

Florida Housing Finance Corporation

Credit Underwriting Report

Pinnacle at Hammock Crossings

SAIL and Housing Credit Program

RFA 2015-106 (2016-006CS)

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Prepared by

Seltzer Management Group, Inc.

Final Report

October 17, 2016

PINNACLE AT HAMMOCK CROSSINGS

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Section A
Report Summary

OCTOBER 17, 2016

SAIL & HC CREDIT UNDERWRITING REPORT

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Recommendation

Seltzer Management Group, Inc. ("SMG" or "Seltzer") recommends a State Apartment Incentive Loan ("SAIL") Second Mortgage of \$3,003,800 and an Annual 9% Housing Credit ("HC") allocation of \$1,114,000 be awarded to Pinnacle at Hammock Crossings by Florida Housing Finance Corporation ("FHFC" or "Florida Housing") for construction and permanent financing.

DEVELOPMENT & SET-ASIDES

Development Name: Pinnacle at Hammock Crossings

Program Numbers: RFA 2015-106 2016-006CS

2212,2214,2216,2218 Hammock

Address: Square Dr. City: Lynn Haven Zip Code: 32444

County: Bay County Size: Medium

Development Category: New Construction Development Type: Garden Style Apartments

Construction Type: Wood frame with siding construction over monolithic concrete slab foundation

Demographic Commitment: Elderly: No Homeless: No ELI: 10 Units @ 40% AMI
Farmworker or Commercial Fish Worker: No Family: Yes Link: 5 Units

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1.0	1.0	1	743	40%	\$435			\$123		\$312	\$312	\$312	\$312	\$3,744
1.0	1.0	1	754	40%	\$435			\$123		\$312	\$312	\$312	\$312	\$3,744
1.0	1.0	12	742	60%	\$652			\$123		\$529	\$529	\$529	\$529	\$76,176
2.0	2.0	6	1029	40%	\$522			\$160		\$362	\$362	\$362	\$362	\$26,064
2.0	2.0	30	1029	60%	\$783			\$160		\$623	\$623	\$623	\$623	\$224,280
2.0	2.0	24	1029	60%	\$783			\$160		\$623	\$623	\$623	\$623	\$179,424
3.0	2.0	2	1218	40%	\$602			\$208		\$394	\$394	\$394	\$394	\$9,456
3.0	2.0	6	1218	60%	\$903			\$208		\$695	\$695	\$695	\$695	\$50,040
3.0	2.0	10	1227	60%	\$903			\$208		\$695	\$695	\$695	\$695	\$83,400
		92	94155											\$656,328

Buildings: Residential - 4 Non-Residential - 0
Parking: Parking Spaces - 151 Accessible Spaces - 8

Set Asides:	Program	% of Units	# of Units	% AMI	Term (Years)
	SAIL / HC	10.0%	10	40%	50
	SAIL / HC	90.0%	82	60%	50

The Development is not located in and does not qualify as a Limited Development Area ("LDA"); therefore, the Applicant must commit to set aside ten percent (10%) of the total units as ELI Set-Aside Units.

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Person with a Disabling Condition Set-Aside Commitment: The proposed Development must set aside 50% of the ELI Set-Aside units (5 units) for Persons with a Disabling Condition. The Applicant must develop and execute a Memorandum of Understanding ("MOU") with at least one Special Needs Household Referral Agency that provides supportive services for Persons with a Disabling Condition for the county where the proposed Development will be located. As outlined in the Carryover Agreement, the full executed MOU is due to Florida Housing by February 28, 2017.

Absorption Rate 23 units per month for 4 months.

Occupancy Rate at Stabilization: Physical Occupancy 95.0% Economic Occupancy 94.0%
Occupancy Comments N/A - New Construction

DDA?: No QCT?: No
Site Acreage: 4.269 Density: 21.5507 Flood Zone Designation: A
Zoning: MU - Mixed Use Flood Insurance Required?: Yes

DEVELOPMENT TEAM		
Applicant/Borrower:	Lynn Haven Acquisitions, LLC	% Ownership
General Partner 1:	PHG-Hammock Crossings, LLC	0.0100%
General Partner 2:		
General Partner 3:		
General Partner 4:		
General Partner 5:		
Limited Partner 1:	Michael D. Wohl, to be replaced by Wells Fargo Affordable Housing Community Development Corporation ("Wells Fargo AHDCDC") or affiliate	99.99%
Limited Partner 2:		
Special Limited Partner:		
Construction Completion Guarantor(s):	Lynn Haven Acquisitions, LLC PHG-Hammock Crossings, LLC PHG GP Holdings, LLC Louis Wolfson III Michael D. Wohl David O. Deutch Mitchell M. Friedman	
Operating Deficit Guarantor(s):	Lynn Haven Acquisitions, LLC PHG-Hammock Crossings, LLC PHG GP Holdings, LLC Louis Wolfson III Michael D. Wohl David O. Deutch Mitchell M. Friedman	
Pvt Placement Purchaser:		
Developer:	Pinnacle Housing Group, LLC ("PHG")	
Principal 1	Louis Wolfson III	
Principal 2	Michael D. Wohl	
Principal 3	David O. Deutch	
Principal 4	Mitchell M. Friedman	

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DEVELOPMENT TEAM (cont)	
General Contractor 1:	CB Constructors, Inc.
General Contractor 2:	
Management Company:	Professional Management, Inc. ("PMI")
Syndicator:	Wells Fargo Affordable Housing Community Development Corporation
Architect:	VBA Design, Inc.
Market Study Provider:	Meridian Appraisal Group, Inc. ("Meridian")
Appraiser:	Meridian

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	First	Second				
Lender/Grantor	Wells Fargo Bank	FHFC - SAIL				
Amount	\$1,225,000	\$3,003,800				
Underwritten Interest Rate	5.40%	1.00%				
All In Interest Rate	5.40%	1.00%				
Loan Term	16	16				
Amortization	30	0				
Market Rate/Market Financing LTV	12.50%	43.15%				
Restricted Market Financing LTV	36.46%	125.86%				
Loan to Cost	7.27%	17.84%				
Debt Service Coverage	2.46	1.80				
Operating/Deficit Service Reserve	\$50,000					
Period of Operating Expenses/Deficit Reserve in Months	15					

Deferred Developer Fee	\$357,786
Land Value	\$920,000
As-Is Value (Rehabilitation)	\$0
Market Rent/Market Financing Stabilized Value	\$9,800,000
Rent Restricted Market Financing Stabilized Value	\$3,360,000
Rent Restricted Favorable Financing Stabilized Value	\$4,310,000
Projected Net Operating Income (NOI) - Year 1	\$203,177
Projected Net Operating Income (NOI) - 15 Year	\$184,621
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	N/A
Housing Credit Syndication Price	\$1.100
Housing Credit Annual Allocation	\$1,114,000

SAIL & HC CREDIT UNDERWRITING REPORT

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CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
First Mortgage	Wells Fargo Bank	\$2,343,079	\$1,225,000	\$13,315
Second Mortgage	FHFC - SAIL	\$3,003,800	\$3,003,800	\$32,650
HC Equity	Wells Fargo AHCDC	\$11,492,482	\$12,252,775	\$133,182
Deferred Developer Fee	PHG	\$0	\$357,786	\$3,889
TOTAL		\$16,839,361	\$16,839,361	\$183,037

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	X	
Are all funding sources the same as shown in the Application?	X	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?	X	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?	X	3

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

1. Reduction in First Mortgage:

With the increase in equity proceeds subsequent to the FHFC application, Wells Fargo decreased its first mortgage commitment during construction from \$8,100,000 to up to \$3,000,000 and from \$1,800,000 to up to \$1,225,000 during the permanent period. Reduction in SAIL Loan:

According to Rule 67-48.0072(11) "the maximum debt service coverage shall be 1.50x for the SAIL, including all superior mortgages. In extenuating circumstances, such as when the Development has deep or short term subsidy, the debt service coverage may exceed 1.50x if the Credit Underwriter's favorable recommendation is supported by the projected cash flow analysis".

After finalizing the Net Operating Income estimate and utilizing the Borrower's proposed debt structure, the subject development exceeds the 1.50x debt service coverage ("DSC"). Seltzer has reviewed four scenarios to resolve this issue:

- A. Leave the Borrower's financing structure in place and request a Rule Waiver for the 1.643 DSC.
- B. Force the Borrower to increase the first mortgage financing (only) by \$174,613 to reach the 1.50x DSC requirement, which also increases debt ahead of the subject SAIL.
- C. Calculate a dollar for dollar reduction in SAIL funding and increasing the first mortgage until a 1.50x DSC is achieved at an amount of \$216,200.
- D. Size the SAIL based on "Scenario C" above at a reduction of \$216,200. The result is a reduction of the SAIL from the allocated amount of \$3,220,000 to \$3,003,800 and leaving the first mortgage financing in place at \$1,225,000. The resulting DSC is 1.68x.

Seltzer recommends "Scenario D" above. Seltzer believes the intent of Rule 67-48.0072(11) is to not over-subsidize affordable housing with low income SAIL funding by requiring the 1.50x DSC. Seltzer also does not believe there is "deep or short term subsidy" outside FHFC's SAIL and 9% HC. The "extenuating circumstances" to allow the DSC to exceed 1.50x is based on prudent lending practices of reducing the SAIL loan by the dollar for dollar calculation in "Scenario C" and not forcing the Developer to add additional debt in a first position ahead of the SAIL. Also, the Developer will defer more developer fee in lieu of increasing first mortgage debt.

2. Higher Development Costs:

Total Development Costs underwritten for the subject development is \$16,839,361, which represents an increase of \$281,009 from the \$16,558,352 in the FHFC Application. Major factors contributing to the increase are:

- a. The \$10,807,338 Construction Contract for Pinnacle at Hammock Crossings is \$177,294 higher than the projected figure of \$10,630,044.
- b. Estimated furniture, fixtures and equipment, legal fees, marketing, title insurance, and developer fee represent the remaining increase in Total Development Cost compared to the Application.

3. Amenity Changes:

The Applicant requested and Florida Housing approved the following Features and Amenity changes:

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- a. Remove: ICC 700 National Green Building Standard (NGBS)
- b. Add: Florida Green Building Coalition (FGBC)
- c. Remove: Energy Star Qualified Water Heater
- d. Add: Water Heater with EF of 0.95 or greater (electric)

The above changes have no material adverse impact to Seltzer's HC recommendation for the subject development.

Does the Development Team have any FHFC Financed Developments on the Past Due/Noncompliance Report?

Florida Housing's Past Due Report dated August 19, 2016, reflects no Past Due Items for the Development Team.

The FHFC Asset Management Noncompliance Report dated August 19, 2016, reflects no Noncompliance Issues for the Development Team.

Seltzer's Annual HC Recommendation is subject to satisfactory resolution (as determined by FHFC) of any outstanding past due or noncompliance issues.

Strengths

1. The Principals, Developer and General Contractor are experienced in the development and construction of affordable multifamily housing.
2. The Principals and the Management Company have experience necessary to successfully manage the subject development.

Issues and Concerns

1. Updated Statements of Financial and Credit Affairs dated August 26, 2016, received and reviewed by SMG, state the Principals and certain affiliates to the Pinnacle at Hammock Crossings transaction are currently within the scope of a United States Justice Department investigation. The disclosure further states that they are cooperating with the investigation and that the outcome is not determinable at this time.

Mitigating Circumstances

1. It is Seltzer's belief that the ultimate outcome of the above referenced investigation will have no direct impact on the financial feasibility of the Subject transaction.

Additional Information

1. Zoning and Density:

Meridian identified in "Extraordinary Assumptions" of its May 6, 2016 Market Study that the subject development is part of a master planned development that was initially approved in 2010. Typically, development orders have expirations and would have to be resubmitted. However, since Phase I was completed, the planner believes the development's master plan would not have to be

resubmitted, but would require building and site plan approvals. When considered as individual sites, the subject site would exceed the allowed number of units. However, the number of units proposed for the combined sites does not exceed the allowed number of units. Also, the number of parking spaces proposed does not meet current development standards. However, the City of Lynn Haven issued a May 9, 2016 Confirmation Letter that the overall Development Order was approved at the June 8, 2010 meeting, which included the construction of the entire apartment complex, consisting of nine apartment buildings, parking, supporting infrastructure and landscaping. The City of Lynn Haven issued an e-mail dated October 5, 2016, confirming that the plans reviewed when the Development Order was previously approved, contained 151 parking spaces and is still applicable and approved for the Applicant at 151 spaces. The City of Lynn Haven also issued a September 29, 2016 "Permit Ready" letter stating they have completed their review of the building plans for Applicant and that building permits are approved upon payment of all applicable building permit, utility connection and impact fees.

2. Related Party Sub Contractor to the General Contractor (Board Approval Required):

According to Rule 67-48.0072(17)(g) "Ensure that no construction cost is subcontracted to any entity that has common ownership or is affiliated with the General Contractor unless otherwise approved by the Board for a specific Development."

The subject's General Contractor, CB Constructors, Inc. ("CB"), has a related-party subcontractor CB Structures, Inc. ("CB Structures") providing the work and materials to pour concrete slabs on grade and the wood framing for four buildings at a price of \$1,725,686. The subcontract is only 15.97% of the \$10,807,338 construction costs and meets the Rule. Seltzer has reviewed the Articles of Organization for both CB and CB Structures to verify they are a related party. CB Structures was formed on September 20, 2004 and specializes in service/building systems such as: tunnel form, conventional forming systems supported by reinforced masonry, post-tensioned slabs supported by flying forms, tilt-up construction and precast joist assemblies. These products are offered through CB Structures at its plant, strategically located on site at CB's Pompano Beach office. CB Structures has constructed over 20 million square feet of building space using the mentioned techniques, developing the firm's knowledge base to design (or assist in the design of) more cost-effective and sustainable structures to meet each development's specifications. Both Seltzer and its PCA provider, C3 Consulting Group, Inc. ("C3"), has reviewed the formal solicitation to bid construction of the shell and two competitive bids that were higher than CB Structures bid. Both Seltzer and C3 has reviewed the CB contract and CB Structures subcontract with its schedule of values and itemized costs and C3 states they appear to be within industry cost standards (based on location and type of development) for concrete slabs and wood framing. Based on Seltzer's and C3's review, Seltzer recommends Board approval of the related party subcontractor, CB Structures.

3. A September 26, 2016, Experian Business Report for CB Constructors, Inc. reflected 12 state tax liens filed between September 2010 and July 2013, with two being released. Seltzer will require receipt and satisfactory review of resolution of the general contractor's state tax liens a special condition to close.
4. Choosing Maximum 2015 Rents:

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The initial rent limits for a Housing Credit development are determined by the rent limits that are current on the Gross Rent Effective Date. The default date type of the Gross Rent Effective Date is the date of initial allocation (or determination); however, an owner may instead choose the placed-in-service date, provided that the state agency is notified of the owner's choice no later than the placed-in-service date.

The Gross Rent Effective Date chosen for Pinnacle at Hammock Crossings is date of initial allocation. The date of initial allocation is the date that Florida Housing executes a carryover allocation agreement. Florida Housing executed the carryover allocation agreement for Pinnacle at Hammock Crossings on May 11, 2016.

Internal Revenue Service Revenue Ruling 94-57 (Changes in Area Median Gross Income) provides that taxpayers may rely on a list of income limits released by HUD until 45 days after HUD releases a new list of income limits, or until HUD's effective date for this new list, whichever is later. On May 11, 2016, HUD had most-recently released income limits on March 28, 2016; these income limits were effective immediately. The carryover agreement was executed by Florida Housing on the 45th day following release by HUD of the 2016 income limits. Rent limits for Section 42 are derived from the applicable income limits.

Both the 2015 and the 2016 income limits were applicable on May 11, 2016. Therefore, the owner of Pinnacle at Hammock Crossings may choose to implement rent limits based on either year's income limits. 2016 maximum rent limits decreased from 2015 in Bay County. The Developer chose the higher 2015 maximum rents.

Recommendation

SMG recommends FHFC approve a SAIL second mortgage in the amount of \$3,003,800 and a \$1,114,000 annual HC allocation be awarded to Pinnacle at Hammock Crossings.

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 Loan Conditions and HC Allocation Recommendation and Contingencies reflected in Section B. The reader is cautioned to refer to these sections for complete information.

This recommendation is only valid for six (6) months from the date of the Credit Underwriting Report.

Prepared by:

Reviewed by:



Keith Whitaker
Credit Underwriter

Cindy Highsmith
Credit Underwriting Manager

Overview

Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
First Mortgage Loan	Wells Fargo Bank	\$8,100,000	\$3,000,000	\$2,343,079	3.02%	\$80,668
Second Mortgage Loan	FHFC - SAIL	\$3,220,000	\$3,220,000	\$3,003,800	1.00%	\$30,038
HC Equity	Wells Fargo AHDCDC	\$9,278,692	\$11,492,482	\$11,492,482	N/A	\$0
Deferred Developer Fee	PHG	(\$4,040,340)	(\$820,550)	\$0	N/A	\$0
Total		\$16,558,352	\$16,891,932	\$16,839,361		\$110,706

First Mortgage Loan

Applicant provided SMG a copy of a September 7, 2016, Letter of Interest (“LOI”) from Wells Fargo Bank, N.A. (“Wells Fargo Bank”) for a revolving Construction Loan up to a maximum of \$3,000,000. Because Pinnacle at Hammock Crossings is overfunded, Seltzer’s schedule above reflects a Construction Loan of \$2,343,079. Wells Fargo Bank will allow 24 months for construction, with two three-month extensions available if needed. Interest payments will be due monthly and payable from an interest reserve during construction. The interest rate is quoted by Wells Fargo at 250 basis points (“bp”) over the 30-day London InterBank Offered Rate (“LIBOR”) and subject to a LIBOR floor of 15 bp, however it reserves the right to increase the spread over LIBOR should market conditions warrant. Seltzer’s schedule above reflects Wells Fargo Bank’s underwriting interest rate of 3.02% for 24 months and an average outstanding balance of 57%.

Other Construction/Stabilization Phase Sources of Funds

Additional sources of funds proposed for construction of the subject development include a SAIL in the amount of \$3,003,800, HC equity from Wells Fargo AHDCDC in the amount of \$11,492,482 and Deferred Developer Fee of \$0.

Construction/Stabilization Phase

A September 14, 2016, Cost of the Work Plus a Fee with a Guaranteed Maximum Price AIA Construction Contract with CB Constructors, Inc. (“CB”) reflects substantial completion within 366 days (12 months). Based upon its demographic and market analysis, Meridian projects an absorption rate of 23 units per month for the subject development. Assuming a concentrated pre-leasing effort for three months, the subject development could reach stabilized occupancy of 95.0% (not including a 1.0% Collection/Loss Allowance) within one month of construction completion. While a shorter construction/stabilization phase could be justified, the first mortgage lender, Wells Fargo is planning for a maximum of 24 months. For purposes of this credit underwriting, SMG utilizes Applicant’s more conservative 24-month construction/stabilization phase.

Permanent Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt
First Mortgage Loan	Wells Fargo Bank	\$1,800,000	\$1,225,000	\$1,225,000	5.40%	30	16	\$82,545
Second Mortgage Loan	FHFC - SAIL	\$3,220,000	\$3,220,000	\$3,003,800	1.00%	0	16	\$30,038
HC Equity	Wells Fargo AHDCDC	\$10,916,108	\$12,252,775	\$12,252,775				
Def. Developer Fee	PHG	\$622,244	\$194,157	\$357,786				
Total		\$16,558,352	\$16,891,932	\$16,839,361				\$112,583

First Mortgage Loan

Wells Fargo Bank’s September 7, 2016, Letter of Interest reflected a permanent period loan in the amount of \$1,225,000 or such other amount that may be agreed to by the Bank, the Borrower and the HC Equity Investor (which is Wells Fargo AHDCDC) prior to closing. Following the construction/stabilization phase assumed to be 24 months, the permanent period loan will have a term of 16 years with a 30-year amortization. The interest rate will be fixed at closing at a rate of 3.35% over the 10-Year U.S. Treasury bill yield and subject to the floor rate of 5.40%. SMG assumes the loan will close at \$1,225,000 and utilizes Wells Fargo Bank’s underwriting interest rate of 5.40%.

The loan will be secured by a first mortgage on the subject development and a first security interest in all personalty. Tax, insurance and replacement reserve escrow accounts will be required.

SAIL

Borrower applied to FHFC under RFA 2015-106 for SAIL funds in the amount of \$3,220,000. As explained previously, the SAIL has been reduced to \$3,003,800. As permitted by the Rule, the SAIL will be co-terminus with the permanent first mortgage for a total loan term of 16 years. The SAIL will be non-amortizing and will bear 1.00% simple interest per annum to the extent that development cash flow is available, interest payments at the 1.00% rate will be required. Any unpaid interest will be deferred until cash flow is available. At the maturity of the SAIL, all principal and unpaid interest is due. Annual payments of all applicable fees will be required. Applicable fees at the rate of 0.28% (\$8,395) consist of a Servicing Fee equal to 0.25% (\$7,510) based on the principal amount of the SAIL plus a Compliance Monitoring Fee equal to 0.03% (\$885) as shown in the Operating Proforma hereinafter.

Housing Credits

Applicant applied to FHFC to receive 9% HC. Based upon a September 6, 2016 HC Equity Term Sheet from Wells Fargo AHDCDC agreed to and accepted by Applicant, HC equity will be provided to Applicant according to the following terms and pay-in schedule:

Capital Contributions	Amount	Percent of Total	When Due
1st Installment	\$4,288,471	35.00%	At Closing
2nd Installment	\$4,288,471	35.00%	At 50% Construction Completion
3rd Installment	\$2,915,540	23.79%	At 95% Construction Completion
4th Installment	\$760,293	6.21%	Form 8609, 90% Physical Occ., 100% Tax Credit Occupancy, Cost Certification, Perm Loan Conversion
Total	\$12,252,775	100.00%	

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Annual Tax Credits per Syndication Agreement:	\$1,114,000
Total HC Syndication:	\$11,138,886
Syndication Percentage (limited partner interest):	99.99%
Calculated HC Exchange Rate (per dollar):	\$1.100
Proceeds Available During Construction:	\$11,492,482

At least 15% of the total equity will be provided prior to or simultaneously with the closing of the construction financing.

Deferred Developer Fee

In order to balance the Sources and Uses of Funds during the permanent period, PHG will have to defer Developer Fee of \$357,786 for payment from the subject development's operations after all loan proceeds and HC equity contributions have been received.

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Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
New Rental Units	\$9,325,418	\$9,268,923	\$9,268,923	\$100,749	\$150,000
General Conditions	\$1,304,626	\$1,297,648	\$556,135	\$6,045	
Overhead			\$185,378	\$2,015	
Profit			\$556,135	\$6,045	
Builder's Risk Insurance					
General Liability Insurance					
Payment and Performance Bonds		\$79,150	\$79,150	\$860	
Furniture, Fixture, & Equipment		\$161,617	\$161,617	\$1,757	
Total Construction Contract/Costs	\$10,630,044	\$10,807,338	\$10,807,338	\$117,471	\$150,000
Hard Cost Contingency	\$530,439	\$540,366	\$540,366	\$5,874	
Fees for LOC used as Construction Surety					
Other:					
Total Construction Costs:	\$11,160,483	\$11,347,704	\$11,347,704	\$123,345	\$150,000

Notes to the Actual Construction Costs:

1. SMG was provided with an executed copy of a September 14, 2016, Cost of the Work Plus a Fee with a Guaranteed Maximum Price AIA Construction Contract with CB and a related Schedule of Values in the amount of \$10,807,338. The General Contractor is to achieve Substantial Completion no later than 366 days from the commencement date. The Construction Contract provides for Retainage of 10% until the subject development reaches 50% completion, at which time it will be reduced to 0%. Upon achieving Substantial Completion, the retainage shall be reduced to 200% of the cost estimated by the Owner, to complete the estimated value of the "Punch List". Final payment will be made when the Construction Contract has been fully performed (except for corrections and other requirements, if any, beyond final payment), the General Contractor has submitted a final accounting and the Architect has issued a Final Certificate for Payment.
2. Per the Developer, the \$150,000 ineligible costs are from "off-site" work.
3. The General Contractor Fee includes General Conditions of \$556,135, Overhead of \$185,378 and Profit of \$556,135 (a total of \$1,297,648). General Contractor Fee is within the 14% maximum allowed per FHFC Rule. Payment and Performance Bond at \$79,150, Window Treatments at \$15,621 and Residential Equipment (Material) at \$145,996 reflected in the Construction Contract Schedule of Values are excluded from Construction Hard Costs in the maximum general contractor fee calculation.
4. The Hard Cost Contingency at \$540,366 is within 5% of the construction contract amount of \$10,807,338, as allowed per FHFC Rule.

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5. SMG received a September 16, 2016, Pre-Construction Plan and Cost Review/Analysis (“PCA”) from C3 Consulting Group, Inc., Tampa, Florida. Complete results of the PCA are available for review in Section C of this Credit Underwriting Report.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	\$71,500	\$71,500	\$71,500	\$777	
Appraisal	\$12,500	\$7,500	\$5,200	\$57	
Architect's Fee - Site/Building Design	\$202,500	\$202,500	\$202,500	\$2,201	
Architect's Fee - Supervision	\$22,500	\$22,500	\$22,500	\$245	
Building Permits	\$64,400	\$64,400	\$64,400	\$700	
Builder's Risk Insurance	\$127,561	\$129,688	\$129,688	\$1,410	
Engineering Fees	\$60,000	\$60,000	\$60,000	\$652	
Environmental Report	\$27,000	\$27,000	\$27,000	\$293	\$13,500
FF&E paid outside Construction Contract	\$217,000	\$250,400	\$250,400	\$2,722	\$100,400
FHFC Administrative Fees	\$100,260	\$100,260	\$100,260	\$1,090	\$100,260
FHFC Application Fee	\$3,000	\$3,000	\$3,000	\$33	\$3,000
FHFC Credit Underwriting Fee	\$17,105	\$18,602	\$18,677	\$203	\$18,677
FHFC HC Compliance Fee (HC)	\$207,414	\$205,917	\$199,205	\$2,165	\$199,205
FHFC Other Processing Fee(s)					\$0
Impact Fee	\$148,198	\$148,198	\$148,198	\$1,611	
Lender Inspection Fees / Const Admin	\$45,000	\$45,000	\$45,000	\$489	
Green Building Cert. (LEED, FGBC, NAHB)	\$40,000	\$40,000	\$40,000	\$435	
Insurance	\$82,800	\$82,800	\$82,800	\$900	\$82,800
Legal Fees	\$200,000	\$300,000	\$300,000	\$3,261	\$150,000
Market Study	\$7,500	\$7,500	\$10,200	\$111	\$10,200
Marketing and Advertising	\$80,000	\$100,000	\$100,000	\$1,087	\$100,000
Plan and Cost Review Analysis			\$2,400	\$26	
Property Taxes	\$55,200	\$61,200	\$61,200	\$665	\$61,200
Soil Test	\$3,000	\$3,000	\$3,000	\$33	\$1,500
Start-Up/Lease-up Expenses					\$0
Survey	\$20,000	\$20,000	\$20,000	\$217	
Tenant Relocation Costs					
Title Insurance and Recording Fees	\$100,000	\$150,000	\$150,000	\$1,630	
Traffic Study					
Utility Connection Fees	\$438,224	\$438,224	\$438,224	\$4,763	
Soft Cost Contingency	\$118,081	\$124,288	\$124,288	\$1,351	\$124,288
Other:					
Total General Development Costs:	\$2,470,743	\$2,683,477	\$2,679,640	\$29,127	\$965,030

Notes to the General Development Costs:

1. Ineligible Costs associated with HC are reflected in the appropriate column of the above schedule.

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2. SMG engaged Meridian for the Appraisal and the Market Study at a cost of \$5,200 each, plus an additional fee of \$5,000 to expedite the Market Study to meet the PRL deadline.
3. Furniture Fixtures and Equipment (“FF&E”) of \$250,400 paid outside of the CB construction contract represents \$150,000 for FF&E and \$100,400 for income-producing washer and dryer purchases.
4. FHFC Administrative Fee is \$100,260, which is based upon 9% of Seltzer’s recommended Annual HC Allocation of \$1,114,000.
5. FHFC Application Fee of \$3,000 is reflective of Florida Housing’s RFA 2015-106 Application Fee.
6. FHFC Compliance Fee of \$199,205 is based upon Florida Housing’s formula for 2016 based upon 92 rent-restricted units set aside for 50 years.
7. FHFC Underwriting Fee of \$18,677 reflects \$1,521 for the Preliminary HC Recommendation Letter and \$17,156 for the SAIL / HC Credit Underwriting Report.
8. The PCA performed by C3 was engaged by SMG at a cost to Applicant of \$1,800. C3 charged an additional fee of \$600 to perform a Cost/Value Review for the General Contractor related party sub-contract and schedule of values presented after the PCA was completed.
9. Applicant provided evidence of a Fee Waiver from the City of Lynn Haven in the amount of \$20,000 for building inspection and permit fees.
10. Soft Cost Contingency is within 5%, meeting FHFC Rule.
11. Other General Development Costs are based on Applicant’s estimates, which appear reasonable.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Origination Fee	\$212,700	\$60,000	\$50,146	\$545	\$50,146
Construction Loan Closing Costs					
Construction Loan Interest	\$223,126	\$108,400	\$110,706	\$1,203	\$79,088
Permanent Loan Origination Fee	\$18,000	\$12,250	\$12,250	\$133	\$12,250
Permanent Loan Closing Costs		\$15,000	\$15,000	\$163	\$15,000
Permanent Loan Servicing Fee					\$0

SAIL Application Fee					
SAIL Underwriting Fee					
SAIL Origination Fee					
SAIL Commitment Fee		\$32,200	\$30,038	\$327	
SAIL Closing Costs		\$15,000	\$15,000	\$163	
SAIL Interest					
SAIL Servicing Fee					
Reserves - Operating Deficit		\$50,000	\$50,000	\$543	\$50,000

Legal Fees - Lender’s Counsel		\$22,500	\$22,500	\$245	
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PINNACLE AT HAMMOCK CROSSINGS

SAIL & HC CREDIT UNDERWRITING REPORT

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Other: Miscellaneous		\$25,000			
Total Financial Costs:	\$453,826	\$340,350	\$305,640	\$3,322	\$206,484

Notes to the Financial Costs:

1. Construction Loan Origination Fee of \$50,146 is 1.50% of the Wells Fargo construction loan amount, subject to a floor of \$25,000 plus a Due Diligence Fee of \$15,000.
2. Construction Loan Interest of \$110,706 is Seltzer's calculated figure for the \$2,343,079 first mortgage construction loan (estimated at a 57% average balance drawn amount) over a 24-month Construction/Stabilization Phase. The first mortgage interest rate of 3.02% is based on the 30-day LIBOR, plus 250 basis points. Plus, the SAIL of \$3,003,800 is interest only based on an interest rate of 1.00%.
3. Permanent Loan Origination Fee of \$12,250 is the greater of 1.00% of the Wells Fargo permanent loan amount or \$10,000.
4. Per its September 7, 2016 Term Letter, Wells Fargo requires a Conversion Fee of \$7,500 plus estimated Counsel Fees of \$7,500, for a total of \$15,000 shown as Permanent Loan Closing Costs.
5. The SAIL Commitment Fee is 1% of the SAIL amount.
6. SAIL Closing Costs is the estimated legal fees for the SAIL loan.
7. Wells Fargo AHDCDC is requiring a \$50,000 Operating Deficit Reserve. At the later of the end of the compliance period or the maturity of the first mortgage, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the compliance period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its legal counsel.
8. Developer estimates Legal Fees for the construction and permanent loan at \$22,500.
9. Developer estimates "Other Miscellaneous" costs at \$25,000 for potential additional fees charged to the Developer. Seltzer considers this part of Soft Cost Contingency and has removed this amount from the costs.

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

Notes to the Non-Land Acquisition Costs:

1. Since this is a new construction development, there are no non-land acquisition costs.

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	\$14,085,052	\$14,371,531	\$14,332,984	\$155,793	\$1,321,514
Developer Fee on Acquisition of Buildings					
Developer Fee	\$2,252,200	\$2,299,301	\$2,285,277	\$24,840	
Other:					
Other:					
Total Other Development Costs:	\$2,252,200	\$2,299,301	\$2,285,277	\$24,840	\$0

Notes to the Other Development Costs:

1. Developer Fee is within 16% of development costs exclusive of land acquisition, reserves, if any, and the developer fee.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Land					
Land Acquisition Costs	\$221,100	\$221,100	\$221,100	\$2,403	\$221,100
Land					
Land Lease Payment					
Other:					
Total Acquisition Costs:	\$221,100	\$221,100	\$221,100	\$2,403	\$221,100

Notes to the Land Acquisition Costs:

1. Applicant submitted a September 30, 2010 Warranty Deed between Market Shops of Lynn Haven, LLC to Lynn Haven Acquisitions, LLC based on a purchase price of \$221,100. Applicant also submitted an October 11, 2010 Reciprocal Easement Agreement between Pinnacle at Hammock Square, LLC (owner of "Phase I Parcel") and Lynn Haven Acquisitions, LLC (owner of "Phase II Parcel"). The Agreement allows all owners and occupants of the Phases to share facilities to include but not be limited to a retention pond and the Phase I recreational amenities such as a swimming pool, clubhouse, and a playground in Phase I and any amenities in Phase II.

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2. Meridian's April 20, 2016 Appraisal reflects a market value of the fee simple interest in the subject site, "as-is", as vacant land, in the amount of \$920,000.

TOTAL DEVELOPMENT COSTS:	\$16,558,352	\$16,891,932	\$16,839,361	\$183,037	\$1,542,614
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1. Per RFA 2015-106, Total Development Cost ("TDC") is limited on a per unit basis based on the construction type of the units as indicated by the Applicant. The Applicant has indicated a construction type of garden style - wood (new construction), which has a maximum allowable per unit cost of \$178,000 plus an escalator of 2.7%. Per an analysis of the approved development costs, identified in this report, the costs presented do not exceed the maximum allowable TDC per the RFA.

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Operating Pro forma

		ANNUAL	PER UNIT
INCOME	Gross Potential Rental Income	\$656,328	\$7,134
	Rent Subsidy (ODR)	\$0	\$0
	Other Income:		
	Miscellaneous	\$27,600	\$300
	Washer/Dryer Rentals	\$27,600	\$300
	Cable/Satellite Income	\$0	\$0
	Rent Concessions	\$0	\$0
	Alarm Income	\$0	\$0
	Gross Potential Income	\$711,528	\$7,734
	Less:		
Physical Vacancy Loss - Percentage: 5.0%	(\$35,576)	(\$387)	
Collection Loss - Percentage: 1.0%	(\$7,115)	(\$77)	
Total Effective Gross Revenue		\$668,836	\$7,270
EXPENSES	Fixed:		
	Ground Lease	\$0	\$0
	Real Estate Taxes	\$37,842	\$411
	Insurance	\$59,800	\$650
	Other		\$0
	Variable:		
	Management Fee - Percentage: 5.0%	\$33,442	\$363
	General and Administrative	\$36,800	\$400
	Payroll Expenses	\$144,596	\$1,572
	Utilities	\$45,080	\$490
	Marketing and Advertising	\$4,600	\$50
	Maintenance and Repairs	\$39,100	\$425
	Grounds Maintenance and Landscaping	\$18,400	\$200
	Resident Programs	\$0	\$0
	Contract Services	\$18,400	\$200
	Security	\$0	\$0
	Other	\$0	\$0
Reserve for Replacements	\$27,600	\$300	
Total Expenses		\$465,660	\$5,062
Net Operating Income		\$203,177	\$2,208
Debt Service Payments			
DEBT SERVICE	First Mortgage--Wells Fargo	\$82,545	\$897
	Second Mortgage--FHFC SAIL	\$30,038	\$327
	Third Mortgage	\$0	\$0
	Fourth Mortgage	\$0	\$0
	Fifth Mortgage	\$0	\$0
	All Other Mortgages	\$0	\$0
	Other Fees - SAIL PLS and CM Fees	\$8,395	\$91
	Other Fees - Agency/Trustee/Service	\$0	\$0
Total Debt Service Payments		\$120,978	\$1,315
Cash Flow After Debt Service		\$82,199	\$893

PINNACLE AT HAMMOCK CROSSINGS

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SAIL & HC CREDIT UNDERWRITING REPORT

SMG

Debt Service Coverage Ratios		
	DSC - First Mortgage Loan	2.46
	DSC - First and Second	1.80
	DSC - All Other Mortgages	1.80
	DSC - All Mortgages and Fees	1.68

Financial Ratios		
	Operating Expense Ratio	69.6%
	Break-Even Ratio	82.4%

Notes to the Operating Pro forma and Ratios:

1. The SAIL program does not impose any rent restrictions. However, this development will be utilizing Housing Credits in conjunction with the SAIL financing, which will impose rent restrictions. SMG underwrites rents for the subject development at the lesser of maximum HC rents published by FHFC less utility allowances as required by the HC Program, the Appraiser's projections or Management expectations. As previously discussed in "Additional Information", the Developer has elected to receive maximum 2015 HC Rents, which are also supported by the appraisal. Utility allowances are derived from a Panama City Housing Authority Utility Allowance Chart effective June 1, 2016, for Apartment / Walk-Up. Applicant has indicated it will pay for trash removal and pest control at the subject development. Residents will pay for water/sewer as well as electricity.
2. See discussion on Page A-4 concerning the DSC exceeding 1.50x.
3. The Rent Roll is shown below:

MSA/County: Panama City-Lynn Haven-Panama City Beach/ Bay County

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
1.0	1.0	1	743	40%	\$435			\$123		\$312	\$312	\$312	\$312	\$3,744
1.0	1.0	1	754	40%	\$435			\$123		\$312	\$312	\$312	\$312	\$3,744
1.0	1.0	12	742	60%	\$652			\$123		\$529	\$529	\$529	\$529	\$76,176
2.0	2.0	6	1029	40%	\$522			\$160		\$362	\$362	\$362	\$362	\$26,064
2.0	2.0	30	1029	60%	\$783			\$160		\$623	\$623	\$623	\$623	\$224,280
2.0	2.0	24	1029	60%	\$783			\$160		\$623	\$623	\$623	\$623	\$179,424
3.0	2.0	2	1218	40%	\$602			\$208		\$394	\$394	\$394	\$394	\$9,456
3.0	2.0	6	1218	60%	\$903			\$208		\$695	\$695	\$695	\$695	\$50,040
3.0	2.0	10	1227	60%	\$903			\$208		\$695	\$695	\$695	\$695	\$83,400
		92	94155											\$656,328

The Appraiser concluded Gross Potential Rental Income annually of \$1,069,140 at Market Rental Rates, which is 162.9% of Year 2015 Gross Potential Income at Maximum Allowable HC Rents (which meets the Rule that the submarket of the proposed development must be 110% or greater of the applicable maximum Housing Credit rental rate).

SAIL & HC CREDIT UNDERWRITING REPORT

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4. Miscellaneous Income (i.e., vending income, late charges, pet deposits, forfeited security deposits, etc.) at \$25 per unit per month (or \$300 per-unit per year) is consistent with market comparables and the Meridian Appraisal.
5. Washer/Dryer rental income is based upon a monthly rental of \$50 per unit per month with a 50% penetration rate, which is consistent with Meridian's projection.
6. Cable television income is not currently projected for the subject development.
7. Vacancy Loss at 5.0% and Collection Loss Allowance at 1.0% are projected by Meridian, which projections appear reasonable.
8. Applicant provided SMG with copies of a Management Agreement and Management Agreement Addendum with a March 1, 2017, effective date that collectively provide for a Management Fee that is the greater of \$2,500 or 5.0% of Monthly Gross Receipts.
9. Replacement Reserves of \$300 per unit per year meets the Rule.
10. Other Operating Expense projections are based upon market comparables that are supported by the Appraisal and included within the General and Administrative line item.
11. A 15-year Income and Expense Projection reflecting income line items increasing at 2.00% per year, operating expense line items increasing at 3.00% per year, and Replacement Reserves increasing by 3.00% annually (beginning at permanent loan conversion as required by the Syndicator) is attached to this Credit Underwriting Report as Exhibit 1.

SMG

Section B

Loan Conditions

HC Allocation Recommendation and Contingencies

OCTOBER 17, 2016

Special Conditions

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

1. Receipt of a fully executed subcontract from CB Structures, Inc.
2. A September 26, 2016, Experian Business Report for CB Constructors, Inc. reflected 12 state tax liens filed between September 2010 and July 2013, with two being released. Seltzer will require receipt and satisfactory review of resolution of the general contractor's state tax liens.

General Conditions

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

1. Borrower to comply with any and all recommendations noted in the PCA which has been prepared by C 3 Consulting Group, 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.). Acceptable alternatives to this requirement are receipt and satisfactory review of a letter from the local permitting and approval authority 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 sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.
5. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL Program proceeds shall be disbursed during the construction phase in an amount per Draw which does not exceed the ratio of the SAIL funds 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 during construction/rehabilitation, but in no case more than the payable

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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. Evidence of general liability, flood (if applicable), builder’s risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee / Mortgagee, with coverages, deductibles and amounts satisfactory to Florida Housing.
8. 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. Florida Housing 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.
9. 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, the Americans with Disabilities Act, and Federal Fair Housing Act requirements, as applicable.
10. A copy of an Amended and Restated Operating Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Operating Agreement shall be in a form and of financial substance satisfactory to Servicer and to FHFC and its Legal Counsel.
11. Satisfactory resolution of any outstanding past due or noncompliance issues.
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) F.A.C. and 67-48.0075 (5) F.A.C., of an Applicant or a Developer).
13. At all times there will be undisbursed loan funds (collectively held by Florida Housing, 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 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.
14. The final “as permitted” (signed and sealed) site plans, building plans, and specifications showing all features and amenities committed to in the application. The Geotechnical Report must be bound within the final plans and specifications.

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15. Wells Fargo AHDCDC is requiring a \$50,000 Operating Deficit Reserve. At the later of the end of the compliance period or the maturity of the first mortgage, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the compliance period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its legal counsel.

This recommendation is contingent upon the review and approval of the following items by Florida Housing and its legal counsel at least two (2) weeks prior to closing. Failure to receive approval of these items, along with all other items listed on counsel's due diligence list, within this time frame may result in postponement of the 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 Applicant, the guarantors, and any limited partners of the Applicant.
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 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 noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.
4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan naming FHFC as the insured. All endorsements required by FHFC 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, if any. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the SAIL Program 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, with coverages, deductibles and amounts satisfactory to Florida Housing.

SAIL & HC CREDIT UNDERWRITING REPORT

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7. Receipt of a legal opinion from the Applicant's legal counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager.;
 - b. Authorization, execution, and delivery by the Borrower and the 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.
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 SAIL.
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.

Additional Conditions

This recommendation is also contingent upon the following additional conditions:

1. Compliance with all provisions of Sections 420.507(22) and 420.5087, Florida Statutes, RFA 2015-106, and Rule Chapters 67-48, 67-53, and 67-60, F.A.C., Section 42 I.R.C., and any other State and Federal requirements.
2. Development and execution by the Borrower of the required Memorandum of Understanding ("MOU") with at least one designated Special Needs Household Referral Agency that provides supportive services for Persons with a Disabling Condition for the county where the proposed Development will be located. As outlined in the Carryover Allocation Agreement, the fully executed MOU is due to Florida Housing by February 28, 2017.
3. Acceptance by the Applicant and execution of all documents evidencing and securing the SAIL in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note, the Loan Agreement, the Mortgage and Security Agreement, and the Land Use Restriction Agreement, and Extended Low Income Housing Agreement.
4. Guarantors are to provide the standard FHFC Construction Completion Guarantee, to be released upon lien free completion as approved by the Servicer.

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5. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of SAIL closing.
6. Guarantors for the SAIL are to provide the standard FHFC 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 1.15 DSC on the combined permanent 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 Guarantee shall not terminate earlier than three (3) years following the final certificate of occupancy.
7. Guarantors are to provide the standard FHFC Environmental Indemnity Guaranty.
8. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.
9. A mortgagee title insurance lender's policy naming Florida Housing as the insured 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 FHFC and its legal counsel are to be issued and the form of the title policy must be approved prior to closing.
10. Property tax and hazard insurance escrows are to be established and maintained by the Florida Housing or the Servicer. In the event the reserve account is held by Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing's sole discretion.
11. Replacement Reserves in the amount of \$300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the first mortgagee or Florida Housing's loan servicing agent. However, Borrower has the option to prepay Replacement Reserves. 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 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 Capital Needs Assessment ("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) year thereafter.
12. C 3 Consulting Group, Inc. is to act as Florida Housing's inspector during the construction period.
13. A minimum of 10% retainage holdback on all construction draws until the Development is 50% completed, and 0% retainage thereafter is required. Retainage will not be released until successful lien free completion of construction and issuance of all certificates of occupancy.
14. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or its Servicer, if applicable.

15. Closing of first mortgage prior to or simultaneous with closing of the SAIL.
15. Any other reasonable requirements of the Servicer, Florida Housing or its legal counsel.

Housing Credit Allocation Recommendation

Seltzer Management Group, Inc. recommends a Preliminary Annual Housing Credit Allocation of \$1,114,000. Please see the HC Allocation Calculation section of this Credit Underwriting Report for further details.

Contingencies

Seltzer's Annual HC Allocation Recommendation is contingent upon receipt and satisfactory review of the following items by Seltzer Management Group, Inc., ("SMG" or "Seltzer") and Florida Housing Finance Corporation ("FHFC" or "Florida Housing") by the deadline established in the Preliminary HC Allocation. Failure to submit the items within this timeframe may result in forfeiture of the HC Allocation.

1. All items listed under the Special Conditions section of the Loan Conditions to Close.
2. Satisfactory resolution (as determined by FHFC) of any outstanding Past Due or Noncompliance Issues.
3. Any reasonable requirements of Florida Housing and/or SMG.

Exhibit 1
Pinnacle at Hammock Crossings
15 Year Income and Expense Projection

FINANCIAL COSTS:		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
OPERATING PRO FORMA																
INCOME	Gross Potential Rental Income	\$656,328	\$669,455	\$682,844	\$696,501	\$710,431	\$724,639	\$739,132	\$753,915	\$768,993	\$784,373	\$800,060	\$816,061	\$832,383	\$849,030	\$866,011
	Rent Subsidy (ODR)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other Income:															
	Miscellaneous	\$27,600	\$28,152	\$28,715	\$29,289	\$29,875	\$30,473	\$31,082	\$31,704	\$32,338	\$32,985	\$33,644	\$34,317	\$35,003	\$35,704	\$36,418
	Washer/Dryer Rentals	\$27,600	\$28,152	\$28,715	\$29,289	\$29,875	\$30,473	\$31,082	\$31,704	\$32,338	\$32,985	\$33,644	\$34,317	\$35,003	\$35,704	\$36,418
	Cable/Satellite Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Gross Potential Income	\$711,528	\$725,759	\$740,274	\$755,079	\$770,181	\$785,584	\$801,296	\$817,322	\$833,668	\$850,342	\$867,349	\$884,696	\$902,390	\$920,437	\$938,846
	Less:															
	Economic Loss - Percentage:															
	Physical Vacancy Loss - Percentage: 5.0%	(\$35,576)	(\$36,288)	(\$37,014)	(\$37,754)	(\$38,509)	(\$39,279)	(\$40,065)	(\$40,866)	(\$41,683)	(\$42,517)	(\$43,367)	(\$44,235)	(\$45,119)	(\$46,022)	(\$46,942)
Collection Loss - Percentage: 1.0%	(\$7,115)	(\$7,258)	(\$7,403)	(\$7,551)	(\$7,702)	(\$7,856)	(\$8,013)	(\$8,173)	(\$8,337)	(\$8,503)	(\$8,673)	(\$8,847)	(\$9,024)	(\$9,204)	(\$9,388)	
Total Effective Gross Revenue	\$668,836	\$682,213	\$695,857	\$709,774	\$723,970	\$738,449	\$753,218	\$768,283	\$783,648	\$799,321	\$815,308	\$831,614	\$848,246	\$865,211	\$882,515	
EXPENSES	Fixed:															
	Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Real Estate Taxes	\$37,842	\$38,977	\$40,147	\$41,351	\$42,592	\$43,869	\$45,185	\$46,541	\$47,937	\$49,375	\$50,856	\$52,382	\$53,954	\$55,572	\$57,239
	Insurance	\$59,800	\$61,594	\$63,442	\$65,345	\$67,305	\$69,325	\$71,404	\$73,546	\$75,753	\$78,025	\$80,366	\$82,777	\$85,261	\$87,818	\$90,453
	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Variable:															
	Management Fee - Percentage: 5.0%	\$33,442	\$34,111	\$34,793	\$35,489	\$36,198	\$36,922	\$37,661	\$38,414	\$39,182	\$39,966	\$40,765	\$41,581	\$42,412	\$43,261	\$44,126
	General and Administrative	\$36,800	\$37,904	\$39,041	\$40,212	\$41,419	\$42,661	\$43,941	\$45,259	\$46,617	\$48,016	\$49,456	\$50,940	\$52,468	\$54,042	\$55,663
	Payroll Expenses	\$144,596	\$148,934	\$153,402	\$158,004	\$162,744	\$167,626	\$172,655	\$177,835	\$183,170	\$188,665	\$194,325	\$200,159	\$206,169	\$212,344	\$218,714
	Utilities	\$45,080	\$46,432	\$47,825	\$49,260	\$50,738	\$52,260	\$53,828	\$55,443	\$57,106	\$58,819	\$60,584	\$62,401	\$64,273	\$66,201	\$68,188
	Marketing and Advertising	\$4,600	\$4,738	\$4,880	\$5,027	\$5,177	\$5,333	\$5,493	\$5,657	\$5,827	\$6,002	\$6,182	\$6,367	\$6,559	\$6,755	\$6,958
	Maintenance and Repairs	\$39,100	\$40,273	\$41,481	\$42,726	\$44,007	\$45,328	\$46,687	\$48,088	\$49,531	\$51,017	\$52,547	\$54,124	\$55,747	\$57,420	\$59,142
	Grounds Maintenance and Landscaping	\$18,400	\$18,952	\$19,521	\$20,106	\$20,709	\$21,331	\$21,971	\$22,630	\$23,309	\$24,008	\$24,728	\$25,470	\$26,234	\$27,021	\$27,832
	Resident Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Contract Services	\$18,400	\$18,952	\$19,521	\$20,106	\$20,709	\$21,331	\$21,971	\$22,630	\$23,309	\$24,008	\$24,728	\$25,470	\$26,234	\$27,021	\$27,832
	Security	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Reserve for Replacements	\$27,600	\$28,428	\$29,281	\$30,159	\$31,064	\$31,996	\$32,956	\$33,945	\$34,963	\$36,012	\$37,092	\$38,205	\$39,351	\$40,532	\$41,747
	Total Expenses	\$465,660	\$479,295	\$493,333	\$507,785	\$522,664	\$537,982	\$553,752	\$569,988	\$586,703	\$603,913	\$621,630	\$639,871	\$658,652	\$677,987	\$697,894
	Net Operating Income	\$203,177	\$202,918	\$202,524	\$201,989	\$201,306	\$200,468	\$199,467	\$198,295	\$196,945	\$195,409	\$193,678	\$191,742	\$189,594	\$187,224	\$184,621
DEBT SERVICE	Debt Service Payments															
	First Mortgage--Wells Fargo Bank	\$82,545	\$82,545	\$82,545	\$82,545	\$82,545	\$82,545	\$82,545	\$82,545	\$82,545	\$82,545	\$82,545	\$82,545	\$82,545	\$82,545	
	Second Mortgage--FHFC SAIL	\$30,038	\$30,038	\$30,038	\$30,038	\$30,038	\$30,038	\$30,038	\$30,038	\$30,038	\$30,038	\$30,038	\$30,038	\$30,038	\$30,038	
	Third Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Fourth Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Fifth Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	All Other Mortgages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Other Fees - SAIL PLS and CM Fees	\$8,395	\$8,395	\$8,395	\$8,395	\$8,395	\$8,395	\$8,395	\$8,395	\$8,395	\$8,395	\$8,395	\$8,395	\$8,395	\$8,395	
	Other Fees - Agency/Trustee/Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Debt Service Payments	\$120,978	\$120,978	\$120,978	\$120,978	\$120,978	\$120,978	\$120,978	\$120,978	\$120,978	\$120,978	\$120,978	\$120,978	\$120,978	\$120,978	\$120,978	
Cash Flow After Debt Service	\$82,199	\$81,940	\$81,547	\$81,012	\$80,329	\$79,490	\$78,489	\$77,317	\$75,968	\$74,431	\$72,700	\$70,765	\$68,617	\$66,246	\$63,644	
Debt Service Coverage Ratios																
DSC - First Only	2.46	2.46	2.45	2.45	2.44	2.43	2.42	2.40	2.39	2.37	2.35	2.32	2.30	2.27	2.24	
DSC - First and Second	1.80	1.68	1.67	1.67	1.66	1.66	1.65	1.64	1.63	1.62	1.60	1.58	1.57	1.55	1.53	
DSC - First, Second and Third	1.80	1.68	1.67	1.67	1.66	1.66	1.65	1.64	1.63	1.62	1.60	1.58	1.57	1.55	1.53	
DSC - First, Second, Third, and Fourth	1.80	1.68	1.67	1.67	1.66	1.66	1.65	1.64	1.63	1.62	1.60	1.58	1.57	1.55	1.53	
DSC - First, Second, Third, Fourth, and Fifth	1.80	1.68	1.67	1.67	1.66	1.66	1.65	1.64	1.63	1.62	1.60	1.58	1.57	1.55	1.53	
DSC - All Other Mortgages	1.80	1.68	1.67	1.67	1.66	1.66	1.65	1.64	1.63	1.62	1.60	1.58	1.57	1.55	1.53	
DSC - All Mortgages and Fees	1.68	1.68	1.67	1.67	1.66	1.66	1.65	1.64	1.63	1.62	1.60	1.58	1.57	1.55	1.53	
Financial Ratios																
Operating Expense Ratio	69.6%	70.3%	70.9%	71.5%	72.2%	72.9%	73.5%	74.2%	74.9%	75.6%	76.2%	76.9%	77.6%	78.4%	79.1%	
Break-Even Ratio	82.4%	82.7%	83.0%	83.3%	83.6%	83.9%	84.2%	84.5%	84.9%	85.2%	85.6%	86.0%	86.4%	86.8%	87.2%	

EXHIBIT "2"
RFA 2015-106
(PINNACLE AT HAMMOCK CROSSINGS/2016-006CS)
DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

92 Garden Apartment Units located in 4 residential buildings

Unit Mix:

One (1) one bedroom/one bath units containing a minimum of 743 square feet of heated and cooled living area; and

One (1) one bedroom/one bath units containing a minimum of 754 square feet of heated and cooled living area; and

Twelve (12) one bedroom/one bath units containing a minimum of 742 square feet of heated and cooled living area; and

Thirty-Six (36) two bedroom/two bath units containing a minimum of 1,029 square feet of heated and cooled living area; and

Twenty-Four (24) two bedroom/two bath units containing a minimum of 1,029 square feet of heated and cooled living area; and

Eight (8) three bedroom/two bath units containing a minimum of 1,218 square feet of heated and cooled living area.

Ten (10) three bedroom/two bath units containing a minimum of 1,227 square feet of heated and cooled living area.

92 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, the 2012 Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, Florida Statutes, Federal 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 ("ADA") of 1990 as implemented by 28 CFR 35, incorporating the most recent amendments, regulations and rules, as applicable.

EXHIBIT "2"
RFA 2015-106
(PINNACLE AT HAMMOCK CROSSINGS/2016-006CS)
DESCRIPTION OF FEATURES AND AMENITIES

Two percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments.

The Applicant commits to locate each feature and amenity that is non unit-specific on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

- B.** The Development will provide the following General Features and Accessibility, Universal Design and Visitability Features in all units:
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;
 5. Full-size range and oven in all units;
 6. At least two full bathrooms in all 3 bedroom or larger new construction units;
 7. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units; and
 8. Washer and dryer hook ups in each of the Development's units or an on-site laundry facility for resident use. If the proposed Development consists of an on-site laundry facility, there must be a minimum of one (1) Energy Star qualified washer and one (1) dryer per every 15 units. To determine the required number of washers and dryers for the on-site laundry facility; divide the total number of the Developments' units by 15, and then round the equation's total up to the nearest whole number.
- C.** All new construction units that are located on an accessible route will provide the following features:
1. Primary entrance door shall have a threshold with no more than a 1/2-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.
- D.** All new construction units must include the following general Features and Green Building Features:
1. All Family Demographic Developments will provide reinforced walls for future installation of grab bars that meet or exceed 2010 ADA Standards for Accessible Design

EXHIBIT "2"
RFA 2015-106
(PINNACLE AT HAMMOCK CROSSINGS/2016-006CS)
DESCRIPTION OF FEATURES AND AMENITIES

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

2. Green Building Features in all Family and Elderly Demographic Developments:
- a) Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint).
 - b) Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
 - i. Faucets: 1.5 gallons/minute or less,
 - ii. Showerheads: 2.0 gallons/minute or less;
 - c) Energy Star qualified refrigerator;
 - d) Energy Star qualified dishwasher;
 - e) Energy Star qualified ventilation fan in all bathrooms;
 - f) Energy Star qualified ceiling fans with lighting fixtures in bedroom;
 - g) Water heater with a minimum .95 EF; and
 - h) Air Conditioning minimum efficiency specifications (choose in-unit or commercial):
 - i. In-unit air conditioning: minimum 15 SEER; or
 - ii. Packaged units are allowed in studio/efficiency units and one-bedroom units: minimum 13.8 EER; or
 - iii. Central chiller AC system – based on size:
 - 1. 0-65 KBtuh: Energy Star certified; or
 - 2. >65-135 KBtuh: 11.9 EER; or
 - 3. >135-240 KBtuh: 12.3 EER; or
 - 4. >240 KBtuh: 12.2 EER.

E. This New Construction Development commits to provide the following Green Building Certification program:

_____ Leadership in Energy and Environmental Design (LEED); or

___X___ Florida Green Building Coalition (FGBC); or

_____ ICC 700 National Green Building Standard (NGBS).

F. This Family Development will provide the following resident programs:

EXHIBIT "2"
RFA 2015-106
(PINNACLE AT HAMMOCK CROSSINGS/2016-006CS)
DESCRIPTION OF FEATURES AND AMENITIES

1. 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.
2. 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:
 - a) Evaluation of current job skills;
 - b) Assistance in setting job goals;
 - c) Assistance in development of and regular review/update of an individualized plan for each participating resident;
 - d) Resume assistance;
 - e) Interview preparation; and
 - f) Placement and follow-up services.

If the Development consists of Scattered Sites and the training is provided on site, it must be provided on the Scattered Site with the most units. If the training is not provided on-site, transportation at no cost to the resident must be provided. Electronic media, if used, must be used in conjunction with live instruction.

3. Family Support Coordinator - The Applicant must provide a Family Support Coordinator at no cost to the resident. The Family Support Coordinator shall assist residents in assessing needs and obtaining services, with the goal of promoting successful tenancies and helping residents achieve and maintain maximum independence and self-sufficiency. Responsibilities shall include linking residents with public and private resources in the community to provide needed assistance, develop and oversee on-site programs and activities based on the needs and interests of residents, and support residents in organizing group activities to build community and to address and solve problems such as crime and drug activity. The duties of the Family Support Coordinator shall not be performed by property management staff. The Coordinator shall be on-site and available to residents at least 20 hours per week, within the hours of 9 a.m. and 8 p.m. The Coordinator may be an employee of the Development or, through an agreement, an employee of a third party agency or organization that provides these services.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Pinnacle at Hammock Crossings

DATE: October 17, 2016

In accordance with 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 ("Florida Housing" or "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 allotted time frame. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

CREDIT UNDERWRITING REQUIRED ITEMS:	STATUS	NOTE
	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 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 the 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.	

SAIL & HC CREDIT UNDERWRITING REPORT

SMG

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.	Satis.	
16. Firm commitment letter(s) for any other financing sources.	Satis.	
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.		1
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 APPLICANT'S RESPONSES:

1. Receipt of fully executed subcontract from CB Structures, Inc. is a condition to close.

SAIL & HC CREDIT UNDERWRITING REPORT

SMG

HC Allocation Calculation

Section I: Qualified Basis Calculation	
Development Cost	\$16,839,361
Less Land Cost/Capitalized Land Lease Payment	(\$221,100)
Less Federal Funds	\$0
Less Other Ineligible Cost	(\$1,321,514)
Less Disproportionate Standard	\$0
Total Eligible Basis	\$15,296,747
Applicable Fraction	100.00%
DDA/QCT Basis Credit	100.00%
Qualified Basis	\$15,296,747
Housing Credit Percentage	9.00%
Annual Housing Credit Allocation	\$1,376,707

Notes to the Qualified Basis Calculation:

1. Other Ineligible Costs primarily include FHFC administrative, application and HC compliance fees, marketing, legal fees, permanent loan origination and commitment fees and closing costs and reserves required by the syndicator.
2. Applicant committed to Set-Asides of 100% of the units; the Applicable Fraction is therefore 100.00%.
3. This development is located in Bay County and is not located in a Difficult to Develop Area (“DDA”) or a Qualified Census Tract (“QCT”). Therefore, a 100.00% Basis Credit has been applied.
4. The HC percentage is 9.00% per the Housing and Economic Recovery Act of 2008, as amended.

SAIL & HC CREDIT UNDERWRITING REPORT

SMG

Section II: Gap Calculation	
Total Development Cost (Including Land and Ineligible Costs)	\$16,839,361
Less Mortgages	(\$4,228,800)
Less Grants	
Equity Gap	\$12,610,561
Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$1.10
HC Required to Meet Gap	\$11,465,293
Annual HC Required	\$1,146,529

Notes to the Gap Calculation:

1. Mortgages represent the underwritten Wells Fargo Bank First Mortgage Loan of \$1,225,000 and the FHFC SAIL Second Mortgage Loan of \$3,003,800.
2. HC Syndication Pricing and Percentage to Investment Partnership are based upon a September 6, 2016, Wells Fargo Community Lending and Investment Term Sheet.

Section III: Summary	
HC per Applicant Request	\$1,114,000
HC per Qualified Basis	\$1,376,707
HC per Gap Calculation	\$1,146,529
Annual HC Recommended	\$1,114,000

Notes to the Summary:

1. Seltzer's Annual HC Recommendation is limited by Applicant Request.