,040	$17,381	$17,728	$18,083	$18,445	$18,814	$19,190	$19,574	$19,965	$20,364	$20,772	$21,187	$21,611	$22,043	$22,484
	Gross Potential Income	**$1,318,860**	**$1,345,237**	**$1,372,142**	**$1,399,585**	**$1,427,576**	**$1,456,128**	**$1,485,251**	**$1,514,956**	**$1,545,255**	**$1,576,160**	**$1,607,683**	**$1,639,837**	**$1,672,633**	**$1,706,086**	**$1,740,208**
	Less:															
	Physical Vac. Loss Percentage: 3.00%	$39,566	$40,357	$41,164	$41,988	$42,827	$43,684	$44,558	$45,449	$46,358	$47,285	$48,230	$49,195	$50,179	$51,183	$52,206
	Collection Loss Percentage: 1.00%	$13,189	$13,452	$13,721	$13,996	$14,276	$14,561	$14,853	$15,150	$15,453	$15,762	$16,077	$16,398	$16,726	$17,061	$17,402
	Total Effective Gross Income	**$1,266,106**	**$1,291,428**	**$1,317,256**	**$1,343,601**	**$1,370,473**	**$1,397,883**	**$1,425,841**	**$1,454,357**	**$1,483,445**	**$1,513,113**	**$1,543,376**	**$1,574,243**	**$1,605,728**	**$1,637,843**	**$1,670,599**
EXPENSES:	Fixed:															
	Real Estate Taxes	$120,068	$123,670	$127,380	$131,202	$135,138	$139,192	$143,367	$147,668	$152,099	$156,662	$161,361	$166,202	$171,188	$176,324	$181,614
	Insurance	$113,600	$117,008	$120,518	$124,134	$127,858	$131,694	$135,644	$139,714	$143,905	$148,222	$152,669	$157,249	$161,966	$166,825	$171,830
	Variable:															
	Management Fee Percentage: 5.00%	$63,305	$64,571	$65,863	$67,180	$68,524	$69,894	$71,292	$72,718	$74,172	$75,656	$77,169	$78,712	$80,286	$81,892	$83,530
	General and Administrative	$37,630	$38,759	$39,922	$41,119	$42,353	$43,623	$44,932	$46,280	$47,669	$49,099	$50,572	$52,089	$53,651	$55,261	$56,919
	Payroll Expenses	$209,450	$215,734	$222,206	$228,872	$235,738	$242,810	$250,094	$257,597	$265,325	$273,285	$281,483	$289,928	$298,626	$307,584	$316,812
	Utilities	$119,280	$122,858	$126,544	$130,340	$134,251	$138,278	$142,427	$146,699	$151,100	$155,633	$160,302	$165,111	$170,065	$175,167	$180,422
	Marketing and Advertising	$994	$1,024	$1,055	$1,086	$1,119	$1,152	$1,187	$1,222	$1,259	$1,297	$1,336	$1,376	$1,417	$1,460	$1,504
	Maintenance and Repairs/Pest Control	$42,600	$43,878	$45,194	$46,550	$47,947	$49,385	$50,867	$52,393	$53,964	$55,583	$57,251	$58,968	$60,737	$62,560	$64,436
	Grounds Maintenance and Landscaping	$11,360	$11,701	$12,052	$12,413	$12,786	$13,169	$13,564	$13,971	$14,391	$14,822	$15,267	$15,725	$16,197	$16,683	$17,183
	Contract Services	$8,520	$8,776	$9,039	$9,310	$9,589	$9,877	$10,173	$10,479	$10,793	$11,117	$11,450	$11,794	$12,147	$12,512	$12,887
	Security	$39,050	$40,222	$41,428	$42,671	$43,951	$45,270	$46,628	$48,027	$49,467	$50,951	$52,480	$54,054	$55,676	$57,346	$59,067
	Reserve for Replacements	$55,948	$55,948	$55,948	$55,948	$55,948	$55,948	$55,948	$55,948	$55,948	$55,948	$55,948	$55,948	$55,948	$55,948	$55,948
	Total Expenses	**$821,805**	**$844,148**	**$867,148**	**$890,826**	**$915,200**	**$940,292**	**$966,124**	**$992,716**	**$1,020,092**	**$1,048,275**	**$1,077,288**	**$1,107,156**	**$1,137,906**	**$1,169,561**	**$1,202,151**
	Net Operating Income	**$444,300**	**$447,280**	**$450,108**	**$452,776**	**$455,273**	**$457,590**	**$459,717**	**$461,641**	**$463,352**	**$464,839**	**$466,088**	**$467,087**	**$467,822**	**$468,281**	**$468,449**
	Debt Service Payments															
	First Mortgage - FHFC/Redstone	$360,705	$360,705	$360,705	$360,705	$360,705	$360,705	$360,705	$360,705	$360,705	$360,705	$360,705	$360,705	$360,705	$360,705	$360,705
	Second Mortgage - SAIL	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000
	Third Mortgage - ELI Gap	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Fourth Mortgage - GHF	$15,475	$15,475	$15,475	$15,475	$15,475	$15,475	$15,475	$15,475	$15,475	$15,475	$15,475	$15,475	$15,475	$15,475	$15,475
	SAIL/ELI PLS Fee	$19,392	$19,392	$19,392	$19,392	$19,392	$19,392	$19,392	$19,392	$19,392	$19,392	$19,392	$19,392	$19,392	$19,392	$19,392
	MMRB/SAIL/ELI CM Fee	$4,728	$4,870	$5,016	$5,166	$5,321	$5,481	$5,645	$5,815	$5,989	$6,169	$6,354	$6,545	$6,741	$6,943	$7,152
	Total Debt Service Payments	**$444,300**	**$444,442**	**$444,588**	**$444,739**	**$444,894**	**$445,053**	**$445,218**	**$445,387**	**$445,561**	**$445,741**	**$445,926**	**$446,117**	**$446,313**	**$446,515**	**$446,724**
	Cash Flow after Debt Service	**$0**	**$2,838**	**$5,520**	**$8,037**	**$10,380**	**$12,537**	**$14,499**	**$16,254**	**$17,791**	**$19,098**	**$20,162**	**$20,970**	**$21,509**	**$21,766**	**$21,725**
	Debt Service Coverage Ratios															
	DSC - First Mortgage	**1.23**	**1.24**	**1.25**	**1.26**	**1.26**	**1.27**	**1.27**	**1.28**	**1.28**	**1.29**	**1.29**	**1.29**	**1.30**	**1.30**	**1.30**
	DSC - Second Mortgage	**1.10**	**1.11**	**1.11**	**1.12**	**1.12**	**1.13**	**1.14**	**1.14**	**1.14**	**1.15**	**1.15**	**1.15**	**1.16**	**1.16**	**1.16**
	DSC - Third Mortgage	**1.10**	**1.11**	**1.11**	**1.12**	**1.12**	**1.13**	**1.14**	**1.14**	**1.14**	**1.15**	**1.15**	**1.15**	**1.16**	**1.16**	**1.16**
	DSC - Fourth Mortgage	**1.06**	**1.06**	**1.07**	**1.08**	**1.08**	**1.09**	**1.09**	**1.10**	**1.10**	**1.11**	**1.11**	**1.11**	**1.11**	**1.11**	**1.11**
	DSC - All Mortgages and Fees	**1.00**	**1.01**	**1.01**	**1.02**	**1.02**	**1.03**	**1.03**	**1.04**	**1.04**	**1.04**	**1.05**	**1.05**	**1.05**	**1.05**	**1.05**
	Financial Ratios															
	Operating Expense Ratio	**64.9%**	**65.4%**	**65.8%**	**66.3%**	**66.8%**	**67.3%**	**67.8%**	**68.3%**	**68.8%**	**69.3%**	**69.8%**	**70.3%**	**70.9%**	**71.4%**	**72.0%**
	Break-even Economic Occupancy Ratio (all debt)	**96.0%**	**95.8%**	**95.6%**	**95.4%**	**95.3%**	**95.1%**	**95.0%**	**94.9%**	**94.8%**	**94.8%**	**94.7%**	**94.7%**	**94.7%**	**94.7%**	**94.8%**

Brookside Square
2014-132B
Description of Features and Amenities

A. The Development will consist of 142 units located in 14 residential buildings.

Unit Mix:

Thirty-two (32) one bedroom/one bath units;

Seventy-eight (78) two bedroom/one bath units; and

Thirty-two (32) three bedroom/one bath units

142 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. Community center or clubhouse;

2. Playground/tot lot, accessible to children with disabilities (must be sized in proportion to Development's size and expected resident population with age-appropriate equipment;

3. Picnic area with hard cover permanent roof of a design compatible with the Development, open on all sides, containing at least three permanent picnic tables with benches and an adjoining permanent outdoor grill;

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

1. Programmable thermostat in each unit;

2. Energy Star qualified roofing material or coating;

3. Energy Star rating for all windows;

4. Install daylight sensors, timers, or motion detectors on all outdoor lighting attached to buildings; and

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. Resident Activities - These specified activities are planned, arranged, provided and paid for by the Applicant or its Management Company and held between the hours of 9:00 a.m. and 9:00 p.m. These activities must be an integral part of the management plan. The Applicant must develop and execute a comprehensive plan of varied activities that brings the residents together and encourages community pride. The goal here is to foster a sense of community by bringing residents together on a regularly scheduled basis by providing activities such as holiday and special occasion parties, community picnics, newsletters, children's special functions, etc.

Brookside Square
RFA 2014-111 (2014-417S)
Description of Features and Amenities

B. The Development will consist of 142 units located in 14 residential buildings.

Unit Mix:

Thirty-two (32) one bedroom/one bath units;

Seventy-eight (78) two bedroom/one bath units; and

Thirty-two (32) three bedroom/one bath units

142 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 General Features for All Proposed Developments:

1. Termite prevention;

2. Pest control;

3. Window covering for each window and glass door inside each unit;

4. 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; and

5. Full size range and oven in all units;

6. At least two full bathrooms in all 3 bedroom of larger new construction units, and **Not feasible due to building construction**

7. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units **Not feasible due to building construction**

C. The Applicant has committed to provide the following Accessibility, Universal Design and Visitability Features**:**

i. 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.

D. All new construction units that are located on an accessible route must have the following Accessibility, Adaptability, Universal Design and Visitability Features listed below. All rehabilitation units that are located on an accessible route must include as many of the features listed below as are structurally and financially feasible within the scope of rehabilitation work utilizing a capital needs assessment performed during the credit underwriting process:

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

2. All door handles on primary entrance door and interior doors must have lever handles; **provided on 1st floor only**

3. Lever handles on all bathroom faucets and kitchen sink faucets;

4. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and **Thermostats lowered on 1st floor only**

5. Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operates easily using a single closed fist.

E. All rehabilitation units must include the following General Features, Required Green Building Features and Additional 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. **Not feasible due to building construction**

2. Required Green Building Features in all Family and Elderly Demographic Developments:

All rehabilitation units must include as many of the following required Green Building 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.

a. Low or No-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);

b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
   i. Toilets: 1.6 gallons/flush or less,
   ii. Faucets: 1.5 gallons/minute or less,
   iii. Showerheads: 2.2 gallons/minute or less;

c. Energy Star qualified refrigerator;

d. Energy Star qualified dishwasher; **Not feasible due to kitchen size**

e. Water heating minimum efficiency specifications (choose gas, electric, or gas tankless or boiler/hot water maker);
   i. Gas
      - 30 gal = .63 EF; or
      - 40 gal = .61 EF; of
      - 50 gal = .59 EF; or
      - 60 gal = .57 EF; or
      - 70 gal = .55 EF; or
      - 80 gal = .53 EF; or
   ii. Electric
      - 30 gal = .94 EF; or **Provided**
      - 40 gal = .93 EF; of
      - 50 gal = .92 EF; or
      - 60 gal = .91 EF; or
      - 70 gal = .90 EF; or
      - 80 gal = .89 EF; or
   iii. Tankless gas water heater: minimum .80 EF; or
   iv. Boiler or hot water maker:
      - <300,000 Btu/h: 85% Et (thermal efficiency): or
      - 300,000 Btu/h or higher: 80% Et; or

f. Energy Star qualified ceiling fans with lighting fixtures in the bedrooms; **Not feasible due to building construction**

g. Air Conditioning (choose in-unit or commercial);
   i. In-unit air conditioning: minimum 14 SEER; or **Quantity of 24 units with SEER of 13 were installed in 2014; not feasible to replace these units**
   ii. packaged units are allowed in studio/efficiency units and one-bedroom units: minimum 11.7 EER; or
   iii. 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;

h. Caulk, weather-strip, or otherwise seal all holes, gaps, cracks, penetrations, and electrical receptacles in building envelope;

i. Seal and insulate heating and cooling system ducts with mastic or metal backed tape.

F. The Applicant has committed to provide the following Additional Green Building Features to achieve a total point value of at least 10 points:

1. _X_ Programmable thermostat in each unit (2 points)

2. ___ Humidistat in each unit (2 points)

3. _X_ Water Sense certified dual flush toilets in all bathrooms (2 points)

4. ___ Light colored concrete pavement instead of or on top of asphalt to reduce the heat-island effect (2 points)

5. _X_ Energy star qualified roof coating (2 points) *

6. ___ Energy star qualified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) (3 points) *

7. __ Eco-friendly cabinets – formaldehyde free, material certified by the Forest Stewardship Council (3 points)

8. ___ Eco-friendly flooring for entire unit – Carpet and Rug Institute Green Label certified carpet and pad, bamboo, cork, 100 percent recycled content tile, and/or natural linoleum (3 points)

9. _X_ Energy star rating for all windows in each unit (3 points)

10. __ Florida Yards and Neighborhoods certification on all landscaping (2 points)

11. _X_ Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points)

* Applicant may choose only one option related to Energy Star qualified roofing.

H. The Applicant has committed to provide the following Resident Programs:

1. After School Program for Children – This program requires the Applicant or its Management Company to provide supervised, structured, age-appropriate activities for children during after school hours, Monday through Friday. Activities must be on-site.

2. Literacy Training – Applicant or its Management Company must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site. 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.

3. Employment Assistance Program – Applicant or its Management Company must provide, at no cost to the resident, a minimum of quarterly scheduled Employment Assistance Program workshops/meetings offering employment counseling by a knowledgeable employment counselor. Such a program includes employability skills workshops providing instruction in the basic skills necessary for getting, keeping, and doing well in a job. The instruction must include, but not be limited to, the following:
    - Evaluation of current job skills;
    - Assistance in setting job goals;
    - Assistance in development of and regular review/update of individualized plan for each participating resident;
    - Resume assistance;
    - Interview preparation; and
    - Placement and follow-up services.

Housing Credit Allocation Calculation

Qualified Basis Calculation

Acquisition

Acquistion Cost of Land and Existing Improvements	$6,965,000
Less Land Costs	$1,136,000
Less Other Ineligible Costs (Acquisition of Reserves)	$675,000
Total Eligible Basis	$5,154,000
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	130%
Qualified Basis	$6,700,200
Housing Credit Percentage (Federal allocation)	3.37%
Annual Housing Credit Allocation	$225,797

Rehabilitation

Total Development Cost	$18,113,726
Less Cost of Land and Existing Improvements	$6,290,000
Less Other Ineligible Costs (Acquisition of Reserves)	$675,000
Less Other Ineligible Costs	$2,541,786
Total Eligible Basis	$8,606,940
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	130%
Qualified Basis	$11,189,022
Housing Credit Percentage (Federal allocation)	3.37%
Annual Housing Credit Allocation	$377,070

Annual Housing Credit Allocation Per Qualified Basis	$602,867

Notes to the Qualified Basis Calculation:

1. "Other Ineligible Costs" include Florida Housing compliance, administrative, application, and underwriting fees, title insurance/recording fees, marketing/advertising fees, tenant relocation costs, construction loan related costs, operating reserves, bond related costs, and existing reserves.

2. The Development is 100% set-aside; therefore, the Applicable Fraction is 100%.

3. The Development is located in a Difficult to Develop Area ("DDA"); therefore, the 130% multiplier for DDA/QCT Basis Credit was utilized.

4. Per the Rule, 15 basis points are added to the actual percentage (3.22%) reported as of the date of invitation to credit underwriting for Housing Credits, December 2014. For purposes of this report, a total Housing Credit Percentage of 3.37% is therefore applied.

GAP Calculation

Total Development Cost (including land and ineligible costs)	$18,113,726
Less Mortgages	$11,033,600
Equity Gap	$7,080,126
HC Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$1.029999958
HC Required to meet Equity Gap	$6,874,596
Annual HC Required	$687,459

Notes to the GAP Calculation:

1. Mortgages include a First Mortgage from Red Stone, Second and Third Mortgages from Florida Housing, and a Fourth Mortgage from GCF.

2. The HC Syndication Pricing of $1.023 per dollar and HC Percentage to Investment Partnership are based upon the letter of intent from RJTCF dated April 8, 2015 and applied in the GAP Calculation.

   Note: The actual HC syndication pricing is $1.029999958/credit in order to be consistent with the equity contribution stated in the letter of intent.

Summary

HC Per Qualified Basis	$602,867
HC Per GAP Calculation	$687,459
Annual HC Recommended	$602,867
HC Proceeds Recommended	$6,208,909

Notes to Summary:

1. The Annual HC Recommended is equal to the lesser of the Qualified Basis or the GAP Calculation. The Qualified Basis amount is therefore recommended.

50% Bond Test

Total DEPRECIABLE Cost	$13,760,940
Plus: Land Cost	$1,136,000
Equals Aggregate Basis	$14,896,940
Tax Exempt Bond Amount	$9,500,000
Equals Tax Exempt Proceeds Used for Building and Land	$9,500,000
Tax Exempt Proceeds as a Percentage of Aggregate Basis	63.77%

Notes to the 50% Bond Test:

1. Based upon this analysis, the 50% Test is satisfactory.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Brookside Square
DATE: June 3, 2015

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 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 timeframe. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

FINAL REVIEW	**STATUS**	**NOTE**
REQUIRED ITEMS:	**Satis. / Unsatis.**	
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.	Satis.	
Final site plan and/or status of site plan approval.	Satis.	
Permit Status.	Satis.	
Pre-construction Review ("PCR").	Satis.	
Survey.	Satis.	
Complete, thorough soil test reports.	N/A	
Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
Market Study separate from the Appraisal.	Satis.	
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.	
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.	
Resumes and experience of applicant, general contractor, and management agent.	Satis.	
Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
Management Agreement and Management Plan.	Satis.	
Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
Firm commitment letter from the syndicator, if any.	Satis.	
Firm commitment letter(s) for any other financing sources.	Satis.	
Updated sources and uses of funds.	Satis.	
Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
Fifteen-year income, expense, and occupancy projection.	Satis.	

COMPLETENESS AND ISSUES CHECKLIST

FINAL REVIEW REQUIRED ITEMS:	STATUS Satis. / Unsatis.	NOTE
Executed general construction contract with “not to exceed” costs.	Satis.	
HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis.	
Any additional items required by the credit underwriter.	Satis.	

NOTES AND DEVELOPER RESPONSES:

None.