
**Housing Finance Authority of Leon County
("HFALC")**

Credit Underwriting Report

Ridge Road

Tax-Exempt Multifamily Mortgage Revenue Bond ("MMRB" or "Bond")

Section A: Report Summary

Section B: MMRB Special and General Conditions

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

January 25, 2023

Ridge Road

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Section A
Report Summary

Recommendation

First Housing Development Corporation of Florida (“First Housing” or “FHDC” or “Servicer”) recommends a MMRB in the amount of \$49,500,000 for the construction and permanent financing of Ridge Road (“Development”).

DEVELOPMENT & SET-ASIDES	
Development Name:	<u>Ridge Road</u>
Address:	<u>Ridge Road, WSW of the intersection of Ridge Road and Ridge Haven Road</u>
City:	<u>Tallahassee</u> Zip Code: <u>32305</u> County: <u>Leon</u> County Size: <u>Medium</u>
Development Category:	<u>New Construction</u> Development Type: <u>Garden Apts (1-3 Stories)</u>
Construction Type:	<u>Wood Frame</u>
Demographic Commitment:	
Primary:	<u>Family</u> for <u>100%</u> of the Units
Unit Composition:	
# of ELI Units:	<u>41</u> ELI Units Are Restricted to <u>30%</u> AMI, or less. Total # of units with PBRA? <u>41</u>
# of Link Units:	<u>21</u> Are the Link Units Demographically Restricted? <u>Yes</u> # of NHTF Units: <u>0</u>

Leon County/ Tallahassee HMFA

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	4	707	30%			\$457	\$57	\$ 400	\$ 1,060	\$ 1,060	\$ 1,060	\$ 1,060	\$ 50,880
1	1.0	31	707	60%			\$914	\$57	\$ 857		\$ 857	\$ 857	\$ 857	\$ 318,804
1	1.0	44	707	70%			\$1,066	\$57	\$ 1,009		\$ 1,009	\$ 1,009	\$ 1,009	\$ 532,752
2	2.0	3	1,010	30%			\$548	\$72	\$ 476	\$ 1,221	\$ 1,221	\$ 1,221	\$ 1,221	\$ 43,956
2	2.0	34	1,010	60%			\$1,096	\$72	\$ 1,024		\$ 1,024	\$ 1,024	\$ 1,024	\$ 417,792
2	2.0	47	1,010	70%			\$1,279	\$72	\$ 1,207		\$ 1,207	\$ 1,207	\$ 1,207	\$ 680,748
3	2.0	30	1,195	30%			\$633	\$80	\$ 553	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 572,400
3	2.0	12	1,195	60%			\$1,266	\$80	\$ 1,186		\$ 1,186	\$ 1,186	\$ 1,186	\$ 170,784
3	2.0	18	1,195	70%			\$1,477	\$80	\$ 1,397		\$ 1,397	\$ 1,397	\$ 1,397	\$ 301,752
4	2.0	4	1,484	30%			\$706	\$93	\$ 613	\$ 1,745	\$ 1,745	\$ 1,745	\$ 1,745	\$ 83,760
4	2.0	9	1,484	60%			\$1,413	\$93	\$ 1,320		\$ 1,320	\$ 1,320	\$ 1,320	\$ 142,560
4	2.0	14	1,484	70%			\$1,648	\$93	\$ 1,555		\$ 1,555	\$ 1,555	\$ 1,555	\$ 261,240
		250	252,461											\$ 3,577,428

Buildings: Residential - 7 Non-Residential - 0
Parking: Parking Spaces - 389 Accessible Spaces - 9

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
County MMRB /SAIL/ELI/HC	16.4%	41	30%	50
County MMRB/SAIL/HC	34.4%	86	60%	50
County MMRB/SAIL/HC	49.2%	123	70%	50

Absorption Rate 20 units per month for 13.0 months.

Occupancy Rate at Stabilization: Physical Occupancy 97.00% Economic Occupancy 95.00%
Occupancy Comments N/A - New Construction

DDA: No QCT: Yes Multi-Phase Boost: No QAP Boost: No
Site Acreage: 15.52 Density: 16.1082 Flood Zone Designation: X
Zoning: Planned Unit Development (PUD) Flood Insurance Required?: No

DEVELOPMENT TEAM		
Applicant/Borrower:	ECG Ridge Road, LP	% Ownership
General Partner	ECG Ridge Road GP, LLC	
Limited Partner	U.S. Bancorp Community Development Corporation ("USB CDC")	
Construction Completion Guarantor(s):		
CC Guarantor 1:	ECG Ridge Road, LP	
CC Guarantor 2:	ECG Ridge Road GP, LLC	
CC Guarantor 3:	C. Hunter Nelson	
CC Guarantor 4:	ECG Ridge Road Developer, LLC	
CC Guarantor 5:	Elmington Affordable, LLC	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	ECG Ridge Road, LP	
OD Guarantor 2:	ECG Ridge Road GP, LLC	
OD Guarantor 3:	C. Hunter Nelson	
OD Guarantor 4:	ECG Ridge Road Developer, LLC	
OD Guarantor 5:	Elmington Affordable, LLC	
Bond Purchaser	R4 Capital Funding ("R4")	
Developer:	ECG Ridge Road Developer, LLC	
General Contractor 1:	Elmington Construction, LLC ("Elmington Construction")	
Management Company:	Elmington Property Management, LLC	
Syndicator:	USB CDC	
Bond Issuer:	HFALC	
Architect:	Southeast Venture Design, LLC	
Market Study Provider:	Novogradac & Company LLP ("Novogradac")	
Appraiser:	Novogradac	

PERMANENT FINANCING INFORMATION					
	1st Source	2nd Source	2nd Source	3rd Source	4th Source
Lien Position	First	Second	Second	Third	Fourth
Lender/Grantor	HFALC/R4CF	FHFC - SAIL	FHFC - SAIL CHIRP	HFALC	Elmington Affordable, LLC
Amount	\$23,905,000	\$5,500,000	\$4,300,000	\$37,500	\$2,750,000
Underwritten Interest Rate	6.14%	1.00%	1.00%	1.00%	4.00%
All In Interest Rate	6.14%	1.00%	1.00%	1.00%	4.00%
Loan Term	16	16	16	20	17.5
Amortization	40	0	0	20	0
Market Rate/Market Financing LTV	36%	44%	51%	51%	55%
Restricted Market Financing LTV	61%	75%	86%	86%	93%
Loan to Cost - Cumulative	30%	37%	43%	43%	46%
Loan to Cost - SAIL Only	N/A		12%	N/A	N/A
Debt Service Coverage	1.10	1.03	1.03	0.97	0.97
Operating Deficit & Debt Service Reserves	\$1,475,443				
# of Months covered by the Reserves	5.4				

Deferred Developer Fee	\$8,821,307
As-Is Land Value	\$1,880,000
Market Rent/Market Financing Stabilized Value	\$66,100,000
Rent Restricted Market Financing Stabilized Value	\$39,200,000
Projected Net Operating Income (NOI) - Year 1	\$1,847,118
Projected Net Operating Income (NOI) - 15 Year	\$2,177,176
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Private Placement
Housing Credit (HC) Syndication Price	\$0.8976
HC Annual Allocation - Equity Letter of Interest	\$3,707,955

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Local HFA Bonds	HFALC/R4CF	\$49,500,000	\$23,905,000	\$95,620
FHFC - SAIL	FHFC	\$5,500,000	\$5,500,000	\$22,000
FHFC - SAIL CHIRP	FHFC	\$4,300,000	\$4,300,000	\$17,200
Local Government	HFALC	\$37,500	\$37,500	\$150
Self-Sourced: Non-Bond	Elmington Affordable, LLC	\$2,750,000	\$2,750,000	\$11,000
HC Equity	USBCDC	\$4,991,835	\$33,278,899	\$133,116
Deferred Developer Fee	ECG Ridge Road Developer, LLC	\$10,598,866	\$8,821,307	\$35,285
Operating Deficit	N/A	\$1,475,443	\$0	\$0
Other	USBCDC	\$0	\$560,938	\$2,244
TOTAL		\$79,153,644	\$79,153,644	\$316,615

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 develop and operate the proposed Development.

Issues and Concerns:

None

Mitigating Factors:

None

Other Considerations:

None

Waiver Requests/Special Conditions:

None

Additional Information:

1. The bonds will be privately placed with R4 during the construction and permanent periods.

Recommendation:

First Housing recommends a MMRB in the amount of \$49,500,000 for the construction and permanent financing of the Development.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the MMRB Special and General Conditions (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:

Reviewed by:



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Edward Busansky
Senior Vice President

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
Local HFA Bonds	HFALC/R4CF	\$44,000,000	\$49,500,000	\$49,500,000	6.14%	\$3,039,300
FHFC - SAIL	FHFC	\$5,500,000	\$5,500,000	\$5,500,000	1.00%	\$55,000
FHFC - SAIL CHIRP	FHFC	\$0	\$4,300,000	\$4,300,000	1.00%	\$43,000
Local Government Subsidy	HFALC	\$37,500	\$37,500	\$37,500	1.00%	\$375
Self-Sourced: Non-Bond Financing	Elmington Affordable, LLC	\$2,750,000	\$2,750,000	\$2,750,000	4.00%	\$110,000
HC Equity	USBCDC	\$7,805,521	\$4,991,835	\$4,991,835	N/A	N/A
Deferred Developer Fee	ECG Ridge Road Developer, LLC	\$7,252,450	\$10,438,776	\$10,598,866	N/A	N/A
Operating Deficit Reserve	N/A	\$0	\$0	\$1,475,443	N/A	N/A
Total		\$67,345,471	\$77,518,111	\$79,153,644		\$3,247,675

First Mortgage:

The Applicant has requested \$51,000,000 in tax-exempt Bonds to be issued by Housing Finance Authority of Leon County for the construction of the Development. First Housing reviewed a letter, dated September 13, 2021 and revised on January 19, 2022, August 9, 2022, September 29, 2022, and November 3, 2022 where R4 anticipates purchasing bonds in an amount up to \$49,500,000. The bonds will have a 30 month initial term. The Bonds will require monthly payments of interest only for 60 months from closing. The interest rate on the bonds will be fixed prior to closing based on the 10-year treasury index, published by Thomson Reuters, plus a spread of 2.00%, subject to a floor rate of 4.65%. First Housing has based the interest rate on the 10-year treasury (4.14% as of November 3, 2022) plus 200 basis point spread for an all-in rate of 6.14%. First Housing has used a bond amount of \$49,500,000 since the full bond amount of \$51,000,000 is not needed for construction or for the 50% test.

The annual Issuer Fee of 20 bps and the annual Trustee Fee of \$4,500 are included in the Uses section of this report.

FHFC SAIL Loan:

The original SAIL Loan and SAIL CHIRP Loan will be combined into one loan at closing but have been separated for presentation purposes.

First Housing reviewed an invitation to enter credit underwriting, dated, March 1, 2022, from FHFC with a preliminary SAIL Loan in the amount of \$5,500,000.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of 18.5 years, of which 2.5 years is for the construction/stabilization period and 16 years is for the permanent period and will be coterminous with the first mortgage as permitted by Rule Chapter 67-48. Annual payments of all applicable fees will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

First Housing received an email, dated August 25, 2022, from Florida Housing with the ITP 2022 CHIRP Application and Acknowledgement for the Development. Based on the updated Sources and Uses, the Applicant is requesting an additional \$4,300,000 in SAIL CHIRP Loan Proceeds. According to the CHIRP sizing, First Housing has concluded that the \$4,300,000 is within the parameters. The SAIL CHIRP Loan will be made under the same terms of the original SAIL Loan. The original SAIL Loan and SAIL CHIRP Loan will be closed as one loan and will have one set of closing documents. Additionally, the Applicant will be required to defer at least 30% of the Developer Fee.

Local Government Contribution:

First Housing received an email from Mark Hendrickson, representative for HFALC, confirming the loan will be \$37,500 and will have an interest rate of 1%. The total loan term will be 22.5 years, of which 2.5 years is for the construction/stabilization period and 20 years is for the permanent period. The loan will amortize based on a 20 year schedule during the permanent period. Payments of principal and interest are based on available cash flow.

Self-Sourced:

First Housing received a letter, dated October 19, 2022, from Elmington Affordable, LLC. The Self-Sourced loan in the amount of \$2,750,000 will be provided from Elmington Affordable, LLC or an affiliate thereof and will have an interest rate not to exceed 4%. The loan will require interest payments only subject to available cash flow. The loan will have a total term of 20 years, of which 2.5 years is for the construction/stabilization period and 17.5 years is for the permanent period. The Self-Sourced Financing will be funded pro rata along with SAIL funding. The Self-Sourced Financing must be subordinate to the SAIL loan; no principal may be paid on the Self-Sourced Financing prior to the payoff of the SAIL loan in full. Any payment of Self-Sourced Financing interest will be made subordinate to SAIL loan interest payments. Additionally, the Self-Sourced Financing must remain as a source in the Development for a minimum of 15 years and may not be repaid to the Applicant from any funding source, including development cash flow per the RFA.

Housing Credit Equity:

First Housing has reviewed an equity proposal, dated October 22, 2022, indicating USBCDC or an affiliate, will acquire 99.99% ownership interest in the Applicant. Based on the proposal, the annual HC allocation is estimated to be in the amount of \$3,707,955 and the syndication rate is anticipated to be \$0.8975 per dollar. USBCDC anticipates a net capital contribution of \$33,278,899 and has committed to make available \$4,991,835 of the total net equity during the construction period. An additional \$28,287,064 will be available at construction completion, stabilization, and receipt of 8609s. The first installment, in the amount of \$4,991,835 or 15.00%, meets the RFA requirement that at least 15% of the total equity must be contributed at or prior to the closing.

First Housing has used a syndication rate of \$0.897589752 in order to be exact and tie to USBCDC's annual HC allocation amount. The equity proposal shows a total net capital contribution of \$33,278,898; however, the installments add to \$33,278,899. First housing received email confirmation from USBCDC that the proposal has a rounding error and the total net capital contribution is \$33,278,899.

Deferred Developer Fee:

In order to balance the sources and uses of funds during the construction period, the Developer must defer \$10,598,866 or 90.40% of the total Developer Fee of \$11,724,948 during the construction period.

Deferred ODR:

The Operating Deficit Reserves in the amount of \$1,475,443 will be required to be funded at stabilization/conversion. Therefore, First Housing has shown this amount deferred during construction.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Local HFA Bonds	HFALC/R4CF	\$25,385,000	\$23,104,000	\$23,905,000	16	40	6.14%	\$1,606,428
FHFC - SAIL	FHFC	\$5,500,000	\$5,500,000	\$5,500,000	16	0	1.00%	\$55,000
FHFC - SAIL CHIRP	FHFC	\$0	\$4,300,000	\$4,300,000	16	0	1.00%	\$43,000
Local Government Subsidy	HFALC	\$37,500	\$37,500	\$37,500	20	20	1.00%	\$2,070
Self-Sourced: Non-Bond Financing	Elmington Affordable, LLC	\$2,750,000	\$2,750,000	\$2,750,000	17.5	0	4.00%	\$110,000
HC Equity	USBCDC	\$26,998,357	\$34,213,105	\$33,278,899	N/A	N/A	N/A	N/A
Deferred Developer Fee	ECG Ridge Road Developer, LLC	\$7,252,450	\$7,613,506	\$8,821,307	N/A	N/A	N/A	N/A
Other	USBCDC	\$0	\$0	\$560,938	N/A	N/A	N/A	N/A
Total		\$67,923,307	\$77,518,111	\$79,153,644				\$1,816,497

First Mortgage:

First Housing reviewed a letter, dated September 13, 2021 and revised on January 19, 2022, August 9, 2022, September 29, 2022, and November 3, 2022 where R4 anticipates a permanent loan amount up to \$24,921,000. The permanent loan term will be 16 years after the conversion of the construction period to the permanent period. The loan will amortize over 40 years. The interest rate will be locked at construction loan closing. The interest rate on the bonds will be fixed prior to closing based on the 10-year treasury index, published by Thomson Reuters, plus a spread of 2.00%, subject to a floor rate of 4.65%. First Housing has based the interest rate on the 10-year treasury (4.14% as of November 3, 2022) plus 200 basis point spread for an all-in rate of 6.14%. First Housing has reduced the first mortgage to \$23,905,000 in order to maintain a 1.10 DSC on the first mortgage loan. In the event the permanent period First Mortgage interest rate locked at closing exceeds 6.14%, the Servicer will review and confirm if the Development is still able to support the proposed First Mortgage Loan amount of \$23,905,000 or if a reduction to the loan amount is necessary to ensure that a minimum DSC of 1.10x as required by Rule. The Servicer's DSC confirmation is a condition to close.

During conversion, the Applicant intends to pursue an increase to the permanent first mortgage amount. Any adjustment to the approved permanent first mortgage amount will be subject to approval by FHFC and HFALC.

Additional fees included in the Debt Service calculation consist of an annual Permanent Loan Servicing Fee, an annual Compliance Monitoring Fee, an annual Financial Monitoring Fee, an annual Issuer Fee of 20 bps, and an annual Trustee Fee of \$4,500. The annual Permanent Loan Servicing Fee is based upon a fee of 2.3 bps of the outstanding loan amount, with a minimum monthly fee of \$229. The annual Compliance Monitoring Fee is based on 4 bps. The annual Financial Monitoring Fee is based on 2.3 bps of the outstanding loan amount.

FHFC SAIL Loan:

The original SAIL Loan and SAIL CHIRP Loan will be combined into one loan at closing but have been separated for presentation purposes.

First Housing reviewed an invitation to enter credit underwriting, dated, March 1, 2022, from FHFC with a preliminary SAIL Loan in the amount of \$5,500,000.

The SAIL Loan is non-amortizing with an interest rate of 1% plus permanent loan servicing and compliance monitoring fees for a total term of 18.5 years, of which 2.5 years is for the construction/stabilization period and 16 years is for the permanent period and will be coterminous with the first mortgage as permitted by Rule 67-48. Annual payments of all applicable fees will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

First Housing received an email, dated August 25, 2022, from Florida Housing with the ITP 2022 CHIRP Application and Acknowledgement for the Development. Based on the updated Sources and Uses, the Applicant is requesting an additional \$4,300,000 in SAIL CHIRP Loan Proceeds. According to the CHIRP sizing, First Housing has concluded that the \$4,300,000 is within the parameters. The SAIL CHIRP Loan will be made under the same terms of the original SAIL Loan. The original SAIL Loan and SAIL CHIRP Loan will be closed as one loan and will have one set of closing documents. Additionally, the Applicant will be required to defer at least 30% of the Developer Fee.

The annual multiple program Compliance Monitoring Fee is \$993 for the SAIL loan. The annual Permanent Loan Servicing Fee is based upon the outstanding loan amount, with a fee of 25 bps of the outstanding loan amount, with a minimum monthly fee of \$229, and a maximum monthly fee of \$909.

Local Government Contribution:

First Housing received an email from Mark Hendrickson, representative for HFALC, confirming the loan will be \$37,500 and will have an interest rate of 1%. The total loan term will be 22.5 years, of which 2.5 years is for the construction/stabilization period and 20 years is for the permanent period. The loan will amortize based on a 20 year schedule during the permanent period. Payments of principal and interest are based on available cash flow.

Self-Sourced:

First Housing received a letter, dated October 20, 2022, from Elmington Affordable, LLC. The Self-Sourced loan in the amount of \$2,750,000 will be provided from Elmington Affordable, LLC or an affiliate thereof and will have an interest rate not to exceed 4%. The loan will require interest payments only subject to available cash flow. The loan will have a total term of 20 years, of which 2.5 years is for the construction/stabilization period and 17.5 years is for the permanent period. The Self-Sourced Financing will be funded pro rata along with SAIL funding. The Self-Sourced Financing must be subordinate to the SAIL loan; no principal may be paid on the Self-Sourced Financing prior to the payoff of the SAIL loan in full. Any payment of Self-Sourced Financing interest will be made subordinate to SAIL loan interest payments. Additionally, the Self-Sourced Financing must remain as a source in the Development for a minimum of 15 years and may not be repaid to the Applicant from any funding source, including development cash flow per the RFA.

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 equity proposal, dated October 22, 2022, indicating USBCDC or an affiliate, will provide HC equity as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$4,991,835	15.00%	Closing
2nd Installment	\$2,527,890	7.60%	Temporary CO
3rd Installment	\$800,000	2.40%	Permanent CO
4th Installment	\$20,508,352	61.63%	7/1/2025
5th Installment	\$4,300,822	12.92%	Stablization
6th Installment	\$150,000	0.45%	8609s
Total	\$33,278,899	100.00%	

Annual Credit Per Syndication Agreement	\$3,707,955
Calculated HC Exchange Rate	\$0.8976
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	\$4,991,835

First Housing has used a syndication rate of \$0.897589752 in order to be exact and tie to USBCDC's annual HC allocation amount.

Additional Credits:

Included within the equity proposal, dated October 22, 2022, from USBCDC is the purchase of 45L Credits from the Development. The General Partner is projecting the Development will qualify for \$2,500 per unit in 45 L Credits. It is anticipated that USBCDC will buy these credits for \$0.8975 per dollar and contribute additional equity of \$560,938 as part of the third capital contribution.

First Housing has used a syndication rate of \$0.8974976 in order to be exact and tie to USBCDC's contribution amount.

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer \$8,821,307 or 75.24% of the total Developer Fee of \$11,724,948.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
New Rental Units	\$31,957,500	\$51,267,032	\$44,473,713	\$177,895
Recreational Amenities	\$250,000	\$0	\$0	\$0
Site Work	\$5,557,500	\$0	\$0	\$0
Constr. Contr. Costs subject to GC Fee	\$37,765,000	\$51,267,032	\$44,473,713	\$177,895
General Conditions	\$0	\$0	\$2,668,423	\$10,674
Overhead	\$0	\$0	\$889,473	\$3,558
Profit	\$5,287,100	\$0	\$2,668,423	\$10,674
Builder's Risk Insurance	\$0	\$0	\$0	\$0
General Liability Insurance	\$0	\$0	\$98,000	\$392
Payment and Performance Bonds	\$0	\$0	\$344,000	\$1,376
Contract Costs not subject to GC Fee	\$0	\$0	\$125,000	\$500
Total Construction Contract/Costs	\$43,052,100	\$51,267,032	\$51,267,032	\$205,068
Hard Cost Contingency	\$2,152,605	\$3,588,692	\$3,588,692	\$14,355
FF&E paid outside Constr. Contr.	\$75,000	\$75,000	\$75,000	\$300
Total Construction Costs:	\$45,279,705	\$54,930,724	\$54,930,724	\$219,723

Notes to the Total Construction Costs:

- The Applicant has provided an executed construction contract, dated September 16, 2022, in the amount of \$51,267,032. This is a Standard Form of Agreement between Owner, ECG Ridge Road, LP and Contractor, Elmington Construction, LLC, where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price ("GMP"). Per this contract, substantial completion is to be achieved by no later than 664 calendar days from the date of commencement. The construction contract specifies retainage of 10% be withheld until completion reaches 50% at which time no further retainage will be withheld.
- First Housing utilized the Schedule of Values ("SOV") to breakout the construction costs.
- A maximum hard cost contingency of 5% of hard costs for new construction development is required by the RFA and Rule Chapter 67-48. The Applicant has submitted a request for the hard cost contingency to be increased to 7%, which was approved. First Housing has used hard cost contingency of 7%.
- The GC Fee is within the maximum 14% of hard costs as allowed.
- The GC Contract includes \$1,539,279 or 3% of the GMP in allowances which are listed below. The allowances are within 5% which is acceptable to Moran.

Landscape and Irrigation	\$40,000
Pool, Pool Deck, and Equipment and Fencing	\$300,000
Retaining Walls	\$156,900
Surface Detention	\$250,000

Lift Station Improvements	\$50,000
Brick Material	\$240,249
Overhead Doors	\$5,000
Signage	\$25,100
Monumental Sign	\$25,000
Fire Pucks	\$18,825
Passive Radon System	\$100,000
Electrical Primary Ductbanks	\$125,000
Low Voltage Ductbanks	\$25,000
Builder's risk security cameras and site lighting	\$141,000
Rough-in of access control	\$18,455
Card readers and security cameras	\$75 per unit or \$18,750

6. The GC Contract includes costs for a P&P Bond to secure the construction contract.
7. Contract costs not subject to GC Fee includes \$125,000 in building permits.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
	Accounting Fees	\$40,000	\$40,000	\$40,000
Appraisal	\$5,000	\$5,000	\$5,000	\$20
Architect's and Planning Fees	\$875,000	\$1,025,341	\$1,025,341	\$4,101
Architect's Fee - Supervision	\$75,000	\$75,000	\$75,000	\$300
Building Permits	\$10,000	\$10,000	\$10,000	\$40
Builder's Risk Insurance	\$0	\$675,000	\$675,000	\$2,700
Engineering Fees	\$115,000	\$105,000	\$105,000	\$420
Environmental Report	\$25,000	\$25,000	\$25,000	\$100
FHFC Administrative Fees	\$289,297	\$337,493	\$343,410	\$1,374
FHFC Application Fee	\$3,000	\$0	\$3,000	\$12
FHFC Credit Underwriting Fee	\$20,000	\$25,000	\$27,405	\$110
FHFC Compliance Fee	\$315,619	\$315,619	\$325,382	\$1,302
Lender Inspection Fees / Const Admin	\$30,000	\$30,000	\$30,000	\$120
Green Building Cert. (LEED, FGBC, NAHB)	\$0	\$45,000	\$45,000	\$180
Insurance	\$425,606	\$20,180	\$20,180	\$81
Legal Fees - Organizational Costs	\$517,500	\$410,000	\$410,000	\$1,640
Market Study	\$7,500	\$7,500	\$7,500	\$30
Marketing and Advertising	\$100,000	\$0	\$0	\$0
Plan and Cost Review Analysis	\$0	\$0	\$5,250	\$21
Property Taxes	\$187,500	\$10,000	\$10,000	\$40
Soil Test	\$0	\$10,000	\$10,000	\$40
Survey	\$10,000	\$10,000	\$10,000	\$40
Title Insurance and Recording Fees	\$55,000	\$55,000	\$150,000	\$600
Utility Connection Fees	\$337,500	\$727,224	\$727,224	\$2,909
Soft Cost Contingency	\$175,926	\$250,000	\$204,234	\$817
Total General Development Costs:	\$3,619,448	\$4,213,357	\$4,288,926	\$17,156

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 Application Fee, FHFC Credit Underwriting, Market Study, and Plan and Cost Analysis ("PCA").
3. The FHFC Administrative Fee is based on 9% of the anticipated annual 4% Housing Credit allocation.
4. First Housing adjusted the Soft Cost Contingency to be 5% of the General Development Costs less the soft cost contingency.
5. The Applicant provided an executed proposal with Econsultants, LLC for consulting and verification services for the National Green Building Standard ICC 700 2020 (Standard).

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
	Construction Loan Origination Fee	\$220,000	\$0	\$495,000
Construction Loan Interest	\$2,200,000	\$3,400,000	\$4,255,020	\$17,020
Construction Loan Servicing Fees	\$0	\$0	\$247,500	\$990
Permanent Loan Commitment Fee	\$626,000	\$0	\$0	\$0
Permanent Loan Origination Fee	\$485,000	\$787,500	\$0	\$0
Local HFA Bond Underwriting Fee	\$0	\$0	\$16,009	\$64
Local HFA Bond Trustee Fee	\$0	\$17,500	\$11,250	\$45
Local HFA Bond Cost of Issuance	\$0	\$567,250	\$511,174	\$2,045
Local HFA Bond Closing Costs	\$0	\$0	\$247,500	\$990
Local HFA Legal - Issuer's Counsel	\$0	\$90,000	\$0	\$0
SAIL Commitment Fee	\$0	\$98,000	\$98,000	\$392
SAIL Closing Costs	\$0	\$0	\$12,500	\$50
Negative Arbitrage	\$2,310,000	\$0	\$0	\$0
Placement Agent/Underwriter Fee	\$0	\$0	\$0	\$0
Initial TEFRA Fee	\$0	\$15,000	\$0	\$0
Other: Syndication Fee	\$25,000	\$25,000	\$25,000	\$100
Other: Local HFA Financial Advisor	\$0	\$0	\$0	\$0
Total Financial Costs:	\$5,866,000	\$5,000,250	\$5,918,953	\$23,676
Dev. Costs before Acq., Dev. Fee & Reserves	\$54,765,153	\$64,144,331	\$65,138,603	\$260,554

Notes to the Financial Costs:

1. The Construction Loan Commitment Fee is based on 1% of the construction loan amount.
2. The Construction Loan Servicing Fee is based on 0.5% of the construction loan.
3. The Construction Loan Interest is based on an interest rate of 6.14%, a 30-month term, and an average outstanding loan balance of 56%.

4. The Local HFA Bond Trustee Fee represents 2.5 years of the annual Trustee Fee of \$4,500 during the construction period.
5. The Local HFA Bond Cost of Issuance is based on the latest estimate from RBC and includes a short-term redemption fee of 13 basis points of the bonds being redeemed prior to stabilization.
6. The Local HFA Bond Closing Costs represents the ongoing issuer fee of 0.20% of the bond amount for 2.5 years during construction.
7. SAIL Commitment Fee is based on 1% of the SAIL/SAIL CHIRP Loan.
8. SAIL Closing Costs of \$12,500 is for FHFC Counsel.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Total Non-Land Acquisition Costs:	\$0	\$0	\$0	\$0

Notes to the Non-Land Acquisition Costs:

1. As this is new construction, there are no non-land acquisition costs.

DEVELOPER FEE ON NON-ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Developer Fee - Unapportioned	\$9,857,727	\$11,550,000	\$11,724,948	\$46,900
Total Other Development Costs:	\$9,857,727	\$11,550,000	\$11,724,948	\$46,900

Notes to the Developer Fee on Non-Acquisition Costs:

1. The recommended Developer's Fee does not exceed 18% of Total Development Cost before Developer Fee, land acquisition costs, and ODR.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Brokerage Fees - Land	\$0	\$19,650	\$19,650	\$79
Land	\$1,350,000	\$695,000	\$695,000	\$2,780
Total Acquisition Costs:	\$1,350,000	\$714,650	\$714,650	\$2,859

Notes to Land Acquisition Costs:

1. First Housing has reviewed a Purchase Agreement, dated June 15, 2020, between ECG Acquisitions, LLC ("Buyer") and Seminole Boosters Inc. ("Seller"). First Housing also

reviewed a First Amendment to Purchase and Sale Agreement, dated June 29, 2021, a Second Amendment to Purchase and Sale Agreement, dated May 6, 2022, and a Third Amendment to Purchase and Sale Agreement, dated July 7, 2022. First Housing reviewed a Partial Assignment and Assumption of Purchase and Sale Agreement, dated October 19, 2022, between ECG Ridge Road, LP (“Assignor”), Bethel Missionary Baptist Church (“Assignee”), and Seminole Boosters Inc. The Purchase Agreement, dated June 15, 2020, is for a larger portion of land than is being used for the Development. The portion of land not being used for the Development will be acquired by Bethel Missionary Baptist Church as assigned under the Partial Assignment and Assumption Agreement. The assigned purchase price for the Development is \$695,000. Closing shall occur on or before December 31, 2022.

2. First Housing received an Assignment and Assumption of Purchase and Sale Agreement, dated September 23, 2021, between ECG Acquisitions, LLC (“Assignor”) and ECG Ridge Road, LP (“Assignee”) where Assignor assigns all its interest in the Purchase Agreement to Assignee.
3. The Development budget includes \$19,650 in brokerage fees. This is below the FHFC maximum amount of 4% of the purchase price when the acquisition price is \$5 million or less.
4. The appraisal, dated November 17, 2022, indicated that the as is value of the land in the fee simple interest, as of August 30, 2022, is \$1,880,000. Therefore, the appraisal supports the purchase price.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
Operating Deficit Reserve (Syndicator)	\$0	\$1,009,130	\$1,475,443	\$5,902
Reserves - Start-Up/Lease-up Expenses	\$0	\$100,000	\$100,000	\$400
Total Reserve Accounts:	\$0	\$1,109,130	\$1,575,443	\$6,302

Notes to Reserve Accounts:

1. An ODR in the amount of \$1,475,443 is required by USBCDC. 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 HFALC loan debt; if there is no HFALC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding HFALC 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. Any and all terms and conditions of the ODR must be acceptable to HFALC, its legal counsel, and its Servicer.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit
TOTAL DEVELOPMENT COSTS:	\$65,972,880	\$77,518,111	\$79,153,644	\$316,615

Notes to Total Development Costs:

1. The TDC has increased by a total of \$13,180,764 or 19.98% from \$65,972,880 to \$79,153,644 since the Application. The increase is mainly due to an increase in construction costs.

Operating Pro Forma – Ridge Road

FINANCIAL COSTS:				Year 1	Year 1 Per Unit	
OPERATING PRO FORMA						
INCOME:	Gross Potential Rental Income			\$3,577,428	\$14,310	
	Other Income					
	Miscellaneous			\$75,000	\$300	
	Gross Potential Income			\$3,652,428	\$14,610	
	Less:					
	Physical Vac. Loss Percentage: 3.00%			\$109,573	\$438	
Collection Loss Percentage: 2.00%			\$73,049	\$292		
Total Effective Gross Income				\$3,469,807	\$13,879	
EXPENSES:	Fixed:					
	Real Estate Taxes			\$383,896	\$1,536	
	Insurance			\$187,500	\$750	
	Variable:					
	Management Fee Percentage: 4.00%			\$138,792	\$555	
	General and Administrative			\$137,500	\$550	
	Payroll Expenses			\$300,000	\$1,200	
	Utilities			\$200,000	\$800	
	Marketing and Advertising			\$12,500	\$50	
	Maintenance and Repairs/Pest Control			\$150,000	\$600	
	Grounds Maintenance and Landscaping			\$12,500	\$50	
	Contract Services			\$12,500	\$50	
	Security			\$12,500	\$50	
	Reserve for Replacements			\$75,000	\$300	
	Total Expenses				\$1,622,688	\$6,491
	Net Operating Income				\$1,847,118	\$7,388
Debt Service Payments						
First Mortgage - HFALC/R4			\$1,606,428	\$6,426		
Second Mortgage - FHFC - SAIL/CHIRP			\$98,000	\$392		
Third Mortgage - HFALC			\$2,070	\$8		
Fourth Mortgage - Elmington Affordable, LLC			\$110,000	\$440		
First Mortgage Fees - HFALC/R4			\$72,667	\$291		
Second Mortgage Fees - FHFC - SAIL/CHIRP			\$11,901	\$48		
Third Mortgage Fees - HFALC			\$0	\$0		
Fourth Mortgage Fees - Elmington Affordable,			\$0	\$0		
Total Debt Service Payments				\$1,901,065	\$7,604	
Cash Flow after Debt Service				-\$53,947	-\$216	
Debt Service Coverage Ratios						
DSC - First Mortgage plus Fees			1.10x			
DSC - Second Mortgage plus Fees			1.03x			
DSC - Third Mortgage plus Fees			1.03x			
DSC - Fourth Mortgage plus Fee			0.97x			
Financial Ratios						
Operating Expense Ratio			46.77%			
Break-even Economic Occupancy Ratio (all debt)			96.68%			

Notes to the Operating Pro Forma and Ratios:

1. The MMRB program does not impose any rent restrictions. However, in conjunction with the MMRB this Development will be utilizing Housing Credits and SAIL financing which will impose rent restrictions. The LIHTC rent levels are based on the 2022 maximum LIHTC rents published on FHFC's website for Leon County less the utility allowance. The Development will have a Housing Assistance Payment ("HAP") Contract for 41 of the units as shown below. Receipt of a rent determination letter from the Housing Authority of Leon County confirming the HAP rents used below is a

condition to this report. Receipt of an Agreement to enter into a HAP (“AHAP”) Contract with the rents below is a condition to closing. Below is the rent roll for the Development:

Leon County/ Tallahassee HMFA

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	4	707	30%			\$457	\$57	\$ 400	\$ 1,060	\$ 1,060	\$ 1,060	\$ 1,060	\$ 50,880
1	1.0	31	707	60%			\$914	\$57	\$ 857		\$ 857	\$ 857	\$ 857	\$ 318,804
1	1.0	44	707	70%			\$1,066	\$57	\$ 1,009		\$ 1,009	\$ 1,009	\$ 1,009	\$ 532,752
2	2.0	3	1,010	30%			\$548	\$72	\$ 476	\$ 1,221	\$ 1,221	\$ 1,221	\$ 1,221	\$ 43,956
2	2.0	34	1,010	60%			\$1,096	\$72	\$ 1,024		\$ 1,024	\$ 1,024	\$ 1,024	\$ 417,792
2	2.0	47	1,010	70%			\$1,279	\$72	\$ 1,207		\$ 1,207	\$ 1,207	\$ 1,207	\$ 680,748
3	2.0	30	1,195	30%			\$633	\$80	\$ 553	\$ 1,590	\$ 1,590	\$ 1,590	\$ 1,590	\$ 572,400
3	2.0	12	1,195	60%			\$1,266	\$80	\$ 1,186		\$ 1,186	\$ 1,186	\$ 1,186	\$ 170,784
3	2.0	18	1,195	70%			\$1,477	\$80	\$ 1,397		\$ 1,397	\$ 1,397	\$ 1,397	\$ 301,752
4	2.0	4	1,484	30%			\$706	\$93	\$ 613	\$ 1,745	\$ 1,745	\$ 1,745	\$ 1,745	\$ 83,760
4	2.0	9	1,484	60%			\$1,413	\$93	\$ 1,320		\$ 1,320	\$ 1,320	\$ 1,320	\$ 142,560
4	2.0	14	1,484	70%			\$1,648	\$93	\$ 1,555		\$ 1,555	\$ 1,555	\$ 1,555	\$ 261,240
		250	252,461											\$ 3,577,428

- The utility allowances are based on an Energy consumption Model Estimate prepared by Enercon Services, Inc. and approved on October 18, 2022 by FHFC for Credit Underwriting purposes only.
- First Housing included a Vacancy and Collection loss rate of 5.00% which is supported by the appraisal.
- Miscellaneous Income is comprised of revenue from late rent fees, damages, cleaning fees, and other miscellaneous fees. Total miscellaneous income of \$300 per unit per year is supported by the appraisal.
- 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.
- The Applicant has submitted a draft Management Agreement, dated August 10, 2022, between the Applicant and Elmington Property Management, LLC which reflects a monthly management fee of 3.5% of gross receipts. Additionally, a compliance fee of \$42 per unit per year based on available cash flow will be due. A final management agreement with terms consistent with this report is a condition to closing. First Housing has based the management agreement on 4% which is industry standard.

7. The tenant is responsible for electric, cable, and internet. The landlord is responsible for common area electric, water/sewer, pest control and trash removal.
8. Replacement Reserves of \$300 per unit per year are required.
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%.

Section B

MMRB Special and General Conditions

Special Conditions

This recommendation is contingent upon the review and approval of the following items by HFALC 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 Bond pricing date and/or closing date. For competitive Bond sales, these items must be reviewed and approved prior to issuance of the notice of Bond sale:

1. Receipt and satisfactory review of the Final signed, sealed “approved for construction” plans and specifications by the Construction Consultant and the Servicer.
2. A final management agreement with terms consistent with this report is a condition to closing.
3. Firm Commitment from R4 (construction and permanent financing) with terms and conditions that are not substantially different than those utilized in this credit underwriting report.
4. Satisfactory receipt and review of updated financials for the Guarantors, dated within 90 days of closing if un-audited and within a year of closing if audited.
5. Receipt of an AHAP which supports the HAP rents.
6. Servicer’s review and confirmation of the DSC upon rate lock of the permanent first mortgage interest rate confirming that the first mortgage meets a minimum 1.10 DSC.
7. Any other reasonable requirements of the Servicer, HFALC, or its Legal Counsel.

General Conditions

This recommendation is contingent upon the review and approval of the following items by HFALC 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 HFALC, its Legal Counsel, Servicer.
2. Moran is to act as construction inspector during the construction phase.

3. At all times there will be undisbursed loan funds (collectively held by HFALC, 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 Borrower will be required to expend additional equity on Development Costs or to deposit additional equity with HFALC which is sufficient (in HFALC'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 HFALC 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 HFALC 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 HFALC, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to HFALC, 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 HFALC.
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 Construction 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 which is acceptable to HFALC and its Servicer.
11. The General Contractor shall secure a payment and performance bond equal to 100 percent of the total construction cost listing HFALC as a co-obligee, whose terms do not adversely affect the HFALC's interest, issued in the name of the General Contractor, from a company rated at least "A-" by AMBest & Co., or a HFALC-approved alternate security for the General Contractor's performance such as a letter of credit in the amount of 25% of the construction contract issued by a financial institution with a senior long term (or equivalent) credit rating of at least "Baa3" by Moody's, or at least "BBB-" by Standard & Poor's or Fitch, or a financial rating of at least 175 by IDC Financial Publishing. The LOC must include "evergreen" language and be in a form satisfactory to HFALC, its Servicer and its Legal Counsel.
12. Borrower is to comply with any and all recommendations noted in the PCA, prepared by Moran.
13. Award of 4% Housing Credits and purchase of HC by USBCDC or an affiliate, under terms consistent with the assumptions of this report.
14. An acceptable updated Environmental Audit Report, together with a with a reliance letter to HFALC, prepared within 90 days of closing, unless otherwise approved by HFALC, 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.
15. HFALC and its Legal Counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. HFALC shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.

16. Acceptance by the Applicant and execution of all documents evidencing and securing the MMRB in form and substance satisfactory to HFALC, 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.
17. A Limited Partnership Agreement from USBCDC or an affiliate, shall be in a form and of financial substance satisfactory to HFALC, its Council, and its Servicer.
18. 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 HFALC prior to closing.
19. Guarantors to provide the standard HFALC Construction Completion Guaranty, to be released upon lien-free completion, as approved by the Servicer.
20. For the MMRB Loan, Guarantors are to provide the standard HFALC 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 on the combined permanent first mortgage and MMRB Loans as determined by HFALC, or the Servicer, and 90 percent occupancy, and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all as certified by an independent Certified Public Accountant, and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by HFALC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.
21. Guarantors to provide the Standard HFALC Environmental Indemnity Guaranty.
22. Guarantors to provide the Standard HFALC Guaranty of Recourse Obligations.
23. 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, HFALC, or the Servicer.

24. 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.
25. Closing of all funding sources prior to or simultaneous with the MMRB.
26. Any other reasonable requirements of the Servicer, HFALC, or its legal counsel.

Section C

Supporting Information and Schedules

Additional Development & Third Party Supplemental Information

Site Inspection: First Housing conducted a site inspection on October 28, 2022. The site is currently vacant. The Development is located in the southern portion of Tallahassee. The immediate neighborhood consists of single-family homes, manufactured homes, and commercial/retail uses along Crawfordville Road. To the east of the Development is wooded land. The Development is within two miles of an elementary and middle school and within three miles of a high school. The development is within two miles of a grocery store and is within four miles of Target and other shopping/dining locations. The Development is within 4.5 miles of a hospital. Access to Interstate 10 is six miles north of the Development. Interstate 10 is a main throughfare for the State and extends between Pensacola and Jacksonville.

Appraised Value: First Housing reviewed an Appraisal of the Development prepared by Novogradac, dated November 17, 2022. The as is value of the land in the fee simple interest, as of August 30, 2022, is \$1,880,000. The Development's hypothetical market value, as if stabilized, assuming restricted operations as of August 30, 2022 is \$39,200,000. The Development's hypothetical market value, as if stabilized, assuming market operations as of August 30, 2022, is \$66,100,000. The Appraisal was signed and certified by Blair Kincer. His Florida State Certified Registered Appraiser's license number is RZ4162 which is valid through November 30, 2022.

The Development's hypothetical market value, as if stabilized, assuming restricted operations includes \$1,900,000 of value related to the real estate tax abatement in year 15.

Market Study: Novogradac prepared a Market Study of the Development, dated November 17, 2022. The Development is a proposed new construction 250-unit LIHTC multifamily property.

The Development's common amenities will include business center/computer lab, exercise facility, playground, swimming pool, clubhouse/meeting room, and central laundry. Unit amenities will

include balcony/patio, garbage disposal, washer/dryer hookups, microwaves, and central air-conditioning.

The Development is located in the southern portion of Tallahassee. The immediate neighborhood consist of single-family homes, manufactured homes, and commercial/retail uses. The single family homes surrounding the Development were constructed prior to 1989 and are in average condition.

The Development lies within the Tallahassee, FL Metropolitan Statistical Area (“Tallahassee MSA”) which consists of the counties of Gadsden, Jefferson, Leon, and Wakulla.

The Primary Market Area (“PMA”) is generally defined as downtown Tallahassee and southern Tallahassee. The PMA boundaries are US Highway 90 to the north, Capital Circle NE and SE, Southwood Plantation Road, and Biltmore Avenue to the east, Tram Road and Capital Circle SW and SE to the south, and Capital Circle SW to the west. The PMA encompasses approximately 39 square miles. Novogradac estimates only 10% of the Development’s residents will come from outside the PMA.

The Capture Rates for the Development as proposed is 1.4% and when adjusted for 10% leakage from outside of the PMA, the capture rate is 1.3%. There are 19,166 income eligible renter households in the PMA for the Development’s unit as proposed. After deductions for existing and proposed competitive units in the PMA, the resulting penetration rate is 8.9%.

The population in the PMA was 87,004 in 2021. The population in the PMA increased 0.8% annually from 2010 to 2021. The population in the Tallahassee MSA increased 0.8% annually from 2010 to 2021 and the population in the United States increased 0.7% annually during the same time period. The PMA population is expected to increase 0.8% annually from 2021 to 2026, which is ahead of the rates projected for the MSA and the United States for the same time period.

According to the market study, the June 2022 unemployment rate was 4.7% for the Tallahassee MSA and 4.2% for the United States.

As of the effective date of the Market Study, there are no Guarantee Fund projects located within Leon County.

The weighted average occupancy of the four restricted comparables is 99.8%. The weighted average occupancy of the five market rate comparables is 98.7%. The weighted average occupancy of the restricted and market comparables is 99.1%, which meets the FHFC requirements that the submarket must have an average physical occupancy rate of 92.0% or greater.

Based on First Housing's calculations, the Development's achievable average market rents will be 165% greater than the Development's 2022 60% AMI rents. As required by FHFC, the average market rental rate in the submarket based on unit mix and annualized rent concessions is 110% or greater of the applicable maximum housing credit rental rate.

Environmental Report: First Housing reviewed a Phase I Environmental Site Assessment ("ESA"), dated September 1, 2022, prepared by ECS Florida, LLC ("ECS") and prepared in conformance with the scope and limitations of ASTM Practice E 1527-21. The requirements of the previous standard, ASTM 1527-13 are satisfied by the updated standard ASTM 1527-21.

The ESA revealed no evidence of recognized environmental conditions, controlled recognized environmental conditions, or significant data gaps in connection with the Development. No further environmental assessment is recommended at this time.

Soil Test Report: First Housing reviewed a Geotechnical Report, dated June 23, 2022, prepared by ECS. ECS's scope of work included bushhogging access paths to allow for drilling of 34 standard penetration test borings to depths ranging from 10 to 30 feet below existing grades. Three double ring infiltrometer tests were performed within the existing pond bottom area near depths of 8 to 10 inches. In addition, two lime rock bearing ratio test samples were obtained between test locations. Provided that subgrades and structural fills are prepared as recommended by ECS, the proposed structures can be supported by shallow foundations including column footings and continuous wall

footings. ECS recommends a net allowable bearing pressure of 2,500 pounds per square foot.

First Housing received a memo, dated October 19, 2022, from ECS which confirms they have reviewed the plans and they recommended some updates to the structural plan sheet. First Housing has reviewed the updated plan sheet which incorporates the comments from ECS. ECS had no other issues with the plans as they relate to the geotechnical report.

Plan and Cost Analysis: First Housing has received a Document and Cost Review, dated October 21, 2022, prepared by Moran. Once completed, the Development will consist of 250 apartments situated in seven garden style apartment buildings. One building consists of three levels of residential units with a clubhouse, fitness center, leasing and offices on the ground level. All associated site work, paving, parking spaces, and stormwater detention area are included. Site features include a pool, mail kiosk, picnic/grill area, dog park, playground, and public amenity area.

Moran has reviewed the plans provided and finds them satisfactory to complete the proposed scope of work. The quality level of materials, systems, and assemblies are considered adequate with regards to industry standards and the project type.

Substantial completion is to be achieved no later than 664 days from the date of commencement. It is Moran's opinion that the Development can be completed within the specified time frame.

Moran has reviewed an executed Standard Form of Agreement between Owner and Contractor (AIA Document A102-2017) Where the Basis of Payment is the Cost of Work Plus a Fee with a Guaranteed Maximum Price, dated September 16, 2022. The GMP is \$51,267,032. Moran has compared the costs to other developments. The cost per gross square foot and cost per unit is within a typical range when compared with properties of similar size and scope and does appear adequate to complete the proposed scope of work.

The following building codes are applicable to the Development: 2020 Florida Building Code, 2020 Florida Accessibility Code, 2020 Florida Mechanical Code, 2020 Florida Fuel Gas Code, 2020 Florida Plumbing Code, 2020 Florida Fire Prevention Code, National Electric code, 2010 ADA Standards for Accessible Design, and 2009 ANSI A1 17.1.

Moran has confirmed that a pool lift will be provided.

First Housing has been provided a certification from the GC which confirms that not more than 20% of the project cost, not to include GC fee or pass-through fees paid by the GC, shall be subcontracted to any one entity with the exception of a subcontractor contracted to deliver the building shell of a building of less than 5 stories which may not have more than 25% of the construction cost in a subcontract. The certification also states that no construction cost will be subcontracted to any entity that has common ownership or is an affiliate of the GC or the Developer.

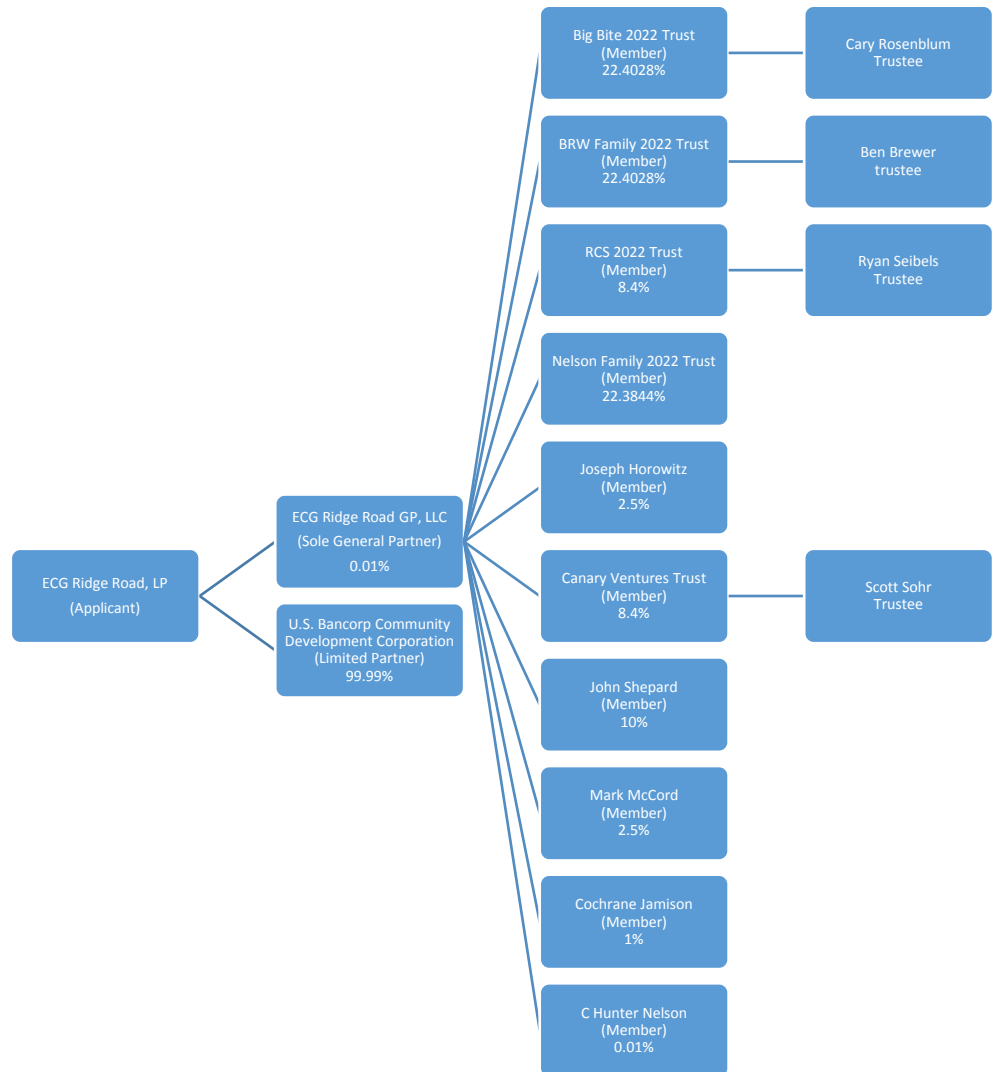
ADA Accessibility
Review:

Executed Florida Housing Fair Housing, Section 504 and ADA Design Certification Forms 121, 126, and 128 certifying that the plans for the Development comply with these requirements have been received.

Applicant Information

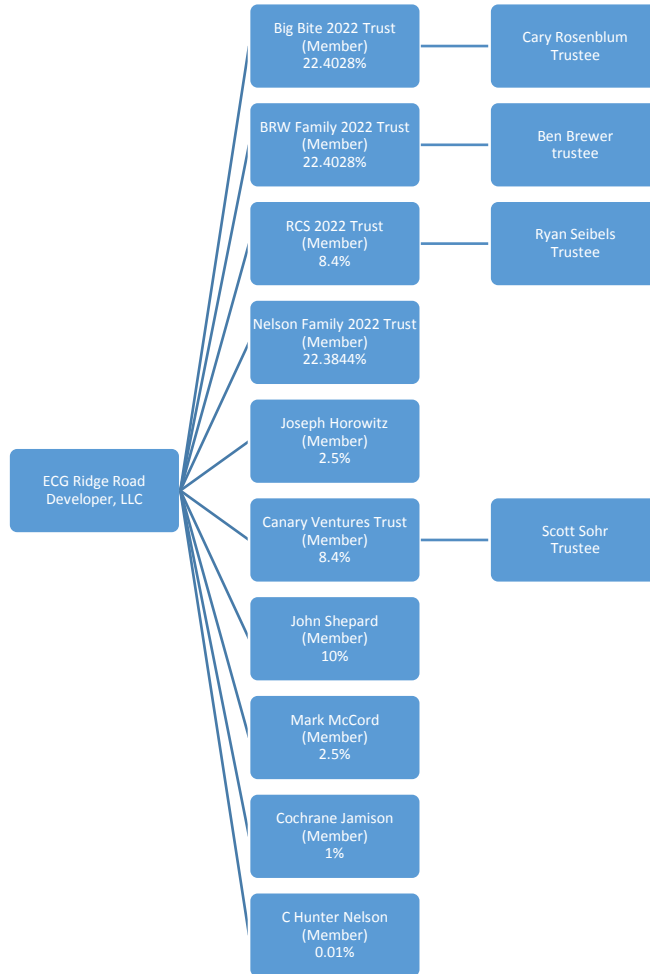
Applicant: ECG Ridge Road, LP
EIN: 87-3053118
Type: A Florida Limited Partnership

Ownership Structure:



ECG Ridge Road, LP was formed on September 23, 2021. First Housing has verified that the Applicant entity has an active status on Sunbiz. The General Partner with 0.01% interest is ECG Ridge Road GP, LLC and was formed on August 16, 2021. The Developer is ECG Ridge Road Developer, LLC.

Developer
Structure:



Contact Person: Clayton Hunter Nelson
 118 16th Avenue South, Suite 200
 Nashville, TN 37203
 615-879-1163 Telephone
hunter@elmingtoncapital.com Email

Experience: The Applicant, General Partner, and Developer were created to construct, own, and operate the Development, but have no development experience. The development experience lies with Elmington Affordable, LLC (“Elmington”) and its principals.

Elmington has acquired or developed 5,000 affordable apartments. Elmington has extensive experience with 4% and 9% Low-Income Housing Tax Credits, tax-exempt bond financing, tax-increment financing, HUD rental assistance programs, historic tax credits, and mixed-income and mixed-use development.

Cary Rosenblum is Elmington's chief executive officer. He oversees Elmington's corporate operations and its three primary business divisions: Investments, Affordable Housing Development and Elmington Property Management. Mr. Rosenblum focuses on development and managing Elmington's operational and financial goals, strategic growth plans, and investment opportunities. Mr. Rosenblum is also involved with investment and financing activities, focusing on new business development, identification of assets for acquisition and corporate relations with financial partners. Prior to Elmington, Mr. Rosenblum served as Vice President in Regions Bank's Commercial real Estate Group, where he financed in excess of \$500 million of commercial real estate transactions through debt and equity executions.

Ben Brewer is a founding member and president of Elmington. Mr. Brewer is responsible for the overall growth objectives and strategic development strategies of Elmington and its family of companies. Through this role, he has been an integral part in building Elmington's investment portfolio of over \$600 million. He remains active in new real estate investments, development, and rezoning opportunities, which he pursues through his various market relationships. Additionally, Mr. Brewer focuses on new and current investor relations. Prior to his role at Elmington, Mr. Brewer served as Vice President in Regions Bank's Commercial Real Estate Group and Special Assets.

C. Hunter Nelson provides leadership on Elmington's affordable housing portfolio. With an expertise in Low Income Housing Tax Credit (LIHTC) development, Mr. Nelson oversees Elmington's 4% bond financed and 9% competitive tax credit development portfolio. He is responsible for the affordable housing strategic direction and day-to-day operations, including sourcing new construction and rehabilitation deals, project management, financial analysis, government relations, syndication, and due diligence activities. As a principal of the firm, he participates in determining overall corporate growth objectives. Mr. Nelson graduated from the University of Alabama with a Bachelor of Business Administration.

Credit Evaluation: First Housing received a satisfactory D&B report for ECG Ridge Road GP, LLC, Elmington Affordable, LLC, ECG Ridge Road Developer, LLC, and ECG Ridge Road, LP each dated November 2, 2022.

First Housing received a satisfactory credit report for C. Hunter Nelson, Ben Brewer, and Cary Rosenblum each dated November 2, 2022.

Trade References: First Housing received statements indicating that the Applicant, General Partner, Big Bite 2022 Trust, BRW Family 2022 Trust, Nelson Family 2022 Trust, and the Developer do not have trade references. First Housing received one satisfactory trade response for C. Hunter Nelson and Elmington Affordable, LLC.

Bank References: First Housing received satisfactory bank statements for C. Hunter Nelson and Elmington Affordable, LLC. First Housing received statements indicating that Applicant, General Partner, Big Bite 2022 Trust, BRW Family 2022 Trust, Nelson Family 2022 Trust, and the Developer do not have bank references.

Financial Statements: First Housing received statements indicating Applicant, General Partner, Big Bite 2022 Trust, BRW Family 2022 Trust, Nelson Family 2022 Trust, and the Developer do not have financials. First Housing reviewed the following satisfactory financial statements for the development team:

C. Hunter Nelson Personal Financial Statement Unaudited June 30, 2022	
Cash	\$199,133
Total Assets	\$20,618,868
Total Liabilities	\$995,038
Total Equity	\$19,623,830

Some of the assets and liabilities are jointly owned. First Housing received 2020 and 2021 joint tax returns for Clayton Nelson and Leslie Hunt.

Elmington Affordable, LLC Unaudited Balance Sheet June 30, 2022	
Cash	\$2,016,026
Total Assets	\$13,339,740
Total Liabilities	\$9,481,204
Total Equity	\$3,858,536

First Housing received 2020 and 2021 tax returns for Elmington Affordable, LLC.

Contingent
Liabilities:

First Housing received statements indicating that Applicant, General Partner, Big Bite 2022 Trust, BRW Family 2022 Trust, Nelson Family 2022 Trust, Elmington Affordable, LLC, and the Developer do not have any contingent liabilities. First Housing was provided a schedule which lists contingent liabilities of \$343,222,113 for C. Hunter Nelson as of June 30, 2022.

Summary:

Based upon its review of the Financial Statements and Schedule of Contingent Liabilities, First Housing concludes that the principals in the Applicant and Developer have the requisite financial strength to construct and operate the Development.

Guarantor Information

Guarantor Name: ECG Ridge Road, LP, ECG Ridge Road GP, LLC, C. Hunter Nelson, ECG Ridge Road Developer, LLC, and Elmington Affordable, LLC.

Nature of the Guarantees: The Guarantors will sign standard HFALC Construction Completion, Recourse Obligation, Environmental Indemnity and Operating Deficit Guaranty. The Construction Completion Guaranty will be released upon 100% lien free completion as approved by the Servicer.

For the MMRB, Guarantors are to provide the standard HFALC 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 on the combined permanent first mortgage MMRB as determined by HFALC, or the Servicer, and 90% occupancy, and 90% of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all as certified by an independent Certified Public Accountant, and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by HFALC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

Financial Statements: Financial Statements for the Guarantors were summarized in the “Applicant Information” section of this credit underwriting report.

Contingent Liabilities: Contingent Liabilities for the Guarantors were summarized in the “Applicant Information” section of this credit underwriting report.

Summary: Based upon review of the financial statement and contingent liabilities, First Housing concludes that the above referenced Guarantors have sufficient net worth for the purpose of collateralizing the Guarantees.

General Contractor Information

General Contractor: Elmington Construction, LLC

Contact: William Cochrane Jamison
(General Contractor license number CGC1532650 and expires on August 31, 2024)
118 16th Avenue South Suite 200
Nashville, TN 37203
629-800-5463 Telephone
cjamison@elmingtoncapital.com Email

Experience: Elmington Construction is a full service, residential and commercial general contractor and construction management company located in Nashville. In 2021, Elmington Construction completed \$140 million in commercial construction with no company losses. Elmington Construction has over 75 years and 13,500,000 square feet of construction experience. Elmington Construction specializes in commercial, medical, residential, multi-family, roofing, and general contract construction.

Elmington Construction provided a prior experience chart which showed two new construction, garden style developments completed in Tennessee.

P&P Bond: The GC intends to provide a P&P Bond in the amount of 100% of the GC Contract and is a condition to closing.

Credit Evaluation: A D&B report was not available for the GC.

Bank and Trade References: First Housing received one satisfactory trade reference and one satisfactory bank reference.

Financial Statements: First Housing has received and reviewed the following audited financials.

Elmington Construction, LLC Audited Balance Sheet December 31, 2021	
Cash and restricted cash	\$9,977,511
Total Assets	\$34,777,752
Total Liabilities	\$28,295,751
Equity	\$6,482,001

Summary:

First Housing recommends that Elmington Construction be accepted as the GC for the construction of the Development.

Syndication Information

Syndicator Name: U.S. Bancorp Community Development Corporation

Contact Person: John Lisella III
 1307 Washington Avenue, Suite 300
 St. Louis, MO 63103
 561-573-9341 Telephone
John.lisella@usbank.com Email

Experience: As of June 2022, USBCDC has raised over \$6.3 billion of LIHTC equity across over 80 funds. USBCDC is a direct investor in addition to being a syndicator. Therefore, overall USBCDC has invested in well above \$6 billion in LIHTC over 1,000 properties with over 80,000 units.

Financial Statements: First Housing has received and reviewed U.S. Bancorp unaudited Consolidated Balance Sheet, dated September 30, 2022.

U.S. Bancorp Consolidated Balance Sheet September 30, 2022 (in millions)	
Cash and due from banks	\$41,652
Total Assets	\$600,973
Total Liabilities	\$552,995
Equity	\$47,978

Summary: USBCDC has demonstrated that it has the experience and financial strength to serve as the syndicator for this Development.

Property Management Information

Management Company:	Elmington Property Management, LLC
Contact:	Clayton Hunter Nelson 118 16 th Avenue South, Suite 200 Nashville, TN 37203 615-879-1163 Telephone hunter@elmingtoncapital.com Email
Experience:	Elmington Property Management, LLC works in collaboration with over 61 different owners and manages communities across the country. Elmington Property Management, LLC manages over 278 properties in 14 states with over 46,000 units.
Management Agreement:	The Applicant has submitted a draft Management Agreement, dated August 10, 2022, between the Applicant and Elmington Property Management, LLC which reflects a monthly management fee of 3.5% of gross receipts. Additionally, a compliance fee of \$42 per unit per year based on available cash flow will be due. A final management agreement with terms consistent with this report is a condition to closing.
Management Plan:	The Applicant has submitted a management plan which outlines the various policies and procedures to be implemented in managing the subject development.
Summary:	The management company has experience in the management of affordable multifamily housing.

15-Year Proforma – Ridge Road

FINANCIAL COSTS:		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
OPERATING PRO FORMA																
INCOME:	Gross Potential Rental Income	\$3,577,428	\$3,648,977	\$3,721,956	\$3,796,395	\$3,872,323	\$3,949,770	\$4,028,765	\$4,109,340	\$4,191,527	\$4,275,358	\$4,360,865	\$4,448,082	\$4,537,044	\$4,627,785	\$4,720,340
	Other Income															
	Miscellaneous	\$75,000	\$76,500	\$78,030	\$79,591	\$81,182	\$82,806	\$84,462	\$86,151	\$87,874	\$89,632	\$91,425	\$93,253	\$95,118	\$97,020	\$98,961
	Gross Potential Income	\$3,652,428	\$3,725,477	\$3,799,986	\$3,875,986	\$3,953,506	\$4,032,576	\$4,113,227	\$4,195,492	\$4,279,402	\$4,364,990	\$4,452,289	\$4,541,335	\$4,632,162	\$4,724,805	\$4,819,301
	Less:															
	Physical Vac. Loss Percentage: 3.00%	\$109,573	\$111,764	\$114,000	\$116,280	\$118,605	\$120,977	\$123,397	\$125,865	\$128,382	\$130,950	\$133,569	\$136,240	\$138,965	\$141,744	\$144,579
	Collection Loss Percentage: 2.00%	\$73,049	\$74,510	\$76,000	\$77,520	\$79,070	\$80,652	\$82,265	\$83,910	\$85,588	\$87,300	\$89,046	\$90,827	\$92,643	\$94,496	\$96,386
	Total Effective Gross Income	\$3,469,807	\$3,539,203	\$3,609,987	\$3,682,187	\$3,755,830	\$3,830,947	\$3,907,566	\$3,985,717	\$4,065,431	\$4,146,740	\$4,229,675	\$4,314,268	\$4,400,554	\$4,488,565	\$4,578,336
	EXPENSES:	Fixed:														
		Real Estate Taxes	\$383,896	\$395,413	\$407,275	\$419,494	\$432,078	\$445,041	\$458,392	\$472,144	\$486,308	\$500,897	\$515,924	\$531,402	\$547,344	\$563,764
Insurance		\$187,500	\$193,125	\$198,919	\$204,886	\$211,033	\$217,364	\$223,885	\$230,601	\$237,519	\$244,645	\$251,984	\$259,544	\$267,330	\$275,350	\$283,611
Variable:																
Management Fee Percentage: 4.00%		\$138,792	\$141,568	\$144,399	\$147,287	\$150,233	\$153,238	\$156,303	\$159,429	\$162,617	\$165,870	\$169,187	\$172,571	\$176,022	\$179,543	\$183,133
General and Administrative		\$137,500	\$141,625	\$145,874	\$150,250	\$154,757	\$159,400	\$164,182	\$169,108	\$174,181	\$179,406	\$184,789	\$190,332	\$196,042	\$201,923	\$207,981
Payroll Expenses		\$300,000	\$309,000	\$318,270	\$327,818	\$337,653	\$347,782	\$358,216	\$368,962	\$380,031	\$391,432	\$403,175	\$415,270	\$427,728	\$440,560	\$453,777
Utilities		\$200,000	\$206,000	\$212,180	\$218,545	\$225,102	\$231,855	\$238,810	\$245,975	\$253,354	\$260,955	\$268,783	\$276,847	\$285,152	\$293,707	\$302,518
Marketing and Advertising		\$12,500	\$12,875	\$13,261	\$13,659	\$14,069	\$14,491	\$14,926	\$15,373	\$15,835	\$16,310	\$16,799	\$17,303	\$17,822	\$18,357	\$18,907
Maintenance and Repairs/Pest Control		\$150,000	\$154,500	\$159,135	\$163,909	\$168,826	\$173,891	\$179,108	\$184,481	\$190,016	\$195,716	\$201,587	\$207,635	\$213,864	\$220,280	\$226,888
Grounds Maintenance and Landscaping		\$12,500	\$12,875	\$13,261	\$13,659	\$14,069	\$14,491	\$14,926	\$15,373	\$15,835	\$16,310	\$16,799	\$17,303	\$17,822	\$18,357	\$18,907
Contract Services		\$12,500	\$12,875	\$13,261	\$13,659	\$14,069	\$14,491	\$14,926	\$15,373	\$15,835	\$16,310	\$16,799	\$17,303	\$17,822	\$18,357	\$18,907
Security		\$12,500	\$12,875	\$13,261	\$13,659	\$14,069	\$14,491	\$14,926	\$15,373	\$15,835	\$16,310	\$16,799	\$17,303	\$17,822	\$18,357	\$18,907
Reserve for Replacements		\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$77,250	\$79,568	\$81,955	\$84,413	\$86,946
Total Expenses	\$1,622,688	\$1,667,731	\$1,714,097	\$1,761,826	\$1,810,958	\$1,861,534	\$1,913,598	\$1,967,193	\$2,022,365	\$2,079,159	\$2,139,875	\$2,202,380	\$2,266,725	\$2,332,967	\$2,401,161	
Net Operating Income	\$1,847,118	\$1,871,472	\$1,895,890	\$1,920,360	\$1,944,872	\$1,969,412	\$1,993,968	\$2,018,524	\$2,043,067	\$2,067,581	\$2,089,799	\$2,111,889	\$2,133,828	\$2,155,598	\$2,177,176	
Debt Service Payments																
First Mortgage - HFALC/R4	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428	\$1,606,428
Second Mortgage - FHFC - SAIL/CHIRP	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000	\$98,000
Third Mortgage - HFALC	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070
Fourth Mortgage - Elmington Affordable, LLC	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
First Mortgage Fees - HFALC/R4	\$72,667	\$72,279	\$71,867	\$71,428	\$70,962	\$70,467	\$69,940	\$69,380	\$68,785	\$68,152	\$67,479	\$66,763	\$66,002	\$65,194	\$64,334	
Second Mortgage Fees - FHFC - SAIL/CHIRP	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	\$11,901	
Third Mortgage Fees - HFALC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Fourth Mortgage Fees - Elmington Affordable, LLC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Debt Service Payments	\$1,901,065	\$1,900,677	\$1,900,265	\$1,899,827	\$1,899,361	\$1,898,865	\$1,898,338	\$1,897,778	\$1,897,183	\$1,896,550	\$1,895,877	\$1,895,161	\$1,894,401	\$1,893,592	\$1,892,732	
Cash Flow after Debt Service	-\$53,947	-\$29,206	-\$4,376	\$20,534	\$45,511	\$70,547	\$95,629	\$120,746	\$145,884	\$171,031	\$193,923	\$216,727	\$239,428	\$262,006	\$284,443	
Debt Service Coverage Ratios																
DSC - First Mortgage plus Fees	1.10	1.11	1.13	1.14	1.16	1.17	1.19	1.20	1.22	1.23	1.25	1.26	1.28	1.29	1.30	
DSC - Second Mortgage plus Fees	1.03	1.05	1.06	1.07	1.09	1.10	1.12	1.13	1.14	1.16	1.17	1.18	1.20	1.21	1.22	
DSC - Third Mortgage plus Fees	1.03	1.05	1.06	1.07	1.09	1.10	1.11	1.13	1.14	1.16	1.17	1.18	1.20	1.21	1.22	
DSC - Fourth Mortgage plus Fee	0.97	0.98	1.00	1.01	1.02	1.04	1.05	1.06	1.08	1.09	1.10	1.11	1.13	1.14	1.15	
Financial Ratios																
Operating Expense Ratio	46.77%	47.12%	47.48%	47.85%	48.22%	48.59%	48.97%	49.36%	49.75%	50.14%	50.59%	51.05%	51.51%	51.98%	52.45%	
Break-even Economic Occupancy Ratio (all debt)	96.68%	95.98%	95.32%	94.67%	94.05%	93.45%	92.88%	92.32%	91.79%	91.28%	90.84%	90.43%	90.03%	89.65%	89.30%	

50% Test

Tax-Exempt Bond Amount	\$49,500,000
Less: Debt Service Reserve Funded with Tax-Exempt Bond Proceeds	\$0
Other:	\$0
Other:	\$0
Equals Net Tax-Exempt Bond Amount	\$49,500,000
Total Depreciable Cost	\$73,416,666
Plus Land Cost	\$714,650
Aggregate Basis	\$74,131,316
Net Tax-Exempt Bond to Aggregate Basis Ratio	66.77%

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

Ridge Road / Housing Finance Authority of Leon County
Description of Features and Amenities

A. Resident Programs for All Applicants:

1. **Health Care** - Regularly scheduled visits by health care professionals such as nurses, doctors, or other licensed care providers. At a minimum, the following services must be provided at no cost to the resident: health screening, flu shots, vision and hearing tests. Regularly scheduled is defined as not less often than once each quarter. On-site space must be provided.
2. **Resident Activities** - Regularly scheduled, specified activities, planned, arranged, managed, and paid for by the Applicant or its management agent as an integral part of the management plan. The Applicant must develop and execute a comprehensive plan of varied activities such as holiday or special occasion parties, community picnics or cookouts, newsletters, children's special functions, etc., to bring the resident together, foster a sense of community, and encourage community pride.
3. **On Site Voter Registration** - The Applicant or its Management Agent shall work with the County Supervisor of Elections to arrange on-site voter registration. The registration shall be at least quarterly and shall be during weekend and other traditionally non-work times.
4. **Financial Counseling** - This service must be provided by the Applicant or its Management Agent at no cost to the resident. Financial counseling must include the following components: must be regularly scheduled, not less often than once each quarter; must be free of charge to the residents; must include tax preparation assistance by qualified professionals; must include educational workshops on such topics as "Learning to Budget", "Handling Personal Finances", or "Comparison Shopping for the Consumer".
5. **Computer Training** - This training is made in conjunction with the requirement that the Applicant commit one computer for every 50 units, with software and internet access. The applicant must provide quarterly, on-site training classes, OR access to training software on basic computer skills such as word processing and spreadsheets to the residents.
6. **Hurricane Preparedness** - At least one month before each Hurricane Season, conduct training for residents on how to plan for hurricane and evacuation protocols. At start of Hurricane Season, provide all residents written instructions on planning and evacuation.
7. **Life Safety Training**- The Applicant or its Management Agent shall provide on-site courses such as fire safety, first aid (including CPR), etc. at least twice each year, at no cost to the resident.

8. **Health and Nutrition Classes** - The Applicant or its Management Agent shall provide on-site classes, at no cost to the resident, at least 8 hours per year.
 9. **Homeownership Opportunity Program** - Applicant must provide a homeownership opportunity program available to all residents in compliance with their current lease. The program must set aside 5% of the resident's gross rent toward a down payment for that resident when the resident moves from the development into homeownership. The resident may be suspended from the program during the period of a lease if the resident violates any provision of the lease. Upon renewal of the lease, the resident must be reinstated into the program for the period of that renewal, with suspension permitted under the same terms as discussed above. The homeownership opportunity program must also include financial counseling for all residents. With emphasis on credit counseling and other items necessary for successful purchase of, and maintenance of a home.
 10. **First Time Homebuyer Seminars** - Applicant must arrange for and provide at no cost to the resident, in conjunction with local realtors or lending institutions, semiannual on-site seminars for residents interested in becoming homeowners.
- B.** In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act Requirements, the following items are required:
- a. Air Conditioning (window units are not allowed), in all units
 - b. Dishwasher, in all new construction units
 - c. Garbage Disposal, in all new construction units
 - d. Cable TV Hook-Up, in all units
 - e. At least two full bathrooms in all 3 bedroom or larger new construction units
 - i. At least 1.5 bathrooms (one full bath and one with at least a toilet and sink) in all new construction 2-bedroom units
 - f. Full sized appliances in all units
 - g. Bathtub in at least one bathroom in new construction non-elderly units
 - h. Exterior lighting for all buildings and parking areas
- C.** For New Construction Units, the applicant may select items from the following list. The selected items must total 25 points:
- a. Window Treatments: Identify treatment inside each unit (3 points)
 - mini-blinds
 - curtains
 - vertical blinds inside each unit
 - b. 30 Year Expected Life Roofing on all Buildings (5 points)
 - c. Microwave Oven (3 points)
 - d. Fire Sprinklers in All Units (5 points)
 - e. Exterior lighting (3 points)
 - f. Laundry Hook-ups and space for washer/dryer inside each unit (3 points)

- g. Non-smoking buildings (5 points)
- D.** For non-elderly Development, or development with non-elderly units, the applicant may select from the following list. The selected items must be on-site and total 16 points (2 points each):
- a. Exercise room with appropriate equipment
 - b. Community center or clubhouse
 - c. Car care area (for car cleaning/washing)
 - d. Childcare facility located within three miles of the property
 - e. Public transportation located within one-half mile of the property
 - f. Library/study room consisting of a minimum of 100 books and 5 magazine subscriptions. The Library must include a computer lab.
 - g. Community Garden
 - i. Picnic area with at least three permanent picnic tables and a permanent outdoor grill
- E.** The Development must provide the following Features:
- a. Energy Star certified refrigerator;
 - b. Energy Star certified dishwasher;
 - c. Energy Star qualified washing machine, if provided by applicant
 - d. Minimum SEER of 15 for unit air conditioners (excluding buildings with a central chiller system)
 - e. Caulk, weather strips, seal holes, cracks, etc. (Rehab developments)
 - f. Sealed and insulated heating and cooling system ducts (rehab developments)
 - g. Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint)
 - h. Low-flow water fixtures in bathrooms – Watersense labeled products or the following specifications:
 - i. Toilets 1.6 gallons/flush or less
 - ii. Faucets 1.5 gallons/minute or less
 - iii. Showerheads 2.2 gallons/minute or less
- F.** The Development must provide the following General Features:
- 1. Programmable Thermostat in each unit
 - 2. Energy Star ceiling fans in all bedrooms and living areas
 - 3. Energy Star exhaust fans in bathrooms
 - 4. Energy Star rating for all windows
 - 5. Motion detector on common area lighting

DEVELOPMENT**NAME: Ridge Road****DATE: January 25, 2023**

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

19. Fifteen-year income, expense, and occupancy projection.	Satis.	
20. Executed general construction contract with "not to exceed" costs.	Satis.	
21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis.	
22. Any additional items required by the credit underwriter.	Satis.	
23. Receipt of executed Florida Housing Fair Housing, Section 504 and ADA Design Certification Forms 121, 126, and 128.	Satis.	
24. Receipt of GC Certification	Satis.	
25. Reliance for FHDC as agent for HFALC is include in all applicable third party reports: Appraisal, Market Study, PCA, CNA, and Phase I.	Satis.	

NOTES:

1. At this time building permits are not available but will be required prior to closing.
2. A final management agreement with terms consistent with this report is a condition to closing.
3. Firm loan commitment from R4 (construction and permanent financing) which indicate first mortgage loan terms that are consistent with this report 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. At this time a draft construction draw schedule has not been received. Receipt of a final construction draw schedule is a condition to close.