

Florida Housing Finance Corporation

Credit Underwriting Report

Royal Palm Place

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

SAIL / ELI RFA 2014-111 (2014-429S) and HC (2015-531C)

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

June 1, 2017

FHDC

Royal Palm Place

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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 \$4,750,000, an ELI Loan in the amount of \$495,900 and an annual 4% HC Allocation of \$1,175,875 for the construction and permanent financing of Royal Palm Place (“Development”).

DEVELOPMENT & SET-ASIDES

Development Name: Royal Palm Place

RFA/Program Numbers: RFA 2014-111 / 2014-429S 2015-531C

Address: 1715 Division Avenue

City: West Palm Beach Zip Code: 33407 County: Palm Beach County Size: Large

Development Category: Redevelopment Development Type: Mid-Rise (4 Stories)

Construction Type: shallow concrete foundations, concrete block

Demographic Commitment:

Primary: Family for 100% of the Units

Unit Composition:

of ELI Units: 38 ELI Units Are Restricted to 33% AMI, or less. Total # of units with PBRA? 125

of Link Units: 13 Are the Link Units Demographically Restricted? Yes # of NHTF Units:

West Palm Beach-Boca Raton HMFA; Miami-Fort Lauderdale-Pompano Beach MSA/ Palm Beach County

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	23	650	33%			\$416	\$129	\$287	\$ 950	\$ 950	\$ 960	\$ 950	\$ 262,200
1	1.0	52	650	60%			\$756	\$129	\$627	\$ 950	\$ 950	\$ 960	\$ 950	\$ 592,800
2	2.0	15	844	33%			\$499	\$156	\$343	\$1,100	\$ 1,100	\$ 1,095	\$ 1,100	\$ 198,000
2	2.0	35	844	60%			\$907	\$156	\$751	\$1,100	\$ 1,100	\$ 1,095	\$ 1,100	\$ 462,000
		125	90,950											\$ 1,515,000

- The Florida Housing Finance Corporation (“FHFC” or “Florida Housing”) application indicated that 30% of units (38 units) would be set-aside at or below 33% of the area

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medium income (“AMI”) and 70% of units (remaining units) would be set-aside at or below 60% of the AMI.

- Person with a Disabling Condition Set-Aside Commitment: The proposed Development must set aside 10% of the total units (13 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.
- Some or all of the units set aside to meet this 10% 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 50-year Compliance Period.
- The Development is expected to receive Section 8 Project Based Rental Assistance (“PBRA”) from WPBHA on all 125 units, which will require that at least one member of each household to be 62 years of age or older.

Buildings: Residential - 4 Non-Residential - 0
 Parking: Parking Spaces - 156 Accessible Spaces - 8

Set Asides:	Program	% of Units	# of Units	% AMI	Term (Years)
	SAIL/ELI	30.0%	38	33%	50
	SAIL	70.0%	87	60%	50
	HC	100.0%	125	60%	30

Absorption Rate 20 units per month for 7 months.

Occupancy Rate at Stabilization: Physical Occupancy 95.00% Economic Occupancy 94.00%
 Occupancy Comments _____

DDA: No QCT: Yes Multi-Phase Boost: No QAP Boost: No
 Site Acreage: 5.37 Density: 23.28 Flood Zone Designation: B
 Zoning: Residential Planned Development (RPD) Flood Insurance Required?: No

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DEVELOPMENT TEAM		
Applicant/Borrower:	Royal Palm Place, Ltd.	% Ownership
General Partner	Royal Palm Place GP, LLC	0.0070%
General Partner	Royal Palm Place Enterprise, LLC	0.0030%
Limited Partner	Boston Financial Investment Management, LP ("Boston Financial")	99.9900%
Construction Completion		
Guarantor(s):		
CC Guarantor 1:	Royal Palm Place, Ltd.	
CC Guarantor 2:	Royal Palm Place GP, LLC	
CC Guarantor 3:	WPBHA at Royal Palm Place, Inc.	
CC Guarantor 4:	Francisco Rojo	
CC Guarantor 5:	Robert F. Saland	
CC Guarantor 6:	Baobab Development, Inc. ("Baobab")	
CC Guarantor 7:	Landmark Development Corporation ("Landmark")	
Operating Deficit		
Guarantor(s):		
OD Guarantor 1:	Royal Palm Place, Ltd.	
OD Guarantor 2:	Royal Palm Place GP, LLC	
OD Guarantor 3:	WPBHA at Royal Palm Place, Inc.	
OD Guarantor 4:	Francisco Rojo	
OD Guarantor 5:	Robert F. Saland	
OD Guarantor 6:	Baobab	
OD Guarantor 7:	Landmark	
Note Purchaser	Freddie Mac	
Developer:	Landmark	
Principal 1	Robert F. Saland	
Principal 2	Francisco Rojo	
Co-Developer:	Baobab	
Principal 1	WPBHA	
General Contractor 1:	Lynx Construction Management, LLC ("Lynx" or "GC")	
Management Company:	Royal American Management, Inc. ("RAM")	
Syndicator:	Boston Financial	
Architect:	Corwil Architects, Inc.	
Market Study Provider:	Meridian Appraisal Group, Inc. ("Meridian")	
Appraiser:	Meridian	

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PERMANENT FINANCING INFORMATION					
	1st Source	2nd Source	3rd Source	4th Source	5th Source
Lien Position	First	Second	Third	Fourth	Fifth
Lender/Grantor	CITI / Freddie Mac	FHFC / SAIL	FHFC / ELI	City of West Palm Beach ("WPB")	Palm Beach County
Amount	\$11,000,000	\$4,750,000	\$495,900	\$300,000	\$ 115,000
Underwritten Interest Rate	5.08%	1.00%	0.00%	1.00%	1.00%
All In Interest Rate	5.08%	1.00%	0.00%	1.00%	1.00%
Loan Term	15	30	30	30	30
Amortization	35	-	-	-	-
Market Rate/Market Financing LTV	97%	139%	144%	146%	147%
Restricted Market Financing LTV	83%	119%	122%	125%	126%
Loan to Cost - Cumulative	36%	52%	53%	54%	55%
Loan to Cost - SAIL Only	N/A	16%	2%	N/A	N/A
Debt Service Coverage	1.21	1.11	1.11	1.10	1.10
Operating Deficit & Debt Service Reserves	\$335,387				
# of Months covered by the Reserves	6.6				

Notes:

1. The RFA requires the amount of any superior mortgages combined with the SAIL mortgage shall be less than the appraised value of the Development, except as provided in Section 420.5087(5), F.S. The said statute states the Corporation may waive this requirement for projects in rural areas or urban infill areas which have market rate rents that are less than the allowable rents pursuant to applicable state and federal guidelines, and for projects which reserve units for extremely-low-income persons. In no event shall the mortgage provided under this program combined with any other mortgage in a superior position exceed total project cost.
2. Although the City and the County loans will have a lien position inferior to the SAIL and ELI, the priority of lien position between these two loans will be determined prior to closing of the same.

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Deferred Developer Fee	\$1,108,111
As-Is Land Value	\$1,530,000
Market Rent/Market Financing Stabilized Value	\$11,320,000
Rent Restricted Market Financing Stabilized Value	\$13,270,000
Projected Net Operating Income (NOI) - Year 1	\$836,815
Projected Net Operating Income (NOI) - 15 Year	\$1,005,886
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Note Structure	TEL Program
Housing Credit (HC) Syndication Price	\$1.09
HC Annual Allocation - Initial Award	\$1,092,000
HC Annual Allocation - Qualified in CUR	\$1,175,875
HC Annual Allocation - Equity Letter of Interest	\$1,163,005

CONSTRUCTION/PERMANENT SOURCES:

Source	Lender	Construction	Permanent	Perm Loan/Unit
Tax Exempt Notes	CITI/Freddie Mac	\$16,000,000	\$11,000,000	\$88,000
SAIL Loan	FHFC	\$4,750,000	\$4,750,000	\$38,000
ELI Loan	FHFC	\$495,900	\$495,900	\$3,967
City of WPB	City of WPB	\$300,000	\$300,000	\$2,400
SHIP Loan	Palm Beach County	\$115,000	\$115,000	\$920
Housing Credit Equity	Boston Financial	\$6,361,000	\$12,722,000	\$101,776
Deferred Developer Fee	Landmark/Baobab	\$2,469,111	\$1,108,111	\$8,865
TOTAL		\$30,491,011	\$30,491,011	\$243,928

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Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	X	
Are all funding sources the same as shown in the Application?	X	
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?	X	
Does the Applicant have site control at or above the level indicated in the Application?	X	
Does the Applicant have adequate zoning as indicated in the Application?	X	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development costs remained equal to or less than those listed in the Application?		1.
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?		2, 3, 4, 5, 6.

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

1. Development costs have increased from \$25,233,200 to \$30,491,011 by \$5,257,811 or 20.8% since the application. The increase is mainly due to an increase in construction costs. The Developer explained that since it applied for funding in 2014, cost of construction has

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dramatically increased in South Florida. Additionally, the increase in construction cost is partly due to unexpected site elevation deviation of 10 feet that needs to be addressed during the construction, which accounts for approximately 7% of the total increase. Additionally, based on the plan and cost review performed by On Solid Ground, LLC (“OSG”), the construction cost for the proposed Development falls within an acceptable price range for this type of project, therefore the projected costs should be considered adequate for satisfactory completion of the proposed Development.

2. Based on a request from Royal Palm Place, Ltd., dated January 18, 2017, the unit mix changed from 54 one-bedroom, 51 two-bedrooms, and 20 three-bedrooms, to 75 one-bedroom, and 50 two-bedrooms. This change was approved by FHFC staff on January 19, 2017.
3. During application, the Developer indicated only 95 units would receive PBRA, however during underwriting, this has changed to all 125 units will receive PBRA.
4. The Applicant requested FHFC approval to change the number of buildings from 2 residential buildings to 4 residential buildings, based on letter dated May 25, 2017. This change was approved by staff on May 30, 2017.
5. The Applicant requested FHFC approval to change the site area from 5.6 acres to 5.4 acres, which was approved by email on February 12, 2016.
6. The General Contractor changed from Landmark Construction Service, LLC to Lynx Construction Management, LLC.

The underwriter finds all the above changes acceptable for the Development.

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

According to the FHFC Asset Management Non-Compliance Report dated April 5, 2017, the Development team has the following non-compliance item(s) not in the correction period:

- None

According to the FHFC Past Due report dated April 5, 2017, the Development team has the following past due item(s):

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- None

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

Strengths:

1. The Market Study (“Study”) indicates that the Development site is well suited for rental apartment multi-family development. Additionally, it indicates that the property should be well accepted within the market.
2. The Development’s CMA weighted average occupancy rate is 98.6%.
3. The Development team has the experience and financial resources to build and operate the Development.

Other Considerations:

1. Based on a letter from the U.S. Department of Housing and Urban Development, dated September 30, 2016, the Development is expected to receive Section 8 Project Based Rental Assistance (“PBRA”) from WPBHA on all 125 units for an anticipated initial term of 15 years. The PBRA requires at least one member of each household to be 62 years of age or older.
2. The development type is mid-rise as 68 units or approximately 54% of the units are located in a mid-rise building with two elevators. The remaining units will be divided between three buildings, with 45 units in a three-story garden style building with two elevators, and 12 units in two single story garden style buildings.

Mitigating Factors:

1. None

Waiver Requests/Special Conditions:

1. The FHFC Board approved on May 5, 2017, a waiver request to allow the General Contractor to subcontract more than 20% of the construction cost work to a non-affiliated entity, provided it does not exceed 25% of the total General Contractor’s contract.

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2. The FHFC Board approved on December 8, 2016 a waiver request to extend the SAIL loan closing date from December 21, 2016, to August 31, 2017.
3. The Applicant requested that the FHFC Board approve a conditional waiver, whereby if the PBRA is no longer available to the Development, then only 5% of the total units would be required to be set-aside for ELI units, instead of the 30% set-aside. Board approval of this waiver request is included as a Special Condition to this report.
4. The Applicant requested a waiver of the RFA requirement that within 10 calendar days after entering credit underwriting, the Applicant must submit to Florida Housing the Non-Competitive Application and Application fee for housing credits. The Applicant elected to use Non-Corporation Bonds, and submitted its underwriting fee for the Palm Beach County HFA Bonds to First Housing on January 22, 2016, noting that it intended to submit an updated application at a later date in light of known changes that were under consideration. The Applicant subsequently submitted the planned modified application for the Palm Beach County Bonds on March 4, 2016. The Applicant then submitted its Non-Competitive Application for housing credits to Florida Housing on March 14, 2016. Approval of this RFA requirement waiver is a condition to closing.

Issues and Concerns:

1. None

Additional Information:

1. The Market Study also shows that there are no Guarantee Fund projects in the CMA or PMA.
2. The Borrower has applied to CITI to provide first mortgage funding for the construction and permanent financing of the Development pursuant to the Federal Home Loan Mortgage Corporation ("Freddie Mac") Multifamily Direct Purchase of Tax-Exempt Loan Program (the "TEL Program"). The Funding Loan is requested pursuant to any Federal, State or Local requirements concerning the proposed tax exempt private activity allocation and/or the Low Income Housing Tax Credit requirements. The Funding Loan will be originated by CITI on behalf of the Palm Beach County Housing Finance Authority ("PBCHFA"). The proceeds of the Funding Loan will be used by PBCHFA to fund a mortgage loan with matching economic terms ("Project Loan") to the Borrower to finance the construction and permanent financing of the Development. The Funding Loan will be a nonrecourse obligation of PBCHFA secured solely by receipts and revenues from the Project Loan and

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the collateral pledged therefor (including a first mortgage lien with respect to the property). The date the Construction Lender originates the Funding Loan is referred to herein as the "Origination Date".

Upon the satisfaction of the Conditions to Conversion which are to be described in the Loan Commitment and the Construction Phase Financing Agreement and to be delivered on the Origination Date by and among Freddie Mac, CITI and the Borrower, the Project Loan will convert to the permanent phase. Thereafter, CITI will deliver the Funding Loan to Freddie Mac for purchase pursuant to the TEL Program.

3. Per the RFA, FHFC limits the Total Development Cost ("TDC") per unit for new construction mid-rise concrete property to no more than \$224,900 per unit, exclusive of land and reserves. Applying the 1.8% escalation factor allowable for the Development Category, the maximum TDC per unit cost is \$228,948. Based on the TDC limitation, the maximum allowable Developer Fee is \$4,365,534. The underwriter adjusted the maximum allowable Developer Fee to \$3,680,155, so that the TDC per unit before land and reserves is \$238,445 per unit, which is within the 5% excess limitation allowed by the RFA.
4. The Development applied for the City of West Palm Beach Affordable/Workforce Incentive Funding of \$300,000, with a term of 30 years, and interest only payments based on 1% rate. The loan will be reviewed for approval by the City Commission at their June 19, 2017 meeting. If approved, this loan will be subordinated to the First Mortgage, and the SAIL and ELI loans. The lien priority between the fourth and fifth mortgages will be determined prior to closing.
5. Based on a letter from Boston Financial, dated May 25, 2017, the Syndicator requested the SAIL and ELI loans to have a term of 30 years, as allowed by the Rule 67-48.010.
6. It is Landmark's intention to exit the Development after the property achieves stabilization, subject to FHFC's approval. If approved, Royal Palm Place GP, LLC will exit as the 0.007% general partner, with its interest transferred to Royal Palm Place Enterprise, LLC, or another entity affiliated with the WPBHA.
7. Consequently, First Housing included Royal Palm Place GP, LLC, Landmark, Francisco Rojo, and Robert F. Saland in the Construction Completion and Operating Deficit Guarantees, but excluded from the Recourse Obligation and Environmental Indemnity.
8. Based on the Master Development Agreement, dated April 18, 2017, among the West Palm Beach Housing Authority ("WPBHA"), Baobab Development, Inc., and Landmark

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Development Corporation, WPBHA will be responsible for tenant relocation plan and costs related to relocating all residents. Additionally, WPBHA will be responsible for preparing all necessary demolition at the site.

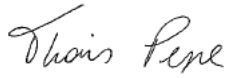
Recommendation:

First Housing recommends a SAIL Loan in the amount of \$4,750,000, an ELI Loan in the amount of \$495,900 and an annual 4% HC Allocation of \$1,175,875 for the construction and permanent financing of Royal Palm Place.

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 General Conditions and HC Allocation Recommendation and Contingencies (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 Notes	CITI	\$13,500,000	\$16,000,000	\$16,000,000	3.60%	\$576,000
SAIL Loan	FHFC	\$4,750,000	\$4,750,000	\$4,750,000	1.00%	\$47,500
ELI Loan	FHFC	\$495,900	\$495,900	\$495,900	0.00%	\$0
City of WPB	City of WPB	\$0	\$0	\$300,000	1.00%	\$3,000
SHIP Loan	Palm Beach County	\$115,000	\$115,000	\$115,000	1.00%	\$1,150
Housing Credit Equity	Boston Financial	\$8,370,000	\$6,361,000	\$6,361,000	N/A	N/A
Deferred Developer Fee	Landmark/Baobab	\$3,800,000	\$2,846,399	\$2,469,111	N/A	N/A
Total		\$31,030,900	\$30,568,299	\$30,491,011		\$627,650

Tax-Exempt Loan:

First Housing reviewed a Term Sheet, dated February 16, 2017, indicating CITI proposes to arrange a tax exempt construction/permanent loan to the PBCHFA. The proceeds of the loan shall fund an interim construction loan converting into a permanent mortgage loan (the “Tax-exempt Loan”). The Tax-exempt Loan will have two distinct phases: Construction Phase - an initial phase during which funds will be advanced to PBCHFA and loaned to Borrower (directly or through a Fiscal Agent, at PBCHFA’s discretion). Payments on the Tax-exempt Loan during the Construction Phase will be interest only. Permanent Phase - upon completion of construction and achievement of stabilized operations, no additional funds will be available to Borrower. Payments during the Permanent Phase will include principal reduction payments as well as interest. During the Construction Phase, the lender will be CITI (the “Construction Lender”) and during the Permanent Phase, the lender will be Freddie Mac (the “Permanent Lender”). The Construction Phase loan amount is estimated at \$17,000,000, but not to exceed 80% of cost covered through the Construction Phase. The total construction loan is expected to be \$16,000,000, with the final amount to be determined prior to closing, provided it does not exceed \$17,000,000. The term during the Construction Phase will be for 24 months, plus two 6-month extension(s). The interest rate will be equal to the SIFMA Municipal Swap Index plus a spread of 2.50%. For underwriting purposes, a rate of 3.60% was used, based on May 5, 2017 SIFMA of 0.85%, plus an underwriting spread of 25 basis points. This rate does not include Governmental Lender, Fiscal Agent, or miscellaneous third party fees.

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Prior to the Construction Phase closing, CITI as Freddie Mac Seller/Servicer, will work with Freddie Mac to provide an unfunded forward commitment (“Forward Commitment”) to purchase a Tax-Exempt Loan upon Conversion to the Permanent Phase.

SAIL Loan:

The Borrower applied for a SAIL Loan in the amount of \$4,750,000. The SAIL Loan is non-amortizing with an interest rate of 1% plus servicing and compliance fees and for a total term of up to 33 years, of which 3 years is for the construction/stabilization period (2 years plus two 6-month extensions) and 30 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 Borrower applied for ELI Loan in the amount of \$495,900. 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 total term of up to 33 years, of which 3 years is for the construction/stabilization period (2 years plus two 6-month extensions) and 30 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.

City of WPB Loan:

The Development applied for the City of West Palm Beach Affordable/Workforce Incentive Funding of \$300,000, with a term of 30 years, and interest only payments based on 1% rate. The loan is expected to be reviewed for approval by the City Commission at their June 19, 2017 meeting. If not approved, the Developer will have to defer additional Developer Fee. This loan is expected to be secured by a mortgage, which may be in fourth or fifth position. This will be determined prior to closing of the City and County subordinate loans.

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SHIP Loan:

The underwriter reviewed a Loan Agreement, dated May 17, 2016, from Palm Beach County, whereas the County secured a State Housing Initiatives Partnership (“SHIP”) Loan of \$115,000 for the Development. The loan will be non-amortizing for a term of 30 years, and will bear interest at the rate of 1% per annum. The outstanding principal balance will be due in full on the Maturity date. This loan is expected to be secured by a mortgage, which may be in fourth or fifth position. This will be determined prior to closing of the City and County subordinate loans.

Housing Credit Equity:

First Housing has reviewed a letter of intent, dated June 3, 2016 and revised March 15, 2017, indicating Boston Financial, or an affiliate thereof, will have a 99.99% limited partnership interest in the Development. Boston Financial will pay an average of approximately \$1.094 for every dollar of Federal Low Income Housing Tax Credit to be provided for a total capital investment estimated by the Syndicator at \$12,722,000. This is equivalent of \$1.13 per each dollar of LIHTC for the first \$1,072,000 (“Tranche A”) and \$0.67 per each dollar of LIHTC in the amount of \$90,991 in annual credits (“Tranche B”). Boston Financial has committed to make available \$4,452,700 or 35% at closing of partnership, which meets the FHFC requirement that 15% of the total equity must be contributed at or prior to the closing. Additionally, the second installment in the amount of \$1,908,300 will also be paid during construction, for a total equity during construction of \$6,361,000.

Deferred Developer Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer \$2,469,111 or 67.1% of total Developer Fee of \$3,680,155.

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Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Tax Exempt Notes	Freddie Mac	\$7,500,000	\$11,000,000	\$11,000,000	15	35	5.08%	\$672,938
SAIL Loan	FHFC	\$4,750,000	\$4,750,000	\$4,750,000	30	0	1.00%	\$47,500
ELI Loan	FHFC	\$495,900	\$495,900	\$495,900	30	0	0.00%	\$0
City of WPB	City of WPB	\$0	\$0	\$300,000	30	0	1.00%	\$3,000
SHIP Loan	Palm Beach County	\$115,000	\$115,000	\$115,000	30	0	1.00%	\$1,150
Housing Credit Equity	Boston Financial	\$9,849,015	\$12,722,000	\$12,722,000	N/A	N/A	N/A	N/A
Deferred Developer Fee	Landmark/Baobab	\$3,800,000	\$1,485,399	\$1,108,111	N/A	N/A	N/A	N/A
Total		\$26,509,915	\$30,568,299	\$30,491,011				\$724,588

Tax-Exempt Loan:

The Borrower has applied to CITI to provide first mortgage funding for the permanent financing of the Development pursuant to the Freddie Mac Multifamily Direct Purchase of the TEL Program. The Funding Loan is requested pursuant to any Federal, State or Local requirements concerning the proposed tax exempt private activity allocation and/or the Low Income Housing Tax Credit requirements. The Funding Loan will be originated by CITI on behalf of PBCHFA.

First Housing reviewed a Term Sheet, dated February 16, 2017, indicating CITI proposes to arrange a tax exempt construction/permanent loan to the PBCHFA. The proceeds of the loan shall fund an interim construction loan converting into a permanent mortgage loan (the “Tax-exempt Loan”). The Tax-exempt Loan will have two distinct phases: Construction Phase - an initial phase during which funds will be advanced to PBCHFA and loaned to Borrower (directly or through a Fiscal Agent, at PBCHFA’s discretion). Permanent Phase - a subsequent phase when, upon completion of construction and achievement of stabilized operations, no additional funds will be available to Borrower. Payments during the Permanent Phase will include principal reduction payments as well as interest. During the Permanent Phase, the lender will be Freddie Mac (the “Permanent Lender”). Prior to Construction Phase closing, CITI as Freddie Mac Seller/Servicer, will work with Freddie Mac to provide an unfunded forward commitment (“Forward Commitment”) to purchase a Tax-Exempt Loan upon Conversion to the Permanent Phase.

First Housing reviewed a letter of proposal from CITI, dated September 16, 2016, indicating an estimated loan amount of up to \$11,000,000. The terms of this loan will be for 15 years, amortized over 35 years. The Forward Commitment will have a term of 24 months, 30 months, or 36 months, to be selected by Borrower upon closing of the Construction Phase Financing, which will yield a Freddie spread of respectively 2.32%, 2.40%, or 2.48%. Interest rate is estimated based on the

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Freddie Spread over the 10 Year Treasury, plus 0.17% for Loan Servicing Fee. The estimated note rate (excluding Fiscal Agent Fee and Issuer Fee) was 5.08%, which is based on 10 Year Treasury, as of April 18, 2017, of 2.18%, plus the spread of 2.48%, plus 0.17% for Loan Servicing Fee, and an underwriting spread of 25 basis points.

Additionally, there will be ongoing HFA Issuer Fee of 0.15%, and Fiscal Agent Fee of \$3,750.

SAIL Loan:

The Borrower applied for a SAIL Loan in the amount of \$4,750,000. The SAIL Loan is non-amortizing with an interest rate of 1% plus servicing and compliance fees and for a total term of up to 33 years, of which 3 years is for the construction/stabilization period (2 years plus two 6-month extensions) and 30 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.

The annual Compliance Monitoring Fee will be comprised of the multiple program compliance monitoring fee of \$899. 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 \$207, and a maximum monthly fee of \$823, billed annually following loan closing.

ELI Loan:

The Borrower applied for ELI Loan in the amount of \$495,900. 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 total term of up to 33 years, of which 3 years is for the construction/stabilization period (2 years plus two 6-month extensions) and 30 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.

The annual Compliance Monitoring Fee will be comprised of the multiple program compliance monitoring fee of \$899. 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 \$207, and a maximum monthly fee of \$823, billed annually following loan closing.

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City of WPB Loan:

The Development applied for the City of West Palm Beach Affordable/Workforce Incentive Funding of \$300,000, with a term of 30 years, and interest only payments based on 1% rate. The loan is expected to be reviewed for approval by the City Commission at their June 19, 2017 meeting. If not approved, the Developer will have to defer additional Developer Fee. This loan is expected to be secured by a mortgage, which may be in fourth or fifth position. This will be determined prior to closing of the City and County subordinate loans.

SHIP Loan:

The underwriter reviewed a Loan Agreement, dated May 17, 2016, from Palm Beach County, whereas the County secured a State Housing Initiatives Partnership (“SHIP”) Loan of \$115,000 for the Development. The loan will be non-amortizing for a term of 30 years, and will bear interest at the rate of 1% per annum. The outstanding principal balance will be due in full on the Maturity date. This loan is expected to be secured by a mortgage, which may be in fourth or fifth position. This will be determined prior to closing of the City and County subordinate loans.

Housing Credit Equity:

First Housing has reviewed a letter of intent, dated June 3, 2016 and revised March 15, 2017, indicating Boston Financial, or an affiliate thereof, will have a 99.99% limited partnership interest in the Development. Boston Financial will pay an average of approximately \$1.094 for every dollar of Federal Low Income Housing Tax Credit to be provided for a total capital investment estimated by the Syndicator at \$12,722,000. This is equivalent of \$1.13 per each dollar of LIHTC for the first \$1,072,000 (“Tranche A”) and \$0.67 per each dollar of LIHTC in the amount of \$90,991 in annual credits (“Tranche B”).

The total capital contribution will be paid in five installments, as follows:

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Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$4,452,700	35.00%	Later of Admission into partnership or Construction Start
2nd Installment	\$1,908,300	15.00%	Later of 50% Construction Completion or 4/1/18
3rd Installment	\$3,816,600	30.00%	Later of 100% Construction Completion or 1/01/19
4th Installment	\$1,071,713	8.42%	Latest of 100% Occupancy; Submission of 8609's; Final Closing; Tax Credit Determination; Submission of Cost Certification
5th Installment	\$1,472,687	11.58%	Later of the Stabilization Date or Receipt of 8609's
Total	\$12,722,000	100.00%	

Annual Credit Per Syndication Agreement	\$1,163,005
Calculated HC Exchange Rate	\$1.09400
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	\$6,361,000

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer \$1,108,111 or 30.1% of the total Developer Fee of \$3,680,155.

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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	\$14,950,000	\$18,859,484	\$15,982,488	\$127,860	\$300,000
Recreational Amenities	\$0	\$100,000	\$0	\$0	\$0
Site Work	\$0	\$0	\$2,087,594	\$16,701	\$245,000
Constr. Contr. Costs subject to GC Fee	\$14,950,000	\$18,959,484	\$18,070,082	\$144,561	\$545,000
General Conditions	\$0	\$0	\$854,865	\$6,839	\$0
Profit	\$2,000,000	\$1,995,516	\$1,140,651	\$9,125	\$0
Payment and Performance Bonds	\$0	\$0	\$111,500	\$892	\$0
Contract Costs not subject to GC Fee	\$0	\$0	\$777,902	\$6,223	\$0
Total Construction Contract/Costs	\$16,950,000	\$20,955,000	\$20,955,000	\$167,640	\$545,000
Hard Cost Contingency	\$963,750	\$1,047,750	\$1,047,750	\$8,382	\$120,000
Total Construction Costs:	\$17,913,750	\$22,002,750	\$22,002,750	\$176,022	\$665,000

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract, dated February 28, 2017, in the amount of \$20,955,000. This is a Standard Form of Agreement Between the Owner, Royal Palm Place, Ltd., and the Contractor, Lynx Construction Management, LLC, where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price (“GMP”). Per this contract substantial completion is to be achieved within 420 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. The construction contract reflects a 10% retainage holdback on all construction draws until construction is 50% complete, and no retainage thereafter.
2. Contract Costs not subject to GC Fee include \$116,649 in Permit Fees, \$82,125 in General Liability Insurance, \$345,638 in Appliances, \$188,500 in Security Inspector, and \$44,990 in Waterproofing Consultant, for a total of \$777,902.
3. The Hard Cost Contingency is within the maximum of 5% of the total construction costs, as required by the RFA.
4. The GC fee per GC Contract is approximately 11%, which 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.

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5. 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	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	\$25,000	\$25,000	\$25,000	\$200	\$2,500
Appraisal	\$10,000	\$10,000	\$10,000	\$80	\$0
Architect's Fee - Site/Building Design	\$500,000	\$444,950	\$444,950	\$3,560	\$0
Architect's Fee - Supervision	\$0	\$40,000	\$40,000	\$320	\$0
Building Permits	\$75,000	\$425,000	\$425,000	\$3,400	\$0
Builder's Risk Insurance	\$0	\$135,000	\$135,000	\$1,080	\$0
Engineering Fees	\$40,000	\$164,500	\$164,500	\$1,316	\$0
Environmental Report	\$0	\$16,950	\$16,950	\$136	\$4,238
FHFC Administrative Fees	\$78,700	\$85,760	\$106,370	\$851	\$106,370
FHFC Application Fee	\$3,000	\$8,000	\$8,000	\$64	\$8,000
FHFC Credit Underwriting Fee	\$20,000	\$26,037	\$16,951	\$136	\$16,951
FHFC Compliance Fee	\$110,370	\$115,000	\$115,000	\$920	\$115,000
Impact Fee	\$458,575	\$111,831	\$111,831	\$895	\$0
Lender Inspection Fees / Const Admin	\$15,000	\$35,000	\$35,000	\$280	\$0
Insurance	\$150,000	\$45,000	\$45,000	\$360	\$0
Legal Fees - Organizational Costs	\$367,500	\$493,000	\$493,000	\$3,944	\$438,000
Market Study	\$10,000	\$10,000	\$10,000	\$80	\$10,000
Marketing and Advertising	\$75,000	\$75,000	\$75,000	\$600	\$75,000
Plan and Cost Review Analysis	\$0	\$0	\$1,995	\$16	\$0
Property Taxes	\$25,000	\$15,000	\$15,000	\$120	\$3,750
Soil Test	\$0	\$10,850	\$10,850	\$87	\$2,713
Survey	\$0	\$17,750	\$17,750	\$142	\$0
Title Insurance and Recording Fees	\$148,125	\$112,400	\$112,400	\$899	\$11,240
Utility Connection Fees	\$51,500	\$50,134	\$50,134	\$401	\$0
Soft Cost Contingency	\$0	\$168,000	\$128,000	\$1,024	\$128,000
Other: <u>Personal Property</u>	\$0	\$100,000	\$100,000	\$800	\$100,000
Total General Development Costs:	\$2,162,770	\$2,740,162	\$2,713,681	\$21,709	\$1,021,761

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.
3. The FHFC Administrative Fee is based on 9% of the estimated annual housing credit allocation of \$1,175,875.

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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	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Origination Fee	\$135,000	\$170,000	\$160,000	\$1,280	\$155,000
Construction Loan Closing Costs	\$0	\$15,000	\$15,000	\$120	\$0
Construction Loan Interest	\$655,000	\$770,000	\$770,000	\$6,160	\$462,000
Permanent Loan Application Fee	\$0	\$0	\$11,000	\$88	\$11,000
Permanent Loan Commitment Fee	\$75,000	\$420,000	\$194,150	\$1,553	\$194,150
Permanent Loan Origination Fee	\$0	\$0	\$110,000	\$880	\$110,000
Permanent Loan Closing Costs	\$186,680	\$5,000	\$10,000	\$80	\$10,000
Local HFA Note Underwriting Fee	\$0	\$0	\$13,970	\$112	\$13,970
SAIL-ELI Commitment Fee	\$0	\$0	\$52,459	\$420	\$0
SAIL-ELI Closing Costs	\$0	\$0	\$20,000	\$160	\$0
Other: SAIL/ELI Extension Fee	\$0	\$0	\$52,459	\$420	\$0
Total Financial Costs:	\$1,051,680	\$1,380,000	\$1,409,038	\$11,272	\$956,120
Dev. Costs before Acq., Dev. Fee & Reserves	\$21,128,200	\$26,122,912	\$26,125,469	\$209,004	\$2,642,881

Notes to the Financial Costs:

1. Construction and Permanent loan origination fee is based on 1% of the loan amount, based on CITI Term Sheet, dated February 16, 2017.
2. Permanent Loan commitment fee is based on the Developer's estimate and includes a Permanent Loan Stand-by Fee of \$41,250; HFA of Palm Beach TEFRA Fee of \$7,500; an Issuer Fee of \$85,000; printing and other costs of \$25,000; a Loan Conversion Fee of \$15,000; and Fiscal Agent Fee of \$20,400.
3. SAIL/ELI Commitment Fee is based on 1% of the SAIL and ELI loan amounts.
4. SAIL/ELI Extension Fee is based on 1% of the SAIL and ELI loan amounts.
5. Construction Loan Interest was based on the underwriter's estimated cost based on 24 months anticipated construction period, an interest rate of 3.6%, and an average outstanding balance of 56%, for a total of \$645,120. However, the underwriter used the Applicant's estimate, which is more conservative.

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6. First Mortgage Loan Costs and Other Financing Fees & Interest are the Applicant's detailed estimates.

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

Notes to the Non-Land Acquisition Costs:

1. There are no non-land acquisition costs.

DEVELOPER FEE ON NON-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Developer Fee - Unapportioned	\$3,800,000	\$3,760,000	\$3,680,155	\$29,441	\$0
Total Other Development Costs:	\$3,800,000	\$3,760,000	\$3,680,155	\$29,441	\$0

Notes to the Other Development Costs:

1. 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.
2. Per the RFA, FHFC limits the TDC per unit for new construction mid-rise concrete property to no more than \$224,900 per unit, exclusive of land and reserves. Applying the 1.8% escalation factor allowable for the Development Category, the maximum TDC per unit cost is \$228,948. Based on the TDC limitation, the maximum allowable Developer Fee is \$4,365,534. The underwriter adjusted the maximum allowable Developer Fee to \$3,680,155, so that the TDC per unit before land and reserves is \$238,445 per unit, which is within the 5% excess limitation allowed by the RFA.

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LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
	Land Acquisition Cost	\$0	\$350,000	\$350,000	\$2,800
Total Acquisition Costs:	\$0	\$350,000	\$350,000	\$2,800	\$350,000

Notes to Land Acquisition Costs:

1. First Housing reviewed a Lease Agreement, dated December 20, 2016 by and between West Palm Beach Housing Authority (“Landlord”) and Royal Palm Place, Ltd. (“Tenant”). The Lease term will be for 65 years and will commence on the date of the lease. The Lease will terminate automatically in the event the Tenant fails to close on financing by November 19, 2017. Annual Base Rent is \$10.00 per year. This is an interim ground lease, which will be substituted at closing with the ground lease described below.
2. First Housing also reviewed a Master Development Agreement, dated April 18, 2017, among the West Palm Beach Housing Authority, Baobab Development, Inc., and Landmark Development Corporation, which indicates the WPBHA will enter into a ground lease at closing of financing, and will require a one-time ground lease payment of \$350,000. The lease term will be for a term of 75 years.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
	Operating Deficit Reserve (Syndicator)	\$305,000	\$335,387	\$335,387	\$2,683
Total Reserve Accounts:	\$305,000	\$335,387	\$335,387	\$2,683	\$335,387

Notes to Reserve Accounts:

1. An Operating Deficit Reserve (“ODR”) of \$335,387 is required by the Syndicator and will be funded at stabilization with equity. At the end of the compliance period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the compliance period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage

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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.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	\$25,233,200	\$30,568,299	\$30,491,011	\$243,928	\$3,328,268

Notes to Total Development Costs:

1. Development costs have increased from \$25,233,200 to \$30,491,011 by \$5,257,811 or 20.8% since the application. The increase is mainly due to an increase in construction costs. The Developer explained that since it applied for funding in 2014, cost of construction has dramatically increased in South Florida. Additionally, the increase in construction cost is partly due to unexpected site elevation deviation of 10 feet that needs to be addressed during the construction, which accounts for approximately 7% of the total increase. Moreover, based on the plan and cost review performed by On Solid Ground, LLC (“OSG”), the construction cost for the proposed Development falls within an acceptable price range for this type of project, therefore the projected costs should be considered adequate for satisfactory completion of the proposed Development.

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Operating Pro Forma – Royal Palm Place

FINANCIAL COSTS:		Year 1	Year 1 Per Unit
OPERATING PRO FORMA			
INCOME:	Gross Potential Rental Income	\$1,515,000	\$12,120
	Other Income		
	Ancillary Income	\$22,500	\$180
	Gross Potential Income	\$1,537,500	\$12,300
	Less:		
	Physical Vac. Loss Percentage: 5.00%	\$76,875	\$615
Collection Loss Percentage: 1.00%	\$15,375	\$123	
Total Effective Gross Income		\$1,445,250	\$11,562
EXPENSES:	Fixed:		
	Real Estate Taxes	\$0	\$0
	Insurance	\$81,250	\$650
	Variable:		
	Management Fee Percentage: 4.00%	\$57,810	\$462
	General and Administrative	\$50,000	\$400
	Payroll Expenses	\$175,000	\$1,400
	Utilities	\$72,500	\$580
	Marketing and Advertising	\$9,375	\$75
	Maintenance and Repairs/Pest Control	\$56,250	\$450
	Grounds Maintenance and Landscaping	\$25,000	\$200
	Contract Services	\$18,750	\$150
	Security	\$25,000	\$200
	Reserve for Replacements	\$37,500	\$300
Total Expenses		\$608,435	\$4,867
Net Operating Income		\$836,815	\$6,695
Debt Service Payments			
First Mortgage - CITI		\$672,938	\$5,384
Second Mortgage - SAIL		\$47,500	\$380
Third Mortgage - ELI		\$0	\$0
Fourth Mortgage - City Loan		\$3,000	\$24
Fifth Mortgage - SHIP		\$1,150	\$9
First Mortgage Fees - CITI/Freddie Mac		\$20,156	\$161
Second Mortgage Fees - SAIL Comp. and Serv.		\$10,775	\$86
Third Mortgage Fees - ELI Comp. and Serv.		\$3,383	\$27
Total Debt Service Payments		\$758,902	\$6,071
Cash Flow after Debt Service		\$77,913	\$623
Debt Service Coverage Ratios			
DSC - First Mortgage plus Fees		1.21x	
DSC - Second Mortgage plus Fees		1.11x	
DSC - Third Mortgage plus Fees		1.11x	
DSC - Fourth Mortgage plus Fee		1.10x	
DSC - Fifth Mortgage plus Fees		1.10x	
DSC - All Mortgages and Fees		1.10x	
Financial Ratios			
Operating Expense Ratio		42.10%	
Break-even Economic Occupancy Ratio (all debt)		89.17%	

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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. Royal Palm Place is projected to achieve 2016 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 30% of the units (38 units) at 33% of the Area Medium Income (“AMI”) and 70% of the units (87 units) set aside at 60% of the AMI. Below is the rent roll for the Development property:

West Palm Beach-Boca Raton HMFA; Miami-Fort Lauderdale-Pompano Beach MSA/ Palm Beach County

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	23	650	33%			\$416	\$129	\$287	\$ 950	\$ 950	\$ 960	\$ 950	\$ 262,200
1	1.0	52	650	60%			\$756	\$129	\$627	\$ 950	\$ 950	\$ 960	\$ 950	\$ 592,800
2	2.0	15	844	33%			\$499	\$156	\$343	\$1,100	\$ 1,100	\$ 1,095	\$ 1,100	\$ 198,000
2	2.0	35	844	60%			\$907	\$156	\$751	\$1,100	\$ 1,100	\$ 1,095	\$ 1,100	\$ 462,000
		125	90,950											\$ 1,515,000

2. The Vacancy and Collection loss rate of 6% is based on the appraisal’s estimate.
3. Other Income is comprised of vending income, late fees, pet deposits, and forfeited security deposits. Total other income of \$15 per unit/ per month or \$22,500 annually is projected by the appraisal.
4. The General and Administrative expense line item includes all professional fees for items such as legal, accounting and marketing. The appraisal estimated at \$400 per unit/ per year for this expense.
5. 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.
6. The property will continue to be tax-exempt, per a Memorandum, dated April 1, 2016, from Charlotte Burnett, attorney for the West Palm Beach Housing Authority, which

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states that the leasehold of a Public Housing Authority maintain Tax Exemption if the purpose of the lease is performance of a governmental function or serve a public purpose.

7. The Applicant has submitted an executed Property Management Agreement which reflects a management fee of 4% of gross rental collections and contains the appropriate verbiage regarding compliance with tenant income and rent restrictions.
8. The tenant is responsible for all electric utility expenses for the occupied apartments. The landlord will be responsible for trash, common area electricity, and for vacant units' electricity. The appraiser estimated the Utilities line item at \$580 per unit per year based on the appraiser's estimates.
9. Contract services include elevator maintenance and pest control, and was estimated by the appraisal at \$150 per unit per year.
10. Replacement Reserves is \$300 per unit per year, as required by 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**

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 note pricing date and/or closing date. For competitive note sales, these items must be reviewed and approved prior to issuance of the notice of note sale:

1. Receipt and satisfactory review of updated financials for the Guarantors and General Contractor.
2. Boston Financial to fund a minimum of 15% of total capital contribution at closing to comply with FHFC 15% requirement.
3. Receipt and satisfactory review of the Final signed, sealed “approved for construction” plans and specifications by On Solid Ground, LLC and the Servicer.
4. WPBHA to enter into a ground lease at closing for a term of 75 years and a one-time ground lease payment of \$350,000.
5. Receipt of signed amendment to GC contract, with satisfactory language added to Section 5.2., as approved by FHFC.
6. Receipt of satisfactory bank and trade references, tax returns and contingent liabilities for Baobab.
7. FHFC Board approval of a conditional waiver to reduce the ELI set-asides from 30% to 5%, subject to the loss of PBRA.
8. FHFC Board approval of a waiver in regards to the timing of submission of the Non-Competitive HC Application.

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. and 67-48.0075(5) F.A.C., of an Applicant or a Developer).
2. On Solid Ground, LLC 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, the developer is only allowed to draw a maximum of 50% of the total developer fee but in no case more than the payable developer fee during construction, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" will be funded at closing. The remainder of the "developer's overhead" will be disbursed during construction on a pro rata basis, based on the percentage of completion of the Development, as approved and reviewed by FHFC and the Servicer. The remaining unpaid developer fee (if applicable) shall be considered attributable to "developer's profit", and may not be funded until the Development has achieved 100% lien free completion, and only after retainage has been released.
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.

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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 Loan proceeds shall be disbursed during the construction phase in an amount per draw which does not exceed the ratio of the ELI 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 insurance coverage pursuant to the RFA governing this proposed transaction and, as applicable, the FHFC Insurance Guide.
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.
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

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

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Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations and remediation restrictions noted in the Environmental Assessment(s) and Updates and the Environmental Review, if applicable.

5. Title insurance pro forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan(s) naming FHFC as the insured. All endorsements required by FHFC shall be provided.
6. Florida Housing and its Legal Counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.
7. Evidence of insurance coverage pursuant to the RFA governing this proposed transaction and, as applicable, the FHFC Insurance Guide.
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.

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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 67-48 F.A.C., Rule Chapter 67-53 F.A.C., Rule Chapter 67-60 F.A.C., RFA 2014-111, Section 42 I.R.C (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 Boston Financial 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 Boston Financial 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.

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7. For the SAIL Loan, Guarantors 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 1.15x 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. All endorsements that are required by Florida Housing are to be issued and must be approved prior to closing.
11. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender, Fiscal Agent, 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 \$300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's Loan(s) servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per RFA, in the amount of \$37,500 (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 \$300 per unit per year for years 1 and 2, followed by \$300 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

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be adjusted based on a CNA to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the 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 until 50% completion and 0% retainage thereafter is required, which satisfies the minimum requirement.
14. Closing of all funding sources prior to or simultaneous with the SAIL and ELI 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 and/or non-compliance issues.
17. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

Housing Credit Allocation Recommendation and Contingencies

First Housing Development Corporation has estimated a preliminary annual HC allocation of \$1,175,875. 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 all funding sources prior to or simultaneous with the SAIL and ELI loans.
2. Purchase of the HC's by Boston Financial, or an affiliated entity, under terms consistent with assumptions of this report.
3. Satisfactory resolution of any outstanding past due and/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.

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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																
Gross Potential Rental Income		\$1,515,000	\$1,545,300	\$1,576,206	\$1,607,730	\$1,639,885	\$1,672,682	\$1,706,136	\$1,740,259	\$1,775,064	\$1,810,565	\$1,846,777	\$1,883,712	\$1,921,386	\$1,959,814	\$1,999,010
Other Income																
Ancillary Income		\$22,500	\$22,950	\$23,409	\$23,877	\$24,355	\$24,842	\$25,339	\$25,845	\$26,362	\$26,890	\$27,427	\$27,976	\$28,535	\$29,106	\$29,688
Gross Potential Income		\$1,537,500	\$1,568,250	\$1,599,615	\$1,631,607	\$1,664,239	\$1,697,524	\$1,731,475	\$1,766,104	\$1,801,426	\$1,837,455	\$1,874,204	\$1,911,688	\$1,949,922	\$1,988,920	\$2,028,699
Less:																
Physical Vac. Loss	Percentage: 5.00%	\$76,875	\$78,413	\$79,981	\$81,580	\$83,212	\$84,876	\$86,574	\$88,305	\$90,071	\$91,873	\$93,710	\$95,584	\$97,496	\$99,446	\$101,435
Collection Loss	Percentage: 1.00%	\$15,375	\$15,683	\$15,996	\$16,316	\$16,642	\$16,975	\$17,315	\$17,661	\$18,014	\$18,375	\$18,742	\$19,117	\$19,499	\$19,889	\$20,287
Total Effective Gross Income		\$1,445,250	\$1,474,155	\$1,503,638	\$1,533,711	\$1,564,385	\$1,595,673	\$1,627,586	\$1,660,138	\$1,693,341	\$1,727,208	\$1,761,752	\$1,796,987	\$1,832,926	\$1,869,585	\$1,906,977
Fixed:																
Real Estate Taxes		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance		\$81,250	\$83,688	\$86,198	\$88,784	\$91,448	\$94,191	\$97,017	\$99,927	\$102,925	\$106,013	\$109,193	\$112,469	\$115,843	\$119,318	\$122,898
Variable:																
Management Fee	Percentage: 4.00%	\$57,810	\$59,544	\$61,331	\$63,171	\$65,066	\$67,018	\$69,028	\$71,099	\$73,232	\$75,429	\$77,692	\$80,023	\$82,423	\$84,896	\$87,443
General and Administrative		\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964	\$59,703	\$61,494	\$63,339	\$65,239	\$67,196	\$69,212	\$71,288	\$73,427	\$75,629
Payroll Expenses		\$175,000	\$180,250	\$185,658	\$191,227	\$196,964	\$202,873	\$208,959	\$215,228	\$221,685	\$228,335	\$235,185	\$242,241	\$249,508	\$256,993	\$264,703
Utilities		\$72,500	\$74,675	\$76,915	\$79,223	\$81,599	\$84,047	\$86,569	\$89,166	\$91,841	\$94,596	\$97,434	\$100,357	\$103,368	\$106,469	\$109,663
Marketing and Advertising		\$9,375	\$9,656	\$9,946	\$10,244	\$10,552	\$10,868	\$11,194	\$11,530	\$11,876	\$12,232	\$12,599	\$12,977	\$13,367	\$13,768	\$14,181
Maintenance and Repairs/Pest Control		\$56,250	\$57,938	\$59,676	\$61,466	\$63,310	\$65,209	\$67,165	\$69,180	\$71,256	\$73,393	\$75,595	\$77,863	\$80,199	\$82,605	\$85,083
Grounds Maintenance and Landscaping		\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619	\$33,598	\$34,606	\$35,644	\$36,713	\$37,815
Contract Services		\$18,750	\$19,313	\$19,892	\$20,489	\$21,103	\$21,736	\$22,388	\$23,060	\$23,752	\$24,464	\$25,198	\$25,954	\$26,733	\$27,535	\$28,361
Security		\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619	\$33,598	\$34,606	\$35,644	\$36,713	\$37,815
Reserve for Replacements		\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Total Expenses		\$608,435	\$625,563	\$643,205	\$661,376	\$680,092	\$699,370	\$719,226	\$739,678	\$760,743	\$782,441	\$804,789	\$827,808	\$851,517	\$875,937	\$901,090
Net Operating Income		\$836,815	\$848,592	\$860,433	\$872,335	\$884,293	\$896,303	\$908,360	\$920,460	\$932,597	\$944,767	\$956,963	\$969,179	\$981,410	\$993,648	\$1,005,886
Debt Service Payments																
First Mortgage - CITI		\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938	\$672,938
Second Mortgage - SAIL		\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500
Third Mortgage - ELI		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fourth Mortgage - City Loan		\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Fifth Mortgage - SHIP		\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150
First Mortgage Fees - CITI/Freddie Mac		\$20,156	\$19,976	\$19,786	\$19,587	\$19,377	\$19,156	\$18,924	\$18,680	\$18,423	\$18,153	\$17,869	\$17,570	\$17,255	\$16,924	\$16,576
Second Mortgage Fees - SAIL Comp. and Serv.		\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775	\$10,775
Third Mortgage Fees - ELI Comp. and Serv.		\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383	\$3,383
Total Debt Service Payments		\$758,902	\$758,721	\$758,532	\$758,332	\$758,123	\$757,902	\$757,670	\$757,426	\$757,169	\$756,899	\$756,614	\$756,315	\$756,001	\$755,670	\$755,321
Cash Flow after Debt Service		\$77,913	\$89,871	\$101,901	\$114,002	\$126,170	\$138,401	\$150,690	\$163,034	\$175,428	\$187,868	\$200,348	\$212,864	\$225,409	\$237,978	\$250,565
Debt Service Coverage Ratios																
DSC - First Mortgage plus Fees		1.21	1.22	1.24	1.26	1.28	1.30	1.31	1.33	1.35	1.37	1.39	1.40	1.42	1.44	1.46
DSC - Second Mortgage plus Fees		1.11	1.13	1.15	1.16	1.18	1.19	1.21	1.23	1.24	1.26	1.28	1.29	1.31	1.33	1.35
DSC - Third Mortgage plus Fees		1.11	1.12	1.14	1.16	1.17	1.19	1.21	1.22	1.24	1.26	1.27	1.29	1.31	1.32	1.34
DSC - Fourth Mortgage plus Fee		1.10	1.12	1.14	1.15	1.17	1.18	1.20	1.22	1.23	1.25	1.27	1.28	1.30	1.32	1.33
DSC - Fifth Mortgage plus Fees		1.10	1.12	1.13	1.15	1.17	1.18	1.20	1.22	1.23	1.25	1.26	1.28	1.30	1.31	1.33
DSC - All Mortgages and Fees		1.10	1.12	1.13	1.15	1.17	1.18	1.20	1.22	1.23	1.25	1.26	1.28	1.30	1.31	1.33
Financial Ratios																
Operating Expense Ratio		42.10%	42.44%	42.78%	43.12%	43.47%	43.83%	44.19%	44.56%	44.93%	45.30%	45.68%	46.07%	46.46%	46.85%	47.25%
Break-even Economic Occupancy Ratio (all debt)		89.17%	88.47%	87.80%	87.14%	86.51%	85.90%	85.31%	84.74%	84.20%	83.67%	83.16%	82.68%	82.21%	81.77%	81.34%

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HC Allocation Calculation

Section I: Qualified Basis Calculation

Total Development Costs(including land and ineligible Costs)	\$30,491,011
Less Land Costs	\$350,000
Less Federal Grants and Loans	\$0
Less Other Ineligible Costs	\$2,978,268
Total Eligible Basis	\$27,162,743
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	\$35,311,566
Housing Credit Percentage	3.33%
Annual Housing Credit Allocation	\$1,175,875

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 Qualified Basis Calculation.
4. For purposes of this recommendation, a HC percentage of 3.33% was applied for the qualified basis credit allocation based on the rate at time of Invitation into Credit Underwriting in April 2016 (3.18%) plus 15 bps.

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Section II: GAP Calculation

Total Development Costs(including land and ineligible Costs)	\$30,491,011
Less Mortgages	\$16,660,900
Less Grants	\$0
Equity Gap	\$13,830,111
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$1.09
HC Required to meet Equity Gap	\$12,643,048
Annual HC Required	\$1,264,305

Notes:

1. The pricing and syndication percentage was taken from the letter of intent, dated March 15, 2017, from Boston Financial.

Section III: Summary

HC Per Syndication Agreement	\$1,163,005
HC Per Qualified Basis	\$1,175,875
HC Per GAP Calculation	\$1,264,305
Annual HC Recommended	\$1,175,875
Syndication Proceeds based upon Syndication Agreement	\$12,722,000

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.

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Section IV: 50% Test Calculation

Tax-Exempt Note Amount	\$16,000,000
Less: Debt Service Reserve Funded with Tax Exempt Note Proceeds	\$0
Other:	\$0
Other:	\$0
Equals Net Tax-Exempt Note Amount	\$16,000,000
Total Depreciable Cost	\$27,162,743
Plus Land Cost	\$350,000
Aggregate Basis	\$27,512,743
Net Tax-Exempt Note to Aggregate Basis Ratio	58.15%

Notes:

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

EXHIBIT "B"

(Royal Palm Place / RFA 2014-111 / 2014-429S)

SAIL/ELI DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

125 mid-rise units located in 4 residential buildings.

Unit Mix:

Seventy-five (75) one bedroom/one bath units; and

Fifty (50) two bedroom/two bath units;

125 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;
5. Full-size range and oven in all units;

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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:

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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;

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7. Air Conditioning (choose in-unit or commercial);
 - a. In-unit air conditioning: minimum 14 SEER; or
 - b. Packaged units are allowed in studio/efficiency units and one-bedroom units; minimum 11.7 EER: or
 - c. 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.

- G. The Applicant has committed to provide the following Additional Green Building Features to achieve a total point value of at least 10 points:
 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 and material must be certified by the Forest Stewardship Council or a certification program endorsed by the Programme for the Endorsement of Forest Certification (3 points)
 8. Eco-friendly flooring for entire unit – Carpet and Rug Institute Green Label certified carpet and pad, bamboo, cork, 80 percent recycled content tile, and/or natural linoleum (3 points)

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9. ___ Energy Star rating for all windows in each unit (3 points)
10. X Florida Yards and Neighborhoods certification on all landscaping (2 points)
11. X Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points)

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

H. The Applicant 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.

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DEVELOPMENT

NAME: Royal Palm Place

DATE: June 1, 2017

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.	Unsatis.	1.
15. Firm commitment letter from the syndicator, if any.	Unsatis.	1.
16. Firm commitment letter(s) for any other financing sources.	Unsatis.	1.

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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. The underwriter received term sheets and letter of intents for all funding sources, which is not considered a firm commitment.

Applicant's Response:

1. Items 14, 15, and 16 will be satisfied by way of final loan documents and partnership agreement being executed by all parties at the closing of the financing referred in this report.