Florida Housing Finance Corporation

Credit Underwriting Report

Blue Sky Landing II
9% Housing Credits
RFA 2020-201 (2021-090C)

Housing Credit Financing for Affordable Housing Developments Located in Medium and Small Counties

2022 Construction Housing Inflation Response Program ("CHIRP") Invitation to Participation ("ITP")

Section A: Report Summary

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Prepared by

AmeriNat®

Final Report

June 20, 2022

Blue Sky Landing II

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Report Summary

Recommendation

AmeriNat® ("AmeriNat") recommends an annual allocation of 9% Housing Credits ("HC") in the amount of $1,675,000 and an annual allocation of Construction Housing Inflation Response Program ("CHIRP") HC in the amount of $155,452 to Blue McNeil Two, LLC ("Applicant") for the construction and permanent phase financing of Blue Sky Landing II (the proposed "Development").

DEVELOPMENT & SET-ASIDES

Development Name: Blue Sky Landing II

RFA/Program Numbers: RFA 2020-201 / 2021-090C

Address: 102 Blue Sky Circle

City: Fort Pierce Zip Code: 34947 County: Saint Lucie County Size: Medium

Development Category: New Construction Development Type: Mid-Rise (4 Stories)

Construction Type: Masonry

Demographic Commitment:

Primary: Family for 100% of the Units

Unit Composition:

# of ELI Units: 9 ELI Units Are Restricted to 33% AMI, or less. Total # of units with PBRA? 0

# of Link Units: 5 Are the Link Units Demographically Restricted? Yes # 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
0	1.0	1	505	33%			$462	$60	$402		$402	$402	$402	$4,824
0	1.0	1	505	60%			$840	$60	$780		$780	$780	$780	$9,360
1	1.0	2	688	33%			$495	$69	$426		$426	$426	$426	$10,224
1	1.0	16	688	60%			$900	$69	$831		$831	$831	$831	$159,552
2	2.0	5	992	33%			$594	$91	$503		$503	$503	$503	$30,180
2	2.0	43	992	60%			$1,080	$91	$989		$989	$989	$989	$510,324
3	2.0	1	1,197	33%			$686	$111	$575		$575	$575	$575	$6,900
3	2.0	13	1,197	60%			$1,248	$111	$1,137		$1,137	$1,137	$1,137	$177,372
		82	77,768											$908,736

The Applicant selected 40% of the units at 60% or less of area median income ("AMI") as the minimum set-aside commitment. Set-asides include 10% of the units (9 units) at or below 33% of AMI and 90% of the units (73 units) at or below 60% of AMI. In addition, the Applicant will set aside 50% of the ELI Set-Aside units (5 units) as Link Units for Persons with Special Needs. In order to meet the commitment to set aside ELI units as Link Units for Persons with Special Needs, the Applicant must develop and execute a Memorandum of Understanding ("MOU") with at least one designated Special Needs Household Referral Agency that provides supportive services for Persons with Special Needs for the county where the proposed Development will be located (St. Lucie County), which was approved by FHFC on December 14, 2021. FHFC approved the Applicant's Tenant Selection Plan on February 4, 2022.

Buildings: Residential - 2 Non-Residential - 0

Parking: Parking Spaces - 115 Accessible Spaces - 8

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
HC	10.0%	9	33%	50
HC	90.0%	73	60%	50

Absorption Rate: 20 units per month for 4.0 months.

Occupancy Rate at Stabilization: Physical Occupancy 98% Economic Occupancy 97%

Occupancy Comments: Per appraisal, comparable properties report average 2.3% overall vacancy rate

DDA: No QCT: Yes Multi-Phase Boost: Yes QAP Boost: Yes - 30%

Site Acreage: 2.72 Density: 30.1028 Flood Zone Designation: AE

Zoning: R-5, High Density Residential Flood Insurance Required?: Yes

DEVELOPMENT TEAM		
Applicant/Borrower:	Blue McNeil Two, LLC	% Ownership
Member	Blue McNeil Two M, LLC	0.01%
Member	RJ MT Blue McNeil Two L.L.C.	99.99%
Developer:	Blue BSL2 Developer, LLC	
Principal 1	Blue Sky Communities, LLC	
Principal 2	Shawn Wilson	
Principal 3	Scott Macdonald	
Principal 4	Weedon Enterprises, LLC	
General Contractor 1:	NDC Construction Company	
Management Company:	Carteret Management Corporation	
Syndicator:	Raymond James Tax Credit Funds, Inc.	
Architect:	Architectonics Studio, Inc.	
Market Study Provider:	Novogradac & Company LLP	
Appraiser:	Walter Duke + Partners, Inc.	

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	1	2				
Lender/Grantor	Chase	St. Lucie Cty				
Amount	$4,550,000	$700,000				
Underwritten Interest Rate	5.29%	0.00%				
All In Interest Rate	5.29%	0.00%				
Loan Term	15	20				
Amortization	35	n/a				
Market Rate/Market Financing LTV	23%	26%				
Restricted Market Financing LTV	53%	61%				
Loan to Cost - Cumulative	20%	23%				
Debt Service Coverage	1.39	1.39				
Operating Deficit & Debt Service Reserves	$209,674					
# of Months covered by the Reserves	3.1					

Deferred Developer Fee	$1,221,000
As-Is Land Value	$1,070,000
Market Rent/Market Financing Stabilized Value	$20,000,000
Rent Restricted Market Financing Stabilized Value	$8,550,000
Projected Net Operating Income (NOI) - Year 1	$395,805
Projected Net Operating Income (NOI) - 15 Year	$441,219
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Housing Credit (HC) Syndication Price	$0.9200
HC Annual Allocation - Initial Award	$1,675,000
HC Annual Allocation - Qualified in CUR	$1,675,000
HC Annual Allocation - Equity Letter of Interest	$1,825,386

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Regulated Mortgage Lende	TD Bank / Chase	$17,750,000	$4,550,000	$55,488
Local Government Subsidy	St. Lucie Cty	$700,000	$700,000	$8,537
HC Equity	RJBMT	$2,311,269	$15,408,459	$187,908
HC Equity	RJBMT-CHIRP	$214,503	$1,430,017	$17,439
Deferred Developer Fee	Developer	$2,333,704	$1,221,000	$14,890
TOTAL		$23,309,476	$23,309,476	$284,262

Credit Underwriter: AmeriNat Loan Services

Date of Final CUR: 06/20/2022

TDC PU Limitation at Application: $292,100 TDC PU Limitation at Credit Underwriting: $437,239

Minimum 1st Mortgage per Rule: $3,600,907 Amount Dev. Fee Reduced for TDC Limit: $0

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the Application?	x	
Are all funding sources the same as shown in the Application?		1
Are all local government recommendations/contributions still in place at the level described in the Application?	x	
Is the Development feasible with all amenities/features listed in the Application?	x	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?	x	
Does the Applicant have site control at or above the level indicated in the Application?	x	
Does the Applicant have adequate zoning as indicated in the Application?	x	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	x	
Have the Development costs remained equal to or less than those listed in the Application?		2
Is the Development feasible using the set-asides committed to in the Application?	x	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	x	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	x	
Is the Development in all other material respects the same as presented in the Application?		3

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

1. JPMorgan Chase Bank, NA ("Chase") was the proposed construction and permanent loan lender at the time of the original Application with an anticipated loan amount of $17,000,000 for the construction phase and $3,730,000 for the permanent phase. TD Bank, N.A. ("TD Bank") has replaced Chase for the construction financing and will provide a construction loan in an amount up to $17,750,000. Chase will remain as the permanent first lender; however, the permanent first mortgage has increased to $4,550,000.

   Since the time of application, the State Housing Initiatives Partnership Program funding to be provided by St. Lucie County has increased from $469,313 to $700,000.

   The Applicant applied for 2022 Construction Housing Inflation Response Program ("CHIRP") HC funding from FHFC and the application was accepted by FHFC on May 12, 2022. A preliminary HC allocation of $155,452 has been sized based on the requirements of the ITP. The estimated additional HC Equity anticipated to be contributed by Raymond James Tax Credit Funds, Inc. ("RJTCF") is $214,503 during the construction phase and $1,430,017 in the permanent phase.

2. Total Development Costs have increased by $3,716,778, or 18.97%, from $19,592,698 to $23,309,476 since the Application due to increases in the construction costs, general development costs, construction loan interest, Developer Fee, and the inclusion of an Operating Deficit Reserve ("ODR").

3. Blue Sky Developer, LLC ("BSD") was the named developer entity in the application. The Applicant submitted a request to change to the Developer to Blue BSL2 Developer, LLC ("Developer") on September 1, 2021. All principals and their ownership percentages are the same within the Developer and BSD. The change was approved by Florida Housing on October 21, 2021.

   Florida Housing approved a change to the legal description on September 29, 2021.

   The Applicant submitted a request on June 6, 2022, for a Rule Waiver of Rule Chapter 67-48.0072(19) to FHFC for the 5% hard cost contingency limit. At the April 1, 2022, Board meeting, FHFC staff was granted authority to allow for a higher hard cost contingency limit if recommended by the PCR provider and credit underwriter. A Plan and Cost Review ("PCR") was engaged by AmeriNat and performed by GLE Associates, Inc. ("GLE"). GLE summarized their review of the construction contract and schedule of values in a report dated May 19, 2022. Based on the recommendation of GLE, as supported in the PCR, a hard cost contingency of 8% is included herein. The Applicant's request is pending FHFC Staff approval.

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

According to the FHFC Asset Management Noncompliance Report dated June 9, 2020, no noncompliance issues exist for the Development Team.

According to the FHFC Past Due Report dated March 25, 2022, no past due issues exist for the Development Team.

This recommendation is subject to satisfactory resolution, as determined by Florida Housing, of any outstanding past due items or non-compliance issues applicable to the Development Team prior to closing and the issuance of the annual HC allocation recommended herein.

Strengths:

1. The Development Team has demonstrated the ability to successfully develop and operate affordable multifamily rental communities using a variety of different subsidies.
2. A market study was performed by Novogradac & Company LLP ("Novogradac") that contains a demand analysis which concludes that, based on market research and demographic analysis, sufficient demand exists for the Development as evidenced by the average vacancy rate reported by the affordable comparables of 1.4% and a capture rate of 2.04% for the Primary Market Area ("PMA") and 1.83% when adjusted for 10% leakage for demand from outside the PMA. Both of which are considered exceptionally low and indicative of supply constrained conditions.

Other Considerations:

1. In accordance with RFA 2020-201, FHFC limits the Total Development Cost ("TDC") per unit to a figure based on the average cost to deliver new construction units. The Applicant indicates the proposed Development is to be new construction, mid-rise (4 stories), Enhanced Structural Systems ("ESS") apartments which allows for a per unit cost of $292,100.00. The TDC was increased to $437,238.65 per unit at the April 1, 2022, FHFC Telephonic Board meeting. With 82 units, the maximum TDC, less the Operating Deficit Reserve and Land, for the Development is therefore $35,853,569 (82 units @ $437,238.65 per unit). TDC, exclusive of land acquisition cost and Operating Deficit Reserve, is $271,225.15 per unit, which is within the per unit limitation. As such, no adjustment to the Total Developer Fee is necessary as the TDC is within the limit as allowed for in the RFA.
2. To the underwriter's knowledge, no construction cost exceeding 20% is subcontracted to any one entity.
3. To the underwriter's knowledge, no construction cost shall be subcontracted to any entity that has common ownership or is an Affiliate of the General Contractor or Developer.

Issues and Concerns:

1. Mr. Chadwick, a financial beneficiary in the transaction, indicated four separate incidences of bankruptcy/reorganization filings; foreclosure, deed in lieu of foreclosure, short sale, loan default, or payment moratorium; or loan(s) in arrears for principal, interest, taxes, or insurance premiums due.

   Mitigating Factors:

   None of the above defaults are related to affordable housing developments, which is in agreement with the Rule. In addition, AmeriNat was advised that all of the defaults were settled amicably between the respective Lenders and Mr. Chadwick. In AmeriNat's opinion, the aforementioned defaults will have no substantial material impact to the HC and CHIRP HC recommendation for the Development.

Waiver Requests:

1. According to the RFA, the Corporation will review the limited partnership agreement or limited liability company operating agreement language on reserves for compliance with the RFA requirement. If the limited partnership agreement or limited liability company operating agreement does not specifically state that the parties will comply with the Corporation's RFA requirements, the Corporation will require an amendment of the agreement and will not issue IRS form(s) 8609 until the amendment is executed and provided to the Corporation.

   The RFA includes language restricting the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve's original purpose has terminated or is near termination. The RFA also requires the Corporation to review the limited partnership agreement or limited liability company operating agreement language on reserves for compliance with the RFA requirement. While Florida Housing will continue to require the Applicant to adhere to all requirements in the RFA including the restrictions on the disposition of any funds in an operating deficit reserve account, Florida Housing will not monitor the limited partnership agreement or limited liability company operating agreement language for compliance with these requirements, as this would require analysis of a legal contract. This deviation in process was included as an Information Item in the April 29, 2022 FHFC Board Meeting.

Special Conditions:

None

Additional Information:

1. 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 AmeriNat in this report, in part, rely upon assumptions made by third-party reports that are unable to predict the impacts of the virus.

Recommendation:

AmeriNat recommends an annual allocation of 9% HC in the amount of $1,675,000 and an annual allocation of CHIRP HC in the amount of $155,452 to Blue McNeil Two, LLC for the construction and permanent phase financing of Blue Sky Landing II.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A), and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the Housing Credit Allocation Contingencies as set forth in Section B of this report. This recommendation is only valid for six months from the date of the report. The reader is cautioned to refer to these sections for complete information.

Prepared by:	Reviewed by:
Kyle Kuenn	Tom Louloudes
Sr. Credit Underwriter	Credit Underwriting Manager

Overview

Construction Financing Sources:

Source	Lender	Applicant's Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Debt Service During Construction
Regulated Mortgage Lender	TD Bank	$17,000,000	$17,750,000	$17,750,000	4.47%	$1,105,039
Local Government Subsidy	St. Lucie Cty	$469,313	$700,000	$700,000	0.00%	$0
HC Equity	RJBMT	$2,261,024	$2,518,781	$2,311,269		
HC Equity	RJBMT-CHIRP	$0	$0	$214,503		
Deferred Developer Fee	Developer	$1,000,000	$2,321,040	$2,333,704		
	Total :	$20,730,337	$23,289,821	$23,309,476		$1,105,039

Proposed First Mortgage Loan:

The Applicant provided an executed Construction Loan Agreement ("CLA") dated June 8, 2022 from TD Bank, N.A. ("TDB") that illustrates the terms in which TDB made a construction loan in the amount of $17,750,000. Per the CLA, the construction loan mature June 8, 2024, with one, six-month conditional extension option available. The loan is interest-only during the construction period with payments due monthly. The loan shall bear interest at a variable per annum rate equal to 2.50% above the greater of zero percent (0%) and the forward-looking secured overnight financing rate ("SOFR") for a one-month period as published by CME Group Benchmark Administration Ltd. (0.9753% as of May 25, 2022). In addition, AmeriNat added an additional 1.00% underwriting cushion for an all-in interest rate of 4.47%.

Proposed Second Mortgage Loan:

The Applicant provided an executed Promissory Note that illustrates the terms in which St. Lucie County will issue a SHIP loan in the amount of $700,000 for the construction and permanent financing of the Development. The SHIP loan shall be non-amortizing loan with an interest rate of 0.00% per annum for a total term of 20 years with payment of any principal due in full at maturity. At any time after the compliance period, SHIP loan may be forgiven in the sole and absolute discretion of St. Lucie County.

Additional Construction Sources of Funds:

An executed Amended and Restated Operating Agreement ("AROA") dated June 1, 2022, between RJ MT Blue McNeil Two L.L.C. ("RJBMT") and the Applicant was provided. The AROA outlines the terms and conditions of the purchase of the HC. A fund sponsored by RJBMT will provide a net equity investment of $16,791,872 in exchange for a 99.99% limited partnership ownership interest and a proportionate share of the total HC allocation estimated by RJBMT to be $18,253,860 (based upon $16,750,000 from the Application and $1,503,860 from an earlier CHIRP estimate). The HC allocation will be syndicated at a rate of approximately $0.9200 per $1.00 of delivered tax credits. An initial HC equity infusion $2,518,781 will be available at construction loan closing, which satisfies the 15% requirement. According to the AROA, there will be no other HC equity installments available during construction.

The AROA is inclusive of the CHIRP esitimate made as of the date the AROA was executed. AmeriNat has bifurcated the proposed HC equity based upon the annual allocation of HC as requested in the Application and the equity proceeds estimated to be attributed to the CHIRP award. Based upon the HC requested in the Application, RJBMT will provide a net equity investment of $15,408,459 in exchange for a 99.99% limited partnership ownership interest and a proportionate share of the total HC allocation. The HC allocation will be syndicated at a rate of approximately $0.9200 per $1.00 of delivered tax credits. An initial HC equity infusion $2,311,269 was available at construction loan closing, which satisfies the 15% requirement. No other HC equity installmens are expected to be available during construction.

Construction Housing Inflation Response Program:

The Applicant applied to the 2022 Construction Housing Inflation Response Program (“CHIRP”) Invitation to Participate (“ITP”) for additional HC in order to assist the Development with increases related to market inflation. The maximum CHIRP HC amount will be the lesser of (a) the maximum determined via a gap analysis (Total Development Costs less permanent funding sources, subject to minimum funding sources); (b) per funding maximum dollar limits outlined in this ITP, or (c) 30 percent of the updated General Contractor contract, inclusive of verified construction cost increases, plus other increased development costs related to these increased construction costs and the additional funding amount. The other increased development costs identified in (c) are limited to (i) developer fee, (ii) Corporation fees and (iii) construction financing as reviewed and approved by the credit underwriter. As the Applicant has an active HC Award, the maximum amount of the CHIRP HC funding allowable is $500,000. The amount of the CHIRP HC has been sized to $155,452. A net equity investment of $1,430,017 is estimated to be provided in exchange for a 99.99% limited partnership ownership interest and a proportionate share of the CHIRP HC allocation. An initial CHIRP HC equity infusion of $214,503 is estimated be available at construction loan closing. There will be no other CHIRP HC equity installments available during construction.

Deferred Developer Fee:

The Applicant will be required to defer $2,333,704 or 76% of the total developer fee during the construction phase.

Permanent Financing Sources:

Source	Lender	Applicant's Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Amortization Years	Term Years	Annual Debt Service
Regulated Mortgage Lender	Chase	$3,730,000	$4,550,000	$4,550,000	5.29%	35	15	$285,739
Local Government Subsidy	St. Lucie Cty	$469,313	$700,000	$700,000	0.00%	n/a	20	$0
HC Equity	RJBMT	$15,073,493	$16,791,872	$15,408,459				
HC Equity	RJBMT-CHIRP	$0	$0	$1,430,017				
Deferred Developer Fee	Developer	$319,892	$1,247,949	$1,221,000				
	Total :	**$19,592,698**	**$23,289,821**	**$23,309,476**				**$285,739**

Proposed First Mortgage Loan:

The Applicant provided an executed Forward Purchase Agreement dated June 8, 2022 from JPMorgan Chase Bank, N.A. ("Chase") that illustrates the terms in which Chase will issue a permanent loan in an amount not to exceed $4,550,000. The loan will have a term of 15 years with a 35-year amortization and a fixed interest rate of 5.290% that was previously locked at construction loan closing. The Development must achieve at least three consecutive calendar months of the following prior to the closing of the permanent loan:

- 1.20x debt service coverage ratio (DSCR); 1.15x all-in DSCR including all loans requiring debt service payment, and
- 90% economic and physical occupancy.

Additionally, the pro forma forecast must not show a DSCR less than 1.00x in the permanent period (including 2% annual revenue growth and 3% annual expense growth).

Proposed Second Mortgage Loan:

The Applicant provided an executed Promissory Note that illustrates the terms in which St. Lucie County will issue a SHIP loan in the amount of $700,000 for the construction and permanent financing of the Development. The SHIP loan shall be non-amortizing loan with an interest rate of 0.00% per annum for a total term of 20 years with payment of any principal due in full at maturity. At any time after the compliance period, SHIP loan may be forgiven in the sole and absolute discretion of St. Lucie County.

Additional Permanent Sources of Funds:

Per the AROA, RJBMT will provide a net equity investment of $16,791,872 in exchange for a 99.99% limited partnership ownership interest and a proportionate share of the total HC allocation estimated by RJBMT to be $18,253,860 (based upon $16,750,000 from the Application and $1,503,860 from an earlier CHIRP estimate). The HC allocation will be syndicated at a rate of approximately $0.9200 per $1.00 of delivered tax credits. The HC equity contribution is to be paid as follows:

Capital Contributions	Amount	Percent of Total	Due upon
1st Installment	$2,518,781	15.00%	Closing
2nd Installment	$2,518,781	15.00%	Later of August 1, 2023 or Construction Completion
3rd Installment	$11,654,310	69.40%	Later of May 1, 2024 and Stabilized Operations
4th Installment	$100,000	0.60%	Receipt of tax filing information, EUA, and Form 8609s
Total:	**$16,791,872**	**100%**	

Annual Credits Per Syndication Agreement	$1,825,386
Total Credits Per Syndication Agreement	$18,253,860
Calculated HC Rate:	$0.9200
Limited Partner Ownership Percentage	99.99%
Proceeds During Construction	$2,518,781

The AROA is inclusive of the CHIRP esitimate made as of the date the AROA was executed. AmeriNat has bifurcated the proposed HC equity based upon the annual allocation of HC as requested in the Application and the equity proceeds estimated to be attributed to the CHIRP award. Based upon the HC requested in the Application, RJBMT will provide a net equity investment of $15,408,459 in exchange for a 99.99% limited partnership ownership interest and a proportionate share of the total HC allocation. The HC allocation will be syndicated at a rate of approximately $0.9200 per $1.00 of delivered tax credits. The HC equity contributions based on the HC requested in the Application are expected to be paid as follows:

Capital Contributions	Amount	Percent of Total	Due upon
1st Installment	$2,311,269	15.00%	Closing
2nd Installment	$2,311,269	15.00%	Later of August 1, 2023 or Construction Completion
3rd Installment	$10,685,921	69.35%	Later of May 1, 2024 and Stabilized Operations
4th Installment	$100,000	0.65%	Receipt of tax filing information, EUA, and Form 8609s
Total:	**$15,408,459**	**100%**	

Annual Credits Per Syndication Agreement	$1,675,000
Total Credits Per Syndication Agreement	$16,750,000
Calculated HC Rate:	$0.9200
Limited Partner Ownership Percentage	99.99%
Proceeds During Construction	$2,311,269

<u>Construction Housing Inflation Response Program:</u>

The Applicant applied to the 2022 Construction Housing Inflation Response Program ("CHIRP") Invitation to Participate ("ITP") for additional HC in order to assist the Development with increases related to market inflation. The maximum CHIRP HC amount will be the lesser of (a) the maximum determined via a gap analysis (Total Development Costs less permanent funding sources, subject to minimum funding sources); (b) per funding maximum dollar limits outlined in this ITP, or (c) 30 percent of the updated General Contractor contract, inclusive of verified construction cost increases, plus other increased development costs related to these increased construction costs and the additional funding amount. The other increased development costs identified in (c) are limited to (i) developer fee, (ii) Corporation fees and (iii) construction financing as reviewed and approved by the credit underwriter. As the Applicant has an active HC Award, the maximum amount of the CHIRP HC funding allowable is $500,000. The amount of the CHIRP HC has been sized to $155,452. A net equity investment of $1,430,017 is estimated to be provided in exchange for a 99.99% limited partnership ownership interest and a proportionate share of the CHIRP HC allocation. The CHIRP HC equity contributions are estimated to be paid as follows:

Capital Contributions	Amount	Percent of Total	Due upon
1st Installment	$214,503	15.00%	Closing
2nd Installment	$214,503	15.00%	later of August 1, 2023 or Construction Completion
3rd Installment	$991,730	69.35%	Later of December 1, 2023 and Stabilized Operations
4th Installment	$9,281	0.65%	Receipt of tax filing information, EUA, and Form 8609s
Total:	**$1,430,017**	**100%**	

Annual Credits Per Syndication Agreement	$155,452
Total Credits Per Syndication Agreement	$1,554,520
Calculated HC Rate:	$0.9200
Limited Partner Ownership Percentage	99.99%
Proceeds During Construction	$214,503

Deferred Developer Fee:

The Developer will be required to permanently defer $1,221,000 or 40% in Developer Fee after stabilization. The Deferred Developer Fee meets the 30% requirement as illustrated in the CHIRP ITP.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
New Rental Units	$9,461,500	$10,518,738	$10,482,738	$127,838	$0
Site Work	$925,000	$1,120,284	$1,120,285	$13,662	$78,420
Furniture, Fixture, & Equipment	$0	$0	$36,000	$439	$36,000
Constr. Contr. Costs subject to GC Fee	$10,386,500	$11,639,022	$11,639,023	$141,939	$114,420
General Conditions	$0	$698,341	$698,341	$8,516	$0
Overhead	$0	$232,780	$232,780	$2,839	$0
Profit	$1,454,110	$698,341	$698,341	$8,516	$0
Total Construction Contract/Costs	$11,840,610	$13,268,485	$13,268,485	$161,811	$114,420
Hard Cost Contingency	$592,030	$1,061,479	$1,061,478	$12,945	$0
PnP Bond paid outside Constr. Contr.	$149,192	$105,105	$105,105	$1,282	$0
Demolition paid outside Constr. Contr.	$0	$60,940	$60,940	$743	$60,940
FF&E paid outside Constr. Contr.	$114,800	$11,500	$11,500	$140	$0
Other: Change Order 1	$0	$239,578	$239,578	$2,922	$0
Other: SDI	$0	$158,242	$158,242	$1,930	$0
Total Construction Costs:	**$12,696,632**	**$14,905,329**	**$14,905,328**	**$181,772**	**$175,360**

Notes to Actual Construction Costs:

1. The Applicant provided an executed Standard Form of Agreement Between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price in the amount of $13,268,485.49 (the “Construction Contract”). The Construction Contract is dated as of March 28, 2022 and is between the Applicant and NDC Construction Company (the “General Contractor”). The Construction Contract states the General Contractor will achieve substantial completion no later than 427 calendar days following commencement. The Owner will withhold 10% retainage from payment for all completed work until the Development reaches 50% completion, at which time no retainage will be withheld thereafter.

2. The Furniture, Fixture, & Equipment line item reflects the cost to purchase commercial washers and dryers for use in a community laundry facility.

3. The General Contractor’s Fee (consisting of general conditions, overhead, and profit) does not exceed 14.00% of allowable hard costs as allowed by the RFA and the Rule. The General Contractor’s fee stated herein is for credit underwriting purposes only, and the final General Contractor’s fee will be determined pursuant to the final cost certification process as per the Rule.

4. A Plan and Cost Review (“PCR”) was engaged by AmeriNat and performed by GLE Associates, Inc. (“GLE”). GLE summarized their review of the construction contract and schedule of values in a report dated May 19, 2022. The review concludes that overall costs to construct are sufficient for satisfactory completion of the proposed development. The costs for similar type developments identified in the PCR range from $156,148 per unit to $166,962 per unit excluding the costs of site work and special construction. The Development has a projected unit cost of $164,732 per unit. The construction progress schedule submitted for GLE’s review shows a 414-day duration; GLE stated this time is adequate for the construction of the Development. The PCR illustrates allowances totaling $185,635 within the Schedule of Values, which GLE states is within an acceptable range for the scope of work indicated. Allowance includes:

    - $30,000 Removal of existing concrete pipes and structures from previous development
    - $55,000 Modify existing site wall, pilasters and fencing
    - $5,635 Benches, trash receptacles and bike racks
    - $60,000 Access control and security cameras

- $35,000 FPUA power company's primary conduits

5. The Applicant provided an executed Change Order dated May 17, 2022, that memorializes additional cost due to increased material pricing in the amount of $239,578.31. The Change Order was executed by the Architect, GC, and Applicant and accepted by TDB, Chase, RJBMT, and AmeriNat. Due to the timing of closing, a Change Order as prepared in lieu of a new Construction Contract in order to preserve the references in the loan documents.
6. Subcontractor Default Insurance of $158,242 was included in the cost of the Construction Costs.
7. Based on the recommendation of GLE as supported in the PCR, a hard cost contingency of 8% is included herein.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	$40,000	$30,000	$30,000	$366	$30,000
Appraisal	$7,500	$9,207	$9,207	$112	$0
Architect's Fee - Site/Building Design	$250,000	$115,000	$115,000	$1,402	$0
Architect's Fee - Supervision	$41,000	$40,000	$40,000	$488	$0
Building Permits	$99,461	$316,194	$316,194	$3,856	$0
Engineering Fees	$85,000	$44,835	$44,835	$547	$0
Environmental Report	$10,000	$4,150	$4,150	$51	$0
FHFC Administrative Fees	$150,750	$150,750	$164,741	$2,009	$164,741
FHFC Application Fee	$3,000	$6,000	$3,000	$37	$3,000
FHFC Credit Underwriting Fee	$25,000	$28,659	$20,017	$244	$20,017
FHFC Compliance Fee	$217,000	$220,094	$222,531	$2,714	$222,531
Impact Fee	$768,504	$839,880	$839,880	$10,242	$0
Lender Inspection Fees / Const Admin	$50,000	$45,000	$45,000	$549	$0
Green Building Cert. (LEED, FGBC, NAHB)	$30,000	$14,110	$14,110	$172	$0
Insurance	$300,000	$249,029	$249,029	$3,037	$160,000
Legal Fees - Organizational Costs	$135,000	$257,373	$257,373	$3,139	$257,373
Market Study	$7,500	$6,500	$6,000	$73	$6,000
Marketing and Advertising	$10,000	$10,000	$10,000	$122	$10,000
Plan and Cost Review Analysis	$0	$4,558	$4,558	$56	$0
Property Taxes	$17,710	$18,015	$18,015	$220	$9,008
Soil Test	$25,000	$24,205	$24,205	$295	$0
Survey	$20,000	$5,775	$5,775	$70	$5,775
Title Insurance and Recording Fees	$80,000	$84,000	$84,000	$1,024	$26,800
Utility Connection Fees	$166,625	$316,761	$316,761	$3,863	$0
Soft Cost Contingency	$140,152	$155,390	$142,749	$1,741	$0
Other: FHFC Extension Fee	$0	$10,000	$10,600	$129	$10,600
Other: Credit Report Fee	$0	$300	$0	$0	$0
Total General Development Costs:	**$2,679,202**	**$3,005,785**	**$2,997,730**	**$36,558**	**$925,845**

Notes to the General Development Costs:

1. AmeriNat reflects actual costs for the appraisal, market study, and plan and cost review analysis.
2. AmeriNat reflects the costs associated with the Architect's fees as stated in an executed Standard Form of Agreement between the Applicant and Architectonics Studio, Inc. dated May 25, 2021, which was reviewed by AmeriNat.
3. AmeriNat reflects the costs associated with the Engineer's fees as stated in executed proposals between the Applicant and Universal Engineering Sciences, LLC dated July 27, 2021 for land planning and zoning, and the Applicant and WGI, Inc. for civil engineering dated May 20, 2021, which were reviewed by AmeriNat.

4. FHFC Administrative Fee is based upon a fee of 9% of the annual HC ($1,675,000) and the CHIRP ($155,452) recommended herein.
5. FHFC Credit Underwriting Fee includes HC credit underwriting fee ($14,721), a multiple program credit underwriting fee ($4,996), and credit reporting fees ($300).
6. Total Impact Fees are anticipated to be approximately net $839,880 based upon the City of Ft. Pierce and St. Lucie County Impact Fee schedule provided by the Applicant and verified by AmeriNat.
7. AmeriNat received a proposal dated August 25, 2021 from Abney + Abney Green Solutions for the NGBS Green Building Certification.
8. FHFC Extension Fees include $500 for a Progress Report Late Fee, $5,000 for CUR extension Fee, $5,000 for Site Control Extension Fee, and $100 for the Legal Description Change Fee.
9. A soft cost contingency of 5% has been underwritten, which is consistent with the RFA and Rule and may be utilized by the Applicant in the event soft costs exceed estimates.
10. The remaining general development costs appear reasonable.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Origination Fee	$170,000	$133,125	$133,125	$1,623	$0
Construction Loan Closing Costs	$50,000	$0	$0	$0	$0
Construction Loan Interest	$663,000	$1,105,039	$1,105,039	$13,476	$367,126
Permanent Loan Application Fee	$0	$0	$25,000	$305	$0
Permanent Loan Origination Fee	$27,975	$34,125	$34,125	$416	$34,125
Other: Syndicator Fees		$25,000	$25,000	$305	$25,000
Total Financial Costs:	**$910,975**	**$1,297,289**	**$1,322,289**	**$16,125**	**$426,251**
Dev. Costs before Acq., Dev. Fee & Reserves	**$16,286,809**	**$19,208,403**	**$19,225,347**	**$234,455**	**$1,527,456**

Notes to the Financial Costs

1. Financial costs were derived from the representations illustrated in the LOIs for the construction financing and HC equity and appear reasonable to AmeriNat.
2. The Construction Loan Interest is based on the interest reserve as illustrated in the CLA with Chase. AmeriNat verified the amount based upon the duration of construction referenced in the Construction Contract and the resultant calculation through the use of a construction draw schedule provided by the Applicant.

DEVELOPER FEE ON NON-ACQUISTION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Developer Fee - Unapportioned	$2,605,889	$3,073,344	$3,076,055	$37,513	$0
Total Other Development Costs:	**$2,605,889**	**$3,073,344**	**$3,076,055**	**$37,513**	**$0**

Notes to the Other Development Costs:

1. Total Developer Fee of $3,076,055 does not exceed 16% of Development Costs before Land and exclusive of reserves as permitted by the RFA and the Rule. As illustrated in the CHIRP ITP, the Developer will be required to defer a minimum of 30% of the Developer Fee. As noted in the Permanent Sources, the Applicant meets this requirement.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Land	$700,000	$700,000	$700,000	$8,537	$700,000
Total Acquisition Costs:	**$700,000**	**$700,000**	**$700,000**	**$8,537**	**$700,000**

Notes to Land Acquisition Costs:

1. The Applicant provided a purchase and sale agreement ("P&SA") executed as of July 11, 2019 between St. Lucie County (the "Seller") and the Applicant. The P&SA illustrates the terms in which the Applicant would purchase the property for a purchase price of $10.
2. An Amendment to the P&SA was executed as of October 22, 2019, wherein the purchase price was amended to $700,000.
3. A Second Amendment to the P&SA was executed as of October 7, 2021, wherein the closing date was extended to June 30, 2022.
4. An Appraisal performed by Walter Duke + Partners, Inc. ("Walter Duke") dated May 16, 2022 identified an "As Is" value for the vacant land of $1,070,000, which supports the purchase price.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Operating Deficit Reserve (Syndicator)	$0	$209,674	$209,674	$2,557	$0
Reserves - Start-Up/Lease-up Expenses	$0	$98,400	$98,400	$1,200	$0
Total Reserve Accounts:	**$0**	**$308,074**	**$308,074**	**$3,757**	**$0**

Notes to the Reserve Accounts:

1. Per the AROA, RJBMT will require an operating reserve in the greater of $209,674 or approximately three months of operating expenses, debt service, and replacement reserves. The operating reserve shall be funded with HC equity from the Stabilization Capital Contribution. 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 Rule Chapters 67-48. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its legal counsel.
2. An operating deficit reserve is not to be included as part of Development Costs and cannot be used in determining the maximum Developer Fee. Applicants may not enter any amounts pertaining to any type of reserve other than the contingency reserve mentioned above on the Development Cost Pro Forma as part of the Application process. A reserve, including an operating deficit reserve, if necessary as determined by an equity provider, first mortgage lender, and/or the Credit Underwriter engaged by the Corporation in its reasonable discretion, will be required and sized in credit underwriting. The inclusion of any reserve is not permitted in the Application (other than the permitted contingency reserve) which may include, but is not limited to, operating deficit reserve, debt service shortfalls, lease-up, rent-re-stabilization, working capital, lender or syndicator required reserve(s), and any pre-funded capital (replacement) reserves. If any reserve other than the

permitted contingency reserve can be identified and is included in the Development Cost Pro Forma, the Corporation will remove it during Application scoring. In exchange for receiving funding from the Corporation, the Corporation reserves the authority to restrict the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve's original purpose has terminated or is near termination. Authorized disposition uses are limited to payments towards any outstanding loan balances of the Development funded from the Corporation, any outstanding Corporation fees, any unpaid costs incurred in the completion of the Development (i.e., deferred Developer Fee), the Development's capital replacement reserve account (provided, however, that any operating deficit reserve funds deposited to the replacement reserve account will not replace, negate, or otherwise be considered an advance payment or pre-funding of the Applicant's obligation to periodically fund the replacement reserve account), the reimbursement of any loan(s) provided by a partner, member or guarantor as set forth in the Applicant's organizational agreement (i.e., operating or limited partnership agreement whereby its final disposition remains under this same restriction. The actual direction of the disposition is at the Applicant's discretion so long as it is an option permitted by the Corporation. In no event, shall the payment of amounts to the Applicant or the Developer from any operating deficit reserve established for the Development cause the Developer Fee or General Contractor fee to exceed the applicable percentage limitations provided for in this RFA.

3. The Applicant provided a schedule of lease-up expenses that will be utilized during stabilization that appears reasonable to AmeriNat.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	$19,592,698	$23,289,821	$23,309,476	$284,262	$2,227,456

Notes to Total Development Costs:

1. Total Development Costs have increased by $3,716,778, or 18.97%, from $19,592,698 to $23,309,476 since the Application due to increases in the construction costs, general development costs, Developer Fee, and the inclusion of an Operating Deficit Reserve ("ODR").

OPERATING PRO FORMA

OPERATING PRO FORMA					
INCOME:	Gross Potential Rental Income			$908,736	$11,082
	Other Income				$0
	Ancillary Income			$8,600	$105
	Miscellaneous			$16,400	$200
	Cable/Satellite Income			$10,000	$122
	Gross Potential Income			$943,736	$11,509
	Less:				
	Physical Vac. Loss	Percentage:	2.00%	$18,875	$230
	Collection Loss	Percentage:	1.00%	$9,437	$115
	Total Effective Gross Income			**$915,424**	**$11,164**
EXPENSES:	Fixed:				
	Real Estate Taxes			$101,799	$1,241
	Insurance			$73,800	$900
	Variable:				
	Management Fee	Percentage:	6.00%	$54,970	$670
	General and Administrative			$24,600	$300
	Payroll Expenses			$106,600	$1,300
	Utilities			$71,750	$875
	Marketing and Advertising			$4,100	$50
	Maintenance and Repairs/Pest Control			$57,400	$700
	Reserve for Replacements			$24,600	$300
	Total Expenses			**$519,619**	**$6,337**
	Net Operating Income			**$395,805**	**$4,827**
	Debt Service Payments				
	First Mortgage - Chase			$285,739	$3,485
	Second Mortgage - SHIP			$0	$0
	Total Debt Service Payments			$285,739	$3,485
	Cash Flow after Debt Service			$110,066	$1,342
	Debt Service Coverage Ratios				
	DSC - First Mortgage plus Fees			1.39x	
	DSC - Second Mortgage plus Fees			1.39x	
	Financial Ratios				
	Operating Expense Ratio			56.76%	
	Break-even Economic Occupancy Ratio (all debt)			85.52%	

Notes to the Operating Pro Forma and Ratios:

1. The Development will be utilizing Housing Credits that will impose rent restrictions. Gross Potential Rental Revenue ("GPR") is based upon the 2022 restricted rents published by Florida Housing under the HC program less utility allowances. The utility allowances are based on a Utility Allowance Schedule for the Housing Authority of the City of Fort Pierce, FL approved by the U.S. Department of Housing and Urban Development effective October 1, 2021 as illustrated in an appraisal performed by Walter Duke dated May 16, 2022. Based upon the application, a minimum of 10% of the units (9 units) will be set-aside for Extremely Low Income ("ELI") tenants earning 33% or less of the area median income ("AMI") and 90% of the units (73 units) will be set aside for tenants earning 60% or less of the AMI. A rent roll for the Development property is illustrated in the following table:

MSA (County): Port St. Lucie, FL MSA (St. Lucie County)

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
0	1.0	1	505	33%			$462	$60	$402		$402	$402	$402	$4,824
0	1.0	1	505	60%			$840	$60	$780		$780	$780	$780	$9,360
1	1.0	2	688	33%			$495	$69	$426		$426	$426	$426	$10,224
1	1.0	16	688	60%			$900	$69	$831		$831	$831	$831	$159,552
2	2.0	5	992	33%			$594	$91	$503		$503	$503	$503	$30,180
2	2.0	43	992	60%			$1,080	$91	$989		$989	$989	$989	$510,324
3	2.0	1	1,197	33%			$686	$111	$575		$575	$575	$575	$6,900
3	2.0	13	1,197	60%			$1,248	$111	$1,137		$1,137	$1,137	$1,137	$177,372
		82	77,768											$908,736

2. A 2.00% physical vacancy rate and a 1.00% collection loss were applied for underwriting purposes based on the comparable developments as concluded in the appraisal.

3. The Development will offer a community laundry room to tenants. Walter Duke projects additional income will be generated based upon a tenant participation rate of 90% and a monthly premium of $10.

4. The Developer will be participating in a revenue sharing agreement with the cable company. The developer estimated an income of $10,000 annually.

5. Ancillary income includes items such as application fees, pet deposits, and other miscellaneous fees.

6. AmeriNat utilized a real estate tax expense of $1,241 per unit based upon the current millage rate for the municipality and an estimated assessment of $51,000 per unit presented by the appraiser. The estimate also took into account the income restrictions of the Development.

7. AmeriNat utilized an estimate of $900 per unit for insurance, which is consistent with the appraisal. The comparable developments presented by the appraiser ranged from $620 to $732 per unit. The Development will be located in a flood zone designated "X" and "AE". Zone "AE" is an area within the 100-year flood plain and as such, flood insurance will be required.

8. The Applicant submitted an executed Property Management Agreement dated as of November 11, 2021 wherein Carteret Management Corporation ("Carteret" or "Manager") will manage the Development. The Agreement states the initial term shall be for one year and will be automatically renewed for successive terms of one year unless terminated by either party in writing in accordance with the Agreement. The Agreement provides for compensation to Carteret in the amount greater of 6.0% of the total gross rental collections received during the preceding month or $2,000. The appraisal concluded a management fee of 5% based upon a survey of comparable properties identified in the appraisal. AmeriNat utilized a management fee of 6% for this evaluation.

9. Replacement Reserves of $24,600 or a minimum of $300 per unit per annum, per the RFA and Rule.
10. Based upon an estimated Net Operating Income ("NOI") of $395,805 for the proposed Development's initial year of stabilized operations; the First Mortgage loan can be supported by operations at a 1.39 to 1.00 Debt Service Coverage ("DSC"). The combined amount of the First Mortgage loan and SHIP loan can be supported by operations at a 1.39 to 1.00 DSC.
11. A 15-year Operating Pro forma attached hereto as Exhibit 1 reflects rental income increasing at an annual rate of 2% and expenses increasing at an annual rate of 3%.

Section B

HC Allocation Recommendation and Contingencies

Housing Credit Allocation Recommendation

AmeriNat recommends an annual allocation of 9% HC in the amount of $1,675,000 and an annual allocation of CHIRP HC in the amount of $155,452. Please refer to Exhibit 3 - HC Allocation Calculation for further detail.

Contingencies

1. Purchase of the HC by the Syndicator or its assigns under the terms consistent with assumptions of this report.

2. Closing of the First Mortgage and SHIP loans consistent with the assumptions of this credit underwriting report.

3. Receipt of executed FHFC Fair Housing, Section 504 and ADA as-built certification forms 122, 127, and 129.

4. GLE Associates, Inc. is to act as construction phase inspector for Florida Housing.

5. Receipt and satisfactory resolution (as determined by FHFC) of any outstanding past due items or non-compliance issues, according to the latest FHFC Past Due and/or Non- Compliance Reports.

6. Any other reasonable requirements of Florida Housing or its Servicer.

Exhibit 1
Blue Sky Landing II
15 Year Operating Pro Forma

	FINANCIAL COSTS:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	OPERATING PRO FORMA															
INCOME:	Gross Potential Rental Income	**$908,736**	**$926,911**	**$945,449**	**$964,358**	**$983,645**	**$1,003,318**	**$1,023,384**	**$1,043,852**	**$1,064,729**	**$1,086,024**	**$1,107,744**	**$1,129,899**	**$1,152,497**	**$1,175,547**	**$1,199,058**
	Other Income															
	Ancillary Income	$8,600	$8,772	$8,947	$9,126	$9,309	$9,495	$9,685	$9,879	$10,076	$10,278	$10,483	$10,693	$10,907	$11,125	$11,348
	Miscellaneous	$16,400	$16,728	$17,063	$17,404	$17,752	$18,107	$18,469	$18,838	$19,215	$19,600	$19,992	$20,391	$20,799	$21,215	$21,639
	Cable/Satellite Income	$10,000	$10,200	$10,404	$10,612	$10,824	$11,041	$11,262	$11,487	$11,717	$11,951	$12,190	$12,434	$12,682	$12,936	$13,195
	Gross Potential Income	**$943,736**	**$962,611**	**$981,863**	**$1,001,500**	**$1,021,530**	**$1,041,961**	**$1,062,800**	**$1,084,056**	**$1,105,737**	**$1,127,852**	**$1,150,409**	**$1,173,417**	**$1,196,885**	**$1,220,823**	**$1,245,240**
	Less:															
	Physical Vac. Loss Percentage: 2.00%	$18,875	$19,253	$19,638	$20,030	$20,431	$20,840	$21,256	$21,681	$22,115	$22,557	$23,009	$23,469	$23,938	$24,417	$24,905
	Collection Loss Percentage: 1.00%	$9,437	$9,626	$9,818	$10,015	$10,215	$10,419	$10,628	$10,840	$11,057	$11,278	$11,504	$11,734	$11,968	$12,208	$12,452
	Total Effective Gross Income	**$915,424**	**$933,732**	**$952,407**	**$971,455**	**$990,884**	**$1,010,702**	**$1,030,916**	**$1,051,534**	**$1,072,565**	**$1,094,016**	**$1,115,897**	**$1,138,215**	**$1,160,979**	**$1,184,199**	**$1,207,883**
EXPENSES:	Fixed:															
	Real Estate Taxes	$101,799	$104,853	$107,999	$111,239	$114,576	$118,013	$121,553	$125,200	$128,956	$132,825	$136,809	$140,914	$145,141	$149,495	$153,980
	Insurance	$73,800	$76,014	$78,294	$80,643	$83,063	$85,554	$88,121	$90,765	$93,488	$96,292	$99,181	$102,156	$105,221	$108,378	$111,629
	Variable:															
	Management Fee Percentage: 6.00%	$54,970	$56,069	$57,191	$58,335	$59,501	$60,691	$61,905	$63,143	$64,406	$65,694	$67,008	$68,348	$69,715	$71,110	$72,532
	General and Administrative	$24,600	$25,338	$26,098	$26,881	$27,688	$28,518	$29,374	$30,255	$31,163	$32,097	$33,060	$34,052	$35,074	$36,126	$37,210
	Payroll Expenses	$106,600	$109,798	$113,092	$116,485	$119,979	$123,579	$127,286	$131,105	$135,038	$139,089	$143,261	$147,559	$151,986	$156,546	$161,242
	Utilities	$71,750	$73,903	$76,120	$78,403	$80,755	$83,178	$85,673	$88,243	$90,891	$93,617	$96,426	$99,319	$102,298	$105,367	$108,528
	Marketing and Advertising	$4,100	$4,223	$4,350	$4,480	$4,615	$4,753	$4,896	$5,042	$5,194	$5,350	$5,510	$5,675	$5,846	$6,021	$6,202
	Maintenance and Repairs/Pest Control	$57,400	$59,122	$60,896	$62,723	$64,604	$66,542	$68,539	$70,595	$72,713	$74,894	$77,141	$79,455	$81,839	$84,294	$86,823
	Reserve for Replacements	$24,600	$24,600	$24,600	$24,600	$24,600	$24,600	$24,600	$24,600	$24,600	$24,600	$25,338	$26,098	$26,881	$27,688	$28,518
	Total Expenses	**$519,619**	**$533,920**	**$548,639**	**$563,788**	**$579,380**	**$595,429**	**$611,947**	**$628,948**	**$646,447**	**$664,458**	**$683,735**	**$703,577**	**$724,001**	**$745,024**	**$766,663**
	Net Operating Income	**$395,805**	**$399,813**	**$403,768**	**$407,667**	**$411,504**	**$415,273**	**$418,969**	**$422,586**	**$426,118**	**$429,558**	**$432,162**	**$434,638**	**$436,978**	**$439,175**	**$441,219**
	Debt Service Payments															
	First Mortgage - Chase	$285,739	$285,739	$285,739	$285,739	$285,739	$285,739	$285,739	$285,739	$285,739	$285,739	$285,739	$285,739	$285,739	$285,739	$285,739
	Second Mortgage - SHIP	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Total Debt Service Payments	**$285,739**	**$285,739**	**$285,739**	**$285,739**	**$285,739**	**$285,739**	**$285,739**	**$285,739**	**$285,739**	**$285,739**	**$285,739**	**$285,739**	**$285,739**	**$285,739**	**$285,739**
	Cash Flow after Debt Service	**$110,066**	**$114,073**	**$118,029**	**$121,928**	**$125,765**	**$129,534**	**$133,230**	**$136,847**	**$140,379**	**$143,819**	**$146,422**	**$148,898**	**$151,239**	**$153,435**	**$155,480**
	Debt Service Coverage Ratios															
	DSC - First Mortgage plus Fees	**1.39x**	**1.40x**	**1.41x**	**1.43x**	**1.44x**	**1.45x**	**1.47x**	**1.48x**	**1.49x**	**1.50x**	**1.51x**	**1.52x**	**1.53x**	**1.54x**	**1.54x**
	DSC - Second Mortgage plus Fees	**1.39x**	**1.40x**	**1.41x**	**1.43x**	**1.44x**	**1.45x**	**1.47x**	**1.48x**	**1.49x**	**1.50x**	**1.51x**	**1.52x**	**1.53x**	**1.54x**	**1.54x**
	Financial Ratios															
	Operating Expense Ratio	**56.76%**	**57.18%**	**57.61%**	**58.04%**	**58.47%**	**58.91%**	**59.36%**	**59.81%**	**60.27%**	**60.74%**	**61.27%**	**61.81%**	**62.36%**	**62.91%**	**63.47%**
	Break-even Economic Occupancy Ratio (all debt)	**85.52%**	**85.33%**	**85.16%**	**85.01%**	**84.87%**	**84.75%**	**84.64%**	**84.56%**	**84.48%**	**84.43%**	**84.45%**	**84.49%**	**84.54%**	**84.61%**	**84.69%**

Blue Sky Landing II
RFA 2020-201 (2021-090C)
St. Lucie County
Description of Features and Amenities

The Development will consist of:

82 apartment units located in 2 mid-rise, 4 story residential buildings.

Unit Mix:

Two (2) zero bedroom/one bath units;

Eighteen (18) one bedroom/one bath units;

Forty-eight (48) two bedroom/two bath units; and

Fourteen (14) three bedroom/two bath units.

82 Total Units

All units are expected to meet all requirements as outlined below. If the proposed Development consists of rehabilitation, the proposed Development's ability to provide all construction features will be confirmed as outlined in Exhibit F of the RFA. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors.

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.

*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

The Development will provide the following General Features:

- Termite prevention;
- Pest control;
- 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 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;
    - 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.
- At least two full bathrooms in all 3 bedroom or larger new construction units;
- Bathtub with shower in at least one bathroom in at least 90 percent of the new construction non-Elderly units;
- Elderly Developments must have a minimum of one elevator per residential building provided for all Elderly Set-Aside Units that are located on a floor higher than the first floor; and
- Full-size range and oven must be provided in all units.

c. Required Accessibility Features, regardless of the age of the Development

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.

(1) Required Accessibility Features in all Units

- Primary entrance doors on an accessible route shall have a threshold with no more than a ½-inch rise;
- All door handles on primary entrance door and interior doors must have lever handles;
- Lever handles on all bathroom faucets and kitchen sink faucets;
- Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and
- Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.

(2) In addition to the 5 percent mobility requirement outlined above, all Family Demographic Developments must provide reinforced walls for future installation of horizontal grab bars in place around each tub/shower and toilet, or a Corporation-approved alternative approach for grab bar installation. The installation of the grab bars must meet or exceed the 2010 ADA Standards for Accessible Design.

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

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:
  - Toilets: 1.28 gallons/flush or less,
  - Urinals: 0.5 gallons/flush,
  - Lavatory Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
  - 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:
  - Residential Electric:
    - Up to 55 gallons = 0.95 EF or 0.92 UEF; or
    - More than 55 gallons = Energy Star certified; or
    - Tankless = 0.97 EF and Max GPM of ≥ 2.5 over a 77◦ rise or 0.87 UEF and GPM of ≥ 2.9 over a 67◦ rise;
  - Residential Gas (storage or tankless/instantaneous): Energy Star certified,
  - Commercial Gas Water Heater: Energy Star certified;
- Energy Star certified ceiling fans with lighting fixtures in bedrooms;
- Air Conditioning (in-unit or commercial):
  - Air-Source Heat Pumps – Energy Star certified:
    - ≥ 8.5 HSPF/ ≥15 SEER/ ≥12.5 EER for split systems
    - ≥ 8.2 HSPF ≥15 SEER/ ≥12 EER for single package equipment including gas/electric package units
  - Central Air Conditioners – Energy Star certified:
    - ≥15 SEER/ ≥12.5 EER* for split systems
    - ≥15 SEER/ ≥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) In addition to the required Green Building features outlined in (1) above, 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. This Family Development will provide the following resident programs:

(1) Adult Literacy

The Applicant or its Management Company must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site. Various literacy programming can be offered that strengthens participants' reading, writing skills, and comprehension, but at a minimum, these must include English proficiency and basic reading education.

Training must be held between the hours of 8:00 a.m. and 7:00 p.m. and electronic media, if used, must be used in conjunction with live instruction. If the Development consists of Scattered Sites, this resident program must be provided on the Scattered Site with the most units.

(2) Employment Assistance Program

The Applicant or its Management Company must provide, at no cost to the resident, a minimum of quarterly scheduled Employment Assistance Program workshops/meetings offering employment counseling by a knowledgeable employment counselor. Such a program includes employability skills workshops providing instruction in the basic skills necessary for getting, keeping, and doing well in a job. The instruction must be held between the hours of 8:00 a.m. and 7:00 p.m. and include, but not be limited to, the following:

- Evaluation of current job skills;
- Assistance in setting job goals;
- Assistance in development of and regular review/update of an individualized plan for each participating resident;
- Resume assistance;
- Interview preparation; and
- Placement and follow-up services.

If the training is not provided on-site, transportation at no cost to the resident must be provided. Electronic media, if used, must be used in conjunction with live instruction.

(3) Financial Management Program

The Applicant or its Management Company shall provide a series of classes to provide residents training in various aspects of personal financial management. Classes must be held at least quarterly, consisting of at least two hours of training per quarter, and must be conducted by parties that are qualified to provide training regarding the respective topic area. If the Development consists of Scattered Sites, the Resident Program must be held on the Scattered Site with the most units. Residents residing at the other sites of a Scattered Site Development must be offered transportation, at no cost to them, to the classes. The topic areas must include, but not be limited to:

- Financial budgeting and bill-paying including training in the use of technologies and web-based applications;
- Tax preparation including do's and don'ts, common tips, and how and where to file, including electronically;
- Fraud prevention including how to prevent credit card and banking fraud, identity theft, computer hacking and avoiding common consumer scams;
- Retirement planning & savings options including preparing a will and estate planning; and
- Homebuyer education including how to prepare to buy a home, and how to access to first-time homebuyer programs in the county in which the development is located.

Different topic areas must be selected for each session, and no topic area may be repeated consecutively.

HOUSE CREDIT ALLOCATION CALCULATION

Qualified Basis Calculation

Total Development Cost	$23,309,476
Less Land Costs	$700,000
Less Other Ineligible Costs	$1,527,456
Total Eligible Basis	$21,082,020
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	130%
Qualified Basis	$27,406,626
Housing Credit Percentage (Federal allocation)	9.00%
Annual Housing Credit Allocation	$2,466,596

Notes to the Qualified Basis Calculation:

1. "Other Ineligible Costs" include a portion of construction work, accounting fees, FHFC underwriting, application, and administrative fees, legal fees, market study, marketing and advertising costs, title insurance and recording fees, survey fees, a portion of the construction loan interest, Syndicator Fees, an Operating Deficit Reserve, and Start-up/Lease-Up reserves.

2. The Development is 100% set-aside; therefore, the Applicable Fraction is 100%.

3. The Development is located in a Qualified Census Tract ("QCT") and is eligible for the basis boost. Additionally, the Development is part of a multi-phase development and located in a Local Government Area of Opportunity. Therefore, the 130% multiplier was utilized for the Annual Housing Credit Allocation.

4. H.R. 5771, The Tax Increase Prevention Act of 2014, provided for a minimum rate of 9% to be applied to the qualified basis for HC allocations made before January 1, 2015; therefore, the minimum rate of 9% has been applied herein.

GAP Calculation

Total Development Cost (including land and ineligible costs)	$23,309,476
Less Mortgages	$5,250,000
Equity Gap	$18,059,476
HC Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$0.92
HC Required to meet Equity Gap	$19,631,828
Annual HC Required	$1,963,183

Notes to the GAP Calculation:

1. Mortgages includes the First Mortgage to be provided by Chase and the SHIP loan to be provided by St. Lucie County.

2. The HC Syndication Pricing of $0.9200 per dollar and HC Percentage to Investment Partnership are based upon the AROA from RJBMT.

Summary

HC Per Applicants Request	$1,675,000
HC Per Qualified Basis	$2,466,596
HC Per GAP Calculation	$1,963,183
Annual HC Recommended	$1,675,000
HC Proceeds Recommended	$15,408,459

Notes to Summary:

1. The Annual HC Recommended is equal to the lesser of the Applicant's Request, the Qualified Basis or the GAP Calculation. Therefore, the Applicant's Request was utilized.
2. The Applicant applied to the 2022 CHIRP ITP for additional HC in order to assist the Development with increases related to market inflation. The amount of the CHIRP HC has been sized to $155,452. A net equity investment of $1,430,017 is estimated. The CHIRP HC calculation is illustrated in Exhibit 6.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Blue Sky Landing II
DATE: June 20, 2022

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

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

COMPLETENESS AND ISSUES CHECKLIST

	FINAL REVIEW REQUIRED ITEMS:	STATUS Satis. / Unsatis.	NOT E
20.	Executed general construction contract with "not to exceed" costs.	Satis.	
21.	HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis	
22.	Any additional items required by the credit underwriter.	Satis.	

NOTES AND DEVELOPER RESPONSES:

None