June 8, 2016

Mr. Todd Fowler
Florida Housing Finance Corporation
City Centre Building
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Re: Thomas Chase
SAIL 2002-126BS / MMRB 2003 Series L / 4% HC 2003-505C

Refinance of the First Mortgage and Subordination of the State Apartment Incentive Loan ("SAIL"), SAIL Land Use Restriction Agreement ("LURA"), Multifamily Mortgage Revenue Bonds ("MMRB") LURA, and Housing Credit ("HC") Extended Low Income Housing Agreement ("ELIHA")

Dear Mr. Fowler:

First Housing has reviewed a request dated May 13, 2016 from Jason Floyd on behalf of Vestcor Fund XIX, Ltd. ("Borrower"), requesting that Florida Housing Finance Corporation ("Florida Housing" or "FHFC") approve the refinancing of the existing first mortgage loan and execute Subordination Agreements of the SAIL loan documents, SAIL LURA, MMRB LURA, and HC ELIHA. The Borrower intends to refinance the first mortgage with a new first mortgage in the amount of $12,534,000 from PNC Bank, National Association ("PNC"). The proceeds will be utilized to satisfy the existing first mortgage loan, pay accrued interest and principal (if applicable) on the SAIL loan, pay related financing costs, fund taxes, insurance and replacement reserves.

On behalf of FHFC, First Housing Development Corporation ("FHDC" or "First Housing") has reviewed the request, performed certain due diligence, and formulated recommendations and conditions which are contained at the end of this report. For the purposes of this analysis, First Housing has reviewed the following:

- Rule 67-48.010(15) F.A.C.

- Credit Underwriting Report, dated April 15, 2003.

- Audited Financial Statements for the years ended December 31, 2014 and December 31, 2015.
- Property Rent Roll, dated April 30, 2016.
- FHFC's Occupancy Reports.
- SAIL Promissory Note, dated July 2, 2003.
- Term sheet from PNC for a Fannie Mae DUS Multifamily Affordable Housing Loan, dated May 23, 2016.
- Draft Appraisal completed by Colliers International, dated May 31, 2016.
- ELIHA, dated August 26, 2004.
- SAIL LURA, dated July 2, 2003.
- MMRB LURA, dated July 2, 2003.
- Borrower's Sources and Uses of Funds Schedule.
- FHFC Past Due Report, dated May 11, 2016.
- FHFC Noncompliance Report, dated April 1, 2016.
- Annual Management Review and Physical Inspection, dated June 4, 2015.

First Housing's findings are as follows:

Background

Thomas Chase is an existing 268 unit multifamily development located in Jacksonville, Duval County, Florida and consists of ten (10) three-story residential apartment buildings and a single-story leasing office/clubhouse. The Development contains fifty-six (56) one bed/one bath units, one-hundred and twenty (120) two bed/two bath units, and ninety-two (92) three bed/two bath units. The Borrower is a Florida limited partnership formed on July 28, 1999 to develop, own, and operate the subject development. The General Partner with 0.01% ownership interest is Vestcor Partners XIX, LLC and the Limited Partner with 99.99% ownership interest is TCF BO/F, LLC.

The property was financed in 2003 with Florida Housing tax-exempt Multifamily Mortgage Revenue Bonds in the amount of $12,200,000. The bonds bear interest at a rate of 5.60% and require monthly payments of principal and interest until maturity on September 1, 2036. Based on an email from the trustee dated May 19, 2016, the outstanding bond balance is $9,755,000. This outstanding balance does not take into account the monthly payments being held by the trustee, as the bonds are redeemed twice a year. The Borrower has estimated that the outstanding principal balance at closing will be $9,718,766.

The existing second mortgage is payable to FHFC under its SAIL loan program in the amount of $2,000,000. The SAIL loan is non-amortizing and bears interest at a rate of 3% per annum. Interest payments are due annually based on development cash flow and all required fees are paid annually. Any unpaid interest and principal will be due and payable at maturity on September 1, 2036.

The development also received an allocation of HC's.

Operation of the subject is restricted by terms and conditions detailed in various loan documents, including but not limited to Florida Housing's HC ELIHA, SAIL LURA and MMRB LURA.

A HC ELIHA dated August 26, 2004, requires the following set asides for a term of fifty (50) years:

- 20% of the units (54 units) set aside at or below 50% Area Median Income ("AMI")
- 80% of the units (remaining units) set aside at or below 60% AMI

A SAIL LURA dated July 2, 2003, requires the following set asides for a term of fifty (50) years:

- 20% of the units (54 units) set aside at or below 50% AMI
- 80% of the units (remaining units) set aside at or below 60% AMI

A MMRB LURA dated July 2, 2003, requires the following set asides for a term of fifty (50) years:

- 20% of the units (54 units) set aside at or below 50% AMI
- 65% of the units (174 units) set aside at or below 60% AMI

The development team was not reported on Florida Housing's May 11, 2016 Past Due Report, but is listed on Florida Housing's May 11, 2016 Foreclosure Report for the following:

- ➢ Riley Chase – November 9, 2009

The development team was not reported on Florida Housing's April 1, 2016 Florida Housing's Noncompliance Report.

Per the April 30, 2016 rent roll, the development was 98.51% occupied. Based on Florida Housing's occupancy reports, the property's occupancy averaged 96.34% and 97.07% for 2014 and 2015, respectively. As of April 2016, the property was reported at 98.51% occupied.

The Annual Management Review and Physical Inspection conducted on June 4, 2015, found the property to be in compliance and a closeout letter was issued on August 7, 2015.

Refinancing Overview

The refinancing of the existing first mortgage loan is permitted under the underlying SAIL documents; however, FHFC Board approval is required. Rule 67-48.010(15) F.A.C. states that the "Board shall approve requests for mortgage loan refinancing only if Development Cash Flow is improved, the Development's economic viability is maintained, the security interest of the Corporation is not adversely affected, and the Credit Underwriter provides a positive recommendation."

First Housing reviewed a term sheet from PNC for a first mortgage loan under the Fannie Mae DUS Multifamily Affordable Housing product line in the amount of $12,534,000, dated April 13, 2016. The final loan amount shall not exceed 70% of the approved value or have a debt service coverage ratio less than 1.30x. The loan term will be 10 years with the initial three (3) years of interest only, followed by payments based on a 30 year amortization schedule. The interest rate is estimated at 3.36% based on a 10-year U.S. Treasury rate of 1.85% plus a spread of 1.51%. The underwriter has included a 0.20% underwriting cushion for an "all in" interest rate of 3.56%.

Annual debt service for the first mortgage is currently $839,159 and is estimated to be $446,210 for the first three years and $680,447 for the remaining seven years. Cash flow will be improved and the subject's economic viability will be maintained. The SAIL Loan is in a subordinate lien position behind an original principal balance $12,200,000 first mortgage loan. The refinanced first mortgage loan is anticipated to be in the amount of $12,534,000. The amount of the new first mortgage will pay off the existing first mortgage loan balance in the amount of $9,718,766, pay accrued interest and principal (if applicable) on the SAIL loan, pay related financing costs, and fund taxes, insurance, and replacement reserve escrows.

Fannie Mae conditions will require that FHFC execute a Subordination Agreement of the SAIL Loan Documents. Fannie Mae also requires certain subordinate loan document amendments to conform to Fannie Mae standards. The MMRB LURA and ELIHA must also be subordinated, as applicable, to certain Fannie Mae documents.

The combined loan to value of the first mortgage and SAIL at the time of the original SAIL underwriting was 84.57%, based on the market value of $16,790,000. Based upon a draft appraisal performed by Colliers International, dated May 31, 2016, the subject's market value is $24,800,000. Receipt of a satisfactory final Appraisal is required prior to closing. The combined loan to value of the proposed new first mortgage and SAIL loan is 58.60% based on the market value. This satisfies the requirement of the Rule that the original combined loan to value ratio for the superior mortgages and SAIL mortgage is maintained or improved.

Management Company

The existing management company is Calex Realty Group, Inc. ("CRG"). There is no plan to change management of the development. First Housing received a Third Amendment to the Management Agreement dated March 17, 2014, which reflects a management fee of 3.5%. The selection of the management company, CRG, is currently approved by the FHFC Asset Management Department. Continued approval is subject to on-going performance.

Overall Source and Use of Funds

The Borrower has provided First Housing with an estimate of the overall sources and uses of funds:

Sources		
New 1st Mortgage Loan	$	12,534,000
RR Balance	$	418,000
T&I Escrow Balance	$	120,000
Total Sources	**$**	**13,072,000**
Uses		
Deferred 3% SAIL Interest	$	375,000
Existing 1st Mortgage	$	9,718,766
Prepayment Fee	$	291,563
Lender's Attorney's Fees	$	25,000
Bond Counsel Fees	$	9,000
PNC Processing Fee	$	5,000
PNC Origination Fee	$	125,340
Repair Escrow	$	5,000
Replacement Reserve Deposit	$	400,000
Tax and Insurance Escrow	$	120,000
Exterior Repaint	$	160,000
Appraisal	$	5,000
Engineer	$	2,800
Environmental	$	2,500
Title Insurance Premium	$	34,000
Borrower's Attorney's Fees	$	30,000
FHFC/Underwriter/Attorney Fees	$	25,000
Survey Fee	$	4,000
Other Closing Costs	$	15,000
Total Uses	**$**	**11,352,969**

Excess to be distributed: $1,719,031

These costs are based on estimates provided by the Borrower which appear reasonable at this time.

Please see page 9 for the SAIL pay down calculation.

Recommendations

First Housing concludes that conditions for refinancing approval, as set forth in Rule 67-48.010(15) F.A.C. have been met. First Housing recommends the first mortgage refinancing, subordination of the existing SAIL loan, SAIL LURA, MMRB LURA, and HC ELIHA, and the modification of any other loan documents as required to effectuate the refinancing subject to the following conditions:

1. Review and approval of all loan documents consistent with the terms outlined above by FHFC and its legal counsel.

2. Review of final loan terms and confirmation that all requirements set forth in F.A.C. Rule 67-48.010(15) for approval have been met.

3. Borrower shall agree to maintain all set-asides and other requirements of the SAIL documents, SAIL LURA and HC ELIHA.

4. Consent of the HC equity provider.

5. Satisfactory resolution of any outstanding past due and noncompliance items.

6. 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 67-48.0075 (5) F.A.C., of an Applicant or a Developer).

7. Prepayment of any required compliance monitoring and servicing fees, if applicable.

8. Confirmation of refinancing fees and closing costs prior to closing, in order to verify the SAIL pay down.

9. Payment of outstanding SAIL accrued interest and principal, as determined by Servicer and approved by FHFC.

10. Receipt of a satisfactory Final Appraisal.

11. All other due diligence required by FHFC and its legal counsel.

Prepared by:

Stephanie Petty

Stephanie Petty
Credit Underwriter

Reviewed By:

Ed Busansky
Senior Vice President

SAIL Pay-Down Calculation

Original First Mortgage	$12,200,000	
Original SAIL	$2,000,000	
Total	$14,200,000	
Original SAIL divided by original total First Mortgage & SAIL =		0.1408
New First Mortgage Loan amount	$12,534,000	
Original First Mortgage	$12,200,000	
Increased loan amount	$334,000	
Increase multiplied by 0.1408	$47,027	
* TOTAL Estimated SAIL Paydown	**$47,027**	

$47,027 *Before deducting eligible refinancing costs

Operating Pro-Forma

FINANCIAL COSTS:			2014 AFS First Housing Analysis	Per Unit	2015 AFS First Housing Analysis	Per Unit	Developer Projected Proforma	Per Unit	Appraisal Projections	Per Unit	Underwriter Projected Proforma	Per Unit
OPERATING PRO FORMA												
INCOME:	Gross Potential Rental Income		**$2,316,734**	**$8,645**	**$2,381,642**	**$8,887**	**$2,473,800**	**$9,231**	**$2,471,832**	**$9,223**	**$2,473,800**	**$9,231**
	Other Income											
	Miscellaneous		$229,648	**$857**	$244,430	**$912**	$204,000	**$761**	$258,920	**$966**	$200,000	**$746**
	Gross Potential Income		**$2,546,382**	**$9,501**	**$2,626,072**	**$9,799**	**$2,677,800**	**$9,992**	**$2,730,752**	**$10,189**	**$2,673,800**	**$9,977**
	Less:											
	Physical Vac. Loss	Percentage: 5.00%	-$186,836	**-$697**	$133,611	**$499**	$123,690	**$462**	$111,232	**$415**	$133,690	**$499**
	Collection Loss	Percentage: 2.00%	$0	**$0**	$0	**$0**	$49,476	**$185**	$47,961	**$179**	$53,476	**$200**
Total Effective Gross Income			**$2,733,218**	**$10,199**	**$2,492,461**	**$9,300**	**$2,504,634**	**$9,346**	**$2,571,559**	**$9,595**	**$2,486,634**	**$9,278**
EXPENSES:	Fixed:											
	Real Estate Taxes		$150,702	**$562**	$155,721	**$581**	$158,000	**$590**	$268,655	**$1,002**	$164,820	**$615**
	Insurance		$82,624	**$308**	$85,656	**$320**	$84,000	**$313**	$87,100	**$325**	$85,760	**$320**
	Variable:											
	Management Fee	Percentage: 3.50%	$101,648	**$379**	$107,028	**$399**	$87,662	**$327**	$90,005	**$336**	$87,032	**$325**
	General and Administrative		$125,676	**$469**	$122,363	**$457**	$65,000	**$243**	$72,360	**$270**	$93,800	**$350**
	Payroll Expenses		$370,491	**$1,382**	$379,071	**$1,414**	$355,000	**$1,325**	$384,580	**$1,435**	$356,440	**$1,330**
	Utilities		$195,063	**$728**	$192,144	**$717**	$175,000	**$653**	$214,400	**$800**	$180,900	**$675**
	Marketing and Advertising		$0	**$0**	$0	**$0**	$25,000	**$93**	$26,800	**$100**	$26,800	**$100**
	Maintenance and Repairs/Decorating		$220,318	**$822**	$250,216	**$934**	$165,000	**$616**	$160,800	**$600**	$174,200	**$650**
	Grounds Maintenance and Landscaping		$0	**$0**	$0	**$0**	$75,000	**$280**	$30,820	**$115**	$75,040	**$280**
	Security		$0	**$0**	$0	**$0**	$10,000	**$37**	$0	**$0**	$10,184	**$38**
	Reserve for Replacements		$64,052	**$239**	$64,052	**$239**	$93,800	**$350**	$73,700	**$275**	$93,800	**$350**
Total Expenses			**$1,310,574**	**$4,890**	**$1,356,251**	**$5,061**	**$1,293,462**	**$4,826**	**$1,409,220**	**$5,258**	**$1,348,776**	**$5,033**
Net Operating Income			**$1,422,644**	**$5,308**	**$1,136,210**	**$4,240**	**$1,211,172**	**$4,519**	**$1,162,339**	**$4,337**	**$1,137,858**	**$4,246**
Debt Service Payments												
	First Mortgage - PNC		$839,230	$3,131	$839,159	$3,131	$438,690	$1,637	$438,690	$1,637	$446,210	$1,665
	Second Mortgage - FHFC SAIL		$60,000	$224	$60,000	$224	$60,000	$224	$60,000	$224	$60,000	$224
	Other Fees - Agency/Servicer		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service Payments			**$899,230**	**$3,355**	**$899,159**	**$3,355**	**$498,690**	**$1,861**	**$498,690**	**$1,861**	**$506,210**	**$1,889**
Cash Flow after Debt Service			**$523,414**	**$1,953**	**$237,051**	**$885**	**$712,482**	**$2,659**	**$663,649**	**$2,476**	**$631,647**	**$2,357**
Debt Service Coverage Ratios												
	DSC - First Mortgage		**1.70**		**1.35**		**2.76**		**2.65**		**2.55**	
	DSC - First & Second Mortgages		**1.58**		**1.26**		**2.43**		**2.33**		**2.25**	
	DSC - All Mortgages and Fees		**1.58**		**1.26**		**2.43**		**2.33**		**2.25**	
Financial Ratios												
	Operating Expense Ratio		**48%**		**54%**		**52%**		**55%**		**54%**	
	Break-even Economic Occupancy Ratio (all d		**87%**		**86%**		**67%**		**70%**		**69%**	