
Florida Housing Finance Corporation

Credit Underwriting Report

Orchid Estates

State Apartment Incentive Loan Program (“SAIL”) Extremely Low Income Gap Loan (“ELI”), and 4% Non-Competitive Housing Credits (“HC”)

SAIL / ELI RFA 2014-111 (2014-437S) and HC (2015-529C)

Section A: Report Summary

Section B: SAIL and ELI General Conditions, and HC Allocation Recommendation and Contingencies

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

March 3, 2016

FHDC

Orchid Estates

TABLE OF CONTENTS

	<u>Page</u>
Section A	
Report Summary	
Recommendation	A1-A8
Overview	A9-15
Uses of Funds	A16-A20
Operating Pro Forma	A21-A24
Section B	
SAIL and ELI General Conditions	B1-B9
HC Allocation Recommendation and Contingencies	B10
Section C	
Supporting Information & Schedules	
Additional Development & Third Party Information	C1-C6
Applicant Information	C7-C10
Guarantor Information	C11
General Contractor Information	C12-C13
Syndicator Information	C14
Property Management Information	C15-C16
Exhibits	
15 Year Pro Forma	1.
Housing Credit Allocation Calculation	2. 1-3
SAIL/ELI Description of Features and Amenities	3. 1-5
Completion and Issues Checklist	4. 1-2

Section A
Report Summary

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Recommendation

First Housing Development Corporation (“FHDC” or “First Housing”) recommends a SAIL Loan in the amount of \$4,250,000, an ELI Gap Loan in the amount of \$296,400 and an annual 4% HC Allocation of \$516,427 for the construction and permanent financing of Orchid Estates (“Development”).

DEVELOPMENT & SET-ASIDES															
Development Name: <u>Orchid Estates</u>															
Program Numbers: <u>RFA 2014-111</u> <u>2014-437S</u> <u>2015-529C</u>															
Address: <u>SW Corner of SW 146 Ct. and SW 264 St.</u> City: <u>Naranja</u> Zip Code: <u>33032</u>															
County: <u>Miami-Dade</u> County Size: <u>Large</u>															
Development Category: <u>New Construction</u> Development Type: <u>Garden Apartments</u>															
Construction Type: <u>Concrete</u>															
Demographic Commitment: Elderly: <u>No</u> Homeless: <u>No</u> ELI: <u>8</u> Unit: @ <u>33%</u> AMI															
Farmwork or Commercial Fish Worker: <u>No</u> Family: <u>Yes</u> Link: <u>8</u> Units															

Miami-Fort Lauderdale-Pompano Beach MSA/County Miami-Dade

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	4	671	33%	\$419	N/A	N/A	\$92	N/A	\$327	\$327	\$327	\$327	\$15,696
1	1.0	20	671	60%	\$762	N/A	N/A	\$92	N/A	\$670	\$670	\$670	\$670	\$160,800
2	2.0	5	883	33%	\$503	N/A	N/A	\$127	N/A	\$376	\$376	\$376	\$376	\$22,560
2	2.0	29	883	60%	\$915	N/A	N/A	\$127	N/A	\$788	\$788	\$788	\$788	\$274,224
3	2.0	3	1,091	33%	\$581	N/A	N/A	\$177	N/A	\$404	\$404	\$404	\$404	\$14,544
3	2.0	13	1,091	60%	\$1,056	N/A	N/A	\$177	N/A	\$879	\$879	\$879	\$879	\$137,124
		74												\$624,948

Buildings: Residential - 3 Non-Residential - 1
 Parking: Parking Spaces - 80 Accessible Spaces - 2

Orchid Estates

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

- The Florida Housing Finance Corporation (“FHFC” or “Florida Housing”) application indicated that 10% of units (8 units) would be set-aside at or below 33% AMI and 90% of units (remaining units) would be set-aside at or below 60% AMI. However, a rent roll provided by the developer indicates that the development will have 16% of units (12 units) set-aside at or below 33% AMI and 84% of units (remaining units) set-aside at or below 60% AMI due to the commitment in the Surtax Application.
- 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.
- After 15 years, all of the ELI set aside units may convert to serve residents at or below 60% AMI. The Persons with a Disabling Condition set-aside requirement must be maintained through the entire Compliance Period.

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
SAIL/ELI	10.0%	8	33%	50
SAIL	90.0%	66	60%	50
HC	100.0%	74	60%	30
Surtax	16.0%	12	33%	30

Absorption Rate 25 units per month for 3 months.

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

DDA?: Yes QCT?: No
Site Acreage: 2.66 Density: 27.82 Flood Zone Designation: X
Zoning: NCUC - now, CUC - future Flood Insurance Required?: No

Orchid Estates

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

DEVELOPMENT TEAM	
Applicant/Borrower:	Orchid Estates, Ltd.
General Partner 1:	Orchid Estates GP, Inc. 0.0100%
Limited Partner 1:	SunTrust Community Capital, LLC 99.9900%
Guarantor(s):	Orchid Estates, Ltd.
	Orchid Estates GP, Inc.
	RS Development Corp.
	Lewis Swezy
Developer:	RS Development Corp.
Co-Developer:	Lewis Swezy
General Contractor 1:	R.S. Construction of Dade, Inc.
Management Company:	Centennial Management Corporation
Syndicator:	SunTrust Community Capital, LLC
Bond Issuer:	Housing Finance Authority of Miami-Dade County
Architect:	Forum Architecture & Interior Design, Inc.
Market Study Provider:	Meridian Appraisal Group, Inc.
Appraiser:	Meridian Appraisal Group, Inc.

PERMANENT FINANCING INFORMATION				
	1st Source	2nd Source	3rd Source	4th Source
Lien Position	First	Second	Third	Fourth
Lender/Grantor	Bank United, N.A.	FHFC - SAIL	FHFC - ELI	Miami-Dade Surtax
Amount	\$2,120,000	\$4,250,000	\$296,400	\$1,050,000
Underwritten Interest Rate	3.00%	1.00%	0.00%	2.00%
All In Interest Rate	3.00%	1.00%	0.00%	2.00%
Loan Term	15	15	15	28
Amortization	30	0	0	30
Market Rate/Market Financing LTV	22.75%	68.35%	71.53%	82.79%
Restricted Market Financing LTV	48.85%	146.77%	153.60%	177.80%
Loan to Cost	15%	30%	2%	7%
Debt Service Coverage	2.19	1.44	1.43	1.12
Operating/Deficit Service Reserve	\$325,000	\$0	\$0	\$0
Period of Operating Expenses/Deficit Reserve in Months	10	0	0	0

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Deferred Developer Fee	\$816,799
Land Value	\$1,260,000
Market Rent/Market Financing Stabilized Value	\$9,320,000
Rent Restricted/Market Financing Stabilized Value	\$4,340,000
Projected Net Operating Income (NOI) - Year 1	\$234,937
Projected Net Operating Income (NOI) - 15 Year	\$246,930
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Private Placement
Housing Credit Syndication Price	\$1.12
Housing Credit Annual Allocation	\$516,427

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Tax Exempt Bonds	Bank United, N.A.	\$7,273,183	\$2,120,000	\$28,649
SAIL	Florida Housing Finance Corporation	\$4,250,000	\$4,250,000	\$57,432
ELI Loan	Florida Housing Finance Corporation	\$296,400	\$296,400	\$4,005
Surtax Loan	Miami-Dade	\$0	\$1,050,000	\$14,189
Housing Credit Equity	SunTrust Community Capital, LLC	\$1,367,728	\$5,470,911	\$73,931
Deferred Developer	RS Development Corp.	\$816,799	\$816,799	\$11,038
TOTAL		\$14,004,110	\$14,004,110	\$189,245

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

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:

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

1. The permanent funding sources have changed from the application, as the developer indicates a new permanent source of up to \$1,790,000 in Miami Dade Surtax Loan. First Housing's preliminary estimate indicates a Surtax Loan of \$1,050,000.
2. Development costs have decreased from \$14,026,422 to \$14,004,110 by \$22,312 since the application.
3. Based on letter from Orchid Estates, Ltd., as dated November 4, 2015, the unit mix changed from 21 one-bedroom, 36 two-bedrooms, and 17 three-bedrooms, to 24 one-bedroom, 34 two-bedrooms, and 16 three-bedrooms. This change was approved by FHFC staff on November 5, 2015.

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

According to the FHFC December 30, 2015 Asset Management Non-Compliance Report, the Development team has the following non-compliance item(s) not in the correction period:

- None

According to the FHFC Past Due report dated February 16, 2016, the Development team has the following past due item(s):

- Naranja Villas: HOME Loan matured 12/27/15. Borrower's request for one year loan extension was approved at the 12/11/15 FHFC Board meeting and document modification is in progress.

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

Strengths:

1. The Market Study ("Study") indicates that the subject site is well suited for rental apartment multi-family development. Additionally, it indicates that the property should be well accepted within the market.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

2. Based on comparable properties close to the subject, the market supply has a weighted average occupancy of 96% and the restricted rent supply has a weighted average occupancy of 98%.
3. The development team has the experience and financial resources to build and operate the Development.

Other Considerations:

1. Miami Dade Surtax Loan is a hard pay loan based on 2% interest and a 30 year amortization which is placed behind the SAIL. All payments will be subordinate to the SAIL payments.

Mitigating Factors:

- None

Waiver Requests/Special Conditions:

- A request to waive the provisions of the RFA regarding the timing of the Non-Competitive HC Application was approved by the Board on January 29, 2016.

Issues and Concerns:

- None

Additional Information:

1. The Market Study also shows that there are no Guarantee Fund projects within a five-mile radius of the subject.
2. Per the RFA, FHFC limits the Total Development Cost (“TDC”) per unit for new concrete construction garden style property to no more than \$204,500 per unit, exclusive of land and reserves. Applying the 1.8% escalation factor allowable for the Development Category of New Construction Garden Concrete, the maximum TDC per unit cost is \$208,181. The Development’s Total Development Cost less land of \$172,353 per unit satisfies the TDC requirement.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

3. The Development received a preliminary allocation of Surtax for up to \$1,790,000 from the Miami-Dade County Public Housing and Community Development (“PHCD”), in the form of a loan, subject to credit underwriting. This loan has requirements of a minimum deferred developer fee of 10%, a minimum Debt Service Coverage (“DSC”) ratio of 1.0x and maximum DSC ratio of 1.6x in year 1. Additionally, a minimum DSC ratio of 1.15x is required in year 15.

4. The SAIL is limited by a minimum DSC of 1.1x and a maximum of 1.5x. Based on current operating expenses estimates, including a replacement reserves of \$350 per unit as required by the first mortgage lender, the DSC requirements are met. If changes to operating expenses occur before closing, it may result in recalculation of the loan amounts based on DSC requirements.

Issues and Concerns:

- None

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

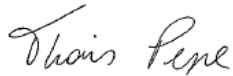
Recommendation:

First Housing recommends a SAIL Loan in the amount of \$4,250,000, ELI Gap Funding in the amount of \$296,400 and an annual 4% HC Allocation of \$516,427 for the construction and permanent financing of Orchid Estates.

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

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

Prepared by:



Thais Pepe
Senior Credit Underwriter

Reviewed by:



Ed Busansky
Senior Vice President

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
Tax Exempt Bonds	BankUnited	\$7,500,000	\$7,500,000	\$7,273,183	3.00%	\$218,195
SAIL	FHFC	\$4,250,000	\$2,729,508	\$4,250,000	1.00%	\$42,500
ELI Loan	FHFC	\$604,100	\$296,400	\$296,400	0.00%	\$0
Surtax Loan	Miami-Dade	\$0	\$0	\$0	0.00%	\$0
Housing Credit Equity	SunTrust	\$1,294,330	\$1,372,933	\$1,367,728	N/A	N/A
Deferred Developer Fee	RS Development Corp.	\$1,911,237	\$1,916,791	\$816,799	N/A	N/A
Total		\$15,559,667	\$13,815,632	\$14,004,110		\$260,695

Tax-Exempt Bonds:

The Applicant applied for tax exempt bonds to be issued by the Housing Finance Authority of Miami-Dade County (“HFAMD”) for the construction and permanent financing of the Development. First Housing reviewed Resolution number HFA 2015-06, which expresses HFAMD’s intent to issue up to \$7,500,000 in bonds.

The bonds will be purchased by BankUnited, N.A. (“BankUnited”) in a private placement. First Housing reviewed a term sheet, dated September 22, 2015, which indicates BankUnited will purchase the tax exempt bonds in the amount of \$7,500,000 for the construction period, with series “A” bonds totaling \$2,120,000 and series “B” bonds totaling \$5,380,000. Upon meeting the conditions required for the permanent period, the series “B” will be paid down. The construction term is for 2 years, with interest only payments during that period. Interest will be fixed at 3% during construction.

The underwriter estimates the Applicant will only need to draw on \$7,273,183 during construction, as the Developer will be required to defer \$816,799 or 43.7% of Developer Fee during construction.

SAIL Loan:

The Applicant applied for a SAIL Loan in the amount of \$4,250,000. The SAIL Loan is non-amortizing with an interest rate of 1% plus servicing and compliance fees and for a total term of

Orchid Estates

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

17 years, of which 2 years is for the construction/stabilization period and 15 years is for permanent financing. Annual payments of all applicable fees will be required over the life of the SAIL Loan. In addition and to the extent that development cash flow is available, annual interest payments at the rate of 1% will be required; any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

ELI Loan:

The Applicant applied for ELI Loan in the amount of \$604,100, which was adjusted down to \$296,400 during the scoring process.

The ELI Loan is non-amortizing at 0% simple interest plus servicing and compliance fees per annum over the life of the ELI Loan with a total term of 17 years, of which 2 years is for the construction/stabilization period and 15 years is for permanent financing. Annual payments of applicable fees are required. The principal is forgivable at maturity provided the units for which the ELI Loan amount is awarded are targeted to ELI Households for the first 15 years of the 50 year Compliance Period. After 15 years, all of the ELI set aside units may convert to serve residents at or below 60% AMI. The Person with a Disabling Condition set aside requirement must be maintained through the entire 50 year Compliance Period.

Miami Dade County Surtax Loan:

The Development received a preliminary allocation of Surtax for up to \$1,790,000, in the form of a loan, subject to credit underwriting. Request for Application for FY 2015, as dated May 27, 2015, indicates that the terms of the Surtax Loan during construction is 0% interest for the first 2 years. In years 3 through 30, a 2% interest rate will be paid, with principal amortized over 30 years.

PHCD requires a minimum DSC ratio of 1.0x and a maximum DSC ratio of 1.6x. The PHCD will require a minimum of 1.15x DSC ratio in year 15 for tax exempt bond transactions. Additionally, the Surtax Loan requires that a minimum of 10% of developer fee be deferred, as long as it can be paid from the development cash flow within 12 years. Based on these requirements, the underwriter estimates a Surtax Loan of \$1,050,000.

Housing Credit Equity:

First Housing has reviewed a letter of intent dated February 11, 2016 indicating SunTrust, or an affiliate thereof, will have a 99.99% limited partnership interest in the development. SunTrust will

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

pay \$1.12 for every dollar of Federal Low Income Housing Tax Credit to be provided for a total capital investment estimated by the Syndicator at \$5,470,911, but not to exceed \$5,780,456, paid in four installments. SunTrust has committed to make available \$1,367,728 or 25% of the total net equity during the construction period, which meets the FHFC requirement that 15% of the total equity must be contributed at or prior to the closing.

Deferred Developer Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer 43.71% of total Developer Fee or \$816,799 .

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Tax Exempt Bonds	BankUnited	\$2,880,000	\$2,120,000	\$2,120,000	15	30	3.00%	\$107,256
SAIL	FHFC	\$4,250,000	\$4,250,000	\$4,250,000	15	0	1.00%	\$42,500
ELI Loan	FHFC	\$604,100	\$296,400	\$296,400	15	0	0.00%	\$0
Surtax Loan	Miami-Dade	\$0	\$1,800,000	\$1,050,000	28	30	2.00%	\$46,572
Housing Credit Equity	SunTrust	\$5,177,320	\$5,491,733	\$5,470,911	N/A	N/A	N/A	N/A
Deferred Developer Fee	RS Development Corp.	\$1,911,237	\$200,999	\$816,799	N/A	N/A	N/A	N/A
Total		\$14,822,657	\$14,159,132	\$14,004,110				\$196,328

Tax-Exempt Bonds:

The Applicant applied for tax exempt bonds to be issued by HFAMD for the construction and permanent financing of the Development. First Housing reviewed Resolution number HFA 2015-06, which expresses HFAMD's intent to issue up to \$7,500,000 in bonds.

The bonds will be purchased by BankUnited in a private placement. First Housing reviewed a term sheet, dated September 22, 2015, which indicates BankUnited will purchase tax exempt bonds in the amount of \$7,500,000 for the construction period, with series "A" bonds totaling \$2,120,000 and series "B" bonds totaling \$5,380,000. Upon meeting the conditions required for the permanent period, the series "B" will be paid down. All outstanding principal will be due at maturity.

BankUnited estimates are subject to maximum Loan to Value of 60% of the Market Value, as rent restricted and including any favorable financing. An amount which would result in a minimum DSC ratio of 2.00, based on the first years rent restricted net operating income from the appraisal, as may be adjusted by BankUnited.

The term of the Permanent Loan will be for 15 years, excluding the 2 years construction stabilization period, amortized over 30 years. Interest will be fixed at 3% from year 1 through 8 of the permanent period. The rate will reset at the end of year 8 for the remaining 7 years, with a floor rate of 3% and a ceiling rate of 5%, calculated at 150 basis points over the 7 year U.S. Treasuries. For underwriting purposes, starting in year 9 of the 15 year proforma, an interest rate of 3.03% was applied, which was based on the 7 year U.S. Treasuries as of February 16, 2016 of 1.53% plus 150 basis points.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

SAIL Loan:

The Applicant applied for SAIL Loan in the amount of \$4,250,000. The SAIL Loan is non-amortizing with an interest rate of 1% plus servicing and compliance fees over the life of the SAIL Loan with a total term of 17 years, of which 2 years is for the construction/stabilization period and 15 years is for permanent financing. Annual payments of all applicable fees will be required. In addition and to the extent that development cash flow is available, annual interest payments at the 1% rate will be required; any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

The annual Compliance Fee will be comprised of a base fee currently of \$158 per month plus an additional fee per set-aside unit of \$9.71 per year, subject to a minimum of \$248 per month, and subject to adjustments annually. The fee will be billed annually after loan closing. The Servicing Fee will be based on 25 bps of the outstanding loan amount, with a minimum monthly fee of \$204, and a maximum monthly fee of \$810, billed annually following loan closing.

ELI Loan:

The Applicant applied for ELI Loan in the amount of \$604,100, which was adjusted to \$296,400 during the scoring process. The funding will be in the form of a forgivable loan in an amount limited per ELI Set-Aside unit.

The ELI Loan is non-amortizing at 0% simple interest plus servicing and compliance fees per annum over the life of the ELI Loan with a total term of 17 years, of which 2 years is for the construction/stabilization period and 15 years is for permanent financing. Annual payments of all applicable fees are required. The principal forgivable at maturity provided the units for which the ELI Loan amount is awarded are targeted to ELI Households for the first 15 years of the 50 year Compliance Period. After 15 years, all of the ELI set aside units may convert to serve residents at or below 60% AMI. The Person with a Disabling Condition set aside requirement must be maintained through the entire 50 year Compliance Period.

The Compliance Fee for the ELI Loan will be an additional fee to the Base Loan Compliance Fee of \$885, billed annually following loan closing. The Servicing Fee will be based on 25 bps of the outstanding loan amount, with a minimum monthly fee of \$204, and a maximum monthly fee of \$810, billed annually following loan closing.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Miami Dade County Surtax Loan:

The Development received a preliminary allocation of Surtax for up to \$1,790,000, in the form of a loan, subject to credit underwriting. Request for Application for FY 2015, as dated May 27, 2015, indicates that the terms of the Surtax Loan during construction is 0% interest for the first 2 years. In years 3 through 30, a 2% interest rate will be paid, with principal amortized over 30 years.

PHCD requires a minimum DSC ratio of 1.0x and a maximum DSC ratio of 1.6x. The PHCD will require a minimum of 1.15x DSC ratio in year 15 for tax exempt bond transactions. Additionally, the Surtax Loan requires that a minimum of 10% of developer fee be deferred, as long as it can be paid from the development cash flow within 12 years. Based on these requirements, the underwriter estimates Surtax Loan of \$1,050,000.

Housing Credit Equity:

First Housing has reviewed a letter of intent dated February 11, 2016 indicating SunTrust, or an affiliate thereof, will have a 99.99% limited partnership interest in the development. SunTrust will pay \$1.12 for every dollar of Federal Low Income Housing Tax Credit to be provided for a total capital investment estimated by the Syndicator at \$5,470,911, but not to exceed \$5,780,456, paid in four installments, as follows:

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Syndication Contributions

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$1,367,728	25.00%	Closing of Construction Loan
2nd Installment	\$3,118,419	57.00%	Upon receipt of final certificates of occupancy, certification by the Construction Inspector that the project was completed in accordance with plans, and acknowledgement by Lender of completion of the Project in accordance with the Project documents.
3rd Installment	\$547,091	10.00%	Upon the latest of evidence that application has been made for 8609s, final accountant's cost certification certifying the amount of annual credits of not less than \$494,800 per year, and physical occupancy of 90% of the units by qualified tenants.
4th Installment	\$437,673	8.00%	Upon the latest of receipt of properly executed 8609s for all LIHTC units; stabilized physical occupancy of 93% by qualified tenants for 90 consecutive days; all permanent loans have closed and have begun amortizing; debt service coverage of all payments of principal and interest of 1.20x for 3 consecutive months; and all units have been qualified.
Total	\$5,470,911	100.00%	

Annual Credit Per Syndication Agreement	\$488,523
Calculated HC Exchange Rate	\$1.12
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	\$1,367,728

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer 43.7% of the Developer Fee or \$816,799, which satisfies the Surtax Loan requirement that a minimum of 10% of the developer fee must be deferred, provided that it can be paid back in 12 years.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Accessory Buildings	\$200,000	\$200,000	\$0	\$0	\$0
New Rental Units	\$6,447,650	\$6,130,000	\$6,270,889	\$84,742	\$0
Off-Site Work	\$0	\$500,000	\$0	\$0	\$0
Recreational Amenities	\$120,000	\$0	\$0	\$0	\$0
Site Work	\$848,000	\$348,000	\$848,000	\$11,459	\$0
Swimming Pool	\$0	\$0	\$70,000	\$946	\$0
General Conditions	\$0	\$0	\$247,000	\$3,338	\$0
Overhead	\$0	\$0	\$143,778	\$1,943	\$0
Profit	\$1,066,191	\$1,066,191	\$612,166	\$8,273	\$0
Builder's Risk Insurance	\$0	\$0	\$0	\$0	\$0
General Liability Insurance	\$0	\$0	\$28,000	\$378	\$0
Payment and Performance Bonds	\$0	\$75,000	\$75,000	\$1,014	\$0
Total Construction Contract/Costs	\$8,681,841	\$8,319,191	\$8,294,833	\$112,093	\$0
Hard Cost Contingency	\$0	\$362,650	\$358,195	\$4,840	\$0
Total Construction Costs:	\$8,681,841	\$8,681,841	\$8,653,028	\$116,933	\$0

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract dated September 22, 2015 in the amount of \$8,294,833. This is a Standard Form of Agreement Between the Owner, Orchid Estates, Ltd., and the Contractor, R.S. Construction of Dade, Inc., were the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price. Per this contract substantial completion is to be achieved within 600 days from recording of the Notice of Commencement. The Owner will make monthly progress payments to the Contractor, based upon Applications for Payment approved by the Architect. A minimum of 10% retainage holdback on all construction draws through completion. The General Contractor entity is an affiliate of the Owner.
2. The Hard Cost Contingency is within the maximum of 5% of the total construction costs, as required by the RFA.
3. The GC fee per GC Contract is within the maximum allowed by the RFA of 14% of hard costs, excluding general liability insurance, and Payment and Performance Bonds ("P&P Bond") as they are typically outside of the contract. The GC fee stated herein is for underwriting purposes only and the final GC fee will be determined pursuant to the final cost certification process.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

4. The GC Contract includes the cost of a Payment and Performance Bond to secure the construction contract.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Accounting Fees	\$15,000	\$15,000	\$15,000	\$203	\$3,750
Appraisal	\$5,000	\$5,000	\$5,500	\$74	\$0
Architect's and Planning Fees	\$101,044	\$150,000	\$150,000	\$2,027	\$0
Architect's Fee - Landscape	\$0	\$15,000	\$15,000	\$203	\$0
Architect's Fee - Supervision	\$50,000	\$50,000	\$50,000	\$676	\$0
Building Permits	\$75,000	\$75,000	\$75,000	\$1,014	\$0
Builder's Risk Insurance	\$85,000	\$85,000	\$85,000	\$1,149	\$0
Capital Needs Assessment/Rehabilitation	\$2,400	\$2,400	\$2,400	\$32	\$2,400
Engineering Fees	\$75,000	\$75,000	\$75,000	\$1,014	\$0
Environmental Report	\$2,500	\$2,500	\$2,500	\$34	\$0
FHFC Administrative Fees	\$40,617	\$45,000	\$41,312	\$558	\$41,312
FHFC Application Fee	\$3,000	\$20,760	\$3,000	\$41	\$3,000
FHFC Credit Underwriting Fee	\$16,886	\$13,000	\$16,886	\$228	\$16,886
FHFC HC Compliance Fee (HC)	\$138,257	\$120,000	\$120,000	\$1,622	\$120,000
Impact Fee	\$140,000	\$140,000	\$140,000	\$1,892	\$0
Lender Inspection Fees / Const Admin	\$22,400	\$22,400	\$22,400	\$303	\$0
Green Building Cert. (LEED, FGBC, NAHB)	\$25,000	\$0	\$0	\$0	\$0
Legal Fees	\$170,000	\$170,000	\$170,000	\$2,297	\$90,000
Market Study	\$3,500	\$3,500	\$5,250	\$71	\$5,250
Marketing and Advertising	\$50,000	\$50,000	\$50,000	\$676	\$50,000
Plan and Cost Review Analysis	\$0	\$0	\$1,500	\$20	\$0
Property Taxes	\$15,000	\$15,000	\$15,000	\$203	\$0
Soil Test	\$3,640	\$3,640	\$3,640	\$49	\$0
Survey	\$11,000	\$11,000	\$11,000	\$149	\$0
Title Insurance and Recording Fees	\$80,000	\$80,000	\$80,000	\$1,081	\$0
Utility Connection Fees	\$90,000	\$90,000	\$90,000	\$1,216	\$0
Soft Cost Contingency	\$0	\$125,000	\$60,000	\$811	\$10,000
Other: Temporary Power	\$44,100	\$3,600	\$3,600	\$49	\$0
Total General Development Costs:	\$1,264,344	\$1,387,800	\$1,308,988	\$17,689	\$342,598

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. The Credit Underwriter has utilized actual costs for: FHFC credit underwriting, application fees, appraisal, plan and cost review, and market study.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

3. The FHFC Administrative Fee is based on 8% of the estimated annual housing credit allocation of \$516,427.
4. FHFC Compliance Fees is an estimate. The full Housing Credit Extended Use Period fee will be collected at final allocation.
5. The Soft Cost Contingency line item has been revised to equal less than 5% of the General Development Costs excluding the soft cost contingency, as allowed by the RFA.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Construction Loan Origination Fee	\$75,000	\$75,000	\$75,000	\$1,014	\$0
Construction Loan Interest	\$337,500	\$225,000	\$225,000	\$3,041	\$0
Permanent Loan Origination Fee	\$28,800	\$21,200	\$21,200	\$286	\$21,200
Local HFA Bond Underwriting Fee	\$0	\$0	\$16,464	\$222	\$16,464
Local HFA Bond Closing Costs	\$230,500	\$188,000	\$188,000	\$2,541	\$188,000
SAIL Commitment Fee	\$0	\$42,500	\$45,464	\$614	\$45,464
Reserves - Operating Deficit	\$247,200	\$325,000	\$325,000	\$4,392	\$325,000
Reserves - Replacement Escrow	\$0	\$18,500	\$0	\$0	\$0
Total Financial Costs:	\$919,000	\$895,200	\$896,128	\$12,110	\$596,128

Notes to the Financial Costs:

1. Construction and Permanent loan commitment fee is based on 1% of the loan amount, based on BankUnited commitment letter dated September 22, 2015.
2. SAIL Commitment Fee is based on 1% of the SAIL and ELI loan amounts.
3. Per the Developer, any additional SAIL closing costs that are not budgeted in specific line items will be funded from soft cost contingency.
4. Construction Loan Interest was based on the Applicant's estimate, and is within the underwriter's estimated cost based on 24 months anticipated construction period, an interest rate of 3%, and an average outstanding balance of 56%.
5. First Mortgage Loan Costs and Other Financing Fees & Interest are the Applicant's detailed estimates.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

- An Operating Deficit Reserve of \$325,000 for the Development is required by the HC Equity provider. It will be funded post-construction completion. If there is no Corporation Loan debt on the proposed Development at the end of the Compliance Period, any remaining balance will be used to pay any outstanding FHFC fees, deferred developer fee (in no event shall the amount exceed the total permissible under Florida Housing's rule) and then partner funding. If any balance in the operating deficit reserve account is remaining, the amount should be placed in a replacement reserve account for the development.

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

Notes to the Non-Land Acquisition Costs:

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

OTHER DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Development Cost Before Developer Fee	\$10,865,185	\$10,964,841	\$10,858,144	\$146,732	\$938,726
Developer Fee	\$1,911,237	\$1,916,791	\$1,868,466	\$25,250	\$0
Other: Advisor	\$0	\$27,500	\$27,500	\$372	\$27,500
Total Other Development Costs:	\$1,911,237	\$1,944,291	\$1,895,966	\$25,621	\$27,500

Notes to the Other Development Costs:

- The recommended Developer's Fee does not exceed 18% of total development cost before developer fee, operating deficit reserves and escrows as allowed by RFA 2014-111.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR	HC Ineligible Costs - CUR
Land	\$1,250,000	\$1,250,000	\$1,250,000	\$16,892	\$1,250,000
Total Acquisition Costs:	\$1,250,000	\$1,250,000	\$1,250,000	\$16,892	\$1,250,000
TOTAL DEVELOPMENT COSTS:	\$14,026,422	\$14,159,132	\$14,004,110	\$189,245	\$2,216,226

Notes to Land Acquisition Costs:

1. First Housing reviewed a Purchase Agreement executed on September 4, 2015 by and between LVS Naranja, LLC (“Seller”) and Orchid Estates, Ltd. (“Purchaser”). The purchase price was \$982,000 for a 2.22 acre parcel of land in Miami-Dade County. FHDC also review a Purchase Agreement executed on September 17, 2014 by and between LVS Naranja 2, LLC (“Purchase”) and Orchid Estates, Ltd. (“Buyer”). The purchase price was \$268,000 for a 0.44 acre parcel of land in Miami-Dade County. The total purchase price for both parcels of land was \$1,250,000, which is supported by the appraisal.

Notes to Total Development Costs:

1. Development costs have decreased from \$14,026,422 to \$14,004,110 by \$22,312 since the application.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Operating Pro Forma – Orchid Estates

FINANCIAL COSTS:		Year 1	Year 1 Per Unit	
OPERATING PRO FORMA				
INCOME:	Gross Potential Rental Income		\$624,948	\$8,445
	Other Income			\$0
	Miscellaneous		\$26,640	\$360
	Washer/Dryer Rentals		\$23,088	\$312
	Gross Potential Income		\$674,676	\$9,117
	Less:			
	Physical Vac. Loss	Percentage: 4.00%	\$26,987	\$365
	Collection Loss	Percentage: 1.00%	\$6,747	\$91
	Total Effective Gross Income		\$640,942	\$8,661
	EXPENSES:	Fixed:		
Real Estate Taxes		\$57,608	\$778	
Insurance		\$40,700	\$550	
Variable:				
Management Fee		Percentage: 5.00%	\$32,047	\$433
General and Administrative		\$33,300	\$450	
Payroll Expenses		\$92,500	\$1,250	
Utilities		\$62,900	\$850	
Marketing and Advertising		\$1,850	\$25	
Maintenance and Repairs/Pest Control		\$44,400	\$600	
Grounds Maintenance and Landscaping		\$14,800	\$200	
Reserve for Replacements		\$25,900	\$350	
Total Expenses		\$406,005	\$5,487	
Net Operating Income		\$234,937	\$3,175	
Debt Service Payments				
First Mortgage -	Tax Exempt Bonds	\$107,256	\$1,449	
Second Mortgage -	SAIL plus fees	\$56,081	\$758	
Third Mortgage -	ELI plus fees	\$885	\$12	
Fourth Mortgage -	Surtax Loan	\$46,572	\$629	
Total Debt Service Payments		\$210,794	\$2,849	
Cash Flow after Debt Service		\$24,143	\$326	
		Annual		
Debt Service Coverage Ratios				
DSC - First Mortgage		2.19		
DSC - First, Second Mortgage and fees		1.44		
DSC - First, Second, Third Mortgage and fees		1.43		
DSC - All Mortgages and Fees		1.11		
Financial Ratios				
Operating Expense Ratio		63.35%		
Break-even Economic Occupancy Ratio (all debt)		91.42%		

Orchid Estates

March 3, 2016

Page A-25

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Notes to the Operating Pro Forma and Ratios:

1. The SAIL/ELI programs do not impose any rent restrictions. However, this development will be utilizing Housing credits in conjunction with SAIL/ELI financing, which will impose rent restrictions. Orchid Estates is projected to achieve 2015 Maximum Allowable HC Rents published by Florida Housing on all units based upon the appraiser's estimate of achievable rents per the comparables surveyed. The Applicant committed to set aside 10% of the units (8 units) at 33% of the Area Medium Income ("AMI") and 90% of the units (66 units) set aside at 60% of the AMI. Additionally, the Applicant committed to set aside 16% of the units (12 units) at 33% of the AMI for the Miami-Dade County Surtax program.
2. The 2015 maximum rents were utilized. Below is the rent roll for the subject property:

Miami-Fort Lauderdale-Pompano Beach MSA/County Miami-Dade

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	4	671	33%	\$419	N/A	N/A	\$92	N/A	\$327	\$327	\$327	\$327	\$15,696
1	1.0	20	671	60%	\$762	N/A	N/A	\$92	N/A	\$670	\$670	\$670	\$670	\$160,800
2	2.0	5	883	33%	\$503	N/A	N/A	\$127	N/A	\$376	\$376	\$376	\$376	\$22,560
2	2.0	29	883	60%	\$915	N/A	N/A	\$127	N/A	\$788	\$788	\$788	\$788	\$274,224
3	2.0	3	1,091	33%	\$581	N/A	N/A	\$177	N/A	\$404	\$404	\$404	\$404	\$14,544
3	2.0	13	1,091	60%	\$1,056	N/A	N/A	\$177	N/A	\$879	\$879	\$879	\$879	\$137,124
		74												\$624,948

3. The Vacancy and Collection loss rate of 5% is based on the underwriter's estimate and is supported by the appraisal.
4. Other Income is comprised of vending income, late fees, pet deposits, and forfeited security deposits. Total other income of \$30 per unit/ per month or \$26,640 annually is projected by the appraisal.
5. The Applicant will offer washer and dryer appliances for rent to tenants. The appraiser projects 65% participation and a monthly premium of \$40 or \$23,088 annually.
6. The General and Administrative expense line item includes all professional fees for items such as legal, accounting and marketing. The appraisal estimated at \$450 per unit/ per year for this expense.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

7. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and the Credit Underwriter's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.
8. The Applicant has submitted an executed Property Management Agreement which reflects a management fee of 5% of revenue and contains the appropriate verbiage regarding compliance with tenant income and rent restrictions. The proposed Management Company is an affiliate of the principals of the ownership entity. The Credit Underwriter has utilized an industry standard 5% management fee.
9. The tenant is responsible for all gas and electric utility expenses for the occupied apartments. The landlord will be responsible for trash, water and sewer, and common area and vacant units electric. The appraiser estimated the Utilities line item at \$850 per unit per year based on the appraiser's estimates.
10. Replacement Reserves have been increased to \$350 per unit per year, as required by BankUnited, which meets the minimum of \$300 per unit per the RFA.
11. The minimum DSC ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. The maximum DSC ratio shall be 1.50x for the SAIL Loan, including all superior mortgages.
12. Refer to Exhibit 1, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses are increasing at an annual rate of 3%.

Section B

**SAIL and ELI General Conditions and HC Allocation
Recommendation and Contingencies**

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least 30 days prior to Real Estate 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 and/or closing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the notice of bond sale:

1. Receipt and satisfactory review of updated financials for the Guarantors, General Contractor and the Developer.
2. Receipt and satisfactory review of the Final signed, sealed “approved for construction” plans and specifications by On Solid Ground, LLC and the Servicer.
3. Notwithstanding any and all provisions including those pertaining to release, expenditure, or other conditions to the Operating Deficit Reserve within the Letter of Interest dated January 8, 2016, or any subsequent Operating Agreement, any and all terms and conditions of the Operating Deficit Reserve must be acceptable to Florida Housing, its Servicer, and its legal counsel.

General Conditions

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

1. 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) F.A.C., of an Applicant or a Developer).
2. On Solid Ground is to act as construction inspector during the construction phase.
3. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first mortgage 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.
4. During construction/ rehabilitation, the developer is only allowed to draw a maximum of 50% of the total developer fee but in no case more than the payable developer fee during construction/rehabilitation, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" will be funded at closing. The remainder of the "developer's overhead" will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and the Servicer. The remaining unpaid developer fee (if applicable) shall be considered attributable to "developer's profit", and may not be funded until the development has achieved 100% lien free completion, and only after retainage has been released.
5. Signed and sealed survey, dated within 90 days of loan closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

6. Building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, Department of Transportation, etc.) or a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
7. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications.
8. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction loan interest based upon the final draw schedule, documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.
9. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL Program loan proceeds shall be disbursed during the construction phase in an amount per draw that does not exceed the ratio of the SAIL Loan to the total development costs, unless approved by the Credit Underwriter. ELI Gap Loan proceeds shall be disbursed during the construction phase in an amount per draw which does not exceed the ratio of the ELI Gap Loan to the total development cost, unless approved by the Credit Underwriter. The closing draw must include appropriate backup and ACH wiring instructions.
10. 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 coverage, deductibles, and amounts satisfactory to Florida Housing.
11. A 100% Payment and Performance Bond or a Letter of Credit (LOC) in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the GC and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds must be from a company rated at least "A-" by A.M. Best & Co with a financial size category of at least FSC VI. FHFC, and/or Legal Counsel must approve the source, amount(s) and all terms of the P&P bonds, or LOC. If the LOC option is utilized, the LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

12. Architect, Construction Consultant, and Developer Certifications on forms provided by FHFC will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.
13. Borrower is to comply with any and all recommendations noted in the Plan and Cost Review prepared by On Solid Ground.
14. If there is no Corporation loan debt on the proposed Development at the end of the Compliance Period, any remaining balance in the Operating Deficit Reserve will be used to pay any outstanding FHFC fees, deferred developer fee (in no event shall the amount exceed the total permissible under Florida Housing's rule) and then partner funding. If any balance in the operating deficit reserve account is remaining, the amount should be placed in a replacement reserve account for the development.

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

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/manager(s) of the Borrower, the guarantor, and any limited partners of the Borrower.
2. Award of Housing Credits ("HC") and purchase of HC by SunTrust or an affiliate under terms consistent with the assumptions of this report.
3. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
4. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of closing, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations and remediation restrictions noted

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

in the Environmental Assessment(s) and Updates and the Environmental Review, if applicable.

5. Title insurance pro forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan(s) naming FHFC as the insured. All endorsements required by FHFC shall be provided.
6. Florida Housing and its Legal Counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.
7. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to Florida Housing.
8. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is member of the Borrower and of any corporation, limited liability company, or partnership that is the managing member of the member, of any corporate guarantor and any manager;
 - b. Authorization, execution, and delivery by the Borrower and the guarantor, of all Loan(s) documents;
 - c. The Loan(s) documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. The Borrower's and the guarantor's execution, delivery and performance of the Loan(s) documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement and;
 - e. Such other matters as Florida Housing or its Legal Counsel may require.
9. Evidence of compliance with the local concurrency laws, if applicable.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

10. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its Legal Counsel in form and substance acceptable to Florida housing or its Legal Counsel, in connection with the Loan(s).
11. UCC Searches for the Borrower, its partnerships, as requested by counsel.
12. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

Additional Conditions

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

1. Compliance with all provisions of Sections 420.507 and 420.5087, Florida Statutes, Rule Chapter 67-21, F.A.C. (Non-Competitive Housing Credits), Rule Chapter 67-53 F.A.C., Rule Chapter 67-60 F.A.C., RFA 2014-111, Section 42 I.R.C (Housing Credits), and any other State or Federal requirements.
2. 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, due to FHFC six (6) months prior to the construction completion date.
3. Acceptance by the Borrower and execution of all documents evidencing and securing the SAIL, and ELI Loan(s) in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), and the Land Use Restriction Agreement(s) and/or Extended Land Use Agreement(s).
4. The operating agreement from SunTrust or an affiliate shall be in a form and of financial substance satisfactory to FHFC, FHFC's Counsel and FHDC.
5. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and SunTrust or an affiliate, that requires funding of all HC Equity Installments during construction, even if the Borrower is in default under the Operating Agreement.
6. Guarantors to provide the standard FHFC Construction Completion Guarantee, to be released upon lien-free completion, as approved by the Servicer.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

7. For the SAIL Loan, Guarantors are to provide an Operating Deficit Guarantee. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guarantee if all conditions are met, including achievement of a 1.15x DSC for the combined permanent first mortgage loan and SAIL Loan, as determined by the Corporation or the Servicer, and 90 percent occupancy, and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all as certified by an independent Certified Public Accountant and verified by the Credit Underwriter. The calculation of the debt service coverage ratio shall be made by the Corporation or the Servicer. Notwithstanding the above, the operating deficit guarantee shall not terminate earlier than three (3) years following the final certificate of occupancy.
8. Guarantors to provide the Standard FHFC Environmental Indemnity.
9. Guarantors to provide the Standard FHFC Guaranty of Recourse Obligations.
10. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the Loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. The form of the title policy must be approved prior to closing.
11. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender, Trustee, or the Servicer. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release of funds shall be at Florida Housing's sole discretion.
12. Replacement Reserves in the amount of \$350 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's Loan(s) servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per RFA, in the amount of \$25,900 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of \$350 per unit per year for years 1 and 2, followed by \$350 per unit per year thereafter. The initial replacement reserve will have limitations on the ability to be drawn. New construction developments shall not be allowed to draw during the first five (5) years or until the establishment of a minimum balance equal to the accumulation of five (5) years of replacement reserves per unit. The amount established as a replacement reserve shall be adjusted based on a CNA to be received by the Corporation or its servicers, prepared

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

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 tenth 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.

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

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Housing Credit Allocation Recommendation and Contingencies

First Housing Development Corporation has estimated a preliminary annual HC allocation of \$516,427. Please see the HC Allocation Calculation in Exhibit 2 of this report for further details.

Contingencies

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

1. Closing of the MMRB, SAIL and ELI Gap Funding loans consistent with the assumptions of this Credit Underwriting Report.
2. Purchase of the HC's by SunTrust, or an affiliated entity, under terms consistent with assumptions of this report.
3. Satisfactory resolution of any outstanding past due or non-compliance issues.
4. Receipt of executed FHFC Fair Housing, Section 504 and ADA as-built certification forms 122, 127, and 129.
5. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

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	\$624,948	\$637,447	\$650,196	\$663,200	\$676,464	\$689,993	\$703,793	\$717,869	\$732,226	\$746,871	\$761,808	\$777,044	\$792,585	\$808,437	\$824,606
	Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Gross Potential Income	\$674,676	\$688,170	\$701,933	\$715,972	\$730,291	\$744,897	\$759,795	\$774,991	\$790,490	\$806,300	\$822,426	\$838,875	\$855,652	\$872,765	\$890,221
	Less:															
	Physical Vac. Loss Percentage: 4.00%	\$26,987	\$27,527	\$28,077	\$28,639	\$29,212	\$29,796	\$30,392	\$31,000	\$31,620	\$32,252	\$32,897	\$33,555	\$34,226	\$34,911	\$35,609
Collection Loss Percentage: 1.00%	\$6,747	\$6,882	\$7,019	\$7,160	\$7,303	\$7,449	\$7,598	\$7,750	\$7,905	\$8,063	\$8,224	\$8,389	\$8,557	\$8,728	\$8,902	
Total Effective Gross Income	\$640,942	\$653,761	\$666,836	\$680,173	\$693,776	\$707,652	\$721,805	\$736,241	\$750,966	\$765,985	\$781,305	\$796,931	\$812,870	\$829,127	\$845,710	
EXPENSES:	Fixed:															
	Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Real Estate Taxes	\$57,608	\$59,336	\$61,116	\$62,950	\$64,838	\$66,783	\$68,787	\$70,851	\$72,976	\$75,165	\$77,420	\$79,743	\$82,135	\$84,599	\$87,137
	Insurance	\$40,700	\$41,921	\$43,179	\$44,474	\$45,808	\$47,182	\$48,598	\$50,056	\$51,558	\$53,104	\$54,697	\$56,338	\$58,028	\$59,769	\$61,562
	Variable:															
	Management Fee Percentage: 5.00%	\$32,047	\$32,688	\$33,342	\$34,009	\$34,689	\$35,383	\$36,090	\$36,812	\$37,548	\$38,299	\$39,065	\$39,847	\$40,643	\$41,456	\$42,285
	General and Administrative	\$33,300	\$34,299	\$35,328	\$36,388	\$37,479	\$38,604	\$39,762	\$40,955	\$42,183	\$43,449	\$44,752	\$46,095	\$47,478	\$48,902	\$50,369
	Payroll Expenses	\$92,500	\$95,275	\$98,133	\$101,077	\$104,110	\$107,233	\$110,450	\$113,763	\$117,176	\$120,692	\$124,312	\$128,042	\$131,883	\$135,839	\$139,915
	Utilities	\$62,900	\$64,787	\$66,731	\$68,733	\$70,795	\$72,918	\$75,106	\$77,359	\$79,680	\$82,070	\$84,532	\$87,068	\$89,680	\$92,371	\$95,142
	Marketing and Advertising	\$1,850	\$1,906	\$1,963	\$2,022	\$2,082	\$2,145	\$2,209	\$2,275	\$2,344	\$2,414	\$2,486	\$2,561	\$2,638	\$2,717	\$2,798
	Maintenance and Repairs/Pest Control	\$44,400	\$45,732	\$47,104	\$48,517	\$49,973	\$51,472	\$53,016	\$54,606	\$56,245	\$57,932	\$59,670	\$61,460	\$63,304	\$65,203	\$67,159
	Grounds Maintenance and Landscaping	\$14,800	\$15,244	\$15,701	\$16,172	\$16,658	\$17,157	\$17,672	\$18,202	\$18,748	\$19,311	\$19,890	\$20,487	\$21,101	\$21,734	\$22,386
Reserve for Replacements	\$25,900	\$25,900	\$25,900	\$25,900	\$25,900	\$25,900	\$25,900	\$25,900	\$25,900	\$25,900	\$26,677	\$27,477	\$28,302	\$29,151	\$30,025	
Total Expenses	\$406,005	\$417,088	\$428,497	\$440,241	\$452,331	\$464,777	\$477,590	\$490,779	\$504,358	\$518,336	\$533,503	\$549,118	\$565,193	\$581,742	\$598,780	
Net Operating Income	\$234,937	\$236,673	\$238,340	\$239,932	\$241,445	\$242,875	\$244,215	\$245,462	\$246,608	\$247,649	\$247,802	\$247,814	\$247,677	\$247,385	\$246,930	
Debt Service Payments																
First Mortgage - Tax Exempt Bonds	\$107,256	\$107,256	\$107,256	\$107,256	\$107,256	\$107,256	\$107,256	\$107,256	\$107,256	\$107,668	\$107,668	\$107,668	\$107,668	\$107,668	\$107,668	\$107,668
Second Mortgage - SAIL plus fees	\$56,081	\$56,081	\$56,081	\$56,081	\$56,081	\$56,081	\$56,081	\$56,081	\$56,081	\$56,081	\$56,081	\$56,081	\$56,081	\$56,081	\$56,081	\$56,081
Third Mortgage - ELI plus fees	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885
Fourth Mortgage - Surtax Loan	\$46,572	\$46,572	\$46,572	\$46,572	\$46,572	\$46,572	\$46,572	\$46,572	\$46,572	\$46,572	\$46,572	\$46,572	\$46,572	\$46,572	\$46,572	\$46,572
Total Debt Service Payments	\$210,794	\$210,794	\$210,794	\$210,794	\$210,794	\$210,794	\$210,794	\$210,794	\$210,794	\$211,206	\$211,206	\$211,206	\$211,206	\$211,206	\$211,206	\$211,206
Cash Flow after Debt Service	\$24,143	\$25,879	\$27,546	\$29,138	\$30,651	\$32,081	\$33,421	\$34,668	\$35,402	\$36,443	\$36,596	\$36,607	\$36,471	\$36,179	\$35,724	
Annual																
Debt Service Coverage Ratios																
DSC - First Mortgage	2.19	2.21	2.22	2.24	2.25	2.26	2.28	2.29	2.29	2.30	2.30	2.30	2.30	2.30	2.30	2.29
DSC - First, Second Mortgage and fees	1.44	1.45	1.46	1.47	1.48	1.49	1.50	1.50	1.51	1.51	1.51	1.51	1.51	1.51	1.51	1.51
DSC - First, Second, Third Mortgage and fees	1.43	1.44	1.45	1.46	1.47	1.48	1.49	1.49	1.50	1.50	1.51	1.51	1.51	1.50	1.50	1.50
DSC - All Mortgages and Fees	1.11	1.12	1.13	1.14	1.15	1.15	1.16	1.16	1.17	1.17	1.17	1.17	1.17	1.17	1.17	1.17
Financial Ratios																
Operating Expense Ratio	63.35%	63.80%	64.26%	64.72%	65.20%	65.68%	66.17%	66.66%	67.16%	67.67%	68.28%	68.90%	69.53%	70.16%	70.80%	
Break-even Economic Occupancy Ratio (all debt)	91.42%	91.24%	91.08%	90.93%	90.80%	90.69%	90.60%	90.53%	90.52%	90.48%	90.55%	90.64%	90.74%	90.85%	90.99%	

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

HC Allocation Calculation

Section I: Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	\$14,004,110
Less Land Costs	\$1,250,000
Less Federal Grants and Loans	\$0
Less Other Ineligible Costs	\$966,226
Total Eligible Basis	\$11,787,884
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	\$15,324,249
Housing Credit Percentage	3.37%
Annual Housing Credit Allocation	\$516,427

Notes:

1. Other ineligible costs include; FHFC Fees, origination fees, closing costs, advertising/marketing fees, and operating reserves required by lender.
2. The development has a 100% set-aside: therefore, the Applicable Fraction is 100%.
3. For purposes of this analysis, the development is located in a Difficult Development Area ("DDA") and/or Qualified Census Tract ("QCT"); therefore the 130% basis credit was applied for the Rehabilitation Allocation Calculation.
4. For purposes of this recommendation, a HC percentage of 3.22% was applied for the qualified basis credit allocation based on the rate at time of Invitation into Credit Underwriting in February 2016 (3.22%) plus 15 bps.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Section II: GAP Calculation

Total Development Costs(including land and ineligible Costs)	\$14,004,110
Less Mortgages	\$7,716,400
Less Grants	\$0
Equity Gap	\$6,287,710
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$1.12
HC Required to meet Equity Gap	\$5,614,588
Annual HC Required	\$561,459

Notes:

1. The pricing and syndication percentage was taken from the letter of intent dated September 16, 2015 from SunTrust.

Section III: Summary

HC Per Syndication Agreement	\$488,523
HC Per Qualified Basis	\$516,427
HC Per GAP Calculation	\$561,459
Annual HC Recommended	\$516,427
Syndication Proceeds based upon Syndication Agreement	\$5,470,911

Notes:

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

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

Section IV: 50% Test Calculation

Tax-Exempt Bond Amount	\$7,273,183
Less: Debt Service Reserve Funded with Tax Exempt Bond Proceeds	\$0
Other:	\$0
Other:	\$0
Equals Net Tax-Exempt Bond Amount	\$7,273,183
Total Depreciable Cost	\$11,787,884
Plus Land Cost	\$1,250,000
Aggregate Basis	\$13,037,884
Net Tax-Exempt Bond to Aggregate Basis Ratio	55.78%

Notes:

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

EXHIBIT "B"

(Orchid Estates / RFA 2014-111 / 2014-437S)

SAIL/ELI DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

74 Garden Apartments located in 3 residential buildings.

Unit Mix:

Twenty-four (24) one bedroom/one bath units,

Thirty-four (34) two bedroom/two bath units, and

Sixteen (16) three bedroom/two bath units

74 Total Units

B. The Development must meet all requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act as implemented by 24 CFR 100, the 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, F.S., Section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act ("ADA") of 1990 as implemented by 28 CFR 35, incorporating the most recent amendments, regulations, and rules, as applicable.

C. The Development must provide the following General features:

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;

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

5. Full-size range and oven in all units;
 6. At least two full bathrooms in all 3 bedroom or larger new construction units; and
 7. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units.
- 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:
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;
 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
 5. Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.
- E. In all new construction units, 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.
- F. Required Green Building Features in all Family and Elderly Demographic Developments:

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

1. 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);
2. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
 - a. Toilets: 1.6 gallons/flush or less,
 - b. Faucets: 1.5 gallons/minute or less,
 - c. Showerheads: 2.2 gallons/minute or less;
3. Energy Star qualified refrigerator;
4. Energy Star qualified dishwasher;
5. Water heating minimum efficiency specifications (choose gas, electric, or gas tankless or boiler/hot water maker);
 - a. Gas:
 - i. 30 gal = .63 EF; or
 - ii. 40 gal = .61 EF; or
 - iii. 50 gal = .59 EF; or
 - iv. 60 gal = .57 EF; or
 - v. 70 gal = .55 EF; or
 - vi. 80 gal = .53 EF; or
 - b. Electric:
 - i. 30 gal = .94 EF; or
 - ii. 40 gal = .93 EF; or
 - iii. 50 gal = .92 EF; or
 - iv. 60 gal = .91 EF; or
 - v. 70 gal = .90 EF; or
 - vi. 80 gal = .89 EF; or
 - c. Tankless gas water heater: minimum .80 EF
 - d. Boiler or hot water maker:
 - i. <300,000 Btu/h: 85% Et (thermal efficiency); or
 - ii. 300,000 Btu/h or higher: 80% Et;
6. Energy Star qualified ceiling fans with lighting fixtures in the bedrooms;

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

7. Air Conditioning (choose in-unit or commercial);
 - a. In-unit air conditioning: minimum 14 SEER; or
 - b. Central chiller AC system – based on size:
 - i. 0-65 KBtuh: Energy Star certified; or
 - ii. >65-135 KBtuh: 11.3 EER/11.5 IPLV; or
 - iii. >135-240 KBtuh: 11.0 EER/11.5 IPLV; or
 - iv. >240 KBtuh: 10.6 EER/11.2 IPLV.

In addition to the Required Green Building Features above, the Applicant has committed to provide the following Green Building Features to achieve a total point value of at least 10 points in the application:

1. Programmable thermostat in each unit (2 points)
2. Humidistat in each unit (2 points)
3. 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. 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. Energy star rating for all windows in each unit (3 points)
10. Florida Yards and Neighborhoods certification on all landscaping (2 points)

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

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.

G. The Applicant must 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;
 - Placement and follow-up services.

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

DEVELOPMENT

NAME: Orchid Estates

DATE: March 3, 2016

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

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

SAIL, ELI & HC CREDIT UNDERWRITING REPORT

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

NOTES AND DEVELOPER RESPONSES:

Notes:

1. First Housing has reviewed a letter of intent dated February 11, 2016 indicating SunTrust, or an affiliate thereof, will have a 99.99% limited partnership interest in the development. This letter is not considered a firm commitment.

Applicant's Response:

- None