# Florida Housing Finance Corporation

## Credit Underwriting Report

# Hampton Point Apartments

**Tax-Exempt Multifamily Mortgage Revenue Bonds ("MMRB" or "Bonds") and 4% Non-Competitive Housing Credits ("HC"), Assumption and Subordination of the Existing State Apartment Incentive Loan ("SAIL") Extremely Low Income ("ELI") Loans, MMRB Land Use Restriction Agreement ("LURA") and Existing 4% Non-Competitive HC Extended Low-Income Housing Agreement ("ELIHA")**

**2021-104B / 2021-535C / 2003 Series Q-1 & Q-2 / 2003-515C / RFP 2010-16-20 / RFP 2012-04-11**

**Section A: Report Summary**

**Section B: MMRB and SAIL ELI Special and General Conditions**

**HC Allocation Recommendation and Contingencies**

**Section C: Supporting Information and Schedules**

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**Prepared by**

**First Housing Development Corporation of Florida**

**FINAL REPORT**

**October 19, 2022**

# Hampton Point Apartments

## TABLE OF CONTENTS

# Section A

# Report Summary

# Recommendation

First Housing Development Corporation of Florida ("First Housing", "Servicer" or "FHDC") recommends a MMRB in the amount of $36,300,000, the assumption and subordination of the existing SAIL ELI loans (RFP 2010-16-20 in the estimated amount of $299,587.50 and RFP 2012-04-11 in the estimated amount of $999,250) in the estimated aggregate amount of $1,298,837.50, MMRB LURA (2003 Series Q1 & Q2) and HC ELIHA (2003-515C), and an annual HC Allocation of $2,653,285 to finance the acquisition and rehabilitation of Hampton Point Apartments ("Development").

**DEVELOPMENT & SET-ASIDES**

Development Name: Hampton Point Apartments

RFA/Program Numbers: 2021-104B / 2021-535C / MMRB 2003 Series Q-1 & Q-2 / 4% HC 2003-515C; SAIL ELI RFP 2010-16-20; SAIL ELI RFP 2012-04-11

Address: 2511 Luther Road

City: Punta Gorda  Zip Code: 33983  County: Charlotte  County Size: Medium

Development Category: Acquisition/Rehab  Development Type: Garden Apts (1-3 Stories)

Construction Type: Wood Frame

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

Unit Composition:
# of ELI Units: 49  ELI Units Are Restricted to 40% AMI, or less.  Total # of units with PBRA? 0
# of Link Units: 0  Are the Link Units Demographically Restricted?  # of NHTF Units: 0

Charlotte County, Punta Gorda MSA

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | 2.0 | 14 | 1,034 | 35% | | | $598 | $69 | $ 529 | | $ 529 | $ 529 | $ 529 | $ 88,872 |
| 2 | 2.0 | 4 | 985 | 40% | | | $684 | $69 | $ 615 | | $ 615 | $ 615 | $ 615 | $ 29,520 |
| 2 | 2.0 | 2 | 1,034 | 40% | | | $684 | $69 | $ 615 | | $ 615 | $ 615 | $ 615 | $ 14,760 |
| 2 | 2.0 | 96 | 985 | 60% | | | $1,026 | $69 | $ 957 | | $ 957 | $ 957 | $ 957 | $ 1,102,464 |
| 3 | 2.0 | 15 | 1,228 | 35% | | | $691 | $75 | $ 616 | | $ 616 | $ 616 | $ 616 | $ 110,880 |
| 3 | 2.0 | 7 | 1,228 | 40% | | | $790 | $75 | $ 715 | | $ 715 | $ 715 | $ 715 | $ 60,060 |
| 3 | 2.0 | 26 | 1,228 | 60% | | | $1,185 | $75 | $ 1,110 | | $ 1,110 | $ 1,110 | $ 1,110 | $ 346,320 |
| 3 | 2.0 | 80 | 1,204 | 60% | | | $1,185 | $75 | $ 1,110 | | $ 1,110 | $ 1,110 | $ 1,110 | $ 1,065,600 |
| 4 | 2.0 | 5 | 1,338 | 35% | | | $771 | $79 | $ 692 | | | $ 692 | $ 692 | $ 41,520 |
| 4 | 2.0 | 2 | 1,338 | 40% | | | $882 | $79 | $ 803 | | $ 803 | $ 803 | $ 803 | $ 19,272 |
| 4 | 2.0 | 33 | 1,338 | 60% | | | $1,323 | $79 | $ 1,244 | | $ 1,244 | $ 1,244 | $ 1,244 | $ 492,624 |
| | | 284 | 323,828 | | | | | | | | | | | $ 3,371,892 |

The Development was originally financed with two series of bonds from Florida Housing Finance Corporation ("FHFC") (MMRB 2003 Series Q-1 tax-exempt bonds at $11,020,000 and taxable

MMRB 2003 Q-2 bonds at $2,180,000) totaling $13,200,000, Subordinated Mortgage Initiative ("SMI") loan in the amount of $600,682, SAIL ELI loan (RFP 2010-16-20) in the amount of $1,125,000, SAIL ELI loan (RFP 2012-04-11) in the amount of $2,500,000, and an allocation of HC (2003-515C). The bonds were redeemed and the SMI Loan has been paid off. The Development is currently encumbered by an existing MMRB LURA, SAIL ELI loan documents, and an ELIHA. As part of the acquisition and rehabilitation, the assumption and subordination of the existing MMRB LURA, SAIL ELI loan documents, and ELIHA will be required by the Applicant and first mortgage, respectively.

Buildings: Residential - 13 Non-Residential - 2
Parking: Parking Spaces - 558 Accessible Spaces - 27

Set Asides:

| Program | % of Units | # of Units | % AMI | Term (Years) |
|---|---|---|---|---|
| MMRB | 40.0% | 114 | 60% | 30 |
| HC | 100.0% | 284 | 60% | 30 |
| Existing MMRB LURA | 40.0% | 114 | 60% | 25 |
| Existing SAIL ELI (RFP 2010-16-20) | 5.0% | 15 | 40% | 15 |
| Existing SAIL ELI (RFP 2012-04-11) | 12.0% | 34 | 35% | 15 |
| Existing ELIHA | 100.0% | 284 | 60% | 30 |

Absorption Rate 32 units per month for 9.0 months.

Occupancy Rate at Stabilization: Physical Occupancy 97.00% Economic Occupancy 95.00%
Occupancy Comments 98.2% occupied as of August 18, 2022

DDA: No QCT: No Multi-Phase Boost: No QAP Boost: No
Site Acreage: 47.92 Density: 5.9265 Flood Zone Designation: X
Zoning: RMF10, Residential Multifamily District Flood Insurance Required?: No

Please note, the absorption rate is hypothetical, as the work will be completed as a "rolling rehab" where the Development will be updated in phases and will maintain the current resident base.

The Development is currently encumbered by existing SAIL ELI loan documents and ELIHA which set asides and compliance periods are reflected in the above chart. Each of the SAIL ELI loan documents state that the set asides revert back to the existing MMRB LURA (2003 Series Q-1 & Q-2) and/or ELIHA (2003-515C) once the SAIL ELI requirements have been maintained for the first 15 years of the SAIL ELI compliance period. Therefore, it is anticipated that the SAIL ELI set-aside requirement of 5% of the units at 40% AMI will no longer be required after 2026 for RFP 2010-16-20 and that the SAIL ELI requirement of 12% of the units at 35% AMI will no longer be required after 2028 for RFP 2010-16-20.

## DEVELOPMENT TEAM

| | | % Ownership |
|---|---|---|
| Applicant/Borrower: | Hampton Point Preservation, Ltd. | |
| General Partner | Hampton Point GP LLC | 0.0100% |
| Limited Partner | Key Community Development Corporation ("Key CDC") | 99.9900% |
| Construction Completion Guarantor(s): | | |
| CC Guarantor 1: | Hampton Point Preservation, Ltd. | |
| CC Guarantor 2: | Hampton Point GP LLC | |
| CC Guarantor 3: | Hampton Point Developer LLC | |
| CC Guarantor 4: | Jeremy Bronfman | |
| CC Guarantor 5: | JEB Developer LLC | |
| CC Guarantor 6: | Lincoln Avenue Capital, LLC ("LAC") | |
| Operating Deficit Guarantor(s): | | |
| OD Guarantor 1: | Hampton Point Preservation, Ltd. | |
| OD Guarantor 2: | Hampton Point GP LLC | |
| OD Guarantor 3: | Hampton Point Developer LLC | |
| OD Guarantor 4: | Jeremy Bronfman | |
| OD Guarantor 5: | JEB Developer LLC | |
| OD Guarantor 6: | LAC | |
| Bond Purchaser | Publicly Offered | |
| Developer: | Hampton Point Developer LLC | |
| General Contractor 1: | Langerman Construction, LLC ("Langerman") | |
| Management Company: | Cushman & Wakefield/American Management Services Central LLC | |
| Syndicator: | Key CDC | |
| Bond Issuer: | Florida Housing Finance Corporation | |
| Architect: | Ebersoldt + Associates, LLC | |
| Market Study Provider: | CBRE, Inc. ("CBRE") | |
| Appraiser: | CBRE | |

| PERMANENT FINANCING INFORMATION | 1st Source | 2nd Source | 3rd Source | 4th Source |
|---|---|---|---|---|
| Lien Position | First | Second | Third | Fourth |
| Lender/Grantor | HUD 223 (f)/ Key Bank | HUD 241 (a)/ Key Bank | FHFC - SAIL ELI | Hampton Point Owner LLC |
| Amount | $27,391,799 | $4,642,000 | $1,298,838 | $8,000,000 |
| Underwritten Interest Rate | 2.13% | 5.25% | 0.00% | 5.00% |
| All In Interest Rate | 2.13% | 5.25% | 0.00% | 5.00% |
| Loan Term | 33 | 33 | 27 | 33 |
| Amortization | 33 | 33 | 0 | 0 |
| Market Rate/Market Financing LTV | 33% | 38% | 40% | 49% |
| Restricted Market Financing LTV | 70% | 82% | 85% | 105% |
| Restricted Favorable Financing LTV | 63% | 73% | 76% | 94% |
| Loan to Cost - Cumulative | 38% | 45% | 47% | 58% |
| Debt Service Coverage | 1.49 | 1.18 | 1.18 | 0.93 |
| Operating Deficit & Debt Service Reserves | $622,912 | | | |
| # of Months covered by the Reserves | 2.5 | | | |

The SAIL ELI loans will be assumed by the Applicant at closing; however, they are not a source of funds for the rehabilitation/acquisition. First Housing has shown the SAIL ELI loans combined in the above chart since they will be part of the permanent financing, but they are not sources for the acquisitions or rehabilitation.

| | |
|---|---|
| Deferred Developer Fee | $7,844,414 |
| As-Is Land Value | $3,600,000 |
| As-Is Value (Land & Building) | $43,300,000 |
| Market Rent/Market Financing Stabilized Value | $83,800,000 |
| Rent Restricted Market Financing Stabilized Value | $39,200,000 |
| Rent Restricted Favorable Financing Stabilized Value | $43,800,000 |
| Projected Net Operating Income (NOI) - Year 1 | $1,788,680 |
| Projected Net Operating Income (NOI) - 15 Year | $2,089,675 |
| Year 15 Pro Forma Income Escalation Rate | 2.00% |
| Year 15 Pro Forma Expense Escalation Rate | 3.00% |
| Bond Structure | Publicly Offered |
| Housing Credit (HC) Syndication Price | $0.87 |
| HC Annual Allocation - Initial Award | $2,100,000 |
| HC Annual Allocation - Qualified in CUR | $2,653,285 |
| HC Annual Allocation - Equity Letter of Interest | $2,733,648 |

| CONSTRUCTION/PERMANENT SOURCES: | | | | |
|---|---|---|---|---|
| Source | Lender | Construction | Permanent | Perm Loan/Unit |
| FHFC - MMRB | FHFC/HUD 223(f)/Key Bank | $27,391,799 | $0 | $0 |
| Regulated Mortgage | HUD 223 (f)/Key Bank | $0 | $27,391,799 | $96,450 |
| Regulated Mortgage | HUD 241 (a)/ Key Bank | $4,642,000 | $4,642,000 | $16,345 |
| FHFC - MMRB | FHFC/ Key Bank | $8,908,201 | $0 | $0 |
| Bridge Loan | Key Bank | $7,481,799 | $0 | $0 |
| FHFC - SAIL ELI | FHFC | $0 | $0 | $0 |
| Seller Financing | Hampton Point Owner LLC | $8,000,000 | $8,000,000 | $28,169 |
| HC Equity | Key CDC | $6,187,650 | $23,780,362 | $83,734 |
| Deferred Developer Fee | Hampton Point Developer LLC | $9,047,126 | $7,844,414 | $27,621 |
| TOTAL | | $71,658,575 | $71,658,575 | $252,319 |

Credit Underwriter: First Housing
Date of Final CUR:

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? | 1. | |
| Are all funding sources the same as shown in the Application? | | 2. |
| Are all local government recommendations/contributions still in place at the level described in the Application? | N/A | |
| 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? | | 3. |
| 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? | | 4.-5. |
| Is the Development in all other material respects the same as presented in the Application? | X | |

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

1. The Applicant is submitting a petition for Rule Waiver to change the organizational structure of the Applicant from the Application. Additionally, the Applicant is submitting a request to change the organizational structure of the Developer from the Application. FHFC board approval of the changes in organizational structure of the Applicant and the Developer is a condition to closing. Please see Waiver Requests section below for more information.

2. In addition to the sources in the Application, there will be a HUD 241 (a) loan, a seller note and an equity bridge loan. The Applicant submitted a request, dated September 26, 2022, to increase the MMRB from $33,000,000 in the Application to $36,300,000. FHFC staff approved this request on October 3, 2022. Also the tax credit syndicator changed from Aegon USA Realty Advisors, LLC to Key CDC.

3. The Total Development Costs (“TDC") have increased by $15,171,034 or 26.86% from $56,487,541 to $71,658,575 since the Application. The increase is due to an increase in construction costs, purchase price, and financing costs.

4. Since the Application, the HC syndication rate has decreased from $0.90 to $0.87.

5. The Development listed the city as Port Charlotte in the Application. However, the Development is located in Punta Gorda.

The above changes have no substantial material impact to the MMRB or HC recommendation for this Development.

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

According to the FHFC Asset Management Noncompliance Report, dated June 9, 2020, the Development has the following noncompliance item(s) not in the correction period:

- Lakeside Commons – Failure to perform the first anniversary income determination.
- Logan Heights – Failure to meet UPCS for sites.
- Riverwalk II – Exceeded rent limitation and failure to perform first anniversary income determination.

According to the FHFC Past Due Report, dated September 22, 2022, the Development team has the following past due item(s):

- None

Closing of the MMRB is conditioned upon verification that any outstanding past due, and/or noncompliance items noted at the time closing and the issuance of the annual HC allocation recommended herein, have been satisfied.

Strengths:

1. The Principals, Developer, General Contractor, and the Management Company are experienced in affordable multifamily housing.

2. The Principals have sufficient experience and substantial financial resources to rehabilitate and operate the proposed Development.

Issues and Concerns:

None

Mitigating Factors:

None

Other Considerations:

None

Waiver Requests/Special Conditions:

1. The Applicant is submitting a petition for Rule Waiver to change the organizational structure of the Applicant from the Application. Additionally, the Applicant is submitting a request to change the organizational structure of the Developer from the Application. FHFC board approval of the changes in organizational structure of the Applicant and the Developer is a condition to closing.

   The Applicant is requesting a change in the ownership structure of the General Partner as well as the removal of the Non-Investor Limited Partner. The Applicant is also requesting that the requirement for a natural person by the third level be waived as HUD requires that the HUD guarantor (LAC) be included within the structure as a manager of the general partner.

Additional Information:

1. The Bonds in the amount of $36,300,000 are expected to be issued by Florida Housing as the Issuer at closing. The bonds will be structed as short-term, cash-collateralized bonds which are publicly offered. At all times the Collateral Security account will be required to contain sufficient funds in order to collateralize the outstanding principal balance of the bonds in the amount of $36,300,000.

2. First Housing received a Tenant Relocation Manual for the Development. Based on the Manual, the residents are anticipated to be displaced at any given time for a period no longer than one day. The clubhouse will be furnished for the use of the residents that are temporarily displaced which will provide residents access to a bathroom, full kitchen, and television. Residents will also be provided a daily allowance of $15 per resident. ADA units may take longer and the residents may not be able to return to their units on the same day. In such cases, the Development will offer the residents hotel accommodations for the time the unit is not available.

3. The Development will assume two SAIL ELI loans, in the original amounts of $1,125,000 (RFP 2010-16-20) and $2,500,000 (RFP 2012-04-11). The SAIL ELI loans bear no interest and principal is forgiven annually at the rate of 6.67% over the term of the loan, subject to the Borrower maintaining compliance with certain set-aside requirements as defined in the respective loan agreements. The SAIL ELI loans (RFP 2010-16-20 in the estimated amount of $299,587.50 and RFP 2012-04-11 in the estimated amount of $999,250) total aggregate principal balance is $1,298,837.50 as of September 12, 2022. As these loans are forgivable debt, the assumed loan amounts are not reflected as a funding source nor has the cash purchase price of the Development been increased by the assumed loan amounts.

Recommendation:

First Housing recommends a MMRB in the amount of $36,300,000, the assumption and subordination of the existing SAIL ELI loans (RFP 2010-16-20 in the estimated amount of $299,587.50 and RFP 2012-04-11 in the estimated amount of $999,250) in the estimated aggregate amount of $1,298,837.50, MMRB LURA and ELIHA, and an annual HC Allocation of $2,653,285 to finance the acquisition and rehabilitation 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 MMRB and SAIL ELI Special and General Conditions and the HC Allocation Recommendation and Contingencies (Section B). **This recommendation is only valid for six months from the date of the report.**

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

The reader is cautioned to refer to these sections for complete information.

Prepared by:

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Senior Vice President

# Overview

## Construction Financing Sources:

| Construction Sources | Lender | Application | Revised Applicant | Underwriter | Construction Interest Rate | Annual Construction Debt Service |
|---|---|---|---|---|---|---|
| FHFC - MMRB | FHFC/HUD 223(f)/Key Bank | $33,000,000 | $27,391,799 | $27,391,799 | 2.13% | $1,134,852 |
| Regulated Mortgage Lender | HUD 241 (a)/ Key Bank | $0 | $4,642,000 | $4,642,000 | 5.25% | $243,705 |
| FHFC - MMRB | FHFC/ Key Bank | $0 | $8,908,201 | $8,908,201 | 6.50% | $579,033 |
| Bridge Loan | Key Bank | $0 | $5,843,186 | $7,481,799 | 6.50% | $486,317 |
| FHFC - SAIL ELI | FHFC | $0 | $0 | $0 | 0.00% | $0 |
| Seller Financing | Hampton Point Owner LLC | $0 | $8,000,000 | $8,000,000 | 5.00% | $400,000 |
| HC Equity | Key CDC | $15,468,950 | $21,564,685 | $6,187,650 | N/A | N/A |
| Deferred Developer Fee | Hampton Point Developer LLC | $8,018,591 | $0 | $9,047,126 | N/A | N/A |
| Affiliate / Principal | GP Capital Contribution | $0 | $100 | $0 | N/A | N/A |
| Total | | $56,487,541 | $76,349,971 | $71,658,575 | | $2,843,907 |

First Mortgage/Tax-Exempt Bonds:

First Housing received a Summary of Financing Assumptions from RBC Capital Markets Corporation ("RBC"), dated October 6, 2022, proposing $36,300,000 in tax-exempt bonds to be issued by FHFC. RBC will underwrite and market the Bonds via a Public Offering. The Bonds will initially be secured by cash collateralization and/or permitted investments until permanent loan conversion. It is anticipated that $27,391,799 of the Bonds will be collateralized by a day loan from RBC, which will be repaid by the Seller, and $8,908,201 of the Bonds will be cash collateralized by the bridge loan. The Bonds will mature up to 42 months following the date of issuance and will pay interest only semiannually at a fixed rate estimated to be 4.00% assuming a Mandatory Tender Date with a 30 month term. Based on market conditions and the expected length of the construction period, a longer or shorter maturity may be selected provided sufficient eligible funds are deposited with the Trustee to make payment of all principal and interest on the bonds through the earlier to occur of the maturity date or mandatory tender/redemption date. First Housing has assumed a 24 month term for the bonds. It is not anticipated that the bonds will have any negative arbitrage at this time. The Bonds will be collateralized by a cash source at all times with funds on deposit in the Project Fund, the collateral Fund and Capitalized Interest Account, each held and administered by the Trustee.

First Housing reviewed a Note, dated November 1, 2021, between KeyBank National Association ("Key Bank") and Seller. The HUD loan will be assumed at closing and is in the estimated amount of $27,391,799. The HUD loan matures on December 1, 2056 and bears interest at a rate of 2.13%. The HUD loan requires monthly principal and interest payments of $94,571.03. It is anticipated that the monthly loan payment will be made from cash flow during the rehabilitation period. First Housing has included mortgage insurance premium ("MIP") of 0.25% in the first mortgage fees. A day loan from RBC, which will be repaid by the Seller following closing, will be used to cash collateralize $27,391,799 of the bonds during construction.

The annual FHFC Issuer Fee of 24 basis points, the annual Trustee Fee of $4,500, and compliance fees have been included in the uses since the bonds are short-term.

Second Mortgage:

First Housing reviewed a loan application, dated March 22, 2022, from Key Bank. The term sheet is for a FHA Section 241(a) supplemental loan in the maximum amount of $5,700,000. The Applicant is anticipating only drawing $4,642,000 of the loan. The 241(a) loan is supplemental to the HUD loan mentioned above. First Housing received an email confirming that the 241(a) loan will be in second mortgage position. The loan will have a construction term of up to 20 months. The loan will require interest only payments during the construction term. Based on an email from Key Bank, the estimated interest rate for the 241(a) loan is 5% but is subject to change until closing when the rate is locked. Based on current interest rates, First Housing has included an interest rate of 5.25%. the debt service fees include MIP of 0.25%.

FHFC – SAIL ELI:

The assumption and subordination of the existing SAIL ELI loans (RFP 2010-16-20 and RFP 2012-04-11) will be required by the Applicant and first mortgage, respectively. The SAIL ELI loans bear no interest and principal is forgiven annually at the rate of 6.67% over the term of the loan, subject to the Borrower maintaining compliance with certain set-aside requirements as defined in the respective loan agreements. The SAIL ELI loans total aggregate principal balance is $1,298,837.50 as of September 12, 2022. The SAIL ELI loans have a maturity date of May 1, 2049. FHFC approval of the assumption and subordination of the SAIL ELI loans is a condition to closing. The SAIL ELI loans are forgivable debt and the assumed loan amounts are not reflected as a funding source in the chart above nor has the cash purchase price of the Development been increased by the assumed loan amounts.

The annual multiple program Compliance Monitoring Fee is $819 for SAIL ELI loan RFP 2010-16-20 and $858 for SAIL ELI loan RFP 2012-04-11. The annual Permanent Servicing Fee for each SAIL ELI loan is based on 25 basis points of the outstanding balance of the loan with a minimum monthly fee of $200 and a maximum monthly fee of $798. The SAIL ELI loan RFP 2010-16-20 and SAIL ELI loan RFP 2012-04-11 are anticipated to be forgiven in 2026 and 2028, respectively so the fees are not shown in the entire 15-year proforma. It is anticipated that during the rehabilitation period, the fees will be paid from cash flow.

Equity Bridge Loan:

First Housing received a term sheet, dated May 20, 2022, from Key Bank. Key Bank will provide an equity bridge loan in an amount up to $16,390,000 or up to 85% of construction period costs. The loan will have a term of 30 months from closing plus one six-month extension for a fee of 0.25%. The loan will require monthly interest-only payments with principal due at maturity of the loan. The loan will not be secured by a mortgage on the Development. The loan will bear interest at a variable rate equal to the federal reserve daily simple secured overnight funding rate ("SOFR") plus 2.75%. First Housing has included an interest rate based on daily SOFR of 2.25%, as of September 21, 2022, plus 2.75%, plus an underwriting cushion of 1.50% for an all-in rate of 6.50%. A portion of the equity bridge loan ($8,908,201) will be used to cash collateralize the bonds during the rehabilitation period.

Taxable Seller Note:

First Housing received a letter of intent, dated October 8, 2022, from the Seller which details the terms of the Seller Note. The Seller Note is expected to be evidenced by a Subordinate Taxable Note. The Seller Note is in the amount of $8,000,000 and will have a term of 35 years. The Seller Note will bear interest at 5% (subject to market fluctuation). Payments on the Seller Note will be made from available cash flow. The Seller Note will be secured by a mortgage on the Development.

Housing Credit Equity:

First Housing has reviewed a letter of interest ("LOI"), dated September 1, 2022, indicating Key CDC, or its assignee, will acquire 99.99% ownership interest in the Partnership. Based on the LOI, the annual HC allocation is estimated to be in the amount of $2,733,648 with a syndication rate anticipated to be $0.87 per dollar. Key CDC anticipates a net capital contribution of $23,780,362 and has committed to make available $6,187,650 or 26.02% of the total net equity during the construction period. An additional $17,592,712 will be available after construction completion, stabilization, upon receipt of the Form 8609, etc. The first installment, in the amount of $4,756,072 or 20% meets FHFC's requirement that at least 15% of the total equity must be contributed at or prior to the closing.

Deferred Developer Fee:

To balance the sources and uses of funds during the construction period, the Developer is required to defer $9,047,126 or 86.45% of the total Developer Fee of $10,464,653.

**Permanent Financing Sources:**

| Permanent Sources | Lender | Application | Revised Applicant | Underwriter | Term Yrs. | Amort. Yrs. | Interest Rate | Annual Debt Service |
|---|---|---|---|---|---|---|---|---|
| Regulated Mortgage Lender | HUD 223 (f)/Key Bank | $33,037,843 | $27,391,799 | $27,391,799 | 33 | 33 | 2.13% | $1,134,852 |
| Regulated Mortgage Lender | HUD 241 (a)/ Key Bank | $0 | $4,642,000 | $4,642,000 | 33 | 33 | 5.25% | $296,302 |
| FHFC - SAIL ELI | FHFC | $0 | $0 | $0 | 0 | 0 | 0.00% | $0 |
| Seller Financing | Hampton Point Owner LLC | $0 | $8,000,000 | $8,000,000 | 33 | 0 | 5.00% | $400,000 |
| HC Equity | Key CDC | $18,921,982 | $22,699,669 | $23,780,362 | N/A | N/A | N/A | N/A |
| Deferred Developer Fee | Hampton Point Developer LLC | $4,527,716 | $7,793,295 | $7,844,414 | N/A | N/A | N/A | N/A |
| Affiliate / Principal | GP Capital Contribution | $0 | $100 | $0 | N/A | N/A | N/A | N/A |
| Other | Solar Credits | $0 | $228,689 | $0 | N/A | N/A | N/A | N/A |
| Total | | $56,487,541 | $70,755,552 | $71,658,575 | | | | $1,831,154 |

First Mortgage:

First Housing reviewed a Note, dated November 1, 2021, between Key Bank and Seller. The HUD loan will be assumed at closing and is in the estimated amount of $27,391,799. The HUD loan matures on December 1, 2056 and bears interest at a rate of 2.13%. The HUD loan requires monthly principal and interest payments of $94,571.03. First Housing has included MIP of 0.25% in the first mortgage fees.

Second Mortgage:

First Housing reviewed a loan application, dated March 22, 2022, from Key Bank. The term sheet is for a 241(a) loan in the maximum amount of $5,700,000. The Applicant is anticipating only drawing $4,642,000 of the loan. The 241(a) loan is supplemental to the HUD loan mentioned above. First Housing received an email confirming that the 241(a) loan will be in second mortgage position. The loan will have a permanent loan term which is co-terminus with the first mortgage and will fully amortize during the permanent loan term. Based on an email from Key Bank, the estimated interest rate for the 241(a) loan is 5% but is subject to change until closing when the rate is locked. Based on current interest rates, First Housing has included an interest rate of 5.25%. the debt service fees include MIP of 0.25%.

FHFC – SAIL ELI:

The assumption and subordination of the existing SAIL ELI loans (RFP 2010-16-20 and RFP 2012-04-11) will be required by the Applicant and first mortgage, respectively. The SAIL ELI loans bear no interest and principal is forgiven annually at the rate of 6.67% over the term of the loan, subject to the Borrower maintaining compliance with certain set-aside requirements as defined in the respective loan agreements. The SAIL ELI loans total aggregate principal balance is $1,298,837.50 as of September 12, 2022. The SAIL ELI loans have a maturity date of May 1, 2049. FHFC approval of the assumption and subordination of the SAIL ELI loans is a condition to closing. The SAIL ELI loans are forgivable debt and the assumed loan amounts are not reflected as a funding source in the chart above nor has the cash purchase price of the Development been increased by the assumed loan amounts.

The annual multiple program Compliance Monitoring Fee is $819 for SAIL ELI loan RFP 2010-16-20 and $858 for SAIL ELI loan RFP 2012-04-11. The annual Permanent Servicing Fee for each SAIL ELI loan is based on 25 basis points of the outstanding balance of the loan with a minimum monthly fee of $200 and a maximum monthly fee of $798. The SAIL ELI loan RFP 2010-16-20 and SAIL ELI loan RFP 2012-04-11 are anticipated to be forgiven in 2026 and 2028, respectively so the fees are not shown in the entire 15-year proforma.

Taxable Seller Note:

First Housing received a letter of intent, dated October 8, 2022, from the Seller which details the terms of the Seller Note. The Seller Note is expected to be evidenced by a Subordinate Taxable Note. The Seller Note is in the amount of $8,000,000 and will have a term of 35 years. The Seller Note will bear interest at 5% (subject to market fluctuation). Payments on the Seller Note will be made from available cash flow. The Seller Note will be secured by a mortgage on the Development.

Housing Credit Equity:

The Applicant has applied to FHFC to receive 4% Housing Credits directly from the U.S. Treasury in conjunction with tax exempt financing. A HC calculation is contained in Exhibit 2 of this credit underwriting report. Based on the LOI, dated September 1, 2022, Key CDC, or an assignee, will provide HC equity as follows:

| Capital Contributions | Amount | Percentage of Total | When Due |
|---|---|---|---|
| 1st Installment | $4,756,072 | 20.00% | The later of January 1, 2023 and closing. |
| 2nd Installment | $1,431,578 | 6.02% | The later of October 1, 2023 and 98% completion of construction, receipt of any first-year tenant files, copy of temporary certificate of occupancy, architect's completion certification, evidence that any environmental remediation was completed, receipt of certification from the managing entity, and satisfaction of all conditions to the payment of the prior installment. |

| | | | |
|---|---|---|---|
| 3rd Installment | $16,403,694 | 68.98% | The later of April 1, 2024, 100% completion of the Development, receipt of final certificate of occupancy, attainment of 100% qualified occupancy, achievement of breakeven operations, 90% actual occupancy, closing of or conversion of all permanent financing sources, evidence of 1.15x DSC for all must pay debt and 90% occupancy for 90 days or an average 1.15x DSC for all must pay debt and 90% occupancy for 180 days, accountant's final cost certification of LIHTC eligible basis, receipt of certification from managing entity, receipt of recorded restrictive covenant, and satisfaction of all the conditions to previous installment. |
| 4th Installment | $1,189,018 | 5.00% | The later of July 1, 2024, receipt of final forms 8609, receipt of tax return and audited financial statements for the year breakeven operations occurred, and satisfaction of all conditions to prior installment. |
| Total | $23,780,362 | 100.00% | |

| | |
|---|---|
| Annual Credit Per Syndication Agreement | $2,733,648 |
| Calculated HC Exchange Rate | $0.87 |
| Limited Partner Ownership Percentage | 99.99% |
| Proceeds Available During Construction | $6,187,650 |

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer $7,844,414 or 74.96% of the total Developer Fee of $10,464,653.

## Uses of Funds

| CONSTRUCTION COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Rehab of Existing Common Areas | $928,112 | $0 | $0 | $0 | $0 |
| Rehab of Existing Rental Units | $7,424,896 | $9,728,795 | $9,728,795 | $34,256 | $0 |
| Site Work | $928,112 | $0 | $0 | $0 | $0 |
| Constr. Contr. Costs subject to GC Fee | $9,281,120 | $9,728,795 | $9,728,795 | $34,256 | $0 |
| General Conditions | $0 | $583,728 | $583,728 | $2,055 | $0 |
| Overhead | $0 | $194,576 | $194,576 | $685 | $0 |
| Profit | $1,299,356 | $583,728 | $583,728 | $2,055 | $0 |
| Total Construction Contract/Costs | $10,580,476 | $11,090,827 | $11,090,826 | $39,052 | $0 |
| Hard Cost Contingency | $1,079,200 | $1,109,083 | $1,109,082 | $3,905 | $0 |
| PnP Bond paid outside Constr. Contr. | $0 | $111,881 | $111,881 | $394 | $0 |
| FF&E paid outside Constr. Contr. | $0 | $115,174 | $115,174 | $406 | $0 |
| Other: Security System | $0 | $50,000 | $50,000 | $176 | $0 |
| **Total Construction Costs:** | **$11,659,676** | **$12,476,965** | **$12,476,963** | **$43,933** | **$0** |

Notes to the Total Construction Costs:

1. The Applicant has provided a draft construction contract (HUD-92442M) for the Development which is a Lump Sum Contract. Prior to closing, a final GC Contract with a Cost Plus a Guaranteed Maximum Price will be required. The contract is between Hampton Point Preservation, Ltd. and Langerman Construction LLC and will not be executed until closer to closing. First Housing was provided with a draft schedule of values which is what the construction costs above are based on. According to the construction schedule, substantial completion is anticipated on October 13, 2023. The draft contract specifies a 10% retainage. Based on the HUD cost breakdown, the total costs is $11,090,826.30.

2. The GC fee is $1,362,031.30 which is equal to the maximum 14% of hard costs allowed by the Rule. 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.

3. There are no allowances identified in the GC Contract.

4. Hard Cost Contingency is included at 10% of the GC Contract which is within 15% of the total hard costs as allowed for rehabilitation developments by Rule Chapter 67-21.

5. The Applicant has included the costs of the Payment and Performance Bonds (“P&P Bonds”) to secure the construction contract.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accounting Fees | $15,000 | $15,000 | $15,000 | $53 | $15,000 |
| Appraisal | $7,500 | $31,662 | $19,581 | $69 | $0 |
| Architect's Fee - Site/Building Design | $151,600 | $142,960 | $142,960 | $503 | $0 |
| Architect's Fee - Supervision | $33,400 | $31,240 | $31,240 | $110 | $0 |
| Building Permits | $92,811 | $97,288 | $97,288 | $343 | $0 |
| Builder's Risk Insurance | $118,712 | $91,704 | $91,704 | $323 | $0 |
| Capital Needs Assessment/Rehab | $15,000 | $15,000 | $15,000 | $53 | $0 |
| Environmental Report | $23,000 | $85,108 | $52,054 | $183 | $0 |
| FHFC Administrative Fees | $189,219 | $234,848 | $238,796 | $841 | $238,796 |
| FHFC Application Fee | $3,000 | $3,000 | $3,000 | $11 | $3,000 |
| FHFC Credit Underwriting Fee | $15,000 | $35,393 | $20,393 | $72 | $20,393 |
| FHFC Compliance Fee | $25,000 | $191,461 | $191,461 | $674 | $191,461 |
| Lender Inspection Fees / Const Admin | $0 | $25,000 | $25,000 | $88 | $0 |
| Home Energy Rating System (HERS) | $15,000 | $15,000 | $15,000 | $53 | $0 |
| Legal Fees - Organizational Costs | $330,000 | $370,000 | $370,000 | $1,303 | $270,000 |
| Market Study | $7,500 | $6,500 | $6,500 | $23 | $6,500 |
| Plan and Cost Review Analysis | $0 | $27,054 | $4,500 | $16 | $0 |
| Property Taxes | $109,569 | $0 | $0 | $0 | $0 |
| Survey | $7,500 | $7,500 | $7,500 | $26 | $0 |
| Tenant Relocation Costs | $75,000 | $105,000 | $105,000 | $370 | $0 |
| Title Insurance and Recording Fees | $95,184 | $134,099 | $134,099 | $472 | $134,099 |
| Soft Cost Contingency | $50,000 | $80,000 | $80,426 | $283 | $0 |
| Other: Interior Design | $0 | $22,460 | $22,460 | $79 | $0 |
| **Total General Development Costs:** | **$1,378,995** | **$1,767,277** | **$1,688,962** | **$5,947** | **$879,249** |

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.

2. First Housing has utilized actual costs for: FHFC Credit Underwriting, Market Study, and Plan and Cost Review.

3. The FHFC Administrative Fee is based on 9% of the recommended annual 4% Housing Credit allocation.

4. The FHFC Compliance Fee is based on the compliance fee calculator spread sheet provided by FHFC. It is estimated based on 284 units for 30 years to be paid at Bond redemption/maturity.

5. The Development will be completed as a rolling rehab with residents in place. Insurance and non-ad valorem taxes will be paid out of income from operations.

6. First Housing adjusted the Soft Cost Contingency to be 5% of the General Development Costs less the soft cost contingency, as allowed by the Rule.

| FINANCIAL COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Construction Loan Interest | $94,688 | $321,987 | $238,289 | $839 | $59,572 |
| Permanent Loan Application Fee | $0 | $13,926 | $13,926 | $49 | $13,926 |
| Permanent Loan Closing Costs | $124,286 | $136,359 | $11,628 | $41 | $11,628 |
| Bridge Loan Origination Fee | $0 | $73,757 | $81,950 | $289 | $0 |
| Bridge Loan Interest | $0 | $712,652 | $1,193,192 | $4,201 | $298,298 |
| FHFC Bond Short-Term Redemption Fee | $0 | $76,230 | $76,230 | $268 | $76,230 |
| FHFC Bond Trustee Fee | $0 | $9,000 | $9,000 | $32 | $9,000 |
| FHFC Bond Cost of Issuance | $562,130 | $199,450 | $347,035 | $1,222 | $347,035 |
| SAIL-ELI Closing Costs | $0 | $0 | $3,299 | $12 | $3,299 |
| Legal Fees - Financing Costs | $0 | $290,288 | $290,288 | $1,022 | $50,000 |
| Placement Agent/Underwriter Fee | $0 | $197,608 | $197,608 | $696 | $197,608 |
| Initial TEFRA Fee | $0 | $0 | $1,000 | $4 | $1,000 |
| FHA MIP (Prepayment) | $0 | $23,210 | $23,210 | $82 | $23,210 |
| FHA Exam Fee | $0 | $13,926 | $55,454 | $195 | $55,454 |
| Other: Syndication Fee | $0 | $67,750 | $67,750 | $239 | $67,750 |
| Other: Financial Advisory Fee | $0 | $0 | $0 | $0 | $0 |
| Other: FHFC Issuer Fee | $0 | $174,240 | $174,240 | $614 | $174,240 |
| Other: FHFC Closing Costs | $0 | $5,299 | $2,000 | $7 | $2,000 |
| **Total Financial Costs:** | **$781,104** | **$2,315,682** | **$2,786,099** | **$9,810** | **$1,390,250** |
| **Dev. Costs before Acq., Dev. Fee & Reserves** | **$13,819,775** | **$16,559,924** | **$16,952,024** | **$59,690** | **$2,269,499** |

Notes to the Financial Costs:

1. Interest on the HUD 223(f) loan is anticipated to be paid from income from operations. Construction loan interest includes interest on the HUD 241(a) loan based on a term of 20 months and an interest rate of 5.50% (including MIP of 0.25%).

2. The Permanent Loan Application Fee and Permanent Loan Closing Costs are based on the loan application, dated March 22, 2022, from Key Bank for the HUD 241(a) loan.

3. The Bridge Loan Origination Fee is based on 0.50% of the loan amount.

4. Bridge Loan Interest is based on a term of 24 months, an outstanding balance of 56%, and an interest rate of 6.50%.

5. FHFC Bond Cost of Issuance ("COI") includes MMRB Closing Costs and expenses of the Trustee, Real Estate Counsel, MMRB Counsel, Disclosure Counsel, and other fees.

6. FHFC Bond Short-Term Redemption Fee is based on 21 basis points of $36,300,000 since the anticipated bond term is 24 months.

7. FHFC Bond Trustee Fee is based on $4,500 for two years during the rehabilitation period.

8. SAIL ELI Closings Costs include a non-refundable subordination fee of $1,000 each for the SAIL ELI loans (RFP 2010-16-20 and RFP 2012-04-11) and a non-refundable transfer and assumption fee of one-tenth of one percent of each SAIL ELI loan's outstanding principal balance on the date of closing.

9. FHFC Issuer Fee is based on 24 basis points of $36,300,000 for two years during the rehabilitation period.

10. FHFC Closing Costs include receipt of a non-refundable subordination fee of $1,000 each for the MMRB LURA and ELIHA.

| NON-LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Building Acquisition Cost | $31,640,867 | $41,184,939 | $41,184,939 | $145,017 | $0 |
| Developer Fee on Non-Land Acq. Costs | $5,695,356 | $7,413,289 | $7,413,289 | $26,103 | $0 |
| **Total Non-Land Acquisition Costs:** | **$37,336,223** | **$48,598,228** | **$48,598,228** | **$171,121** | **$0** |

Notes to the Non-Land Acquisition Costs:

1. First Housing reviewed an Amended and Restated Purchase and Sale Agreement, dated October 12, 2021, between Hampton Point Owner LLC ("Seller") and Hampton Point Preservation, Ltd. ("Buyer"). The Agreement has a closing date of no later than March 31, 2023. First Housing has reviewed a First Amendment to Amended & Restated Purchase and Sale Agreement, dated October 14, 2022, which provides for a purchase price of $43,300,000.

2. First Housing reviewed an Appraisal of the Development prepared by CBRE, dated September 14, 2022, which estimates the fee simple with restrictions as is condition with favorable financing, as of June 10, 2022, is $43,300,000. The purchase price of the Development is $43,300,000 which is supported by the appraisal.

3. Building Acquisition Cost of $41,184,939 is the difference of the purchase price ($43,300,000) minus the land value ($2,115,061).

| DEVELOPER FEE ON NON-ACQUISTION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Developer Fee - Unapportioned | $2,323,235 | $2,537,882 | $3,051,364 | $10,744 | $0 |
| **Total Other Development Costs:** | **$2,323,235** | **$2,537,882** | **$3,051,364** | **$10,744** | **$0** |

Notes to the Other Development Costs:

1. The recommended Developer's Fee is equal to the maximum 18% of total development cost before Developer Fee, Reserves and land costs as allowed by Rule Chapter 67-21.

| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Land | $2,381,571 | $2,115,061 | $2,115,061 | $7,447 | $2,115,061 |
| **Total Acquisition Costs:** | **$2,381,571** | **$2,115,061** | **$2,115,061** | **$7,447** | **$2,115,061** |

Notes to Acquisition Costs:

1. First Housing First Housing reviewed an Appraisal of the Development prepared by CBRE, dated September 14, 2022, which has a land value of $3,600,000. The Charlotte County property appraiser has a preliminary 2022 land value of $4,417,500. First Housing has divided the as is restricted value ($43,300,000) by the as is market value ($73,700,000) to achieve a discount factor. The discount factor has been multiplied by the land value of $3,600,000 to achieve the land allocation amount of $2,115,061 as shown above.

| RESERVE ACCOUNTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Operating Deficit Reserve (Syndicator) | $626,737 | $625,470 | $622,912 | $2,193 | $622,912 |
| Reserves - Working Capital | $0 | $92,840 | $92,840 | $327 | $92,840 |
| Other: RE Tax/Insurance Escrow | $0 | $226,146 | $226,146 | $796 | $226,146 |
| **Total Reserve Accounts:** | **$626,737** | **$944,456** | **$941,898** | **$3,317** | **$941,898** |

Notes to Reserve Accounts:

1. Based on the LOI from Key CDC, dated September 1, 2022, an Operating Deficit Reserve ("ODR") in the amount estimated at $622,912 for the Development will be required. 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 Chapter 67-21. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its legal counsel, and its Servicer.

| TOTAL DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| TOTAL DEVELOPMENT COSTS: | $56,487,541 | $70,755,551 | $71,658,575 | $252,319 | $5,326,458 |

Notes to Total Development Costs:

1. The TDC have increased by $15,171,034 or 26.86% from $56,487,541 to $71,658,575 since the Application. The increase is due to an increase in construction costs, purchase price, and financing costs.

## Operating Pro Forma – Hampton Point Apartments

| FINANCIAL COSTS: | | | Year 1 | Year 1 Per Unit |
|---|---|---|---|---|
| **OPERATING PRO FORMA** | | | | |
| INCOME: | Gross Potential Rental Income | | **$3,371,892** | **$11,873** |
| | Other Income | | | |
| | Miscellaneous | | $125,000 | **$440** |
| | Gross Potential Income | | **$3,496,892** | **$12,313** |
| | Less: | | | |
| | Physical Vac. Loss | Percentage: 3.00% | $104,907 | **$369** |
| | Collection Loss | Percentage: 2.00% | $69,938 | **$246** |
| **Total Effective Gross Income** | | | **$3,322,047** | **$11,697** |
| EXPENSES: | Fixed: | | | |
| | Real Estate Taxes | | $61,426 | **$216** |
| | Insurance | | $164,720 | **$580** |
| | Variable: | | | |
| | Management Fee | Percentage: 4.00% | $132,882 | **$468** |
| | General and Administrative | | $99,400 | **$350** |
| | Payroll Expenses | | $383,400 | **$1,350** |
| | Utilities | | $390,500 | **$1,375** |
| | Marketing and Advertising | | $2,840 | **$10** |
| | Maintenance and Repairs/Pest Control | | $156,200 | **$550** |
| | Grounds Maintenance and Landscaping | | $56,800 | **$200** |
| | Reserve for Replacements | | $85,200 | **$300** |
| **Total Expenses** | | | **$1,533,368** | **$5,399** |
| **Net Operating Income** | | | **$1,788,680** | **$6,298** |
| **Debt Service Payments** | | | | |
| | First Mortgage - HUD | | $1,134,852 | **$3,996** |
| | Second Mortgage - HUD | | $296,302 | **$1,043** |
| | Third Mortgage - FHFC SAIL ELI | | $0 | **$0** |
| | Fourth Mortgage - Seller Note | | $400,000 | **$1,408** |
| | First Mortgage Fees - HUD | | $67,790 | **$239** |
| | Second Mortgage Fees - HUD | | $11,533 | **$41** |
| | Third Mortgage Fees - FHFC - SAIL ELI | | $4,924 | **$17** |
| | Fourth Mortgage Fees - Seller Note | | $0 | **$0** |
| Total Debt Service Payments | | | **$1,915,401** | **$6,744** |
| Cash Flow after Debt Service | | | **-$126,722** | **-$446** |
| | | | | |
| **Debt Service Coverage Ratios** | | | | |
| | DSC - First Mortgage plus Fees | | **1.49x** | |
| | DSC - Second Mortgage plus Fees | | **1.18x** | |
| | DSC - Third Mortgage plus Fees | | **1.18x** | |
| | DSC - Fourth Mortgage plus Fee | | **0.93x** | |
| **Financial Ratios** | | | | |
| | Operating Expense Ratio | | **46.16%** | |
| | Break-even Economic Occupancy Ratio (all debt) | | **98.82%** | |

Please note payments on the Fourth Mortgage are subject to available cash flow.

Notes to the Operating Pro Forma and Ratios:

1. The MMRB program do not impose any rent restrictions. However, this Development will be utilizing SAIL ELI and Housing Credits in conjunction with the MMRB which will impose rent restrictions. The LIHTC rent levels are based on the 2022 HERA LIHTC rents published on FHFC's website for Charlotte County less the utility allowance. Since this Development was placed in service prior to 2008, the Development benefits from the HERA LIHTC rents. The utility allowances are based on an Energy Consumption Model Estimate prepared by Matern Professional Engineering, Inc. and approved on March 1, 2022 by FHFC for Credit Underwriting purposes only. Below is the rent roll for the Development:

Charlotte County, Punta Gorda MSA

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | 2.0 | 14 | 1,034 | 35% | | | $598 | $69 | $ 529 | | $ 529 | $ 529 | $ 529 | $ 88,872 |
| 2 | 2.0 | 4 | 985 | 40% | | | $684 | $69 | $ 615 | | $ 615 | $ 615 | $ 615 | $ 29,520 |
| 2 | 2.0 | 2 | 1,034 | 40% | | | $684 | $69 | $ 615 | | $ 615 | $ 615 | $ 615 | $ 14,760 |
| 2 | 2.0 | 96 | 985 | 60% | | | $1,026 | $69 | $ 957 | | $ 957 | $ 957 | $ 957 | $ 1,102,464 |
| 3 | 2.0 | 15 | 1,228 | 35% | | | $691 | $75 | $ 616 | | $ 616 | $ 616 | $ 616 | $ 110,880 |
| 3 | 2.0 | 7 | 1,228 | 40% | | | $790 | $75 | $ 715 | | $ 715 | $ 715 | $ 715 | $ 60,060 |
| 3 | 2.0 | 26 | 1,228 | 60% | | | $1,185 | $75 | $ 1,110 | | $ 1,110 | $ 1,110 | $ 1,110 | $ 346,320 |
| 3 | 2.0 | 80 | 1,204 | 60% | | | $1,185 | $75 | $ 1,110 | | $ 1,110 | $ 1,110 | $ 1,110 | $ 1,065,600 |
| 4 | 2.0 | 5 | 1,338 | 35% | | | $771 | $79 | $ 692 | | | $ 692 | $ 692 | $ 41,520 |
| 4 | 2.0 | 2 | 1,338 | 40% | | | $882 | $79 | $ 803 | | $ 803 | $ 803 | $ 803 | $ 19,272 |
| 4 | 2.0 | 33 | 1,338 | 60% | | | $1,323 | $79 | $ 1,244 | | $ 1,244 | $ 1,244 | $ 1,244 | $ 492,624 |
| | | 284 | 323,828 | | | | | | | | | | | $ 3,371,892 |

2. The Vacancy and Collection loss rate of 5.00% is based on First Housing's estimate, which is more conservative than the appraisal which reflects a total vacancy and collection loss of 4%.

3. Miscellaneous Income is comprised of revenue from late rent fees, damages, cleaning fees, and other miscellaneous fees. Total other income of $440/unit per year is supported by the appraisal.

4. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

5. First Housing received a draft Property Management Agreement between the Applicant and American Management Services Central LLC. The Agreement indicates the Management Fee will be 2.5% of the gross operating revenues plus additional costs for

payroll administration, compliance, technology, etc. The additional costs range from $3.75 per unit per month for some technology services to payroll processing costs of 1.5% of payroll per month. First Housing has included a management fee of 4% of effective gross income which is more conservative than the appraisal which included a management fee of 3%.

6. Since the Development has an existing affordable housing agreement with FHFC and has been in service for over 15 years, First Housing has not included ad valorem real estate taxes in accordance with House Bill 7061. The appraiser included $61,426 in non-ad valorem property taxes for the Charlotte County Fire Department and Mid-Charlotte Stormwater Utilities based on historical information.

7. The residents are responsible for electric and the landlord is responsible for water, and sewer, trash expenses.

8. Replacement Reserves of $300 per unit per year are the minimum required per FHFC Rule and based on the Document and Cost Review from Partner, replacement reserve deposits of $249 are needed for the first twenty years. Based on the LOI from Key CDC, dated September 1, 2022, Replacement Reserves will be required at $250 per unit per year, increasing 3% per year. First Housing has based the replacement reserves on $300 per unit per year increasing at 3% per year.

9. Refer to Exhibit I, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses increasing at an annual rate of 3%.

10. The Break-Even Economic Occupancy Ratio includes the debt payments and fees on all mortgages. However, the payments on the Seller Note are subject to available cash flow.

# Section B

## MMRB and SAIL ELI Special and General Conditions

## HC Allocation Recommendation and Contingencies

## Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least 30 days prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the MMRB pricing date and/or MMRB closing date. For competitive MMRB sales, these items must be reviewed and approved prior to issuance of the notice of MMRB sale:

1. The assumption of the existing SAIL ELI loans, MMRB LURA, and ELIHA by Hampton Point Preservation, Ltd.

2. Subordination of the existing SAIL ELI loans, MMRB LURA, and ELIHA to the First Mortgage and Second Mortgage.

3. The Applicant and any other parties (as applicable) as well as the withdrawing entities are to execute any assignment and assumption documents and any other documents that FHFC and its Legal Counsel deems necessary to effectuate the transaction.

4. Satisfactory credit reports for Jeremy Bronfman 2014 Revocable Trust and EB 2022 Revocable Trust.

5. Board approval of a Rule Waiver for the changes in Applicant and Developer structure since Application.

6. Receipt of a final PCA.

7. Receipt of final operating agreements for the Applicant, General Partner, Hampton Point Employee Fund LLC, Developer, Hampton Point Developer CF Member LLC, JEB Developer LLC, Hampton Point Developer DDF Member LLC, and Hampton Point Developer Employee LLC.

8. Satisfactory receipt of bank references for Langerman, LAC, Eli Bronfman, and Jeremy Bronfman.

9. Receipt and satisfactory review of the Final signed, sealed "approved for construction" plans and specifications by the Construction Consultant and the Servicer.

10. Satisfactory receipt and review of updated financials for the Guarantors, dated within 90 days of closing if unaudited and dated within a year of closing if audited.

11. Firm loan commitment from Key Bank (HUD 241(a) loan and equity bridge loan) which indicate loan terms that are consistent with this report.

12. Satisfactory receipt and review of an executed Management Agreement.

13. Approval by Florida Housing Finance Corporation's Asset Management Department of the Applicant's selection of the management company.

14. Receipt of a non-refundable transfer/assumption fee equal to one-tenth of one percent of the outstanding SAIL ELI loans (RFP 2010-16-20 and RFP 2012-04-11) principal balance on the date of closing.

15. Receipt of a non-refundable subordination fee of $1,000 each for the existing SAIL ELI loans (RFP 2010-16-20 and RFP 2012-04-11), MMRB LURA and ELIHA.

16. Transfer of existing tax, insurance, replacement reserve and debt service reserve escrow accounts or establishment of new accounts in like or greater amounts satisfactory to FHFC prior to closing, if applicable.

17. Receipt of an amendment to the Purchase and Sale Agreement which provides for a $43,300,000 purchase price.

18. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

## General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least 30 days prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the closing date:

1. Payment of any outstanding arrearages to the Corporation, its legal counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.0025 (5) and 67-48.0075 (5) F.A.C. of an Applicant or a Developer).

2. Partner ("Partner") is to act as construction inspector during the construction phase.

3. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first mortgage lender and any other source) sufficient to complete the Development. If at

any time there are not sufficient funds to complete the Development, the Applicant will be required to expend additional equity on Development Costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

4. Construction Period Developer Fee shall be the lessor of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer.

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

5. Signed and sealed survey, dated within 90 days of loan closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

6. Building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, Department of Transportation, etc.) or a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

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

8. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction loan

interest based upon the final draw schedule, documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Project Loan Agreement as the approved development budget.

9. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. The closing draw must include appropriate backup and ACH wiring instructions.

10. Evidence of insurance coverage pursuant to the Rule governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

11. The General Contractor shall secure a payment and performance bond equal to 100 percent of the total construction cost listing FHFC as 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 Moddy's, or at least "BBB-" by Standard a& 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.

12. Architect, Construction Consultant, and Developer Certifications on forms provided by FHFC will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.

13. Applicant is to comply with any and all recommendations noted in the Plan and Cost Review, prepared by Partner.

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

terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its legal counsel.

15. A copy of an Amended and Restated Operating Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Limited Partnership Agreement shall be in a form and of financial substance satisfactory to Servicer and to FHFC and its legal counsel.

This recommendation is contingent upon the review and approval of the following items by Florida Housing, and its legal counsel **at least 30 days prior to Real Estate Loan Closing**. Failure to receive approval of these items, along with all other items listed on Florida Housing counsel's due diligence, within this time frame may result in postponement of the loan closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Applicant, the general partner/principal(s)/manager(s) of the Applicant, the guarantor, and any limited partners of the Applicant.

2. Award of 4% Housing Credits and purchase of HC by Key CDC or an assignee, under terms consistent with the assumptions of this report.

3. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

4. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of closing, unless otherwise approved by Florida Housing, and legal counsel, based upon the particular circumstances of the transaction. Applicant to comply with any and all recommendations and remediation restrictions noted in the Environmental Assessment(s) and Updates and the Environmental Review, if applicable.

5. Title insurance pro forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the MMRB naming FHFC as the insured. All endorsements required by FHFC shall be provided.

6. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall

be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.

7. Evidence of insurance coverage pursuant to the Rule governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

8. Receipt of a legal opinion from the Applicant's legal counsel acceptable to Florida Housing addressing the following matters:

   a. The legal existence and good standing of the Applicant and of any partnership or limited liability company that is the general partner of the Applicant (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager;

   b. Authorization, execution, and delivery by the Applicant and the guarantor, of all Loan(s) documents;

   c. The Loan(s) documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;

   d. The Applicant's and the Guarantor's execution, delivery and performance of the Loan(s) documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Applicant is a party or to which the Development is subject to the Applicant's Partnership Agreement and;

   e. Such other matters as Florida Housing or its legal counsel may require.

9. Evidence of compliance with the local concurrency laws, if applicable.

10. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its legal counsel in form and substance acceptable to Florida housing or its legal counsel, in connection with the Loan(s).

11. UCC Searches for the Applicant, its partnerships, as requested by counsel.

12. Any other reasonable conditions established by Florida Housing and its legal counsel.

## Additional Conditions

This recommendation is also contingent upon satisfaction of the following additional conditions:

1. Compliance with all provisions of Sections 420.507, 420.5087, and 420.509, Florida Statutes, Rule Chapter 67-21, F.A.C. (MMRB Program Loan and Non-Competitive 4% Housing Credits), Rule Chapter 67-48 F.A.C. (SAIL ELI), Rule Chapter 67-53, F.A.C., Section 42 I.R.C. (Housing Credits), and any other State or Federal requirements.

2. Acceptance by the Applicant and execution of all documents evidencing and securing the MMRB in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), and the Land Use Restriction Agreement(s) and/or Extended Land Use Agreement(s) and Final Cost Certificate.

3. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and Key CDC or an assignee, that requires funding of all HC Equity Installments during construction, even if the Applicant is in default under the Limited Partnership Agreement.

4. All amounts necessary to complete construction must be deposited with the Trustee prior to closing, or any phased HC Equity pay-in amount necessary to complete construction shall be contingent upon an obligation of the entity providing payments, regardless of any default under any documents relating to the HC's, as long as the First Mortgage continues to be funded. Notwithstanding the foregoing, at least 15% of all HC Equity (but not less than provided for in the Syndication Agreement or such higher amount as recommended by First Housing) shall be deposited with the Trustee at the MMRB closing unless a lesser amount is approved by FHFC prior to closing.

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

6. For the MMRB, Guarantors are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15x debt service coverage ratio on the First Mortgage as determined by FHFC or the Servicer and 90 percent occupancy and 90 percent of the gross potential rental income, net of utility allowances, if applicable, all for a period equal to 12 consecutive months, all certified by an independent Certified Public Accountant, 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 (3) years following the final certificate of occupancy.

7. Guarantors to provide the Standard FHFC Environmental Indemnity Guaranty.

8. Guarantors to provide the Standard FHFC Guaranty of Recourse Obligations.

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

10. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the Loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel. The form of the title policy must be approved prior to closing.

11. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender, Trustee, or the Servicer. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release of funds shall be at Florida Housing's sole discretion.

12. Replacement Reserves in the amount of $300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's Loan(s) servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per Rule Chapter 67-21, in the amount of $85,200 (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 per unit per year thereafter. The initial replacement reserve will have limitations on the ability to be drawn. Rehabilitation Developments (with or without acquisition) shall not be allowed to draw until the start of the scheduled replacement activities as outlined in the pre-construction capital needs assessment ("CNA") report subject to the activities completed in the scope of the rehabilitation, but no sooner than the third year. The amount established as a replacement reserve shall be adjusted based on a CNA to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the tenth year after the first residential building in the development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("initial replacement reserve date"). A subsequent CNA is required no later than the 15th year after the initial Replacement Reserve Date and subsequently every five (5) years thereafter.

13. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The GC contract specifies a 10% retainage will be withheld on all work, which satisfies the minimum requirement.

14. Closing of all funding sources prior to or simultaneous with the MMRB and SAIL ELI loan.

15. Satisfactory completion of a pre-loan closing compliance audit conducted by FHFC or Servicer, if applicable.

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

17. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

## Housing Credit Allocation Recommendation

First Housing Development Corporation has estimated a preliminary annual 4% HC allocation of $2,653,285. Please see the HC Allocation Calculation in Exhibit 2 of this report for further details.

## Contingencies

The HC allocation will be contingent upon the receipt and satisfactory review of the following items by First Housing and Florida Housing by the deadline established in the Preliminary Determination. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. Closing of all funding sources prior to or simultaneous with the MMRB and SAIL ELI loan.

2. Purchase of the HC's by Key CDC or an assignee, under terms consistent with assumptions of this report.

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

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

5. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

# 15-Year 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 | **$3,371,892** | **$3,439,330** | **$3,508,116** | **$3,578,279** | **$3,649,844** | **$3,722,841** | **$3,797,298** | **$3,873,244** | **$3,950,709** | **$4,029,723** | **$4,110,318** | **$4,192,524** | **$4,276,374** | **$4,361,902** | **$4,449,140** |
| | Other Income | | | | | | | | | | | | | | | |
| INCOME: | Miscellaneous | $125,000 | $127,500 | $130,050 | $132,651 | $135,304 | $138,010 | $140,770 | $143,586 | $146,457 | $149,387 | $152,374 | $155,422 | $158,530 | $161,701 | $164,935 |
| | Gross Potential Income | **$3,496,892** | **$3,566,830** | **$3,638,166** | **$3,710,930** | **$3,785,148** | **$3,860,851** | **$3,938,068** | **$4,016,830** | **$4,097,166** | **$4,179,110** | **$4,262,692** | **$4,347,946** | **$4,434,905** | **$4,523,603** | **$4,614,075** |
| | Less: | | | | | | | | | | | | | | | |
| | Physical Vac. Loss Percentage: 3.00% | $104,907 | $107,005 | $109,145 | $111,328 | $113,554 | $115,826 | $118,142 | $120,505 | $122,915 | $125,373 | $127,881 | $130,438 | $133,047 | $135,708 | $138,422 |
| | Collection Loss Percentage: 2.00% | $69,938 | $71,337 | $72,763 | $74,219 | $75,703 | $77,217 | $78,761 | $80,337 | $81,943 | $83,582 | $85,254 | $86,959 | $88,698 | $90,472 | $92,281 |
| | **Total Effective Gross Income** | **$3,322,047** | **$3,388,488** | **$3,456,258** | **$3,525,383** | **$3,595,891** | **$3,667,809** | **$3,741,165** | **$3,815,988** | **$3,892,308** | **$3,970,154** | **$4,049,557** | **$4,130,548** | **$4,213,159** | **$4,297,423** | **$4,383,371** |
| | Fixed: | | | | | | | | | | | | | | | |
| | Real Estate Taxes | $61,426 | $63,269 | $65,167 | $67,122 | $69,136 | $71,210 | $73,346 | $75,546 | $77,813 | $80,147 | $82,551 | $85,028 | $87,579 | $90,206 | $92,912 |
| | Insurance | $164,720 | $169,662 | $174,751 | $179,994 | $185,394 | $190,956 | $196,684 | $202,585 | $208,662 | $214,922 | $221,370 | $228,011 | $234,851 | $241,897 | $249,154 |
| | Variable: | | | | | | | | | | | | | | | |
| EXPENSES: | Management Fee Percentage: 4.00% | $132,882 | $135,540 | $138,250 | $141,015 | $143,836 | $146,712 | $149,647 | $152,640 | $155,692 | $158,806 | $161,982 | $165,222 | $168,526 | $171,897 | $175,335 |
| | General and Administrative | $99,400 | $102,382 | $105,453 | $108,617 | $111,876 | $115,232 | $118,689 | $122,249 | $125,917 | $129,694 | $133,585 | $137,593 | $141,721 | $145,972 | $150,351 |
| | Payroll Expenses | $383,400 | $394,902 | $406,749 | $418,952 | $431,520 | $444,466 | $457,800 | $471,534 | $485,680 | $500,250 | $515,258 | $530,715 | $546,637 | $563,036 | $579,927 |
| | Utilities | $390,500 | $402,215 | $414,281 | $426,710 | $439,511 | $452,697 | $466,277 | $480,266 | $494,674 | $509,514 | $524,799 | $540,543 | $556,760 | $573,462 | $590,666 |
| | Marketing and Advertising | $2,840 | $2,925 | $3,013 | $3,103 | $3,196 | $3,292 | $3,391 | $3,493 | $3,598 | $3,706 | $3,817 | $3,931 | $4,049 | $4,171 | $4,296 |
| | Maintenance and Repairs/Pest Control | $156,200 | $160,886 | $165,713 | $170,684 | $175,804 | $181,079 | $186,511 | $192,106 | $197,869 | $203,806 | $209,920 | $216,217 | $222,704 | $229,385 | $236,267 |
| | Grounds Maintenance and Landscaping | $56,800 | $58,504 | $60,259 | $62,067 | $63,929 | $65,847 | $67,822 | $69,857 | $71,953 | $74,111 | $76,334 | $78,624 | $80,983 | $83,413 | $85,915 |
| | Reserve for Replacements | $85,200 | $87,756 | $90,389 | $93,100 | $95,893 | $98,770 | $101,733 | $104,785 | $107,929 | $111,167 | $114,502 | $117,937 | $121,475 | $125,119 | $128,873 |
| | **Total Expenses** | **$1,533,368** | **$1,578,040** | **$1,624,026** | **$1,671,364** | **$1,720,095** | **$1,770,259** | **$1,821,900** | **$1,875,061** | **$1,929,786** | **$1,986,123** | **$2,044,118** | **$2,103,822** | **$2,165,285** | **$2,228,558** | **$2,293,696** |
| | **Net Operating Income** | **$1,788,680** | **$1,810,448** | **$1,832,232** | **$1,854,019** | **$1,875,796** | **$1,897,549** | **$1,919,265** | **$1,940,928** | **$1,962,522** | **$1,984,031** | **$2,005,439** | **$2,026,726** | **$2,047,875** | **$2,068,865** | **$2,089,675** |
| | **Debt Service Payments** | | | | | | | | | | | | | | | |
| | First Mortgage - HUD | $1,134,852 | $1,134,852 | $1,134,852 | $1,134,852 | $1,134,852 | $1,134,852 | $1,134,852 | $1,134,852 | $1,134,852 | $1,134,852 | $1,134,852 | $1,134,852 | $1,134,852 | $1,134,852 | $1,134,852 |
| | Second Mortgage - HUD | $296,302 | $296,302 | $296,302 | $296,302 | $296,302 | $296,302 | $296,302 | $296,302 | $296,302 | $296,302 | $296,302 | $296,302 | $296,302 | $296,302 | $296,302 |
| | Third Mortgage - FHFC SAIL ELI | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Fourth Mortgage - Seller Note | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 | $400,000 |
| | First Mortgage Fees - HUD | $67,790 | $66,266 | $64,709 | $63,119 | $61,494 | $59,835 | $58,140 | $56,408 | $54,639 | $52,832 | $50,986 | $49,101 | $47,175 | $45,207 | $43,197 |
| | Second Mortgage Fees - HUD | $11,533 | $11,394 | $11,248 | $11,094 | $10,932 | $10,761 | $10,581 | $10,391 | $10,191 | $9,980 | $9,758 | $9,524 | $9,278 | $9,018 | $8,744 |
| | Third Mortgage Fees - FHFC - SAIL ELI | $4,924 | $4,320 | $4,077 | $4,077 | $4,077 | $4,077 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Fourth Mortgage Fees - Seller Note | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Total Debt Service Payments | **$1,915,401** | **$1,913,134** | **$1,911,189** | **$1,909,444** | **$1,907,658** | **$1,905,827** | **$1,899,875** | **$1,897,953** | **$1,895,984** | **$1,893,967** | **$1,891,899** | **$1,889,779** | **$1,887,607** | **$1,885,379** | **$1,883,095** |
| | Cash Flow after Debt Service | **-$126,722** | **-$102,686** | **-$78,956** | **-$55,425** | **-$31,862** | **-$8,278** | **$19,390** | **$42,974** | **$66,537** | **$90,065** | **$113,540** | **$136,947** | **$160,268** | **$183,486** | **$206,580** |
| | | | | | | | | | | | | | | | | |
| | **Debt Service Coverage Ratios** | | | | | | | | | | | | | | | |
| | DSC - First Mortgage plus Fees | **1.49** | **1.51** | **1.53** | **1.55** | **1.57** | **1.59** | **1.61** | **1.63** | **1.65** | **1.67** | **1.69** | **1.71** | **1.73** | **1.75** | **1.77** |
| | DSC - Second Mortgage plus Fees | **1.18** | **1.20** | **1.22** | **1.23** | **1.25** | **1.26** | **1.28** | **1.30** | **1.31** | **1.33** | **1.34** | **1.36** | **1.38** | **1.39** | **1.41** |
| | DSC - Third Mortgage plus Fees | **1.18** | **1.20** | **1.21** | **1.23** | **1.24** | **1.26** | **1.28** | **1.30** | **1.31** | **1.33** | **1.34** | **1.36** | **1.38** | **1.39** | **1.41** |
| | DSC - Fourth Mortgage plus Fee | **0.93** | **0.95** | **0.96** | **0.97** | **0.98** | **1.00** | **1.01** | **1.02** | **1.04** | **1.05** | **1.06** | **1.07** | **1.08** | **1.10** | **1.11** |
| | **Financial Ratios** | | | | | | | | | | | | | | | |
| | Operating Expense Ratio | **46.16%** | **46.57%** | **46.99%** | **47.41%** | **47.84%** | **48.26%** | **48.70%** | **49.14%** | **49.58%** | **50.03%** | **50.48%** | **50.93%** | **51.39%** | **51.86%** | **52.33%** |
| | Break-even Economic Occupancy Ratio (all debt) | **98.82%** | **98.08%** | **97.37%** | **96.69%** | **96.04%** | **95.41%** | **94.71%** | **94.13%** | **93.58%** | **93.04%** | **92.54%** | **92.05%** | **91.59%** | **91.14%** | **90.72%** |

# HC Allocation Calculation

## Section I: Qualified Basis Calculation

**Rehabilitation**

| | |
|---|---|
| Total Development Cost(including land and ineligible costs) | $71,658,575 |
| Less Land and Building Costs | $43,300,000 |
| Less Developer Fee on Building Acquisition | $7,413,289 |
| Less Other Ineligible Costs | $3,211,397 |
| Total Eligible Basis | $17,733,889 |
| Applicable Fraction | 100% |
| DDA/QCT Basis Credit | 100% |
| Qualified Basis | $17,733,889 |
| Housing Credit Percentage | 4.00% |
| Annual Housing Credit Allocation | $709,356 |

**Acquisition**

| | |
|---|---|
| Acquisition Cost for Land and Existing Buildings | $43,300,000 |
| Less Land Costs | $2,115,061 |
| Plus Other Eligible Acquisition Costs | $7,413,289 |
| Less Other Ineligible Costs | $0 |
| Total Eligible Basis | $48,598,228 |
| Applicable Fraction | 100% |
| DDA/QCT Basis Credit | 100% |
| Qualified Basis | $48,598,228 |
| Housing Credit Percentage | 4.00% |
| Annual Housing Credit allocation for 4% HC's | $1,943,929 |
| | |
| Total Annual Tax Credit Allocation | $2,653,285 |

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include; FHFC Fees, closing costs, and operating deficit reserves.
2. The Development has a 100% set-aside: therefore, the Applicable Fraction is 100%.
3. For purposes of this analysis, the Development is not located in a Difficult Development Area ("DDA") or qualified Census Tract ("QCT"); therefore the 130% basis credit was not applied.
4. For purposes of this recommendation, a HC percentage of 4.00% was applied based on the 4% floor rate, which was established through the Consolidated Appropriations Act of 2021.

## Section II: GAP Calculation

| | |
|---|---|
| Total Development Costs(including land and ineligible Costs) | $71,658,575 |
| Less Mortgages | $40,033,799 |
| Less Grants | $0 |
| Equity Gap | $31,624,776 |
| HC Syndication Percentage to Investment Partnership | 99.99% |
| HC Syndication Pricing | $0.87 |
| HC Required to meet Equity Gap | $36,353,953 |
| Annual HC Required | $3,635,395 |

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from the LOI from Key CDC, dated September 1, 2022.

## Section III: Summary

| | |
|---|---|
| HC Per Syndication Agreement | $2,733,648 |
| HC Per Qualified Basis | $2,653,285 |
| HC Per GAP Calculation | $3,635,395 |
| | |
| Annual HC Recommended | $2,653,285 |
| | |
| Syndication Proceeds based upon Syndication Agreement | $23,780,362 |

1. The estimated annual 4% Housing Credit allocation is limited to the lesser of the qualified basis calculation or the gap calculation. The recommendation is based on the qualified basis calculation.

**50% Test**

| | |
|---|---|
| Tax-Exempt Bond Amount | $36,300,000 |
| Less: Debt Service Reserve Funded with Tax-Exempt Bond Proceeds | $0 |
| Less Proceeds Used for Cost of Issuance | $0 |
| Other: | $0 |
| Equals Net Tax-Exempt Bond Amount | $36,300,000 |
| | |
| Total Depreciable Cost | $25,147,178 |
| Plus Building/Land Cost | $43,300,000 |
| Aggregate Basis | $68,447,178 |
| Net Tax-Exempt Bond to Aggregate Basis Ratio | 53.03% |

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

**EXHIBIT 3**
(Hampton Point Apartments/2021-104B/2021-535C)
DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

284 units located in 13 Garden Apartment residential buildings.

Unit Mix:

One hundred sixteen (116) two bedroom / two bath units;

One hundred twenty-eight (128) three bedroom / two bath units;

Forty (40) four bedroom / two bath units

284 Total Units

The Development is to be rehabilitated/constructed in accordance with the final plans and specifications approved by the appropriate city or county building or planning department or equivalent agency and approved as reflected in the Pre-Construction Analysis prepared for Florida Housing or its Servicer, unless a change has been approved in writing by Florida Housing or its Servicer. The Development will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, the Federal Fair Housing Act and Americans with Disabilities Act ("ADA"), as applicable.

All selected features and amenities must be located on the Development site. In addition, if the Development will consist of Scattered Sites, the Applicant must locate each selected feature and amenity that is not unit-specific on each of the Scattered Sites, or no more than 1/16 mile from the site with the most units, or a combination of both.

B. The Borrower has committed to provide the following Optional Features and Amenities for All Developments:

1. Community center or clubhouse

2. Swimming Pool

3. Playground/tot lot, accessible to children with disabilities (must be sized in proportion to Development's size and expected resident population with age-appropriate equipment.

C. The Borrower has committed to provide the following Green Building Features**:**

1. Programmable thermostat in each unit

2. Energy Star qualified roofing material or coating

3. Energy Star qualified ventilation fans in all bathrooms

4. Install daylight sensors, timers or motion detectors on all outdoor lightning attached to buildings

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

D. The Borrower has committed to provide the following Qualified Resident Program:

1. Resident Activities- These specified activities are planned, arranged, provided and paid for by the Applicant or its Management Company and held between the hours of 9:00 a.m. and 9:00 p.m. These activities must be an integral part of the management plan. The Applicant must develop and execute a comprehensive plan or varied activities that brings the residents together and encourages community pride. The goal here is to foster a sense of community by bringing residents together on a regularly scheduled basis by providing activities such as holiday and special occasion parties, community picnics, newsletters, children's special functions, etc.

**DEVELOPMENT**
**NAME:** **Hampton Point Apartments**
**DATE:** **October 19, 2022**

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

| **FINAL REVIEW**<br>**REQUIRED ITEMS:** | **STATUS**<br>**Satis. / Unsatis.** | **NOTE** |
|---|---|---|
| 1. The development's final "as submitted for permitting" plans and specifications.<br>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. | 1. |
| 4. Pre-construction analysis ("PCA"). | Unsatis. | 2. |
| a. No construction costs exceeding 20% is subcontracted to any one entity with the exception of a subcontractor contracted to deliver the building shell of a building of at least 5 stories which may not have more than 31% of the construction cost in a subcontract. | Satis. | |
| b. No construction costs is subcontracted to any entity that has common ownership or is an affiliate of the general contractor of the developer. | Satis. | |
| 5. Survey. | Satis. | |
| 6. Complete, thorough soil test reports. | N/A | |
| 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.<br>Confirmed active status on Sunbiz for Applicant, Developer, and GC. | Satis. | |
| 12. Credit authorizations; verifications of deposits and mortgage loans. | Satis. | |
| 13. Management Agreement and Management Plan. | Satis. | 3. |
| 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. | 4. |

| | | |
|---|---|---|
| 16. Firm commitment letter(s) for any other financing sources. | Satis. | 5. |
| 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. | Unsatis. | 6. |
| 19. Fifteen-year income, expense, and occupancy projection. | Satis. | |
| 20. Executed general construction contract with "not to exceed" costs. | UnSatis. | 7. |
| 21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing. | Satis. | |
| 22. Any additional items required by the credit underwriter. | Satis. | |
| 23. Receipt of executed Florida Housing Fair Housing, Section 504 and ADA Design Certification Forms 121, 126, and 128 | Satis. | |
| 24. If the owner has a HAP Contract or ACC with HUD, then receipt of HUD approval for an owner-adopted preference or limited preference specifically for individuals or families who are referred by a designated Referral Agency serving the county where the Development is located. | N/A | |
| 25. Receipt of Tenant Eligibility and Selection Plan | N/A | |
| 26. Receipt of GC Certification | Satis. | |
| 27. Reliance for FHDC as agent for FHFC is include in all applicable third party reports: Appraisal, Market Study, PCA, CNA, and Phase I. | Satis. | |

## NOTES AND DEVELOPER RESPONSES:

Notes:

1. At this time building permits are not available but will be required prior to closing.
2. The PCA is in draft form, satisfactory receipt of a final report is a condition to close.
3. Satisfactory receipt and review of an executed Management Agreement and Management Plan is a condition to closing.
4. A copy of an Amended and Restated Limited Partnership Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report is a condition to closing.
5. Firm loan commitment from Key Bank (HUD 241(a) loan and equity bridge loan) which indicate loan terms that are consistent with this report.
6. At this time a draft construction draw schedule has not been received. Receipt of a final construction draw schedule is a condition to close.
7. A final GC Contract with a cost plus a GMP is a condition to closing.