

April 17, 2023

Ms. Jean Salmonsens
Florida Housing Finance Corporation
27 North Bronough Street, Suite 5000
Tallahassee, FL 32301

Subject: Viability Funding under Senate Bill #102 - Guaranty Terms and Conditions (RFA 2023-211)

Dear Ms. Salmonsens:

Tranquility at Hope School Phase II (2022-241H) was selected under RFA 2021-206, along with three others, to build small developments that average 29 units in rural counties. The sources for these developments are primarily HOME funds along with first mortgage funds. There are no tax credits associated with these developments.

These developments specifically include a non-profit in control (general partner or managing member) and in my specific case the non-profit is the sole owner. We have a development partner that typically provides a construction guaranty, but no loan guarantees.

Under Exhibit D, #21 on page 35 there is discussion of guarantor's obligations and the need for ongoing financial information. This ongoing obligation typically would apply to a recourse loan guaranty.

Our capital stack is expected to be:

1. 1st mortgage non-recourse loan from the perspective of the non-profit
2. HOME non-recourse loan which would likely be a 2nd mortgage – very significant amount of money as our developments do not have any tax credits
3. Viability Funding loan with uncertain recourse terms and conditions. It would be a challenge for the non-profit to enter into a recourse loan. It would also be a challenge to have a 1st and 2nd mortgage be non-recourse and have the 3rd mortgage be recourse.

Our questions are:

1. What are the guaranty terms and conditions under RFA 2023-211 relative to RFA 2021-206?
2. If a recourse guaranty is in fact being contemplated, would Florida Housing be willing to reconsider given the challenges that I listed above?

Thank you for your consideration of this matter.

Eric H. Lipp
Executive Director

