Florida Housing Finance Corporation

Credit Underwriting Report ("CUR")

Somerset Landings
RFA 2020-205 (2021-255SN / 2020-546C)

SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bonds and 4% Non-Competitive Housing Credits

State Apartment Incentive Loan ("SAIL"), Extremely Low-Income Loan ("ELI"), National Housing Trust Fund Loan Program ("NHTF"), and 4% Non-Competitive Housing Credits ("HC")

Section A: Report Summary

Section B: SAIL, ELI and NHTF Special and General Conditions and Housing Credit Allocation Recommendation and Contingencies

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Prepared by

AmeriNat®

Final Report

October 20, 2022

Somerset Landings

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Report Summary

Recommendation

AmeriNat® ("AmeriNat") recommends Florida Housing Finance Corporation ("FHFC" or "Florida Housing") fund a SAIL loan in the amount of $2,800,000, an ELI Loan in the amount of $600,000, an NHTF loan in the amount of $668,662 and an annual 4% HC allocation in the amount of $1,205,248 to Somerset Landings, Ltd. ("Applicant") for the construction and permanent phase financing of Somerset Landings (the proposed "Development").

DEVELOPMENT & SET-ASIDES

Development Name: Somerset Landings

RFA/Program Numbers: RFA 2020-205 / 2021-255SN 2020-546C

Address: Olive Avenue; Approximately 150 feet SW of the intersection of Olive Avenue and W 3rd Street

City: Sanford Zip Code: 32771 County: Seminole County Size: Medium

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

Construction Type: Masonry

Demographic Commitment:
Primary: Family for 100% of the Units

Unit Composition:
\# of ELI Units: 13 ELI Units Are Restricted to 30% AMI, or less. Total # of units with PBRA? 63
\# of Link Units: 7 Are the Link Units Demographically Restricted? Yes # of NHTF Units: 3

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	1	690	22%			$342	$109	$233	$1,237	$1,128	$1,128	$1,128	$13,536
2	2.0	1	908	22%			$410	$152	$258	$1,422	$1,270	$1,270	$1,270	$15,240
3	2.0	1	1,041	22%			$474	$197	$277	$1,827	$1,630	$1,630	$1,630	$19,560
1	1.0	5	690	30%			$466	$109	$357	$1,237	$1,125	$1,128	$1,128	$67,680
2	2.0	6	908	30%			$560	$152	$408	$1,422	$1,270	$1,270	$1,270	$91,440
3	2.0	2	1,041	30%			$646	$197	$449	$1,827	$1,630	$1,630	$1,630	$39,120
1	1.0	1	690	60%			$933	$109	$824		$824	$824	$824	$9,888
1	1.0	9	690	60%			$933	$109	$824	$1,237	$1,128	$1,128	$1,128	$121,824
2	2.0	24	908	60%			$1,120	$152	$968	$1,422	$1,270	$1,270	$1,270	$365,760
3	2.0	1	1,041	60%			$1,293	$197	$1,096		$1,096	$1,096	$1,096	$13,152
3	2.0	14	1,041	60%			$1,293	$197	$1,096	$1,827	$1,630	$1,630	$1,630	$273,840
1	1.0	6	690	80%			$1,245	$109	$1,136		$1,136	$1,136	$1,136	$81,792
2	2.0	9	908	80%			$1,494	$152	$1,342		$1,342	$1,342	$1,342	$144,936
3	2.0	4	1,041	80%			$1,725	$197	$1,528		$1,528	$1,528	$1,528	$73,344
		84	74,402											$1,331,112

Please note that the unit sizes shown represent the average square footage for each bedroom size. The actual total square footage for the units is 74,365.9 as noted in the Plan and Cost Review.

The Applicant selected Average Income Test; therefore, as required by the RFA, the Applicant must set-aside 15% of the total units (13 units) as ELI Set-Aside units at 30% of AMI. Persons with Special Needs Set-Aside Commitment: The proposed Development must set aside fifty percent (50%) of the ELI Set-Aside units (7 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 Link Memorandum of Understanding ("MOU") with at least one designated Special Needs Household Referral

Agency ("Referral Agency") serving the county and intended population where the Development will be located (Seminole County) and rent units to households referred by the Referral Agency with which the MOU is executed. FHFC approved the MOU as of March 24, 2022.

NHTF Units Set-Aside Commitment: The proposed Development must set-aside three (3) units as NHTF Link units targeted for Persons with Special Needs. These units are required to be set aside for residents earning at or below 22% of AMI and are in addition to the fifty percent (50%) requirement for ELI set-aside units. Therefore, the Development will have a total of ten (10) units targeted for Persons with Special Needs (ELI-7 units, NHTF-3 units). After 30 years, all of the NHTF Link units may convert to serve residents at or below 60% of AMI; however, the Persons with Special Needs set-aside commitment must be maintained throughout the entire 50-year Compliance Period. A Tenant Selection Plan ("TSP"), as required by RFA 2020-205, was approved by FHFC on August 9, 2022.

Buildings: Residential - 4 Non-Residential - 1

Parking: Parking Spaces - 149 Accessible Spaces - 6

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
SAIL / ELI / HC	15.476%	13	30%	50
SAIL / HC	61.905%	52	60%	50
SAIL / HC	22.619%	19	80%	50
NHTF	3.571%	3	22%	50

Absorption Rate: 25 units per month for 3.5 months.

Occupancy Rate at Stabilization: Physical Occupancy 96.00% Economic Occupancy 95.00%

Occupancy Comments: Occupany per the market study is 98.7% for restricted properties

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

Site Acreage: 11.06 Density: 7.59 Flood Zone Designation: X

Zoning: MR-3 (Multiple-Family Residential) Flood Insurance Required?: No

DEVELOPMENT TEAM

		% Ownership
Applicant/Borrower:	Somerset Landings, Ltd.	
General Partner	Somerset Landings GP, LLC	0.0090%
General Partner	SHA Somerset Landings, LLC	0.0010%
Limited Partner	National Equity Fund, Inc. or an affiliate thereof	99.99%
Construction Completion Guarantor(s):		
CC Guarantor 1:	Somerset Landings, Ltd.	
CC Guarantor 2:	Somerset Landings GP, LLC	
CC Guarantor 3:	SHA Somerset Landings, LLC	
CC Guarantor 4:	Jonathan L. Wolf	
CC Guarantor 5:	Somerset Landings Developer, LLC	
CC Guarantor 6:	SHA Development, LLC	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	Somerset Landings, Ltd.	
OD Guarantor 2:	Somerset Landings GP, LLC	
OD Guarantor 3:	SHA Somerset Landings, LLC	
OD Guarantor 4:	Jonathan L. Wolf	
OD Guarantor 5:	Somerset Landings Developer, LLC	
OD Guarantor 6:	SHA Development, LLC	
Bond Purchaser	JPMorgan Chase Bank, N.A.	
Developer:	Somerset Landings Developer, LLC	
Principal 1	Jonathan L. Wolf	
Co-Developer:	SHA Development, LLC	
General Contractor 1:	RBK3, LLC d/b/a Roger B. Kennedy Construction	
Management Company:	Wendover Management, LLC	
Syndicator:	National Equity Fund, Inc. or an affiliate thereof	
Bond Issuer:	Orange County Housing Finance Authority	
Architect:	Slocum Platts Architects	
Market Study Provider:	Novogradac Consulting LLP	
Appraiser:	Novogradac Consulting LLP	

PERMANENT FINANCING INFORMATION

	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	1	2	3	4		
Lender/Grantor	Chase / OCHFA	FHFC - SAIL	FHFC - SAIL ELI	FHFC - NHTF		
Amount	$10,600,000	$2,800,000	$600,000	$668,662		
Underwritten Interest Rate	4.40%	1.00%	0.00%	0.00%		
All In Interest Rate	4.40%	1.00%	0.00%	0.00%		
Loan Term	15	15	15	30		
Amortization	35	n/a	n/a	n/a		
Market Rate/Market Financing LTV	53.8%	68.0%	71.1%	74.5%		
Restricted Market Financing LTV	58.2%	73.6%	76.9%	80.6%		
Loan to Cost - Cumulative	40.6%	51.3%	53.6%	56.2%		
Loan to Cost - SAIL Only		10.7%				
Debt Service Coverage	1.30	1.23	1.22	1.21		
Operating Deficit & Debt Service Reserves	$266,000					
# of Months covered by the Reserves	3					

Deferred Developer Fee	$2,063,394
As-Is Land Value	$1,700,000
Market Rent/Market Financing Stabilized Value	$19,700,000
Rent Restricted Market Financing Stabilized Value	$18,200,000
Projected Net Operating Income (NOI) - Year 1	$818,830
Projected Net Operating Income (NOI) - 15 Year	$1,012,540
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Direct Purchase
Housing Credit (HC) Syndication Price	$0.87
HC Annual Allocation - Qualified in CUR	$1,205,248
HC Annual Allocation - Equity Letter of Interest	$1,076,424

CONSTRUCTION/PERMANENT SOURCES:

Source	Lender	Construction	Permanent	Perm Loan/Unit
Regulated Mortgage Lender	Chase / OCHFA	$13,400,000	$10,600,000	$126,190
Regulated Mortgage Lender	JPMorgan Chase Bank, N.A.	$2,400,000	$0	$0
FHFC - SAIL	FHFC	$2,800,000	$2,800,000	$33,333
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$7,143
FHFC - NHTF	FHFC	$668,662	$668,662	$7,960
Deferred Costs - Other	Developer	$1,014,118	$0	$0
HC Equity	Developer	$1,458,788	$9,363,953	$111,476
Deferred Developer Fee	Developer	$3,754,441	$2,063,394	$24,564
TOTAL		$26,096,009	$26,096,009	$310,667

Credit Underwriter:	AmeriNat Loan Services		
Date of Final CUR:			
TDC PU Limitation at Application:	$274,300	TDC PU Limitation at Credit Underwriting:	$403,725.38
Minimum 1st Mortgage per Rule:	$0	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?		1
Is the Development in all other material respects the same as presented in the Application?		3, 4, 5, 6, 7

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

1. The Applicant indicated Local HFA Bonds as a construction source in the amount of $13,000,000. Per Resolution No. 2021-11 approved by the Orange County Housing Finance Authority ("OCHFA") Board of Directions, an issuance of Multifamily Housing Revenue Bonds ("MHRB") in an amount up to $13,400,000 has been approved for the Development.

   National Equity Fund, Inc. ("NEF") is providing the equity in the transaction at $0.87/credit; the application indicated a price of $0.94/credit. This results in a total equity amount of $9,363,953, which is $319,382 less in equity proceeds. The reduction in proceeds does not negatively affect the transaction.

Per the Invitation to Credit Underwriting issued by FHFC on June 23, 2021, the Applicant was awarded $668,662 in National Housing Trust Fund ("NHTF") funds.

The Applicant included a $50,000 local contribution from Seminole County. These funds are no longer available and do not appear as a source for the transaction.

The Applicant has included various deferred fees/costs as a source of funds during construction, comprised of an operating deficit reserve, post-construction loan interest, and FHFC compliance fees. This source was not included as part of the Application.

JPMorgan Chase Bank, N.A. ("Chase"), was to provide $13,000,000 in construction and $7,500,000 in permanent financing. Chase will now provide $13,400,000 in funding along with a $2,400,000 taxable tail loan during construction and up to $10,600,000 in permanent financing.

2. Total Development Costs have increased from $21,871,790 to $26,096,009 for a difference of $4,224,219 since the Application due to increases in construction costs, financial costs, Developer Fee, and reserve accounts.

3. The Applicant increased the number of the Development's residential buildings from two to four via a letter dated August 8, 2022. FHFC staff approved this change as of September 13, 2022.

4. The Applicant requested approval of an alternative for non-ADA units (where the toilet is not located adjacent to a side wall) to provide reinforced walls for future installation of fold down grab bars in place around each toilet via a letter dated August 17, 2022. FHFC staff approved this change as of September 13, 2022.

5. The Applicant made the following modification to the unit mix of the Development via a letter dated August 8, 2022:

   <u>Application</u>

   25 one bedroom/one bathroom
   47 two bedroom/two bathroom
   <u>17</u> three bedroom/two bathroom
   84 total units

   <u>Current</u>

   22 one bedroom/one bathroom
   40 two bedroom/ two bathroom
   <u>22</u> three bedroom/two bathroom
   84 total units

   FHFC staff approved this change as of September 13, 2022.

6. At the June 17, 2022 FHFC Board meeting, an extension of the firm loan commitment issuance date deadline from June 29, 2022 to December 29, 2022 was approved.

7. On July 12, 2021, the Applicant notified FHFC staff that the application mistakenly indicated that it was the first phase of a multiphase development; this is an error and is not correct. Somerset Landings is not the first phase of a multiphase development.

These changes have no substantial material impact to the SAIL, ELI, NHTF, and HC recommendations for the Development.

<u>Does the Development Team have any Florida Housing Financed Developments on the Past Due/Noncompliance Report?</u>

According to the June 9, 2020 Asset Management Noncompliance Report, the Development Team has no noncompliance issues.

According to the September 22, 2022 Florida Housing Past Due Report, the Development Team has no past due items.

This recommendation is subject to satisfactory resolution of any outstanding noncompliance items and/or past due items prior to or at the time of loan closing and the issuance of the Annual HC allocation recommendation herein.

<u>Strengths:</u>

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 performed by Novogradac Consulting LLP ("Novogradac") dated July 22, 2022 concludes that the Development should benefit from the rental rate advantage it will have over market rents. Based on the proposed rents, the Development will have between a 16% and 85% rental rate advantage compared to the average achievable market rents for the area.

3. Novogradac identified 10 properties with a total of 3,129 units as comparable to the Development that are located in the Comparable Market Area ("CMA"). The comparable properties have a weighted average occupancy rate of 98.7%.

<u>Other Considerations:</u>

1. In accordance with RFA 2020-205, FHFC limits the Total Development Cost ("TDC") per unit for all Developments categorized by the construction type of the units as indicated by the Applicant in the RFA. The maximum TDC per unit for the construction specified by the Applicant (Garden-ESSC), inclusive of a $7,500/unit add-on for using tax-exempt bonds per the RFA and an 8.00% escalation rate applied to the base $336,319.80 per unit allowable as approved at the April 1, 2022 Telephonic FHFC Board meeting, is $403,725.38 per unit. With a total of 84 units, the maximum TDC for the Development is therefore $33,912,931.00 (84 units @ $403,725.38 per unit). The TDC as underwritten equals $25,730,009.00 or $306,309.63 per unit. As such, the Development does not exceed the per unit maximum TDC and is eligible for funding as a result.

2. Based upon the estimates of the Operating Pro Forma, the amount of Deferred Developer Fee may not be paid back in 15 years. To the extent the Deferred Developer Fee is not paid by the end of year 12, the Guarantors shall be obligated to contribute to the Applicant an amount equal to the unpaid Deferred Developer Fee. As such, any risk associated with any tax credit recapture resulting from the nonpayment of any Developer Fee is assumed by the Guarantors. The Guarantors have sufficient financial capacity to make a loan to the partnership, if needed. Language documenting this payment should be present in the Limited Partnership Agreement, once drafted.

3. The Applicant provided a draft Agreement to Enter Into a Housing Assistance Payments Contract ("AHAP") wherein the Development will receive housing assistance payments for 63 of the 84 proposed units. The Applicant is applying for a 20-year assistance contract, and receipt of an executed HUD HAP agreement confirming the length of the contract, the rents underwritten herein, and number of units receiving assistance is a condition precedent to loan closing.

4. Per the appraisal completed by Novogradac, the Applicant anticipates that, post-completion, the Development will receive a full tax exemption under Florida Statute 196.1975, which is tied to the number of income-qualified tenants residing at the property. This is listed as an extraordinary assumption in the appraisal and the transaction has been underwritten accordingly.

5. To the underwriter's knowledge, no construction cost exceeding 20% is subcontracted to any one entity.

6. 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. None

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:

1. Receipt of liquidity statements from RBK3, LLC d/b/a Robert B. Kennedy Construction, the General Contractor in the transaction, is a condition precedent to loan closing.

2. Receipt of an executed Management Agreement is a condition precedent to loan closing.

3. Receipt of an executed HUD HAP contract consistent with the number of units, rents, and contract length as has been underwritten herein is a condition precedent to loan closing.

4. Completion of the HUD Section 3 pre-construction conference is a condition precedent to loan closing.

5. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u and 24 CFR Part 135).

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.

2. As part of the plan and cost review ("PCR") required for underwriting and dated September 14, 2022, GLE Associates, Inc. ("GLE"), the construction consultant engaged by AmeriNat, GLE noted that Exhibit AA of the Construction Contract, Contractor's Qualifications and & Clarifications Article 18, indicates that the Contract amount is based on current prices, laws and codes as of April 29, 2022. All costs may be open to change if the project does not start within 45 days and continue without stoppage. Delay(s) in the start of construction may cause increases beyond the Contractor's control. GLE opines that the actual project costs may be modified if construction has not started by June 14, 2022. The expected method of addressing any possible cost escalations to the Guaranteed Maximum Price ("GMP") Contract during the construction of the Development would be via the standard change order process.

Recommendation:

AmeriNat recommends FHFC fund a SAIL loan in the amount of $2,800,000, an ELI Loan in the amount of $600,000, an NHTF loan in the amount of $668,662 and an annual 4% HC allocation in the amount of $1,205,248 to the Applicant for the construction and permanent phase financing of the Development.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the SAIL, ELI & NHTF Loan Special and General Closing Conditions and HC Allocation Recommendation and Contingencies (Section B). This recommendation is only valid for six months from the date of the report. The reader is cautioned to refer to these sections for complete information.

Prepared by:	Reviewed by:
George J. Repity	Tom Louloudes
Senior Credit Underwriter	Multifamily 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	Chase / OCHFA	$13,000,000	$13,400,000	$13,400,000	6.20%	$830,800
Regulated Mortgage Lender	JPMorgan Chase Bank, N.A.	$0	$2,500,000	$2,400,000	6.20%	$148,800
FHFC - SAIL	FHFC	$2,800,000	$2,800,000	$2,800,000	0.00%	$0
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$600,000	0.00%	$0
FHFC - NHTF	FHFC	$0	$668,662	$668,662	0.00%	$0
Local Government Subsidy	Seminole County	$50,000	$0	$0		
Deferred Costs - Other	Developer	$0	$1,157,490	$1,014,118		
HC Equity	NEF, Inc.	$2,420,834	$1,657,860	$1,458,788		
Deferred Developer Fee	Developer	$3,321,120	$3,006,734	$3,754,441		
	Total :	**$22,191,954**	**$25,790,746**	**$26,096,009**		**$979,600**

Proposed Construction Mortgage Loan:

An executed term sheet (the "Term Sheet") issued by JPMorgan Chase Bank, N.A. ("Chase") dated May 27, 2022, illustrates the proposed terms of a construction/permanent loan funded through the purchase of up to $13,400,000 in taxable bonds MHRB from OCHFA. The Term Sheet also indicates a taxable subordinate loan in the amount of $2,400,000 for a total loan of $15,800,000. The loan will have an initial term of 24-months and a floating rate based upon the one-month adjusted term Secured Overnight Financing Rate ("SOFR") plus 215 basis points ("bps"). The current one-month SOFR rate is 2.25% as of September 21, 2022, which yields a base rate of 4.40%. AmeriNat added 0.30% for the County Bond Administrative Fee and has included an underwriting cushion of 1.50% for an all-in rate of 6.20%. Two six-month extensions are available at a charge of 0.125% of the loan balance and the amount remaining on the original commitments.

Proposed Second Mortgage Loan - SAIL:

The Applicant applied to Florida Housing for a $2,800,000 SAIL Program loan under RFA 2020-205 for the construction/permanent financing of the Development. The SAIL loan will have a total term of 18 years including a 36-month construction/stabilization period and will be coterminous with the First Mortgage as permitted by Rule. The SAIL loan shall be non-amortizing with a 1.00% interest rate over the life of the loan with annual payments based upon available cash flow as determined by Florida Housing. Any unpaid interest will be deferred until cash flow is available. However, at maturity of the SAIL loan, all principal and accrued interest will be due. Annual payments of all applicable fees will be required. SAIL loan proceeds shall be disbursed during the construction phase in an amount per construction draw which does not exceed the ratio of the SAIL loan to Total Development Costs, unless approved by the credit underwriter.

Proposed Third Mortgage: FHFC – ELI

The Applicant requested an ELI loan of $600,000 for the construction/permanent financing of the Development. The ELI loan shall be non-amortizing with a 0% interest rate over the life of the loan with principal forgivable at maturity provided the units are targeted to ELI Households for the first 15 years of the 50-year Compliance Period. The Persons with Special Needs set-aside requirement must be maintained through the entire 50-year Compliance Period. The ELI loan total term will be 18 years including a 36-month construction/stabilization period and will be coterminous with the First Mortgage. ELI loan proceeds shall be disbursed during the construction phase in an amount per construction draw which does not exceed the ratio of the ELI loan to Total Development Costs, unless approved by the credit underwriter.

Proposed Fourth Mortgage: FHFC – NHTF

Per an Invitation to Enter Credit Underwriting from FHFC dated June 23, 2021, the Applicant received a preliminary commitment for an NHTF loan of $668,662 for the construction/permanent financing of the Development. The NHTF loan shall be a non-amortizing loan with an interest rate of 0.00% per annum for a total term of 30 years. The principal of the loan will be forgiven at maturity provided the units for which the NHTF loan amount is awarded are targeted as NHTF Link units for the first 30 years of the 50-year Compliance Period. The NHTF loan funding will subsidize additional deep targeted units for Persons with Special Needs (NHTF Link units) at 22% of AMI. The NHTF Link units will be in addition to the requirement to set aside 50% of the total units as ELI set-aside units and the required number of Link Units for Persons with Special Needs. As such, the Development will be required to set aside three (3) units as NHTF Link units, in addition to the ELI Set-Aside units. After 30 years, all of the NHTF Link units may convert to serve residents at or below 60% of AMI; however, the Persons with Special Needs set-aside commitments must be maintained throughout the entire 50-year Compliance Period. NHTF loan proceeds shall be disbursed during the construction phase in an amount per construction draw which does not exceed the ratio of the NHTF loan to Total Development Costs, unless approved by the credit underwriter.

Deferred Costs – Other

This source is comprised of post-construction costs associated with the Development, such as the funding of the Operating Deficit Reserve ($266,000), post-construction loan interest ($525,077), and the HC compliance fee due to FHFC upon issuance of IRS Form(s) 8609 ($223,041) for a total of $1,014,118.

Additional Construction Sources of Funds:

The Applicant provided an LOI dated February 9, 2022 from National Equity Fund, Inc. ("NEF") that outlines the terms and conditions of the purchase of the HC. NEF will provide a net equity investment of $9,363,953 in exchange for a 99.99% limited partnership ownership interest and a proportionate share of the total HC allocation estimated by NEF to be $10,764,240. The HC allocation will be syndicated at a rate of approximately $0.87 per $1.00 of delivered tax credits. An initial HC equity installment of $1,458,788 will be available at construction loan closing, which satisfies the 15% RFA requirement. No other installments are payable during the construction period.

Deferred Developer Fee:

The Applicant will be required to defer $3,754,441 or 95.7%, of the total developer fee during the construction phase subject to the terms outlined in Section B of this report.

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 / OCHFA	$7,500,000	$10,600,000	$10,600,000	4.40%	35	15	$594,129
FHFC - SAIL	FHFC	$2,800,000	$2,800,000	$2,800,000	1.00%	n/a	15	$28,000
FHFC - SAIL ELI	FHFC	$600,000	$600,000	$600,000	0.00%	n/a	15	$0
FHFC - NHTF	FHFC	$0	$668,662	$668,662	0.00%	n/a	30	$0
Local Government Subsidy	Seminole County	$50,000	$0	$0				
HC Equity	Developer	$9,683,335	$10,627,310	$9,363,953				
Deferred Developer Fee	NEF, Inc.	$3,321,120	$494,774	$2,063,394				
	Total :	$23,954,455	$25,790,746	$26,096,009				$622,129

Proposed First Mortgage Loan:

The $13,400,000 construction loan is expected to be paid down to $10,600,000 with equity, SAIL, ELI, and NHTF proceeds. Per the Term Sheet dated May 27, 2022, after the initial 24-month construction period, Chase will purchase the remaining principal balance of the tax-exempt loan in an amount not to exceed $10,600,000 ("Permanent Loan") based upon the conversion requirements illustrated in the Term Sheet. Terms and conditions of the Permanent Loan include a 15-year term and a 35-year amortization period. The Term Sheet indicates monthly principal and interest payments will be based upon an interest rate that will be locked at Construction Loan closing and will be based on the current indicative Bond rate, which as of the date of the LOI was 4.40%. The following conditions must be met in order to convert to permanent financing: a 1.20x debt service coverage ratio ("DSC") with a 1.15x all-in DSC including all loans requiring debt service payment; a 90% economic and physical occupancy; a pro forma forecast showing, in the first ten years following conversion, an annual DSC (based on annual revenue growth of 2% and annual expense growth of 3%) of not less than 1.00x. An annual Trustee Fee of $5,000 and a 0.30% administrative fee due on the outstanding bond amount are included as part of the Development's pro forma.

Proposed Second Mortgage Loan - SAIL:

The Applicant applied to Florida Housing for a $2,800,000 SAIL Program loan under RFA 2020-205 for the construction/permanent financing of the Development. The SAIL loan will have a total term of 18 years including a 36-month construction/stabilization period and will be conterminous with the First Mortgage as permitted per Rule 67-48. The SAIL loan shall be non-amortizing with a 1.00% interest rate over the life of the loan with annual payments based upon available cash flow as determined by Florida Housing. Any unpaid interest will be deferred until cash flow is available. However, at maturity of the SAIL loan, all principal and accrued interest will be due. Annual payments of all applicable fees will be required. Fees include an annual Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of $909 per month, subject to a minimum of $229 per month and an annual Compliance Monitoring Multiple Program Fee of $993.

Proposed Third Mortgage Loan – ELI:

The Applicant requested an ELI loan of $600,000 for the construction/permanent financing of the Development. The ELI loan shall be non-amortizing with a 0.00% interest rate over the life of the loan with principal forgivable at maturity provided the units are targeted to ELI Households for the first 15 years of the 50-year Compliance Period. The Persons with Special Needs set-aside requirement must be maintained throughout the entire 50-year Compliance Period. The ELI loan total term will be 18 years including a 36-month construction/stabilization period and will be coterminous with the First Mortgage. Annual payments of all applicable fees will be required. Fees include an annual Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of $909 per month, subject to a minimum of $229 per month and an annual Compliance Monitoring Multiple Program Fee of $993.

Proposed Fourth Mortgage Loan – NHTF:

Per an Invitation to Enter Credit Underwriting from FHFC dated June 23, 2021, the Applicant received a preliminary commitment for an NHTF loan of $668,662 for the construction/permanent financing of the Development. The NHTF loan shall be a non-amortizing loan with an interest rate of 0.00% per annum for a total term of 30 years. The principal of the loan will be forgiven at maturity provided the units for which the NHTF loan amount is awarded are targeted as NHTF Link units for the first 30 years of the 50-year Compliance Period. The NHTF loan funding will subsidize additional deep targeted units for Persons with Special Needs (NHTF Link units) at 22% of AMI. The NHTF Link units will be in addition to the requirement to set aside 50% of the total units as ELI set-aside units and the required number of Link Units for Persons with Special Needs. As such, the Development will be required to set aside three (3) units as NHTF Link units, in addition to the ELI Set-Aside units. After 30 years, all of the NHTF Link units may convert to serve residents at or below 60% of AMI; however, the Persons with Special Needs set-aside commitments must be maintained throughout the entire 50-year Compliance Period. Fees include an annual Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of $909 per month, subject to a minimum of $229 per month and an annual Compliance Monitoring Multiple Program Fee of $993.

Additional Permanent Sources of Funds:

According to the LOI, NEF will purchase a 99.99% interest in the limited partnership at loan closing at a syndication rate of $0.87 per dollar of HC for a total net HC equity investment of $9,363,953 to be paid as follows:

Capital Contributions	Amount	Percent of Total	Due upon
1st Installment	$1,458,788	15.58%	Admission of NEF to the Limited Partnership and commencement of construction and receipt of HAP contract for a term of at least 20 years
2nd Installment	$1,458,788	15.58%	Substantial completion of 100% of Project construction; (ii) Temporary (or, if available, Final) Certificates of Occupancy; (iii) Architect's certification indicating that all the work has been completed substantially in accordance with plans and specifications; (iv) Owner's title insurance policy in final form; (v) Company Prepared Draft Cost Certification verifying the Tax Credit basis and 50% test; (vi) No-earlier-than payment date of 7/1/23
3rd Installment	$6,317,759	67.47%	100% Qualified Occupancy of all Project Tax Credit Units; (ii) Funding of the Project's permanent loan and receipt of executed permanent loan documents in approved form; (iii) Payment of any amounts required by the General Partner's Development Completion Guaranty; (iv) Achievement of Stabilized Occupancy (generally defined as at least 90% occupancy with a Debt Coverage Ratio of 1.15x or better for a three consecutive month period after construction completion); (v) Completion of any outstanding punch list items; (vi) Updated title search as standard in Florida; (vii) "As-Built" ALTA survey; (viii) Final lien waivers from the General Contractor; (ix) If applicable, receipt (or evidence of filing) ofreal estate tax abatement; (x) Final Certificates of Occupancy, if not previously provided; (xi) Final Cost Certification verifying the Tax Credit basis; (xii) Funding of Project reserves (or funding with the proceeds of this installment) at the required levels; (xiii) If applicable, satisfaction of radon testing requirements; (xiv) Recorded Extended Use Agreement; and (xv) No-earlier-than payment date of: 4/1/24
4th Installment	$128,618	1.37%	The first year's tax return and K-1; (ii) Fully executed Form 8609 for all Project buildings; and (iii) Occurrence of the following no-earlier-than payment date: 4/1/24
Total:	**$9,363,953**	**100%**	

Annual Credits Per Syndication Agreement	$1,076,424
Total Credits Per Syndication Agreement	$10,764,240
Calculated HC Rate:	$0.87
Limited Partner Ownership Percentage	99.99%
Proceeds During Construction	$1,458,788

Deferred Developer Fee:

The Applicant will be required to permanently defer $2,063,394, or 52.6%, of the total developer fee after stabilization subject to the terms outlined in Section B of this report. The RFA indicates FHFC will allow up to 100 percent of the eligible Developer fee to be deferred and used as a source on the Development Cost Pro Forma without the requirement to show evidence of ability to fund.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
New Rental Units	$9,726,000	$13,571,983	$12,760,146	$151,907	
Site Work	$1,500,000	$1,000,000	$1,890,757	$22,509	$250,000
Constr. Contr. Costs subject to GC Fee	$11,226,000	$14,571,983	$14,650,903	$174,416	$250,000
General Conditions	$0	$874,319	$840,493	$10,006	
Overhead	$1,550,640	$291,440	$280,162	$3,335	
Profit	$0	$874,319	$840,493	$10,006	
Payment and Performance Bonds	$0	$96,292	$96,301	$1,146	
Total Construction Contract/Costs	$12,776,640	$16,708,353	$16,708,352	$198,909	$250,000
Hard Cost Contingency	$631,332	$830,603	$835,417	$9,945	
FF&E paid outside Constr. Contr.	$500,000	$175,000	$175,000	$2,083	$175,000
Other: Shared Amenities	$0	$230,143	$230,143	$2,740	$230,143
Total Construction Costs:	**$13,907,972**	**$17,944,099**	**$17,948,912**	**$213,678**	**$655,143**

Notes to Actual Construction Costs:

1. A Standard Form of Agreement Between the 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 $16,708,352 (the "Construction Contract") has been provided. The Construction Contract was entered into as of April 29, 2022 and is executed by the Applicant and RBK3, LLC d/b/a Roger B. Kennedy Construction (the "General Contractor"). It indicates construction completion within 491 days from the date of commencement. The Construction Contract indicates retainage of ten percent (10%) will be withheld until 50% of the work is complete based on the Schedule of Values, at which point no additional retainage shall be withheld.

2. GLE Associates, Inc. ("GLE") provided a Plan & Cost Review ("PCR"), dated September 14, 2022, for the Development. The PCR stated the overall cost to construct the Development is $16,708,352 or $198,908.95 per unit. It is GLE's opinion that the cost per unit is appropriate for the scope of work indicated as comparables range between $191,532 and $204,501 per unit. The construction progress schedule submitted for GLE's review shows a 491-day duration for substantial completion; the construction contract indicates 491 days to completion. GLE stated this time is adequate for the construction of the Development.

3. GLE identified the following allowances listed in the Construction Contract:

   $10,000 – Monument Sign Structure
   $18,000 – Playground Equipment/Fencing/Ground Cover
   $10,000 – Community Garden
   $25,000 – DAS System Conduit and Vertical Rated Shafts
   $35,000 – Power Company's Primary Conduit
   $98,000 Total

   GLE opined that the allowances are within an acceptable range for the scope of work indicated.

   GLE noted that Exhibit AA of the Construction Contract, Contractor's Qualifications and & Clarifications Article 18, indicates that the Contract amount is based on current prices, laws and codes as of April 29, 2022. All costs may be open to change if the project does not start within 45 days and continue without stoppage. Delay(s) in the start of construction may cause increases beyond the Contractor's control. GLE opines that the actual project costs may be modified if construction has not started by June 14, 2022. The expected method of addressing any possible cost escalations to the GMP Contract during the construction of the Development would be via the standard change order process.

4. A 5% hard cost contingency was utilized by AmeriNat and is the maximum permitted by the RFA and Rule Chapters 67-48 and 67-21.

5. General Contractor's Fee (consisting of general requirements, overhead, and profit) is based upon the schedule of values attached to the Construction Contract and does not exceed 14.00% of allowable hard costs as per the RFA and Rule Chapters 67-21 and 67-48. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process as per Rule Chapter 67-21.

6. The General Contractor will secure a Payment and Performance Bond to secure the Construction Contract and an estimate of its cost is shown outside of the Construction Contract. Receipt of an executed P&P bond is a condition precedent to loan closing.

7. FF&E Paid outside of the Construction Contract consists of common area furniture, outdoor furniture/equipment/playground equipment, and certain security fixtures and equipment not already included in the Construction Contract.

8. Shared Amenities represents the reimbursement to Phase One (Monroe Landings) for the construction of the clubhouse, pool and other amenities that the Development will have shared access to as part of a larger planned community of the Developer. The total cost for this line item was documented during the construction of Phase One and sourced at the time via a loan from the project's General Partner. The amount shown is the incremental construction costs the Applicant attributes to building larger facilities to handle the capacity of the proposed Development and not the total cost to construct the amenities. AmeriNat received and reviewed a change order that summarizes the associated costs for the additional construction.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	$25,000	$25,000	$25,000	$298	$12,500
Appraisal	$10,000	$10,000	$10,000	$119	
Architect's Fee - Landscape	$0	$35,000	$25,000	$298	
Architect's Fee - Site/Building Design	$300,000	$200,000	$201,500	$2,399	
Architect's Fee - Supervision	$25,000	$10,000	$10,000	$119	
Building Permits	$84,000	$168,000	$168,000	$2,000	
Builder's Risk Insurance	$33,600	$100,000	$100,000	$1,190	
Engineering Fees	$250,000	$100,000	$73,400	$874	
Environmental Report	$25,000	$15,000	$15,000	$179	
FHFC Administrative Fees	$92,722	$109,949	$108,472	$1,291	$108,472
FHFC Application Fee	$3,000	$3,000	$3,000	$36	$3,000
FHFC Credit Underwriting Fee	$23,891	$27,329	$24,479	$291	$24,479
FHFC Compliance Fee	$220,904	$220,904	$223,041	$2,655	$223,041
Impact Fee	$766,252	$299,208	$299,208	$3,562	
Lender Inspection Fees / Const Admin	$30,000	$75,000	$124,148	$1,478	
Green Building Cert. (LEED, FGBC, NAHB)	$40,000	$35,400	$35,400	$421	
Insurance	$100,000	$0	$0	$0	
Legal Fees - Organizational Costs	$350,000	$300,000	$300,000	$3,571	$250,000
Market Study	$15,000	$10,000	$6,250	$74	$6,250
Marketing and Advertising	$125,000	$100,000	$100,000	$1,190	$100,000
Plan and Cost Review Analysis	$0	$0	$3,150	$38	
Property Taxes	$50,000	$0	$0	$0	
Survey	$12,000	$20,000	$20,000	$238	
Title Insurance and Recording Fees	$150,000	$75,000	$75,000	$893	
Utility Connection Fees	$293,748	$0	$0	$0	
Soft Cost Contingency	$101,230	$70,170	$97,502	$1,161	
Total General Development Costs:	**$3,126,347**	**$2,008,960**	**$2,047,550**	**$24,376**	**$727,742**

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 and Engineer's fees as stated in agreements between the Applicant and the professionals which were reviewed by AmeriNat.

3. FHFC Administrative Fee is based upon a fee of 9% of the annual HC allocation recommendation made herein.

4. FHFC Credit Underwriting Fee includes the SAIL & ELI Credit Underwriting Fee ($14,479), multiple program fees for NHTF and 4% HC ($4,850 each), and a $300 credit reporting fee.

5. Impact Fees are based on the schedule provided by the Applicant.

6. The Applicant provided an executed agreement for Florida Green Building Coalition ("FBGC") Certification between the Applicant and Trifecta Construction Solutions.

7. Lender Inspection Fees / Construction Admin costs are based on an estimate provided by the Applicant for construction period monitoring, as well as 17 site inspections by GLE ($1,075/each), and

construction loan administration for draw processing (17 total draws at the contracted rate of $192/hour, 12 hours for the closing and final construction draws, eight hours for the remaining 15 draws).

8. A soft cost contingency of 5% has been underwritten, which is consistent with underwriting standards and may be utilized by the Applicant in the event soft costs exceed these estimates as permitted by the RFA and Rule Chapters 67-21 and 67-48.

9. Impact Fees are based on a schedule and estimates provided by the Applicant.

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	$34,500	$119,500	$119,250	$1,420	
Construction Loan Closing Costs	$0	$50,000	$50,000	$595	$50,000
Construction Loan Interest	$753,753	$948,327	$1,045,176	$12,443	$525,077
Permanent Loan Origination Fee	$75,000	$79,500	$79,500	$946	$79,500
Permanent Loan Closing Costs	$50,000	$50,000	$50,000	$595	$50,000
Local HFA Bond Underwriting Fee	$0	$0	$16,009	$191	$16,009
Local HFA Bond Cost of Issuance	$353,098	$257,009	$257,009	$3,060	$257,009
SAIL Commitment Fee	$0	$28,000	$28,000	$333	$28,000
SAIL Closing Costs	$0	$0	$12,500	$149	$12,500
SAIL-ELI Commitment Fee	$0	$6,000	$6,000	$71	$6,000
SAIL-ELI Closing Costs	$0	$0	$6,500	$77	$6,500
Misc Loan Closing Costs	$100,000	$0	$0	$0	
NHTF Closing Costs	$0	$0	$12,500	$149	$12,500
Placement Agent/Underwriter Fee	$0	$0	$27,500	$327	$27,500
Initial TEFRA Fee	$0	$0	$3,000	$36	$3,000
Other: Syndicator Closing Costs	$50,000	$55,000	$55,000	$655	$55,000
Other: FHFC Firm Commitment Extension Fee	$0	$0	$40,687	$484	$40,687
Total Financial Costs:	**$1,416,351**	**$1,593,336**	**$1,808,631**	**$21,531**	**$1,169,282**
Dev. Costs before Acq., Dev. Fee & Reserves	**$18,450,670**	**$21,546,395**	**$21,805,093**	**$259,584**	**$2,552,167**

Notes to the Financial Costs

1. Financial costs were derived from the representations illustrated in the LOI's for equity and construction and permanent financing and appear reasonable to AmeriNat.

2. An interest reserve for the Construction Loan is supported by the Construction Loan terms illustrated in the LOI provided by Chase, the duration of construction referenced in the Construction Contract and the resultant calculation completed by AmeriNat through the use of a construction draw schedule provided by the Applicant.

3. The SAIL and ELI Commitment Fees represent 1.00% of each respective loan amount as illustrated in the RFA. The FHFC Firm Loan Commitment Extension Fee is 1.00% of the SAIL/ELI/NHTF loan amounts, respectively.

4. The SAIL, ELI, & NHTF Closing Costs are an estimate of the FHFC legal fees.

5. For the Local HFA Cost of Issuance, applicable costs and the appropriate line items were included in this section based on the representations contained in the development budget.

6. The remaining Financial Costs appear reasonable.

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	$3,321,120	$3,878,351	$3,924,916	$46,725	
Total Other Development Costs:	**$3,321,120**	**$3,878,351**	**$3,924,916**	**$46,725**	**$0**

Notes to the Other Development Costs:

1. The total Developer Fee does not exceed 18.00% of the Total Development Costs exclusive of Land Costs and Reserves, which is permitted by the RFA and Rule Chapters 67-48 and 67-21.

2. Construction Period Developer Fee shall be the lesser 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.

   AmeriNat estimates payable Developer Fee at closing to be $59,666, the Developer's Overhead is estimated to be $110,809, and the Developer's Profit is estimated to be $1,691,047, which will be funded following 100% lien free completion. The remaining $2,063,394 will be permanently deferred and will be paid from the Development's cash flow from operations.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Land	$100,000	$100,000	$100,000	$1,190	$100,000
Total Acquisition Costs:	**$100,000**	**$100,000**	**$100,000**	**$1,190**	**$100,000**

Notes to Land Acquisition Costs:

1. AmeriNat received and reviewed an Amended and Restated Ground Lease ("ARGL") and a draft Second Amended and Restated Ground Lease between the Applicant and the Housing Authority of the City of Sanford, Florida ("Landlord"). The Second ARGL indicates that the lease has a term expiring on December 31, 2076. There is no annual land rent payable to the Landlord. The Applicant is to make a capitalized lease payment of $100,000 to the Landlord upon the commencement date of the lease, which occurs at loan closing.

2. An Appraisal performed by Novogradac dated August 30, 2022 identifies an "as is" market value of the real estate as of June 6, 2022 to be $1,700,000. The lesser of the land lease payment or appraised value was used for underwriting purposes.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Operating Deficit Reserve (Syndicator)	$0	$266,000	$266,000	$3,167	$266,000
Total Reserve Accounts:	**$0**	**$266,000**	**$266,000**	**$3,167**	**$266,000**

Notes to Reserve Accounts

1. Operating Deficit Reserve ("ODR") is based on the requirements stated in the letter of intent from NEF and equates to approximately three months of debt service. The reserve is to be funded by Capital Contribution #3. 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 and 67-21. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its Legal Counsel.

   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). 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.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	**$21,871,790**	**$25,790,746**	**$26,096,009**	**$310,667**	**$2,918,167**

Notes to Total Development Costs:

1. Total Development Costs have increased from $21,871,790 to $26,096,009 for a difference of $4,224,219 since the Application due to increases in construction costs, general development costs, financial costs, Developer Fee, and reserve accounts.

OPERATING PRO FORMA

FINANCIAL COSTS:			Year 1	Year 1 Per Unit
OPERATING PRO FORMA				
INCOME:	Gross Potential Rental Income		$1,331,112	$15,847
	Other Income			$0
	Ancillary Income		$16,800	$200
	Gross Potential Income		$1,347,912	$16,047
	Less:			
	Economic Loss	Percentage: 5.00%	$67,396	$802
Total Effective Gross Income			$1,280,516	$15,244
EXPENSES:	Fixed:			
	Real Estate Taxes		$0	$0
	Insurance		$42,000	$500
	Variable:			
	Management Fee	Percentage: 5.00%	$64,026	$762
	General and Administrative		$39,900	$475
	Payroll Expenses		$127,600	$1,519
	Utilities		$78,960	$940
	Maintenance and Repairs/Pest Control		$84,000	$1,000
	Reserve for Replacements		$25,200	$300
Total Expenses			$461,686	$5,496
Net Operating Income			$818,830	$9,748
Debt Service Payments				
	First Mortgage - Chase / OCHFA		$594,129	$7,073
	Second Mortgage - SAIL		$28,000	$333
	Third Mortgage - SAIL / ELI		$0	$0
	Fourth Mortgage - NHTF		$0	$0
	First Mortgage Fees - HFA Admin and Trustee Fees		$36,800	$438
	Second Mortgage Fees - SAIL PLS & CM		$7,993	$95
	Third Mortgage Fees - ELI PLS & CM		$3,741	$45
	Fourth Mortgage Fees - NHTF PLS & CM		$3,741	$45
Total Debt Service Payments			$674,404	$8,029
Cash Flow after Debt Service			$144,426	$1,719
Debt Service Coverage Ratios				
	DSC - First Mortgage plus Fees		1.30x	
	DSC - Second Mortgage plus Fees		1.23x	
	DSC - Third Mortgage plus Fees		1.22x	
	DSC - Fourth Mortgage plus Fee		1.21x	
	DSC - All Mortgages and Fees		1.21x	
Financial Ratios				
	Operating Expense Ratio		36.05%	
	Break-even Economic Occupancy Ratio (all debt)		84.54%	

Notes to the Operating Pro forma and Ratios:

1. The Development will be utilizing Housing Credits in conjunction with SAIL, ELI, & NHTF which will impose rent restrictions. Under the SAIL and HC programs, the Development will set aside 15.476% of its total units (13 units) at or below 30% of AMI. Additional restrictions imposed by SAIL and HC programs consist of 61.905% of the total units (52 units) at or below 60% of AMI and 22.619% of the total units (19 units) at or below 80% of AMI. For the NHTF program, the Development will set aside 3.571% of the total units (3 units) at or below 22% of AMI. Overall, the maximum Housing Credit rents for 2022 published on FHFC's website for the Development are achievable as confirmed by the appraiser. Based on representations of the Applicant, sixty-three (63) units will be receiving HUD HAP subsidy and will pay 30% or less of their income towards rent. Receipt of an executed HAP contract confirming the rental rates, length of the contract, and number of units receiving assistance is a condition precedent to loan closing. The remaining 21 units will be set-aside for tenants whose income is 80% or less of AMI. Utility allowances were derived from the most recent utility allowance schedule published by the Seminole County Housing Authority, effective as of November 2020. A rent roll for the Development property is illustrated in the following table:

MSA (County): Orlando-Kissimmee-Sanford (Seminole)

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	1	690	22%			$342	$109	$233	$1,237	$1,128	$1,128	$1,128	$13,536
2	2.0	1	908	22%			$410	$152	$258	$1,422	$1,270	$1,270	$1,270	$15,240
3	2.0	1	1,041	22%			$474	$197	$277	$1,827	$1,630	$1,630	$1,630	$19,560
1	1.0	5	690	30%			$466	$109	$357	$1,237	$1,125	$1,128	$1,128	$67,680
2	2.0	6	908	30%			$560	$152	$408	$1,422	$1,270	$1,270	$1,270	$91,440
3	2.0	2	1,041	30%			$646	$197	$449	$1,827	$1,630	$1,630	$1,630	$39,120
1	1.0	1	690	60%			$933	$109	$824		$824	$824	$824	$9,888
1	1.0	9	690	60%			$933	$109	$824	$1,237	$1,128	$1,128	$1,128	$121,824
2	2.0	24	908	60%			$1,120	$152	$968	$1,422	$1,270	$1,270	$1,270	$365,760
3	2.0	1	1,041	60%			$1,293	$197	$1,096		$1,096	$1,096	$1,096	$13,152
3	2.0	14	1,041	60%			$1,293	$197	$1,096	$1,827	$1,630	$1,630	$1,630	$273,840
1	1.0	6	690	80%			$1,245	$109	$1,136		$1,136	$1,136	$1,136	$81,792
2	2.0	9	908	80%			$1,494	$152	$1,342		$1,342	$1,342	$1,342	$144,936
3	2.0	4	1,041	80%			$1,725	$197	$1,528		$1,528	$1,528	$1,528	$73,344
		84	74,402											$1,331,112

2. A 5.00% total economic vacancy rate was concluded by the appraisal and was relied upon by AmeriNat for underwriting purposes.

3. Ancillary Income is comprised of income related to multifamily operations in the form of vending income, late charges, pet deposits, forfeited security deposits, etc.

4. AmeriNat utilized a real estate tax expense of $0 per unit based upon the conclusions of the appraisal. Following completion, it is anticipated that the Development will receive a full tax exemption under Florida Statute 196.1975, which is tied to the number of income-qualified tenants residing at the property. Please note that It is an extraordinary assumption of the appraisal that the Development receives a full tax abatement following completion.

5. AmeriNat utilized an estimate of $500 per unit for insurance, which is consistent with the appraisal. The figure is consistent with insurance expenses for restricted rent comparables presented by the appraiser, which ranged from $283 to $553 per unit. The Development will be located in flood zone “X”. Zone “X” is an area outside of the 100-year flood plain which does not require flood insurance.

6. A draft management agreement (the “Agreement”) between Wendover Management, LLC and the Applicant illustrates a management fee payable on the first day of each month equal to $2,500 or five percent (5.00%) of gross income, whichever is greater. Management is to begin 90 days prior to first certificate of occupancy. The term of the agreement begins upon execution and continues for one year with automatic one-year renewals unless the agreement is terminated by either party. The appraisal concluded a management fee of 5.00%. The greater of the actual and concluded management agreement fee has been applied for the purposes of this analysis. Receipt of an executed Agreement is a condition precedent to loan closing.

7. Replacement Reserves are budgeted at $300 per unit per year, which is consistent with the RFA and Rules 67-48 and 67-21 minimum requirement.

8. The MMRB Loan includes a 0.30% Administrative fee due to the Housing Authority of the City of Sanford, FL (“HACS”) on the outstanding Bonds and a $5,000 annual Trustee Fee.

9. The SAIL Loan has an annual Permanent Loan Servicing Fee based on 25 basis points of the outstanding loan amount, with a minimum monthly fee of $229 and a maximum monthly fee of $909, and an hourly fee of $192 for extraordinary services. The annual Multiple Program Compliance Monitoring Fee is $993.

10. The ELI Loan has an annual Permanent Loan Servicing Fee based on 25 basis points of the outstanding loan amount, with a minimum monthly fee of $229 and a maximum monthly fee of $909, and an hourly fee of $192 for extraordinary services. The annual Multiple Program Compliance Monitoring Fee is $993.

11. The NHTF Loan has an annual Permanent Loan Servicing Fee based on 25 basis points of the outstanding loan amount, with a minimum monthly fee of $229 and a maximum monthly fee of $909, and an hourly fee of $192 for extraordinary services. The annual Multiple Program Monitoring Fee is $993.

12. Based upon an estimated Net Operating Income (“NOI”) of $818,830 for the proposed Development’s initial year of stabilized operations; the first mortgage loan can be supported by operations at a 1.30x to 1.00 Debt Service Coverage (“DSC”). The combined amount of the first mortgage loan and SAIL Loan can be supported by operations at a 1.23x to 1.00 DSC, and all debt and fees can be supported by operations at 1.21x to 1.00 DSC.

13. 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

SAIL, ELI, and NHTF Loan Special and General Loan Closing Conditions and Contingencies

Special Conditions

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

1. Receipt of liquidity statements from RBK3, LLC d/b/a Robert B. Kennedy Construction, the General Contractor in the transaction.

2. Receipt of an executed Management Agreement.

3. Receipt of an executed HUD HAP contract consistent with the number of units, rents, and contract length as has been underwritten herein.

4. Completion of the HUD Section 3 pre-construction conference.

5. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u and 24 CFR Part 135).

General Conditions

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

1. Borrower is to comply with any and all recommendations noted in the Plan and Cost Review prepared by GLE Associates, Inc.

2. 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.). An acceptable alternative to this requirement is receipt and satisfactory review of a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

3. 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 final sources and uses of funds schedule will be attached to the Loan Agreements as the approved Development budget.

4. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL, ELI, & NHTF loan proceeds shall be disbursed during the construction phase in an amount per Draw that does not exceed the ratio of the SAIL, ELI, & NHTF loan to the Total Development Cost,

unless approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.

5. Construction Period Developer Fee shall be the lesser 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.

6. 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.

7. Evidence of insurance coverage pursuant to the Request for Application ("RFA") governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

8. The General Contractor shall secure a payment and performance bond equal to 100 percent 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.

9. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, as applicable.

10. A copy of the Amended and Restated Limited Partnership Agreement ("LPA") reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The LPA shall be in a form and of financial substance satisfactory to Servicer, Florida Housing, and its Legal Counsel.

11. 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 Rule Chapters 67-21.0025 (5) and 67-48.0075 (5) F.A.C., of an Applicant or a Developer).

12. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications.

13. Satisfactory resolution of any outstanding past due and/or noncompliance items.

14. An Operating Deficit Reserve ("ODR") in the collective amount of approximately three months of operating expenses and debt service will be permitted within the Applicant's budget, unless the credit underwriter deems a larger reserve is necessary. The calculation of Developer Fee will be exclusive of the budgeted ODR and any ODR "proposed or required by a limited partner or other lender" in excess of the amount of the ODR deemed satisfactory by the credit underwriter will be a subset of Developer Fee. 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 and 67-21. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its legal counsel.

15. 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.

This recommendation is contingent upon the review and approval by Florida Housing, and its Legal Counsel <u>at least two weeks prior to real estate loan closing</u>. Failure to submit and to receive approval of these items within this time frame may result in postponement of the loan closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/managers(s) of the Borrower, the guarantors, and any limited partners 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, ELI, & NHTF loan closing, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower is

to comply with any and all recommendations noted in the updated Environmental Audit Report(s) and all other environmental reports related to the property, as deemed appropriate by Florida Housing in its sole discretion.

4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the SAIL, ELI, & NHTF loan naming Florida Housing 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 limited partnership 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 RFA governing this proposed transaction and, as 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 of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, and of any corporate guarantor and any manager;
    b. Authorization, execution, and delivery by the Borrower and the guarantors, of all loan documents;
    c. The loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
    d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower’s Partnership Agreement and;
    e. Such other matters as Florida Housing or its Legal Counsel may require.

8. Evidence of compliance with local concurrency laws, if applicable.

9. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its Legal Counsel in form and substance acceptable to Florida Housing or its Legal Counsel, in connection with the SAIL, ELI, & NHTF loans.

10. UCC Searches for the Borrower, its partnerships, as requested by counsel.

11. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

Additional Conditions

This recommendation is also contingent upon the following additional conditions.

1. Compliance with all applicable provisions of 420.507, 420.5087 and 420.509, Florida Statutes, Rule Chapter 67-21 F.A.C, Rule Chapter 67-48 F.A.C., Rule Chapter 67-53, F.A.C., Rule Chapter 67-60, F.A.C., Section 42 I.R.C., RFA 2020-205, and any other applicable State and Federal requirements.

2. Acceptance by the Borrower and execution of all documents evidencing and securing the SAIL, ELI, & NHTF loans in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note, the Loan Agreement(s), the Mortgage and Security Agreement, and the Land Use Restriction Agreement(s), Extended Low-income Housing Agreement(s) and Final Cost Certificate.

3. For the SAIL Loan, Guarantors 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 on the combined permanent First Mortgage and SAIL Loan 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 equal to twelve (12) consecutive months, all certified by an independent CPA and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by FHFC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three years following the final certificate of occupancy.

4. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.

5. Guarantors to provide the standard Florida Housing Construction Completion Guaranty; to be released upon lien-free completion as approved by the Servicer.

6. Guarantors are to provide the standard Florida Housing Environmental Indemnity Guaranty.

7. Guarantors are to provide the standard Florida Housing Guaranty of Recourse Obligations.

8. Closing of all funding sources simultaneous with or prior to closing of the SAIL, ELI, & NHTF loans.

9. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the SAIL, ELI, & NHTF loans is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.

10. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee, the Fiscal Agent or the Servicer. In the event the reserve account is held by the Servicer, the release of funds shall be at Florida Housing’s sole discretion.

11. Replacement Reserves funds in the 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 Fiscal Agent, or Florida Housing’s loan servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per RFA and Rules 67-21 and 67-48, in the amount of $25,200 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of $300 per unit per year for

Years 1 and 2, followed by $300 per unit per year thereafter. New construction developments shall not be allowed to draw during the first five (5) years or until the establishment of a minimum balance equal to the accumulation of five (5) years of replacement reserves per unit. The initial replacement reserve will have limitations on the ability to be drawn. The amount established as a replacement reserve shall be adjusted based on a capital needs assessment ("CNA") to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required. Beginning no later than the 10th year after the first residential building receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("Initial Replacement Reserve Date"). A subsequent CNA is required no later than the 15th year after the Initial Replacement Reserve Date and subsequent assessments are required every five years thereafter.

12. GLE Associates, Inc. will act as Florida Housing's inspector during the construction period.

13. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete and thereafter no additional retainage is withheld as required per the Construction Contract. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy which satisfies the RFA and Rule minimum requirement.

14. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.

15. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

Housing Credit Allocation Recommendation

AmeriNat recommends an annual Housing Credit allocation in the amount of $1,205,248 for the construction and permanent financing of Somerset Landings. Please refer to Exhibit 3 - HC Allocation Calculation for further detail.

HC Contingencies

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by AmeriNat and FHFC. Failure to resolve these contingencies within this timeframe may result in forfeiture of the HC allocation:

1. Closing of all funding sources prior to or simultaneous with the SAIL, ELI, & NHTF loans.

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

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

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

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

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

Exhibit 1
Somerset Landings
15 Year Operating Pro forma

	FINANCIAL COSTS:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
	OPERATING PRO FORMA															
	Gross Potential Rental Income	$1,331,112	$1,357,734	$1,384,889	$1,412,587	$1,440,838	$1,469,655	$1,499,048	$1,529,029	$1,559,610	$1,590,802	$1,622,618	$1,655,070	$1,688,172	$1,721,935	$1,756,374
INCOME:	Other Income															
	Ancillary Income	$16,800	$17,136	$17,479	$17,828	$18,185	$18,549	$18,920	$19,298	$19,684	$20,078	$20,479	$20,889	$21,306	$21,733	$22,167
	Gross Potential Income	$1,347,912	$1,374,870	$1,402,368	$1,430,415	$1,459,023	$1,488,204	$1,517,968	$1,548,327	$1,579,294	$1,610,880	$1,643,097	$1,675,959	$1,709,478	$1,743,668	$1,778,541
	Less:															
	Economic Loss Percentage: 5.00%	$67,396	$68,744	$70,119	$71,521	$72,952	$74,411	$75,899	$77,417	$78,965	$80,544	$82,155	$83,798	$85,474	$87,184	$88,928
	Total Effective Gross Income	$1,280,516	$1,306,126	$1,332,249	$1,358,894	$1,386,072	$1,413,793	$1,442,069	$1,470,910	$1,500,329	$1,530,335	$1,560,942	$1,592,161	$1,624,004	$1,656,484	$1,689,614
	Fixed:															
	Real Estate Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Insurance	$42,000	$43,260	$44,558	$45,895	$47,271	$48,690	$50,150	$51,655	$53,204	$54,800	$56,444	$58,138	$59,882	$61,678	$63,529
EXPENSES:	Variable:															
	Management Fee Percentage: 5.00%	$64,026	$65,307	$66,613	$67,945	$69,304	$70,690	$72,104	$73,546	$75,017	$76,517	$78,047	$79,608	$81,200	$82,824	$84,481
	General and Administrative	$39,900	$41,097	$42,330	$43,600	$44,908	$46,255	$47,643	$49,072	$50,544	$52,060	$53,622	$55,231	$56,888	$58,594	$60,352
	Payroll Expenses	$127,600	$131,428	$135,371	$139,432	$143,615	$147,923	$152,361	$156,932	$161,640	$166,489	$171,484	$176,628	$181,927	$187,385	$193,006
	Utilities	$78,960	$81,329	$83,769	$86,282	$88,870	$91,536	$94,282	$97,111	$100,024	$103,025	$106,116	$109,299	$112,578	$115,955	$119,434
	Maintenance and Repairs/Pest Control	$84,000	$86,520	$89,116	$91,789	$94,543	$97,379	$100,300	$103,309	$106,409	$109,601	$112,889	$116,276	$119,764	$123,357	$127,058
	Reserve for Replacements	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,956	$26,735	$27,537	$28,363	$29,214
	Total Expenses	$461,686	$474,140	$486,955	$500,142	$513,711	$527,673	$542,040	$556,825	$572,038	$587,693	$604,558	$621,915	$639,776	$658,157	$677,074
	Net Operating Income	$818,830	$831,986	$845,293	$858,752	$872,361	$886,120	$900,029	$914,086	$928,291	$942,642	$956,383	$970,246	$984,228	$998,327	$1,012,540
	Debt Service Payments															
	First Mortgage - Chase / OCHFA	$594,129	$594,129	$594,129	$594,129	$594,129	$594,129	$594,129	$594,129	$594,129	$594,129	$594,129	$594,129	$594,129	$594,129	$594,129
	Second Mortgage - SAIL	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000	$28,000
	Third Mortgage - SAIL / ELI	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Fourth Mortgage - NHTF	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	First Mortgage Fees - HFA Admin and Trustee Fees	$36,800	$36,409	$36,000	$35,574	$35,127	$34,661	$34,174	$33,665	$33,134	$32,578	$31,997	$31,391	$30,757	$30,095	$29,403
	Second Mortgage Fees - SAIL PLS & CM	$7,993	$7,993	$7,993	$7,993	$7,993	$7,993	$7,993	$7,993	$7,993	$7,993	$7,993	$7,993	$7,993	$7,993	$7,993
	Third Mortgage Fees - ELI PLS & CM	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741
	Fourth Mortgage Fees - NHTF PLS & CM	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741	$3,741
	Total Debt Service Payments	$674,404	$674,013	$673,605	$673,178	$672,732	$672,266	$671,779	$671,270	$670,738	$670,182	$669,602	$668,995	$668,361	$667,699	$667,007
	Cash Flow after Debt Service	$144,426	$157,973	$171,689	$185,574	$199,629	$213,854	$228,250	$242,816	$257,553	$272,460	$286,782	$301,251	$315,867	$330,628	$345,533
	Debt Service Coverage Ratios															
	DSC - First Mortgage plus Fees	1.30x	1.32x	1.34x	1.36x	1.39x	1.41x	1.43x	1.46x	1.48x	1.50x	1.53x	1.55x	1.58x	1.60x	1.62x
	DSC - Second Mortgage plus Fees	1.23x	1.25x	1.27x	1.29x	1.31x	1.33x	1.35x	1.38x	1.40x	1.42x	1.44x	1.47x	1.49x	1.51x	1.54x
	DSC - Third Mortgage plus Fees	1.22x	1.24x	1.26x	1.28x	1.30x	1.33x	1.35x	1.37x	1.39x	1.41x	1.44x	1.46x	1.48x	1.50x	1.53x
	DSC - Fourth Mortgage plus Fee	1.21x	1.23x	1.25x	1.28x	1.30x	1.32x	1.34x	1.36x	1.38x	1.41x	1.43x	1.45x	1.47x	1.50x	1.52x
	DSC - All Mortgages and Fees	1.21x	1.23x	1.25x	1.28x	1.30x	1.32x	1.34x	1.36x	1.38x	1.41x	1.43x	1.45x	1.47x	1.50x	1.52x
	Financial Ratios															
	Operating Expense Ratio	36.05%	36.30%	36.55%	36.81%	37.06%	37.32%	37.59%	37.86%	38.13%	38.40%	38.73%	39.06%	39.39%	39.73%	40.07%
	Break-even Economic Occupancy Ratio (all debt)	84.54%	83.76%	83.01%	82.28%	81.57%	80.88%	80.21%	79.57%	78.94%	78.34%	77.80%	77.28%	76.77%	76.29%	75.82%

Somerset Landings
RFA 2020-205 (2021-255SN / 2020-546C)
DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

84 Garden Apartments located in 4 residential buildings

Unit Mix:

Twenty-two (22) one bedroom/one bath units;

Forty (40) two bedrooms/two bath units;

Twenty-two (22) three bedrooms/two bath units;

84 Total Units

B. All units are expected to meet all requirements as outlined below. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors.

The Development must meet all federal requirements and state building code requirements, including the following, incorporating the most recent amendments, regulations, and rules: The Federal Fair Housing Act as implemented by 24 CFR 100, Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, F.S., Section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act ("ADA") of 1990 as implemented by 28 CFR 35.

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.

C. All Developments must provide the following General Features:

1. Broadband infrastructure which includes cables, fiber optics, wiring, or other infrastructure, as long as the installation results in accessibility in each unit;

2. Termite prevention;

3. Pest control;

4. Window covering for each window and glass door inside each unit;

5. 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;

6. 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 (1) Energy Star certified washer and one (1) 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 Developments' 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.

7. At least two full bathrooms in all 3 bedroom or larger new construction units;

8. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units;

9. All Family Demographic Developments must provide a full-size range and oven in all units.

D. 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.

E. The Development must provide the following Accessibility Features in all units:

1. Primary entrance doors on an accessible route shall have a threshold with no more than a ½-inch rise;

2. All door handles on primary entrance door and interior doors must have lever handles;

3. Lever handles on all bathroom faucets and kitchen sink faucets;

4. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and

5. Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.

F. 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. Corporation-approved alternative for non-ADA units (where the toilet is not located adjacent to a side wall) is as follows: Provide reinforced walls for future installation of fold down grab bars in place around each toilet.

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.

G. Green Building Features required in all Developments:

All new construction units and, as applicable, all common areas must have the features listed below:

a. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);

b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
   i. Toilets: 1.28 gallons/flush or less
   ii. Urinals: 0.5 gallons/flush,
   iii. Lavatory Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
   iv. Showerheads: 2.0 gallons/minute or less at 80 psi flow rate;

c. Energy Star certified refrigerator;

d. Energy Star certified dishwasher;

e. Energy Star certified ventilation fan in all bathrooms;

f. Water heater minimum efficiency specifications:
   - Residential Electric:
     i. Up to 55 gallons = .95 EF or .92 UEF; or
     ii. More than 55 gallons = Energy Star certified; or

iii. 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;

g. Energy Star certified ceiling fans with lighting fixtures in bedrooms;

h. Air Conditioning (in-unit or commercial):
   i. Air-Source Heat Pumps – Energy Star certified:
      a. ≥8.5 HSPF/ ≥15 SEER/ ≥12.5 EER for split systems
      b. ≥8.2 HSPF/ ≥15 SEER/ ≥12 EER for single package equipment including gas/electric package units
   ii. Central Air Conditioners – Energy Star certified:
      a. ≥15 SEER/ ≥12.5 EER* for split systems
      b. ≥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;

In addition to the required Green Building Features outlined above, proposed Developments with a Development Category of New Construction or Redevelopment, with or without acquisition, must commit to achieve one of the following Green Building Certification programs:

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

___X__Florida Green Building Coalition (FGBC); or

______ICC 700 National Green Building Standard (NGBS); or

______ Enterprise Building Communities.

H. The Applicant must provide the following Resident Programs:

The quality of the Resident Programs committed to by the Applicant is subject to approval of the Board of Directors. The availability of the Resident Programs must be publicized on an ongoing basis such as through community newsletters, bulletin board posts, or flyers.

1. Family Support Coordinator

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

2. 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.

3. 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.

HC Allocation Calculation

Section I – Qualified Basis Calculation

Total Development Cost	$26,096,009
Less Land Costs	$100,000
Less Other Ineligible Costs	$2,818,167
Total Eligible Basis	$23,177,842
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	130%
Qualified Basis	$30,131,195
Housing Credit Percentage (Federal allocation)	4.00%
Annual Housing Credit Allocation	$1,205,248

Notes to the Eligible Basis Calculation:

1. "Other Ineligible Costs" include, but are not limited to, site work, accounting fees, environmental report, legal fees, market study, Florida Housing compliance, administrative, application, and underwriting fees, title insurance/recording fees, marketing/advertising fees, title insurance and recording fee, survey, various fees associated with the SAIL, ELI, and NHTF funding, a portion of construction loan interest, permanent loan related costs, Local HFA Bond cost of issuance costs, and reserves.

2. The Development is 100% set-aside; therefore, the applicable fraction is 100%.

3. Per the Application, the Development is located in a QCT (205.00); therefore, a 130% basis credit was applied.

4. Per the FY 2021 Omnibus Consolidated Appropriations Act passed by Congress as of December 21, 2020, a permanent 4% minimum HC rate was established. For purposes of this report, a HC percentage of 4.00% has therefore been applied.

Section II - Gap Calculation

Total Development Cost (including land and ineligible costs)	$26,096,009
Less Mortgages	$14,668,662
Equity Gap	$11,427,347
HC Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$0.87
HC Required to meet Equity Gap	$13,136,194
Annual HC Required	$1,313,619

Notes to the Gap Calculation:

1. Mortgages include a first mortgage from Chase, second, third and fourth mortgages of SAIL, ELI, and NHTF funds to be provided by FHFC, and a fifth mortgage to be provided by Seminole County.

2. The HC Syndication Pricing and Percentage to the Investment Partnership are based upon the LOI from NEF dated February 9, 2022. Please note that the actual HC Syndication Pricing is $0.870000064003.

Section III - Summary

HC Per Qualified Basis	$1,205,248
HC Per GAP Calculation	$1,313,619
Annual HC Recommended	$1,205,248
HC Proceeds Recommended	$10,484,610

Notes to the Summary:

1. The Annual HC recommended is based upon the lesser of the Qualified Basis or Gap Calculation; therefore, the Qualified Basis Calculation amount applies.

Section IV – Tax Credit 50% Test

Total DEPRECIABLE Cost	$23,177,842
Plus: Land Cost	$100,000
Equals Aggregate Basis	$23,277,842
Tax Exempt Bond Amount	$13,400,000
Tax Exempt Proceeds Used for Building and Land	$13,400,000
Tax Exempt Proceeds as a Percentage of Aggregate Basis	57.57%

Notes to the Tax Credit 50% Test:

1. Based upon this analysis, the 50% Test is satisfactory.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Somerset Landings
DATE: October 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 FHFC. The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the Applicant that the transaction can close within the allowed timeframe. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

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

NOTES AND DEVELOPER RESPONSES:

1. Receipt of an executed Management Agreement is a condition precedent to loan closing.

2. Receipt of liquidity statements from RBK3, LLC d/b/a Robert B. Kennedy Construction, the General Contractor in the transaction, is a condition precedent to loan closing.

3. Receipt of an executed HUD HAP contract consistent with the number of units, rents, and contract length as has been underwritten herein is a condition precedent to loan closing.

4. Completion of the HUD Section 3 pre-construction conference is a condition precedent to loan closing.

5. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u and 24 CFR Part 135).