

*Credit Underwriting Report*

## **Florida Housing Finance Corporation**

### **Jacaranda Place**

**Financing for the Development of Housing for Persons with A Disabling Condition or  
Developmental Disabilities**

**SAIL and 9% HC**

**RFA 2020-106 / 2020-451CS**

**Section A      Report Summary**

**Section B      Loan Conditions and HC Allocation Recommendation and Contingencies**

**Section C      Supporting Information and Schedules**

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*Prepared by*

***Seltzer Management Group, Inc.***

*Final Report*

*April 21, 2021*

Jacaranda Place

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**Section A**  
**Report Summary**

**Recommendation**

Seltzer Management Group, Inc. (“SMG” or “Seltzer”) recommends a State Apartment Incentive Loan (“SAIL”) in the amount of \$4,000,000 and a 9% Housing Credit (“HC”) allocation in the annual amount of \$1,700,000 be awarded to this development by the Florida Housing Finance Corporation (“FHFC” or “Florida Housing”).

**DEVELOPMENT & SET-ASIDES**

Development Name: Jacaranda Place

RFA/Program Numbers: RFA 2020-106 / 2020-451CS

Address: 1200 Loveland Boulevard

City: Port Charlotte Zip Code: 33980 County: Charlotte County Size: Medium

Development Category: New Construction Development Type: Garden Apts (1-3 Stories)

Construction Type: Masonry

Demographic Commitment:

Primary: Persons with a Disabling Condition for 50% of the Units

Unit Composition:

# of ELI Units: 14 ELI Units Are Restricted to 40% AMI, or less. Total # of units with PBRA? 0

# of Link Units: 0 Are the Link Units Demographically Restricted?            # of NHTF Units: 0

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	7	650	40%			\$464	\$75	\$389		\$389	\$389	\$389	\$32,676
1	1.0	39	650	60%			\$696	\$75	\$621		\$621	\$621	\$621	\$290,628
2	2.0	7	950	40%			\$557	\$93	\$464		\$464	\$464	\$464	\$38,976
2	2.0	35	950	60%			\$835	\$93	\$742		\$742	\$742	\$742	\$311,640
		88	69,800											\$673,920

Buildings: Residential - 2

Non-Residential - 1

Parking: Parking Spaces - 106

Accessible Spaces - 5

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
SAIL/HC	15%	14	40%	50
SAIL/HC	85%	74	60%	50

The demographic commitment is Persons with a Disabling Condition and the Applicant has selected to serve the population of adult persons requiring independent living services in order to maintain housing or develop independent living skills and who have a Disabling Condition that neither currently impairs nor is likely to impair their physical mobility, such as persons with a mental illness and also committed to set aside at least 50% (44 units), but less than 80% (71 units) of the total units to be set aside for Permanent Supportive Housing for Persons with a Disabling Condition and at least 20% (18 units) of the total units

must consist of Permanent Supportive Housing for individuals and families that meet the definition of Homeless (which may be the same units set aside for persons with a Disabling Condition).

The Applicant must irrevocably commit to the Persons with a Disabling Condition demographic commitment for a minimum of 50 years. After the initial 12 years, the Applicant may submit a request to FHFC that allows the Applicant to commit to a different population(s) demographic commitment provided at 2.b. of Exhibit A if the appropriate Level 1 or Level 2 Accessibility Requirements are met at the Development for the population(s).

The Applicant must have an executed agreement to participate in the Continuum of Care (“CoC”) Homeless Management Information System (“HMIS”); and will contribute data on the Development’s tenants to the CoC’s HMIS data system or, if servicing Survivors of Domestic Violence, is providing aggregate data reports to the CoC. The executed agreement shall be required at least 6 months prior to the expected placed in-service date. The Applicant must also commit to be a housing provider in the Continuum of Care’s Homeless Coordinated Entry system as required by the U.S. Department of Housing and Urban Development. The Applicant will utilize the Continuum’s Coordinated Entry system to meet the homeless demographic set-aside commitment, unless Florida Housing approves another approach to meet this demographic commitment.

All proposed Developments in this RFA qualify for the basis boost.

Absorption Rate 44 units per month for 2 months.

Occupancy Rate at Stabilization: Physical Occupancy 97.00% Economic Occupancy 96.00%  
Occupancy Comments Appraiser indicates 2 Mo Pre-Lease w/ 2 Mo Move-In

DDA: No QCT: No Multi-Phase Boost: No QAP Boost: Yes  
Site Acreage: 7.67 Density: 11.4733 Flood Zone Designation: X  
Zoning: Planned Development (PD) Flood Insurance Required?: No

DEVELOPMENT TEAM		
Applicant/Borrower:	Blue CASL Charlotte, LLC	% Ownership
Member	CASL Charlotte, LLC	0.0051%
Member	Blue Charlotte M, LLC	0.0049%
Member	Raymond James Tax Credit Funds, Inc.	99.99%
Construction Completion Guarantor(s):		
CC Guarantor 1:	Blue CASL Charlotte, LLC	
CC Guarantor 2:	CASL Charlotte, LLC	
CC Guarantor 3:	Blue Charlotte M, LLC	
CC Guarantor 4:	Blue Sky Communities, LLC	
CC Guarantor 5:	Shawn Wilson	
CC Guarantor 6:	Weedon Enterprises, LLC	
CC Guarantor 7:	James Chadwick	
CC Guarantor 8:	Community Assisted Supported Living, Inc.	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	Blue CASL Charlotte, LLC	
OD Guarantor 2:	CASL Charlotte, LLC	
OD Guarantor 3:	Blue Charlotte M, LLC	
OD Guarantor 4:	Blue Sky Communities, LLC	
OD Guarantor 5:	Shawn Wilson	
OD Guarantor 6:	Weedon Enterprises, LLC	
OD Guarantor 7:	James Chadwick	
OD Guarantor 8:	Community Assisted Supported Living, Inc.	
Developer:	Blue JP Developer, LLC (75%)	
Principal 1	Blue Sky Communities LLC	
Principal 2	Weedon Enterprises, LLC (50%)	
Principal 3	Shawn Wilson (30%)	
Principal 4	Scott Macdonald (20%)	
Co-Developer:	CASL Developer, LLC (25%)	
Principal 1	Community Assisted and Supported Living, Inc.	
General Contractor 1:	BSC P&E, LLC	
Management Company:	Carteret Management Corporation	
Syndicator:	Raymond James Tax Credit Funds, Inc.	
Architect:	Architectonics Studio, Inc.	
Market Study Provider:	Walter Duke + Partners	
Appraiser:	Walter Duke + Partners	

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lender/Grantor	FHFC - SAIL					
Amount	\$4,000,000					
Underwritten Interest Rate	0.50%					
Loan Term	17.0					
Amortization	N/A					
Market Rate/Market Financing LTV	34.5%					
Restricted Market Financing LTV	133.3%					
Restricted Favorable Financing LTV	63.5%					
Loan to Cost - Cumulative	20.3%					
Debt Service Coverage	5.16					
Operating Deficit & Debt Service Reserves	\$748,227					
# of Months covered by the Reserves	0.0					

Deferred Developer Fee	\$391,040
As-Is Land Value	\$1,500,000
Market Rent/Market Financing Stabilized Value	\$11,600,000
Rent Restricted Market Financing Stabilized Value	\$3,000,000
Rent Restricted Favorable Financing Stabilized Value	\$6,294,753
Projected Net Operating Income (NOI) - Year 1	\$159,817
Projected Net Operating Income (NOI) - 15 Year	\$121,542
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Housing Credit (HC) Syndication Price	\$0.90
HC Annual Allocation - Initial Award	\$1,700,000
HC Annual Allocation - Qualified in CUR	\$1,700,000
HC Annual Allocation - Equity Letter of Interest	\$1,700,000

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Regulated Mortgage	TD Bank N.A.	\$12,000,000	\$0	\$0.00
FHFC - SAIL	FHFC-SAIL	\$4,000,000	\$4,000,000	\$45,455
HC Equity	RJTCF	\$3,059,694	\$15,298,470	\$173,846
Deferred Developer	Developer	\$629,816	\$391,040	\$4,444
<b>TOTAL</b>		\$19,689,510	\$19,689,510	\$223,744

Changes from the Application:

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

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

1. Change in sources of funds:

- a. JPMorgan Chase Bank, N.A. ("Chase") issued a preliminary loan commitment for a construction loan in the amount of \$12,000,000. TD Bank, N. A. ("TD") subsequently replaced Chase as the construction loan lender and issued a Summary of Terms and Conditions dated March 18, 2021 with a maximum loan amount of \$12,000,000).



2. Change in Rate of Syndication:
  - a. The exchange rate of syndication decreased from \$0.94 to \$0.90 per dollar allocated to HC.
3. Change in Other Material Respects Presented in Application:
  - a. On November 25, 2020, Florida Housing approved the Applicant's request to change the unit mix from forty-four (44) one-bedroom/one bath units and forty-four (44) two-bedroom/two bath units to forty-six (46) one-bedroom/one bath units and forty-two (42) two-bedroom/two bath units.
  - b. On November 25, 2020, Florida Housing approved the Applicant's request to change the number of buildings from two to three buildings (two residential and one non-residential).
  - c. On November 25, 2020, Florida Housing approved the Applicant's request to change the energy star dryer language from "a minimum of one Energy Star certified washer and one Energy Star certified dryer per every 15 units" to "a minimum of one Energy Star certified washer and one Energy Star certified or commercial grade dryer per every 15 units".
  - d. On December 4, 2020, Florida Housing's Board approved a change in the Developer structure replacing Blue Sky Developer, LLC with Blue JP Developer, LLC. The principals will remain the same.
  - e. On February 2, 2021, the Applicant submitted a letter informing Florida Housing of a change in the General Contractor from NDC Construction to BSC P&E, LLC.
  - f. On February 19, 2021, Florida Housing approved a correction in the ownership percentages within two of the principal entities associated with the Applicant (Blue Charlotte M, LLC and Blue JP Developer, LLC). Both entities changed Shawn Wilson's ownership percentage from 28.5% to 30%, Scott Macdonald's ownership percentage from 10% to 20%, and Weedon Enterprises, LLC's ownership percentage from 61.5% to 50%.
  - g. On April 5, 2021, Florida Housing approved the Applicant's request to incorporate the Charlotte County Plat approval and recording of the property's legal description which will be included in the Deed with Site Control evidence.
  - h. On April 15, 2021, Florida Housing approved the Applicant's request to change the construction type from wood to concrete and approved the use of ESS Construction for purposes of calculating Total Development Cost limits.

These changes have no material impact to the SAIL or the HC recommendation for this development.

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

The FHFC Past Due Report dated March 31, 2021 reflects no past due items.

The FHFC Asset Management Noncompliance Report dated June 9, 2020 reflects no noncompliance items.

This recommendation is subject to satisfactory resolution of any outstanding past due and/or noncompliance items prior to loan closing and the issuance of the annual HC Allocation Recommendation herein.

Strengths:

1. The appraiser states that the subject property is in a stable neighborhood with built-in demand for this class and quality of residential housing. In addition, there is a good supply of basic supporting services in the general area (restaurants, employment, medical facilities, shopping).
2. The principals of the Applicant, principals of the General Contractor, and the management company are experienced in affordable multifamily housing.
3. The principals have sufficient experience and financial resources to develop, construct and operate the proposed development.

Other Considerations: None

Mitigating Factors: None

Waiver Requests/Special Conditions: None

Additional Information:

1. Per the Rule 67-48.0072 (11), the maximum debt service coverage shall be 1.50 to 1.00 for the SAIL, including all superior mortgages. The DSC is 5.161 to 1.00 which exceeds the maximum threshold. In extenuating circumstances, such as when the Development has deep or short-term subsidy, the Debt Service Coverage ("DSC") may exceed 1.50x if the Credit Underwriter's favorable recommendation is supported by the projected cash flow analysis. Based on the deep subsidy provided by the low interest rate SAIL, exceeding the maximum threshold is permitted.

The DSC for the Subject Development, as shown in Exhibit 1, exceeds the maximum requirement from year one through year fifteen and declines annually. Based upon an estimated Net Operating income ("NOI") of \$159,817 for the proposed development's initial year of stabilized operations, the DSC for the SAIL loan with fees is 5.161 and 3.925 in year fifteen.

2. The United States is currently under a national emergency due to the spread of the virus known as COVID-19. The extent of the virus' impact to the overall economy is unknown. More specifically, it is unknown as to the magnitude and timeframe the residential rental market (e.g. absorption rates, vacancy rates, collection losses, appraised value, etc.) and the construction industry (e.g. construction schedules, construction costs, subcontractors, insurance, etc.) will be impacted. Recommendations made by Seltzer in this report, in part, rely upon assumptions made by third-party reports that are unable to predict the impacts of the virus.

Issues and Concerns: None

Recommendation:

SMG recommends a SAIL in the amount of \$4,000,000 and a 9% HC allocation in the annual amount of \$1,700,000 for the construction and permanent financing of Jacaranda Place.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the Loan Conditions and HC Allocation Contingencies (Section B). The reader is cautioned to refer to these sections for complete information.

This recommendation is only valid for six months from the date of the report.

Prepared by:



Frank Sforza  
Credit Underwriter

Reviewed by:



Cindy Highsmith  
Manager, Credit Underwriting

## Overview

### CONSTRUCTION FINANCING SOURCES

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
First Mortgage	TD Bank N.A.	\$12,000,000	\$12,000,000	\$12,000,000	3.25%	\$417,300
Second Mortgage	FHFC-SAIL	\$4,000,000	\$4,000,000	\$4,000,000	0.50%	\$20,000
HC Equity	RJTFC	\$2,396,761	\$3,059,694	\$3,059,694		
Deferred Developer Fee	Developer	\$1,915,597	\$613,430	\$629,816		
<b>Total</b>		<b>\$20,312,358</b>	<b>\$19,673,124</b>	<b>\$19,689,510</b>		<b>\$437,300</b>

#### First Mortgage Loan:

Applicant has submitted a Summary of Terms and Conditions from TD Bank, N.A. ("TD") dated March 18, 2021 for a first mortgage construction loan the lesser of a maximum loan amount of \$12,000,000), 75% of the appraised "as-stabilized" and "as restricted" value plus the value of the tax credits as determined by a FIRREA-conforming appraisal, or 70% loan to total Project cost ratio during construction (excluding deferred development fee). The loan will have a floating interest rate of 250 basis points over the 30-Day London Interbank Offered Rate ("LIBOR") that in no case shall be less than 3.00% per annum. As of March 17, 2021, the 30-Day LIBOR was 0.11% resulting in the floor rate being in effect. SMG included a 25 basis point cushion to account for possible interest rate increases resulting in an estimated rate of 3.25%. Interest only shall be paid monthly. The loan has an 18-month term from Closing with a conditional option for one six-month extension. A non-refundable commitment fee equal to 75 basis points of the amount of the Loan will be payable at closing.

#### Other Construction Sources of Funds:

Additional sources of funds for this Development during construction include a SAIL in the amount of \$4,000,000, HC equity in the amount of \$3,059,694, and deferral of Developer Fee in the amount of \$629,816. See the Permanent Financing Sources section below for details.

#### Construction/Stabilization Period:

A March 22, 2021 Appraisal Report conducted by Walter Duke & Partners ("WDP") reflected an average absorption rate of approximately 44 units per month for 2 months to achieve stabilized occupancy of 96% upon completion. SMG has utilized an 18-month construction/stabilization period based on the Construction Loan terms for purposes of this credit underwriting report.

**Permanent Financing Sources**

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Debt Service
First Mortgage	FHFC - SAIL	\$4,000,000	\$4,000,000	\$4,000,000	0.50%	N/A	17	\$20,000
Second Mortgage		\$0	\$0	\$0	0.00%	N/A		\$0
HC Equity	RJTFC	\$15,978,402	\$15,298,470	\$15,298,470				
Def. Developer Fee	Developer	\$333,956	\$374,654	\$391,040				
<b>Total</b>		<b>\$20,312,358</b>	<b>\$19,673,124</b>	<b>\$19,689,510</b>				<b>\$20,000</b>

**First Mortgage Loan- SAIL:**

The Applicant applied under RFA 2020-106 for SAIL funds in the amount of \$4,000,000. The SAIL will have a total term of 17 years, of which 2 years is for the construction/stabilization period. The SAIL will be non-amortizing and will bear a blended overall simple interest rate of 0.50% determined by the weighted average of the Applicants commitment to set-aside 50% of the units (44 units) for Persons with a Disabling Condition/at 0% interest and the remaining 50% of the units at 1.00% simple interest per annum. Any unpaid interest will be deferred until cash flow is available. At the maturity of the SAIL, however, all principal and unpaid interest is due. Annual payments of all applicable fees will be required. The Permanent Loan Servicing Fee is an annual fee of 25 basis points on the unpaid principal balance of the loan or minimum monthly fee of \$222 and a maximum monthly fee of \$883. The annual multiple program Compliance Monitoring Fee is \$964.

**Housing Credits Equity Investment:**

The Applicant has applied to Florida Housing to receive 9% Housing Credits.

Based upon a Letter of Intent dated March 11, 2021, RJTFC will provide equity as follows:

Capital Contributions	Amount	Percent of Total	When Due
1st Installment	\$3,059,694	20.00%	Paid prior to or simultaneous with the closing of construction financing
2nd Installment	\$2,294,771	15.00%	Later of 8/1/22 or Construction Completion
3rd Installment	\$9,844,005	64.35%	Later of 1/1/23 or Stabilized Operations
4th Installment	\$100,000	0.65%	8609s
<b>Total</b>	<b>\$15,298,470</b>	<b>100.00%</b>	

Annual Tax Credits per Syndication Agreement: \$1,700,000

Total HC Syndication: \$16,998,300

Syndication Percentage (limited partner interest): 99.99%

Calculated HC Exchange Rate (per dollar): \$0.90

Proceeds Available During Construction: \$3,059,694

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

Other Permanent Sources of Funds:

The Developer will have to defer \$391,040 of Developer Fees for payment from development operations after all loan proceeds and capital contributions payable under the syndication agreement have been received.

## Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accessory Buildings			\$487,496	\$5,540	
Demolition				\$0	\$0
Installation of Pre Fab Units				\$0	
New Rental Units	\$8,712,000	\$8,714,486	\$8,057,240	\$91,560	
Off-Site Work				\$0	\$0
Recreational Amenities				\$0	
Rehab of Existing Common Areas				\$0	
Rehab of Existing Rental Units				\$0	
Site Work	\$1,443,000	\$1,512,200	\$1,512,200	\$17,184	\$105,854
Swimming Pool			\$169,750	\$1,929	
Furniture, Fixture, & Equipment				\$0	
Hard Cost Contingency - in Constr. Cont.				\$0	
Constr. Contr. Costs subject to GC Fee	\$10,155,000	\$10,226,686	\$10,226,686	\$116,212	\$105,854
General Conditions	\$1,396,313	\$613,601	\$613,601	\$6,973	
Overhead		\$204,533	\$204,533	\$2,324	
Profit		\$613,601	\$613,601	\$6,973	
Builder's Risk Insurance				\$0	
General Liability Insurance				\$0	
Payment and Performance Bonds				\$0	
Contract Costs not subject to GC Fee				\$0	
Total Construction Contract/Costs	\$11,551,313	\$11,658,421	\$11,658,421	\$132,482	\$105,854
Hard Cost Contingency	\$577,565	\$582,921	\$582,921	\$6,624	
PnP Bond paid outside Constr. Contr.	\$97,031	\$77,332	\$77,332	\$879	
Fees for LOC used as Constr. Surety				\$0	
Demolition paid outside Constr. Contr.				\$0	
FF&E paid outside Constr. Contr.	\$176,000	\$202,100	\$202,100	\$2,297	
Other:				\$0	
Other:				\$0	
Other:				\$0	
Other:				\$0	
Other:				\$0	
<b>Total Construction Costs:</b>	<b>\$12,401,909</b>	<b>\$12,520,774</b>	<b>\$12,520,774</b>	<b>\$142,282</b>	<b>\$105,854</b>

## Notes to the Actual Construction Costs:

- The Applicant has provided an executed AIA Standard Form of Agreement between Owner and General Contractor ("GC") with a Guaranteed Maximum Price ("GMP") of \$11,658,421 dated February 23, 2021 with BSC P&E, LLC ("BSC PE").

The GMP includes specific Allowances listed in Exhibit D – Qualifications and Clarifications for Construction Estimate of the contract detailed below.

## Allowances in GMP Contract:

- \$ 25,000.00 Primary conduit
- \$ 2,500.00 Bike racks
- \$ 7,000.00 Benches
- \$ 3,000.00 Trash receptacles
- \$ 30,000.00 Gazebos

- \$ 10,000.00 Fountain
- \$ 34,149.00 Signage
- \$160,000.00 Pool and pool deck
- \$ 9,750.00 4' high aluminum fence with 2 gates
- \$ 38,000.00 Cable railings
- \$ 16,147.00 Mail Boxes
- \$ 17,855.00 Washer Dryers

In the Plan and Cost Analysis (“PCA”) performed by GLE Associates, Inc. (“GLE”) dated March 25, 2021, and detailed in Section C of this report, GLE reviewed the Allowance budget items and indicated they are within an acceptable range for the scope of work indicated.

The date of commencement shall be a date set forth in a notice to proceed issued by the Owner. The General Contractor shall achieve substantial completion not later than 375 calendar days from the date of commencement. Retainage shall be limited to 10% of the contract until the work is 50% and no retainage will be withheld thereafter, thus meeting FHFC’s minimum requirements. Final payment will be made when the contract has been fully performed and a final Certificate for Payment has been issued by the Architect.

BSC PE has provided SMG with a copy of an executed General Contractor Certification of Requirements, whereby the General Contractor acknowledges and commits to adhere to all requirements related to a General Contractor as published within Florida Administrative Code 67-48.

2. Accessory building costs are associated with the Clubhouse.
3. Ineligible costs related to Site Work are based on the Applicant’s estimate.
4. General Contractor fees as stated are within the 14% maximum per the Rule.
5. The Hard Cost Contingency is within the 5% allowed per Rule.
6. The Payment and Performance Bond will be paid by the Owner outside of the Construction Contract.
7. The FF&E paid outside of the Construction Contract includes costs for Security Cameras, Signage, Playground, Fitness Studio, Furniture, Pool Furniture, Artwork, Window Treatments, Computers, Printer, Phone, Maintenance Equipment, and Golf Cart.
8. SMG engaged and received a Plan and Cost Analysis (“PCA”) from GLE Associates, Inc. (“GLE”) dated March 25, 2021. Complete results are set forth in Section C of this credit underwriting report.



GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	\$40,000	\$40,000	\$40,000	\$455	\$40,000
Appraisal	\$7,500	\$9,000	\$5,000	\$57	
Architect's and Planning Fees				\$0	
Architect's Fee - Green Initiative				\$0	
Architect's Fee - Landscape				\$0	
Architect's Fee - Site/Building Design	\$206,000	\$194,000	\$194,000	\$2,205	
Architect's Fee - Supervision	\$51,500	\$61,500	\$61,500	\$699	
Building Permits	\$70,400	\$51,133	\$51,133	\$581	
Builder's Risk Insurance	\$100,000			\$0	
Capital Needs Assessment/Rehab				\$0	
Engineering Fees	\$85,000	\$77,400	\$77,400	\$880	
Environmental Report	\$12,000	\$4,650	\$4,650	\$53	
Federal Labor Standards Monitoring				\$0	
FHFC Administrative Fees	\$153,000	\$93,500	\$93,500	\$1,063	\$93,500
FHFC Application Fee	\$3,000	\$3,000	\$3,000	\$34	\$3,000
FHFC Credit Underwriting Fee	\$30,000	\$21,037	\$20,737	\$236	\$20,737
FHFC Compliance Fee	\$209,968	\$220,641	\$214,229	\$2,434	\$214,229
FHFC Other Processing Fee(s)			\$100	\$1	\$100
Impact Fee	\$234,784	\$0	\$0	\$0	
Lender Inspection Fees / Const Admin	\$40,000	\$55,000	\$55,000	\$625	
Green Building Cert. (LEED, FGBC, NGBS)	\$30,000	\$23,840	\$23,840	\$271	
Home Energy Rating System (HERS)				\$0	
Insurance	\$206,000	\$215,450	\$215,450	\$2,448	
Legal Fees - Organizational Costs	\$190,000	\$200,000	\$200,000	\$2,273	\$63,750
Local Subsidy Underwriting Fee				\$0	
Market Study	\$7,500		\$4,000	\$45	\$4,000
Marketing and Advertising	\$15,000	\$15,000	\$15,000	\$170	\$15,000
Plan and Cost Review Analysis		\$2,450	\$2,450	\$28	
Property Taxes	\$25,200	\$25,531	\$25,531	\$290	\$12,600
Soil Test	\$20,000	\$54,000	\$54,000	\$614	
Survey	\$20,000	\$23,400	\$23,400	\$266	\$14,200
Tenant Relocation Costs				\$0	
Title Insurance and Recording Fees	\$80,000	\$80,000	\$80,000	\$909	\$16,000
Traffic Study				\$0	
Utility Connection Fees	\$449,904	\$247,291	\$247,291	\$2,810	
Soft Cost Contingency	\$127,989	\$99,863	\$85,561	\$972	
<b>Total General Development Costs:</b>	<b>\$2,414,745</b>	<b>\$1,817,686</b>	<b>\$1,796,772</b>	<b>\$20,418</b>	<b>\$497,116</b>

## Notes to the General Development Costs:

1. Appraisal, Market Study, and Plan and Cost Review fees reflect the actual cost of the reports engaged by SMG and any reliant party fees charged by the provider.
2. Architect's Fees for Site/Building Design and Supervision reflect the contracted and anticipated fees as stipulated in the Architect Contract dated August 24, 2020 between the Borrower and Architectonics Studio, Inc.
3. Engineering Fees reflect the contracted proposal for professional services letter dated August 18, 2020 between the Applicant and Banks Engineering.

4. The FHFC Administrative Fee is based on 5.5% of the recommended annual allocation of HC. The FHFC Application Fee is reflective of the application fee stated in RFA 2020-106. The total FHFC Credit Underwriting Fee reflects the actual fees paid. The Compliance Fee is estimated based on 2020 Compliance Fee Calculator Spreadsheet. FHFC Other Processing Fee(s) reflects the fee for the legal description change.
5. Impact fees were waived up to \$236,632 per Charlotte HOME Program Incentive Award Letter dated February 22, 2021.
6. Green Building Cert fee is based on a December 29, 2020 proposal from E3 Design Group, Inc. to provide green certification services.
7. Utility Connection Fees include Water/Sewer (\$207,291), Electric (\$25,000), and Cable (\$15,000).
8. Soft Cost Contingency is within the 5% allowed per Rule.
9. Other General Development Costs are based on the Applicant's estimates, which appear reasonable.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Application Fee				\$0	
Construction Loan Underwriting Fee				\$0	
Construction Loan Origination Fee				\$0	
Construction Loan Commitment Fee	\$90,000	\$90,000	\$90,000	\$1,023	
Construction Loan Closing Costs				\$0	
Construction Loan Interest	\$555,750	\$400,000	\$437,300	\$4,969	\$160,000
Construction Loan Servicing Fees				\$0	
Permanent Loan Application Fee				\$0	\$0
Permanent Loan Underwriting Fee				\$0	\$0
Permanent Loan Subsidy Layering Rev.				\$0	\$0
Permanent Loan Commitment Fee				\$0	\$0
Permanent Loan Origination Fee				\$0	\$0
Permanent Loan Closing Costs				\$0	\$0
Permanent Loan Interest				\$0	\$0
Permanent Loan Servicing Fee				\$0	\$0
SAIL Commitment Fee	\$40,000	\$40,000	\$40,000	\$455	\$40,000
SAIL Closing Costs	\$20,000	\$25,000	\$25,000	\$284	\$25,000
SAIL Interest				\$0	
SAIL Servicing Fee				\$0	
SAIL-ELI Commitment Fee				\$0	
SAIL-ELI Closing Costs				\$0	
SAIL-ELI Servicing Fee				\$0	
Other: <a href="#">Investor Fees</a>	\$25,000	\$35,000	\$35,000	\$398	\$35,000
Other: <a href="#">Land Carrying Costs - Interest</a>		\$19,687	\$19,687	\$224	\$19,687
<b>Total Financial Costs:</b>	<b>\$730,750</b>	<b>\$609,687</b>	<b>\$646,987</b>	<b>\$7,352</b>	<b>\$279,687</b>
<b>Dev. Costs before Acq., Dev. Fee &amp; Reserves</b>	<b>\$15,547,404</b>	<b>\$14,948,147</b>	<b>\$14,964,533</b>	<b>\$170,052</b>	<b>\$882,657</b>

## Notes to the Financial Costs:

1. Construction Loan Commitment Fee is 75 basis points of the construction loan amount payable at Closing.

2. Construction loan interest reflects interest payments projected over the 18-month construction period based on the Construction Loan terms. The calculation factors in the maximum construction loan amount of \$12,000,000 with an interest rate of 3.25% over the 18-month period (based on an average of 57% of the loan amount outstanding).
3. Commitment Fee for the SAIL is 1% of the loan amount as specified in the RFA.
4. The SAIL closing costs are the approximate cost for FHFC legal counsel fees.
5. Investor Fees include legal and due diligence reimbursement.
6. Other Land Carrying Costs – Interest reflects approximately 3 months of interest associated with an RJTCF Pre-Development Loan secured by the Applicant at a rate of prime plus 200 basis points (current estimated rate is 5.25%). The loan will be used to purchase the land in order to meet the 10% Test prior to April 30, 2021.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Building				\$0	
Building Acquisition Cost				\$0	
Developer Fee on Non-Land Acq. Costs				\$0	
<b>Total Non-Land Acquisition Costs:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Notes to the Non-Land Acquisition Costs:

1. Since this is a new construction development, 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	\$2,487,584	\$2,388,554	\$2,386,750	\$27,122	
DF to fund Operating Debt Reserve	\$777,370	\$746,423	\$748,227	\$8,503	\$748,227
DF to Brokerage Fees - Land				\$0	
DF to Excess Land Costs				\$0	
DF to Excess Bldg Acquisition Costs				\$0	
DF to Consultant Fees				\$0	
DF to Guaranty Fees				\$0	
<b>Total Other Development Costs:</b>	<b>\$3,264,954</b>	<b>\$3,134,977</b>	<b>\$3,134,977</b>	<b>\$35,625</b>	<b>\$748,227</b>

## Notes to the Developer Fee On Non-Acquisition Costs:

1. The Developer Fee does not exceed 21% of development costs exclusive of land acquisition, reserves, and developer fee. Five percent (5%) of the Developer Fee must be placed in an operating subsidy reserve account to be held by FHFC or its Servicer. 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.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Land				\$0	\$0
Land Acquisition Cost				\$0	\$0
Land	\$1,500,000	\$1,500,000	\$1,500,000	\$17,045	\$1,500,000
Land Lease Payment				\$0	\$0
Land Carrying Costs				\$0	\$0
Other:				\$0	\$0
<b>Total Acquisition Costs:</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$17,045</b>	<b>\$1,500,000</b>

#### Notes to the Land Acquisition Costs:

- The Applicant provided a Vacant Land Contract from Grand Loveland Property LLC to Blue Sky Communities LLC ("BSC") dated October 15, 2019 (includes Phase I and Phase II parcels) with a Closing date of September 30, 2020; an Assignment of Vacant Land Contract from BSC to Blue Jacaranda Place, Ltd. dated October 28, 2019; a First Amendment to Vacant Land Contract dated March 19, 2020 amending the purchase price from \$1,050,000 to \$1,500,000 and changing the Closing Date to December 31, 2020; an Assignment of Vacant Land Contract from Blue Jacaranda Place, Ltd. to Blue CASL Charlotte, LLC dated March 23, 2020; a Second Amendment to Vacant Land Contract dated June 27, 2020 amending the deposit due dates; a Third Amendment to Vacant Land Contract dated September 28, 2020 amending the Closing date; an Assignment of Vacant Land Contract dated October 29, 2020 from Blue CASL Charlotte, LLC to Blue Broadway Land, LLC; and a Purchase and Sale Agreement ("PSA") dated October 29, 2020 between Blue Broadway Land, LLC and the Applicant with a purchase price of \$1,500,000 and a Closing date of June 30, 2021 (Exhibit A of the PSA specifically identifies the parcel and lot size associated with this development); a Closing Statement dated April 15, 2021 reflecting the purchase price of \$1,500,000; and a Special Warranty Deed recorded on April 15, 2021.
- WDP's appraisal, dated March 22, 2021, estimated the "As-Is" value of the Land as if vacant to be \$1,500,000 which supports the purchase price.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
ACC Reserve (Lender)				\$0	\$0
ACC Reserve (Syndicator)				\$0	\$0
Operating Deficit Reserve (FHFC)				\$0	\$0
Operating Deficit Reserve (Lender)				\$0	\$0
Operating Deficit Reserve (Syndicator)				\$0	\$0
Debt Service Coverage Reserve (FHFC)				\$0	\$0
Debt Service Coverage Reserve (Lender)				\$0	\$0
Debt Service Coverage Reserve (Syndicator)				\$0	\$0
Replacement Reserves (FHFC)				\$0	\$0
Replacement Reserves (Lender)				\$0	\$0
Replacement Reserves (Syndicator)				\$0	\$0
Reserves - Start-Up/Lease-up Expenses		\$90,000	\$90,000	\$1,023	\$90,000
Reserves - Working Capital				\$0	\$0
<b>Total Reserve Accounts:</b>	<b>\$0</b>	<b>\$90,000</b>	<b>\$90,000</b>	<b>\$1,023</b>	<b>\$90,000</b>

## Notes to the Reserve Accounts:

1. RJTCF's Equity LOI dated March 11, 2021, requires the Applicant to fund an Operating Deficit Reserve ("ODR") in the amount of \$747,736, or an amount equal to 5% of Total Development Costs, to be held by FHFC. 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.
2. Start-Up/Lease-Up expenses are based on the Applicant's estimate.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
<b>TOTAL DEVELOPMENT COSTS:</b>	<b>\$20,312,358</b>	<b>\$19,673,124</b>	<b>\$19,689,510</b>	<b>\$223,744</b>	<b>\$3,220,883</b>

## Notes to the Total Development Costs:

1. Per RFA 2020-106, Total Development Cost ("TDC") is limited on a per unit basis based on the construction type of the units as confirmed in the Plans (Concrete Masonry Units) and by GLE. Based on the construction type, the maximum allowable per unit cost is \$298,136.93. Jacaranda Place's final TDC per unit is \$205,676.25 and is within TDC limits.

## Operating Pro forma

OPERATING PRO FORMA		ANNUAL	PER UNIT
INCOME	Gross Potential Rental Income	\$673,920	\$7,658
	Rent Subsidy (ODR)	\$0	\$0
	Other Income:	\$0	
	Ancillary Income-Parking	\$0	\$0
	Miscellaneous	\$14,784	\$168
	Washer/Dryer Rentals	\$0	\$0
	Cable/Satellite Income	\$8,448	\$96
	Rent Concessions	\$0	\$0
	Alarm Income	\$0	\$0
	Gross Potential Income	\$697,152	\$7,922
	Less:		
	Economic Loss - Percentage: 0.0%	\$0	\$0
	Physical Vacancy Loss - Percentage: 3.0%	(\$20,915)	(\$238)
	Collection Loss - Percentage: 1.0%	(\$6,972)	(\$79)
<b>Total Effective Gross Revenue</b>	\$669,266	\$7,605	
EXPENSES	Fixed:		
	Ground Lease	\$0	\$0
	Sub-Ground Lease	\$0	\$0
	Real Estate Taxes	\$63,800	\$725
	Insurance	\$74,800	\$850
	Other	\$0	\$0
	Variable:		
	Management Fee - Percentage: 7.0%	\$46,849	\$532
	General and Administrative	\$33,000	\$375
	Payroll Expenses	\$115,000	\$1,307
	Utilities	\$66,000	\$750
	Marketing and Advertising	\$6,600	\$75
	Maintenance and Repairs	\$33,000	\$375
	Grounds Maintenance and Landscaping	\$13,200	\$150
	Resident Programs	\$0	\$0
	Contract Services	\$30,800	\$350
	Security	\$0	\$0
	Other-Pest Control	\$0	\$0
Reserve for Replacements	\$26,400	\$300	
<b>Total Expenses</b>	\$509,449	\$5,789	
<b>Net Operating Income</b>	\$159,817	\$1,816	
<b>Debt Service Payments</b>			
DEBT SERVICE	First Mortgage - FHFC - SAIL	\$20,000	\$227
	Second Mortgage -	\$0	\$0
	Third Mortgage -	\$0	\$0
	Fourth Mortgage -	\$0	\$0
	Fifth Mortgage -	\$0	\$0
	All Other Mortgages -	\$0	\$0
	First Mortgage Fees - FHFC - SAIL	\$10,964	\$125
	Second Mortgage Fees -	\$0	\$0
	Third Mortgage Fees -	\$0	\$0
	Fourth Mortgage Fees -	\$0	\$0
	Fifth Mortgage Fees -	\$0	\$0
	All Other Mortgages Fees -	\$0	\$0
<b>Total Debt Service Payments</b>	\$30,964	\$352	
<b>Cash Flow After Debt Service</b>	\$128,853	\$1,464	

Debt Service Coverage Ratios	
DSC - First Mortgage plus Fees	5.161
DSC - All Mortgages and Fees	5.161

Financial Ratios	
Operating Expense Ratio	76.1%
Break-Even Ratio	77.8%

## Notes to the Operating Pro forma and Ratios:

- The Development will be utilizing Housing Credits in conjunction with the SAIL financing, both of which will impose rent restrictions. The restricted rent schedule is based upon the lesser of 2020 maximum net HC rents, the appraiser's estimates or management's projections. The Appraiser estimates the property will achieve the 2020 maximum HC rents less utility allowances as required by the HC Program based on a Punta Gorda Housing Authority, FL 2020 Allowances (Effective 4/1/2020) Tenant-Furnished Utilities Chart prepared by the U.S. Department of Housing and Urban Development reflecting the Applicant paying for water, sewer, and trash disposal and the resident paying for electricity. The Appraiser indicated most applicants will have SSI/SSDI as their sole income source which averages \$1,200 per month. Community Assisted and Supported Living, Inc. ("CASL Inc"), which is partnering with the developer, will obtain rental assistance funding through one of its many State of Florida Behavioral Health contracts or through Central Florida Behavioral Health Network to assist with any of the 60% AMI rent level units.

The rent roll is shown below:

County (Metro): Charlotte County (Punta Gorda MSA)

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	7	650	40%			\$464	\$75	\$389		\$389	\$389	\$389	\$32,676
1	1.0	39	650	60%			\$696	\$75	\$621		\$621	\$621	\$621	\$290,628
2	2.0	7	950	40%			\$557	\$93	\$464		\$464	\$464	\$464	\$38,976
2	2.0	35	950	60%			\$835	\$93	\$742		\$742	\$742	\$742	\$311,640
		88	69,800											\$673,920

- Miscellaneous income includes laundry/vending income, late fees, and application fees. SMG utilized the Appraiser's estimate which corresponded to the Applicant's estimate.
- Cable / Satellite income was based on the Appraiser's estimate which corresponded to the Applicant's estimate.
- Vacancy and Collection rates are based on the Appraiser's estimate of 3% and 1%, respectively.
- Real Estate Taxes are based on the Applicant's estimate.
- Management Fees are based upon the Management Agreement. Management services will be compensated during the initial lease-up phase at a fee the greater of \$2,000 per month or 7% of gross revenues collected during the current month. After construction completion, the management fee will be 7% of gross revenues collected during the current month. The management company has indicated Special Needs properties are more resource-intensive.

7. General Administrative fees include centralized bookkeeping and computer services of \$660 per month.
8. Ground Maintenance and Contract Services, such as pest control, are based on the Applicant's estimates which correspond to the Appraiser's estimate (all costs were included under Maintenance and Repairs expenses).
9. The Applicant has indicated Resident Programs are handled by the management company by partnering with non-profit service providers in the area free of charge to the property.
10. Replacement Reserves of \$300 per unit per year increasing 3% annually are required by the Syndicator which meets FHFC Rule.
11. Other operating expense estimates are based on market comparable properties and are supported by the appraisal.
12. A 15-year Operating Pro forma, attached to this report as Exhibit 1, reflects rental income increasing at an annual rate of 2%, expenses increasing at an annual rate of 3% and shows decreasing debt service coverage ("DSC") through year fifteen (15).



**Section B**

**Loan Conditions**

**HC Allocation Recommendation and Contingencies**

Special Conditions

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

None

General Conditions

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

1. Borrower to comply with any and all recommendations noted in the Plan and Cost Review.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report, if any, must be bound within the final plans and specifications.
4. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). Acceptable alternatives to this requirement are receipt and satisfactory review of a letter from the local permitting and approval authority that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
5. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved Development budget.
6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL Program proceeds shall be disbursed during the construction phase in an amount per Draw which does not exceed the ratio of the SAIL funds to the Total Development Cost, unless approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.
7. Construction Period Developer Fee shall be the lessor of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee will be disbursed

during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer.

Once the Development has achieved 100% lien free completion and retainage has been released, the Post-Construction Period Developer Fee may be funded. Post-Construction Period Developer Fee is the remaining portion of Developer Fee less Deferred Developer Fee listed in the Sources and Uses for the permanent period, as calculated by the Servicer.

8. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, if applicable, the FHFC Insurance Guide.
9. The General Contractor shall secure a payment and performance bond equal to 100% of the total construction cost listing FHFC as a co-obligee, whose terms do not adversely affect the Corporation's interest, issued in the name of the General Contractor, from a company rated at least "A-" by AMBest & Co., or a Corporation-approved alternate security for the General Contractor's performance such as a letter of credit issued by a financial institution with a senior long term (or equivalent) credit rating of at least "Baa3" by Moody's, or at least "BBB-" by Standard & Poor's or Fitch, or a financial rating of at least 175 by IDC Financial Publishing. The LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.
10. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, the Americans with Disabilities Act ("ADA"), and Federal Fair Housing Act requirements, as applicable.
11. A copy of an Amended and Restated Limited Partnership Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Limited Partnership Agreement shall be in a form and of financial substance satisfactory to Servicer and to FHFC and its Legal Counsel.
12. Satisfactory resolution of any outstanding past due and/or noncompliance items.
13. 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).
14. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.
15. 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 of the following items by Florida Housing and its legal counsel at least two weeks prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/member(s)/principal(s)/manager(s) of the Borrower, the guarantors, and any limited partners/members of the Borrower.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of SAIL Program Loan closing, unless otherwise approved by Florida Housing, and legal counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.
4. Title insurance pro forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the SAIL Program Loan naming FHFC as the insured. All endorsements required by Florida Housing shall be provided.
5. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the Operating Agreement or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loans have been satisfied.
6. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, if applicable, the FHFC Insurance Guide.
7. Receipt of a legal opinion from the Borrower's legal counsel acceptable to Florida Housing addressing the following matters:
  - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner/member of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner/member of the GP, of any corporate guarantor and any manager;
  - b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;

- c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
  - d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership/Operating Agreement and;
  - e. Such other matters as Florida Housing or its legal counsel may require.
8. Evidence of compliance with local concurrency laws, as applicable.
  9. UCC Searches for the Borrower, its partnerships, as requested by legal counsel.
  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 and its legal counsel, in connection with the loan(s).
  11. Any other reasonable conditions established by Florida Housing and its legal counsel.

#### Additional Conditions

This recommendation is also contingent upon the following additional conditions:

1. Compliance with all provisions of Sections 420.507 and 420.5087, Florida Statutes, Florida Statutes, Rule Chapters 67-48, 67-53, and 67-60, F.A.C., RFA 2020-106, Section 42 I.R.C., and any other State and Federal requirements.
2. Acceptance by the Borrower and execution of all documents evidencing and securing the SAIL Program Loan in form and substance satisfactory to Florida Housing and its legal counsel, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), the Land Use Restriction Agreement(s), and Extended Low Income Housing Agreement(s).
3. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.
4. Guarantors are to provide the standard FHFC Construction Completion Guaranty, to be released upon lien free completion as approved by the Servicer.
5. Guarantors for the SAIL Loan are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15 Debt Service Coverage ("DSC") on the Permanent First Mortgage SAIL as determined by FHFC or the Servicer and 90% Occupancy and 90% of Gross Potential Rental Income net of Utility Allowances, if applicable, for a period 12 consecutive months, all certified by an independent Certified Public Accountant ("CPA") and verified by the Servicer. The calculation of the DSC Ratio shall be made by Florida Housing or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.
6. Guarantors are to provide the standard FHFC Environmental Indemnity Guaranty.
7. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.

8. A mortgagee title insurance lender's policy naming Florida Housing as the insured mortgage holder in the amount of the Loan is to be issued at closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.
9. Property tax and hazard insurance escrows are to be established and maintained by the First Lender or the Servicer. In the event the reserve account is held by Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing's sole discretion.
10. Replacement Reserves in the minimum amount of \$300 per unit per year are required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee/Credit Enhancer, the Trustee, or Florida Housing's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per RFA, in the amount of \$26,796 (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. The initial Replacement Reserve will have limitations on the ability to be drawn. New construction or Redevelopment Developments (with or without acquisition) shall not be allowed to draw during the first five years or until the establishment of a minimum balance equal to the accumulation of five years of replacement reserves per unit.

The amount established as a Replacement Reserve shall be adjusted based on a Capital Needs Assessment ("CNA") to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the 10th year after the first residential building in the Development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("Initial Replacement Reserve Date"). A subsequent CNA is required no later than the 15<sup>th</sup> year after the Initial Replacement Reserve Date and subsequently every five (5) years thereafter.

FHFC requirements are applicable for the SAIL mortgages. Per the RJTCF Equity proposal, replacement reserves will be \$300 per unit per year beginning at the earlier of six months after completion of construction or the first month of stabilized operations, increasing by 3% per year.

11. GLE Associates, Inc. or other construction inspector acceptable for Florida Housing is to act as Florida Housing's inspector during the construction period.
12. Under the Jacaranda Place construction contract, retainage shall be limited to 10% of the contract until the work is 50% complete, and no retainage shall be withheld thereafter, thus meeting Florida Housing minimum requirements. Retainage will not be released until successful lien free completion of construction and issuance of all certificates of occupancy, which satisfies Florida Housing's minimum requirement.
13. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or its Servicer, if applicable.
14. Closing of all funding sources prior to or simultaneous with the closing of the SAIL.
15. Any other reasonable requirements of the Servicer, Florida Housing or its legal counsel.

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## Housing Credit Allocation Recommendation

Seltzer Management Group, Inc. recommends a preliminary annual Housing Credit allocation of \$1,700,000. Please see the HC Allocation Calculation section of this report for further details.

### Contingencies

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by SMG and the Florida Housing Finance Corporation by the deadline established in the Preliminary HC Allocation. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. All items listed under the Special Conditions section of the Loan Conditions to Close.
2. Receipt and satisfactory resolution of any outstanding past due items and/or noncompliance items.
3. Any reasonable requirements of Florida Housing and/or SMG.

**EXHIBIT I  
JACARANDA PLACE  
15 YEAR INCOME AND EXPENSE PROJECTION**

FINANCIAL COSTS:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
<b>OPERATING PRO FORMA</b>															
Gross Potential Rental Income	\$673,920	\$687,398	\$701,146	\$715,169	\$729,473	\$744,062	\$758,943	\$774,122	\$789,605	\$805,397	\$821,505	\$837,935	\$854,694	\$871,787	\$889,223
Rent Subsidy (ODR)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Income:															
Ancillary Income-Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$14,784	\$15,080	\$15,381	\$15,689	\$16,003	\$16,323	\$16,649	\$16,982	\$17,322	\$17,668	\$18,022	\$18,382	\$18,750	\$19,125	\$19,507
Washer/Dryer Rentals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cable/Satellite Income	\$8,448	\$8,617	\$8,789	\$8,965	\$9,144	\$9,327	\$9,514	\$9,704	\$9,898	\$10,096	\$10,298	\$10,504	\$10,714	\$10,928	\$11,147
Rent Concessions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Alarm Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Potential Income	\$697,152	\$711,095	\$725,317	\$739,823	\$754,620	\$769,712	\$785,106	\$800,809	\$816,825	\$833,161	\$849,824	\$866,821	\$884,157	\$901,840	\$919,877
Less:															
Economic Loss - Percentage:															
Physical Vacancy Loss - Percentage: 3.0%	(\$20,915)	(\$21,333)	(\$21,760)	(\$22,195)	(\$22,639)	(\$23,091)	(\$23,553)	(\$24,024)	(\$24,505)	(\$24,995)	(\$25,495)	(\$26,005)	(\$26,525)	(\$27,055)	(\$27,596)
Collection Loss - Percentage: 1.0%	(\$6,972)	(\$7,111)	(\$7,253)	(\$7,398)	(\$7,546)	(\$7,697)	(\$7,851)	(\$8,008)	(\$8,168)	(\$8,332)	(\$8,498)	(\$8,668)	(\$8,842)	(\$9,018)	(\$9,199)
<b>Total Effective Gross Revenue</b>	<b>\$669,266</b>	<b>\$682,651</b>	<b>\$696,304</b>	<b>\$710,230</b>	<b>\$724,435</b>	<b>\$738,924</b>	<b>\$753,702</b>	<b>\$768,776</b>	<b>\$784,152</b>	<b>\$799,835</b>	<b>\$815,831</b>	<b>\$832,148</b>	<b>\$848,791</b>	<b>\$865,767</b>	<b>\$883,082</b>
Fixed:															
Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sub-Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Estate Taxes	\$63,800	\$65,714	\$67,685	\$69,716	\$71,807	\$73,962	\$76,181	\$78,466	\$80,820	\$83,245	\$85,742	\$88,314	\$90,964	\$93,692	\$96,503
Insurance	\$74,800	\$77,044	\$79,355	\$81,736	\$84,188	\$86,714	\$89,315	\$91,995	\$94,754	\$97,597	\$100,525	\$103,541	\$106,647	\$109,846	\$113,142
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Variable:															
Management Fee - Percentage: 7.0%	\$46,849	\$47,786	\$48,741	\$49,716	\$50,710	\$51,725	\$52,759	\$53,814	\$54,891	\$55,988	\$57,108	\$58,250	\$59,415	\$60,604	\$61,816
General and Administrative	\$33,000	\$33,990	\$35,010	\$36,060	\$37,142	\$38,256	\$39,404	\$40,586	\$41,803	\$43,058	\$44,349	\$45,680	\$47,050	\$48,462	\$49,915
Payroll Expenses	\$115,000	\$118,450	\$122,004	\$125,664	\$129,434	\$133,317	\$137,316	\$141,435	\$145,679	\$150,049	\$154,550	\$159,187	\$163,963	\$168,881	\$173,948
Utilities	\$66,000	\$67,980	\$70,019	\$72,120	\$74,284	\$76,512	\$78,807	\$81,172	\$83,607	\$86,115	\$88,698	\$91,359	\$94,100	\$96,923	\$99,831
Marketing and Advertising	\$6,600	\$6,798	\$7,002	\$7,212	\$7,428	\$7,651	\$7,881	\$8,117	\$8,361	\$8,612	\$8,870	\$9,136	\$9,410	\$9,692	\$9,983
Maintenance and Repairs	\$33,000	\$33,990	\$35,010	\$36,060	\$37,142	\$38,256	\$39,404	\$40,586	\$41,803	\$43,058	\$44,349	\$45,680	\$47,050	\$48,462	\$49,915
Grounds Maintenance and Landscaping	\$13,200	\$13,596	\$14,004	\$14,424	\$14,857	\$15,302	\$15,761	\$16,234	\$16,721	\$17,223	\$17,740	\$18,272	\$18,820	\$19,385	\$19,966
Resident Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contract Services	\$30,800	\$31,724	\$32,676	\$33,656	\$34,666	\$35,706	\$36,777	\$37,880	\$39,017	\$40,187	\$41,393	\$42,634	\$43,913	\$45,231	\$46,588
Security	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other-Pest Control	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve for Replacements	\$26,400	\$27,192	\$28,008	\$28,848	\$29,713	\$30,605	\$31,523	\$32,469	\$33,443	\$34,446	\$35,479	\$36,544	\$37,640	\$38,769	\$39,932
<b>Total Expenses</b>	<b>\$509,449</b>	<b>\$524,264</b>	<b>\$539,514</b>	<b>\$555,212</b>	<b>\$571,371</b>	<b>\$588,005</b>	<b>\$605,128</b>	<b>\$622,754</b>	<b>\$640,898</b>	<b>\$659,577</b>	<b>\$678,804</b>	<b>\$698,597</b>	<b>\$718,972</b>	<b>\$739,947</b>	<b>\$761,540</b>
<b>Net Operating Income</b>	<b>\$159,817</b>	<b>\$158,388</b>	<b>\$156,791</b>	<b>\$155,019</b>	<b>\$153,064</b>	<b>\$150,919</b>	<b>\$148,574</b>	<b>\$146,022</b>	<b>\$143,253</b>	<b>\$140,258</b>	<b>\$137,028</b>	<b>\$133,551</b>	<b>\$129,819</b>	<b>\$125,819</b>	<b>\$121,542</b>
<b>Debt Service Payments</b>															
First Mortgage - FHFC - SAIL	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Second Mortgage -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Third Mortgage -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fourth Mortgage -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fifth Mortgage -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Other Mortgages -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
First Mortgage Fees - FHFC - SAIL	\$10,964	\$10,964	\$10,964	\$10,964	\$10,964	\$10,964	\$10,964	\$10,964	\$10,964	\$10,964	\$10,964	\$10,964	\$10,964	\$10,964	\$10,964
Second Mortgage Fees -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Third Mortgage Fees -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fourth Mortgage Fees -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fifth Mortgage Fees -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Other Mortgages Fees -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Debt Service Payments</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>	<b>\$30,964</b>
<b>Cash Flow After Debt Service</b>	<b>\$128,853</b>	<b>\$127,424</b>	<b>\$125,827</b>	<b>\$124,055</b>	<b>\$122,100</b>	<b>\$119,955</b>	<b>\$117,610</b>	<b>\$115,058</b>	<b>\$112,289</b>	<b>\$109,294</b>	<b>\$106,064</b>	<b>\$102,587</b>	<b>\$98,855</b>	<b>\$94,855</b>	<b>\$90,578</b>
<b>Debt Service Coverage Ratios</b>															
DSC - First Mortgage plus Fees	5.161	5.115	5.064	5.006	4.943	4.874	4.798	4.716	4.626	4.530	4.425	4.313	4.193	4.063	3.925
DSC - Second Mortgage plus Fees	5.161	5.115	5.064	5.006	4.943	4.874	4.798	4.716	4.626	4.530	4.425	4.313	4.193	4.063	3.925
DSC - Third Mortgage plus Fees	5.161	5.115	5.064	5.006	4.943	4.874	4.798	4.716	4.626	4.530	4.425	4.313	4.193	4.063	3.925
DSC - Fourth Mortgage plus Fees	5.161	5.115	5.064	5.006	4.943	4.874	4.798	4.716	4.626	4.530	4.425	4.313	4.193	4.063	3.925
DSC - Fifth Mortgage plus Fees	5.161	5.115	5.064	5.006	4.943	4.874	4.798	4.716	4.626	4.530	4.425	4.313	4.193	4.063	3.925
DSC - All Mortgages and Fees	5.161	5.115	5.064	5.006	4.943	4.874	4.798	4.716	4.626	4.530	4.425	4.313	4.193	4.063	3.925
<b>Financial Ratios</b>															
Operating Expense Ratio	76.1%	76.8%	77.5%	78.2%	78.9%	79.6%	80.3%	81.0%	81.7%	82.5%	83.2%	84.0%	84.7%	85.5%	86.2%
Break-Even Ratio	77.8%	78.4%	78.9%	79.5%	80.1%	80.7%	81.3%	81.9%	82.5%	83.2%	83.8%	84.4%	85.1%	85.8%	86.4%



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JACARANDA PLACE  
RFA 2020-106 / 2020-451CS  
DESCRIPTION OF FEATURES AND AMENITIES

The Development will consist of:

88 apartment units located in 2 garden residential buildings.

Unit Mix:

Forty-six (46) one bedroom/one bath units; and

Forty-two (42) two bedroom/two bath units.

88 Total Units

All units are expected to meet all requirements as outlined below. The Development is to be constructed in accordance with the final plans and specifications approved by the authority having jurisdiction, and approved as reflected in the Pre-Construction Analysis prepared for Florida Housing or its Servicer, unless a change has been approved in writing by Florida Housing. The Development will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes.

All features and amenities committed to and proposed by the Applicant that are not unit- specific shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

a. Federal Requirements and State Building Code Requirements for all Developments

All proposed Developments must meet all federal requirements and state building code requirements, including the following, incorporating the most recent amendments, regulations and rules:

- Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, Florida Statutes;
- The Fair Housing Act as implemented by 24 CFR 100;
- Section 504 of the Rehabilitation Act of 1973\*; and
- Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR 35.

\*Section 504 of the Rehabilitation Act of 1973 requirements are met through the Applicant's commitment to meet either the Level 1 or Level 2 requirements described in c. below.

\* All Developments must comply with Section 504 of the Rehabilitation Act of 1973, as implemented by 24 CFR Part 8 ("Section 504 and its related regulations"). All Developments must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments.

To the extent that a Development is not otherwise subject to Section 504 and its related regulations, the Development shall nevertheless comply with Section 504 and its related regulations as requirements of the Corporation funding program to the same extent as if the Development were subject to Section 504 and its related regulations in all respects. To that end, all Corporation funding shall be deemed "Federal financial assistance" within the meaning of that term as used in Section 504 and its related regulations for all Developments.

b. General Features

(1) All units for the proposed Development must include:

- Termite prevention;
- Pest control;
- Full-size range and oven in all units;
- Window covering for each window and glass door inside each unit;
- 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;
- Washer and dryer hook ups in each of the Development's units or an on-site laundry facility for resident use. If the proposed Development will have an on-site laundry facility, the following requirements must be met:
  - There must be a minimum of one Energy Star certified washer and one Energy Star certified or commercial grade dryer per every 15 units. To determine the required number of washers and dryers for the on-site laundry facility; divide the total number of the Development's units by 15, and then round the equation's total up to the nearest whole number;
  - At least one washing machine and one dryer shall be front loading that meets the accessibility standards of Section 504; and
  - If the proposed Development consists of Scattered Sites, the laundry facility shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

- (2) All proposed Developments must include the following general features on the site. If the proposed Development meets the definition of Scattered Sites, the following general features must be located on each of the Scattered Sites:
- At least two full bathrooms in all 3 bedroom new construction units; and
  - For proposed Developments consisting of 10 or more units, a Community Building/dedicated space that includes:
    - At least one private office space with a door for resident purposes such as meeting with case managers and/or counselors; and
    - At least one enclosed training room with a door to conduct group training and educational activities for residents.

c. Accessibility Adaptability, Universal Design and Visitability Features

Federal and state law and building code regulations requires that programs, activities, and facilities be readily accessible to and usable by persons with disabilities. Florida Housing requires that the design, construction, or alteration of its financed Developments be in compliance with federal and state accessibility requirements. When more than one law and accessibility standard applies, the Applicant shall comply with the standard (2010 ADA Standards, Section 504, Fair Housing Act, or Florida Building Code, Accessibility) which affords the greater level of accessibility for the residents and visitors. Areas required to be made accessible to mobility-impaired residents and their visitors, including those in wheelchairs, shall include, but not be limited to, accessible routes and entrances, paths of travel, primary function areas, parking, trash bins, mail and package receiving areas for residents, pool and other amenities, including paths of travel to amenities and laundry rooms, including washers and dryers.

Level 2 Accessibility Requirements

The Applicant shall be required to do the following:

- (a) Set aside a minimum of five percent of the total units (prior to IRO designation), rounded up, as fully accessible units in accordance with the 2010 ADA Standards for Accessible Design, regardless of whether the proposed Development consists of new construction or Substantial Rehabilitation. These fully accessible units must (A) be on an accessible route and provide mobility features that comply with the residential dwelling units provision of the 2010 ADA Standards for Accessible Design; and (B) be equally distributed among different unit sizes and Development types and must be dispersed throughout the Development (not located in the same area, or on a single floor); and
- (b) Set aside at least one additional unit to be accessible to persons with visual and hearing impairments in accordance with the 2010 ADA Standards for Accessible Design, regardless of whether the proposed Development consists of new construction or Substantial Rehabilitation. The unit(s) that is accessible to persons with visual and hearing impairments shall comply with the communication features

described for Residential Dwelling Units with Communication Features in the 2010 ADA Standards for Accessible Design.

d. Required Green Building Features in all Developments

(1) All units must have the features listed below:

- Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms—WaterSense labeled products or the following specifications:
  - o Toilets: 1.28 gallons/flush or less,
  - o Urinals: 0.5 gallons/flush,
  - o Lavatory Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
  - o Showerheads: 2.0 gallons/minute or less at 80 psi flow rate;
- Energy Star certified refrigerator;
- Energy Star certified dishwasher;
- Energy Star certified ventilation fan in all bathrooms;
- Water heater minimum efficiency specifications:
  - o Residential Electric:
    - Up to 55 gallons = .95 EF or .92 UEF; or
    - More than 55 gallons = Energy Star certified; or
    - Tankless = Energy Star certified;
  - o Residential Gas (storage or tankless/instantaneous): Energy Star certified,
  - o Commercial Gas Water Heater: Energy Star certified;
- Energy Star certified ceiling fans with lighting fixtures in bedrooms;
- Air Conditioning (in-unit or commercial):
  - o Air-Source Heat Pumps – Energy Star certified:
    - $\geq 8.5$  HSPF/  $\geq 15$  SEER/  $\geq 12.5$  EER for split systems
    - $\geq 8.2$  HSPF  $\geq 15$  SEER/  $\geq 12$  EER for single package equipment including gas/electric package units
  - o Central Air Conditioners – Energy Star certified:
    - $\geq 15$  SEER/ $\geq 12.5$  EER\* for split systems
    - $\geq 15$  SEER/  $\geq 12$  EER\* for single package equipment including gas/electric package units.

NOTE: Window air conditioners and portable air conditioners are not allowed. Package Terminal Air Conditioners (PTACs) / Package Terminal Heat Pumps (PTHPs) are allowed in studio and 1 bedroom units.

- (2) This New Construction Development commits to achieve the following Green Building Certification program:

\_\_\_\_\_ Leadership in Energy and Environmental Design (LEED);

\_\_\_\_\_ Florida Green Building Coalition (FGBC);

\_\_\_\_\_ Enterprise Building Communities; or

X  ICC 700 National Green Building Standard (NGBS).

e. Resident Community-Based Services Coordination

All proposed Developments will be required to assist interested residents with the services coordination. The purpose is to assist each resident to become aware of, access and/or maintain adequate and appropriate community-based services and resources. It is not the intent for this resident service to take the place of services coordination already provided for a resident by a program and/or agency as part of their services coordination plan. The focus shall be to assist residents not receiving community-based services coordination by another program and/or agency, as well as to assist those residents who need additional assistance with coordination of community-based services.

Community-based services coordination shall be offered and made available on- site and at no charge to the residents initially and regularly, and resident participation shall be voluntary. If the proposed Development consists of Scattered Sites, the community-based services coordination shall be equally available to residents of each unit on each Scattered Site. Resident participation shall not be a requirement for new or continued residency.

The provision of community-based services coordination will be the responsibility of the Applicant, but may be in conjunction with public and/or private partnerships that have been in business and performing services coordination for at least five consecutive years from the date of Application submission. The partnership between the Applicant and the service provider must submit a legal contract during credit underwriting demonstrating that the partnership exists and will remain for at least three years after the placed in service date. The approved provider of this service must have a minimum of five years' experience administering and providing services coordination that includes outreach, information and referral services, benefits counseling, community-based services planning, and/or other related services. Such experience must demonstrate that the services listed above have been oriented to the needs and preferences of each intended resident in assisting them to access services related to health care, independent activities of daily living, employment, income and housing. The provider of this resident service shall also provide, at credit underwriting, information demonstrating its mission, qualifications, experience, agreements and/or contracts with state and federal supportive services programs, professional staffing and

experience in serving the intended residents described in question 2.b. of Exhibit A.

Property management and resident community-based services coordination should not be the responsibility of the same staff persons; the functions must be entirely separate. Staff hired by the Resident Community-Based Services Coordination Provider to perform the direct services coordination duties must possess at least a bachelor's degree in a human services or related field and have at least one year of experience performing community-based services coordination duties; or must possess at least an associate degree in human services or a related field and at least three years of experience performing community-based services coordination duties.

The Applicant shall submit a Resident Community-Based Service Coordination Plan and the legal contract demonstrating the partnership with the service provider, if applicable, for approval in credit underwriting. Guidelines for drafting the Plan will be provided by the Corporation. The Resident Community- Based Service Coordination Plan shall adhere to guidelines developed by the Corporation, in conjunction with state agencies, or their designee(s), that administer publicly funded supportive services for the intended residents.

## COMPLETENESS AND ISSUES CHECKLIST

**DEVELOPMENT NAME:** Jacaranda Place

**DATE:** April 21, 2021

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

<b>CREDIT UNDERWRITING REQUIRED ITEMS:</b>	<b>STATUS</b>	<b>NOTE</b>
	<b>Satis. / Unsatis.</b>	
1. The development’s final “as submitted for permitting” plans and specifications. Note: Final “signed, sealed, and approved for construction” plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and/or status of site plan approval.	Satis.	
3. Permit Status.	Satis.	
4. Pre-construction analysis (“PCA”).	Satis.	
5. Survey.	Satis.	
6. Complete, thorough soil test reports.	Satis.	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
8. Market Study separate from the Appraisal.	Satis.	
9. Environmental Site Assessment – Phase I and/or Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in the Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor.	Satis.	
11. Resumes and experience of applicant, general contractor and management agent.	Satis.	

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**SMG**

12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Satis.	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	N/A	
15. Firm commitment letter from the syndicator, if any.	Satis.	
16. Firm commitment letter(s) for any other financing sources.	Satis.	
17. Updated sources and uses of funds.	Satis.	
18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
19. Fifteen-year income, expense, and occupancy projection.	Satis.	
20. Executed general construction contract with "not to exceed" costs.	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 APPLICANT'S RESPONSES: None



**HC Allocation Calculation**

<b>Section I: Qualified Basis Calculation</b>	
Development Cost	\$19,689,510
Less Land Cost	(\$1,500,000)
Less Federal Funds	\$0
Less Other Ineligible Cost	(\$1,720,883)
Less Disproportionate Standard	\$0
<b>Total Eligible Basis</b>	<b>\$16,468,626</b>
Applicable Fraction	100.00%
DDA/QCT Basis Credit	130.00%
<b>Qualified Basis</b>	<b>\$21,409,214</b>
Housing Credit Percentage	9.00%
<b>Annual Housing Credit Allocation</b>	<b>\$1,926,829</b>

Notes to the Qualified Basis Calculation:

1. Other Ineligible Costs primarily include a portion of site work, accounting fees associated with final cost certification, Florida Housing administrative, application and compliance fees, legal fees, market study fee, marketing and advertising costs, a portion of property taxes, boundary survey costs, a portion of title insurance, a portion of construction interest attributed to lease up, SAIL Commitment and Closing fees, syndication fees related to legal and due diligence reports, land carrying costs, reserves, and start-up/lease fees.
2. The applicant committed to a set aside of 100%. Therefore, SMG has utilized an Applicable Fraction of 100.00%.
3. All proposed Developments in this RFA qualify for the basis boost. Therefore, the 130.00% basis credit has been applied.
4. Per the FY 2016 Omnibus Spending and Tax Bill passed by Congress as of December 18, 2015, a permanent 9% minimum HC rate was established. For purposes of this report, a total HC percentage of 9.00% has therefore been applied.

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**SMG**

<b>Section II: Gap Calculation</b>	
Total Development Cost (Including Land and Ineligible Costs)	\$19,689,510
Less Mortgages	(\$4,000,000)
Less Grants	\$0
Equity Gap	\$15,689,510
Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.900
HC Required to Meet Gap	\$17,434,532
Annual HC Required	\$1,743,453

Notes to the Gap Calculation:

1. Mortgages represent the FHFC SAIL first mortgage.
2. HC Syndication Pricing and Percentage to Investment Partnership are based upon the March 11, 2021 letter of intent from RJTCF.

<b>Section III: Summary</b>	
HC per Applicant Request	\$1,700,000
HC per Qualified Basis	\$1,926,829
HC per Gap Calculation	\$1,743,453
Annual HC Recommended	\$1,700,000

Notes to the Summary:

1. The Annual HC Recommended is limited by the applicant's request.

SAIL AND HC CREDIT UNDERWRITING REPORT

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MINIMUM FIRST MORTGAGE

<a href="#">Rule Chapter 67-48.0072(28)(g)</a>	
<i>Determination of the minimum first mortgage for use in the Housing Credit gap calculation</i>	
<b>Input Variables</b>	
Annual rate of increase for revenues	2.00%
Annual rate of increase for operating expenses	3.00%
Vacancy & Collection Factor in CUR	4.00%
Minimum Vacancy & Collection Factor	7.00%
Which Rule was applicable at time of Application?	Prior to 7/11/19
Minimum DSCR Year 15	1.25x
Minimum DSCR Year 1	1.50x
Minimum NCF after DS Year 1	\$1,000.00
Minimum qualifying 1st mortgage	\$500,000.00
Number of units in the proposed Development	88
Potential Gross Income Year 1	\$697,152.00
Vacancy & Collection Loss (4.00%)	\$27,886.08
Effective Gross Income Year 1	\$669,265.92
Operating Expenses Year 1	\$509,448.61
<b>(i) Actual Debt of Development</b>	<b>\$4,000,000.00</b>
Actual interest rate	0.50%
Actual term of debt amortization	N/A
DS Interest Rate floor	7.00%
Application deadline	01/01/17
10-Year Treasury Rate as of App deadline	2.446%
Spread over 10-yr Treasury	325 bps
10-yr Treasury plus the stated spread	5.70%
Greater of interest rate floor or spread over Treasury	7.00%
Maximum Rate	8.00%
<b>Interest Rate to be used for qualifying debt</b>	<b>7.00%</b>
Minimum stated term of debt amortization per RFA	30.00 Yrs
<b>Term of debt amortization to be used for qualifying debt</b>	<b>30.00 Yrs</b>
Resulting Mortgage Constant to be used for qualifying debt	7.98363%
<b>Minimum Debt Service</b>	
NOI Year 15	\$112,495.43
DSCR DS limitation	\$89,996.34
<b>(a) Resulting Debt, Year 15 limitation</b>	<b>\$1,127,260.95</b>
NOI Year 1	\$159,817.31
(b)(i) DSCR DS limitation	\$106,544.87
(b)(i) DSCR Debt Sizing	\$1,334,541.70
(b)(ii) NCF DS limitation	\$71,817.31
(b)(ii) NCF Debt Sizing	\$899,557.05
<b>(b) Greater of (i) DSCR debt or (ii) NCF debt, Year 1 limitation</b>	<b>\$1,334,541.70</b>
<b>(ii) Minimum qualifying first mortgage (lesser of (a) or (b))</b>	<b>\$1,127,260.95</b>
<b>Greater of Actual or Minimum</b>	<b>\$4,000,000.00</b>