

Florida Housing Finance Corporation

Credit Underwriting Report

Village at Cedar Hills

**Permanent Supportive Housing Focusing on Best Practices and Funding for Tenancy Supports
and Resident Services Coordination for High Utilizers of Public Behavioral Health Systems**

HOME-ARP, NHTF and 9% HC

RFA 2022-210 / 2022-270CAN

Section A Report Summary

Section B Loan Conditions and HC Allocation Recommendation and Contingencies

Section C Supporting Information and Schedules

Prepared by

Seltzer Management Group, Inc.

Final Report

March 14, 2024

SMG

VILLAGE AT CEDAR HILLS

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Section A
Report Summary

MARCH 14, 2024

HOME-ARP, NHTF AND HC CREDIT UNDERWRITING REPORT

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Recommendation

Seltzer Management Group, Inc. ("SMG" or "Seltzer" or "Servicer") recommends Florida Housing Finance Corporation ("FHFC" or "Florida Housing" or "Corporation") issue a HOME-American Rescue Plan ("HOME-ARP") Mortgage of \$7,200,000 and a National Housing Trust Fund ("NHTF") Mortgage of \$1,835,100. SMG also recommends an annual Housing Credit ("HC") allocation of \$1,887,000 to Village at Cedar Hills for construction and permanent financing.

DEVELOPMENT & SET-ASIDES

Development Name: Village at Cedar Hills

RFA/Program Numbers: RFA 2022-210 / 2022-270CAN

Address: 0 Harlow Boulevard

City: Jacksonville Zip Code: 32210 County: Duval County Size: Large

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

Construction Type: Wood Frame

Demographic Commitment:

Primary: Homeless for 25% of the Units
Secondary: Persons with Special Needs for 25% of the Units

Unit Composition:

of ELI Units: 9 ELI Units Are Restricted to 30% AMI, or less. Total # of units with PBRA? 0
of Link Units: 0 Are the Link Units Demographically Restricted? No # of NHTF Units: 9

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	7	698	30%			\$498	\$76	\$422		\$422	\$422	\$422	\$35,448
1	1.0	8	698	50%	\$830			\$76	\$754		\$920	\$754	\$754	\$72,384
1	1.0	21	698	60%			\$996	\$76	\$920		\$920	\$920	\$920	\$231,840
2	2.0	9	995	30%			\$597	\$103	\$494		\$494	\$494	\$494	\$53,352
2	2.0	10	995	50%	\$996			\$103	\$893		\$1,092	\$893	\$893	\$107,160
2	2.0	26	995	60%			\$1,195	\$103	\$1,092		\$1,092	\$1,092	\$1,092	\$340,704
3	2.0	2	1,342	30%			\$690	\$135	\$555		\$555	\$555	\$555	\$13,320
3	2.0	2	1,342	50%	\$1,150			\$135	\$1,015		\$1,245	\$1,015	\$1,015	\$24,360
3	2.0	5	1,342	60%			\$1,380	\$135	\$1,245		\$1,245	\$1,245	\$1,245	\$74,700
		90	81,981											\$953,268

Per the Application and RFA, the demographic commitments are as follows:

High Utilizer Demographic Commitment: Based on the RFA, the Applicant must commit to set aside 20% of the total units (18 units), or a minimum of 15 units, whichever is greater, for High Utilizers for the entire Pilot Period. These units may not be the same units set aside under the Homeless Household Demographic Commitment below, but may be the same units as those set aside under the HOME-ARP Demographic Commitment. The Pilot Period formally begins upon tenancy of the first High Utilizer resident and will end no less than three (3) years after a minimum of 90% of the High Utilizer units are initially occupied. After

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the Pilot Period and certain reporting requirements are met, the Pilot Period will be considered completed and this demographic commitment will end.

Homeless Demographic Commitment: Based on the RFA, 10% of the total units (9 units) must be set aside for Homeless Households for the entire 50 year Compliance Period. These set-aside units may not be the same units as those set aside under any other Demographic Commitment. Starting in Year 16, the units set aside for Homeless Households will increase to 25 percent of the total units for the remaining Compliance Period as stated under the Termination of the HOME-ARP Demographic Commitment.

All Applicants must meet the following requirements specific to its commitment, pursuant to the RFA, to serve Homeless households:

1. Have an executed agreement to participate in the Continuum of Care Homeless Management Information System ("HMIS"); and will contribute data on the Development's tenants to the Continuum of Care's HMIS data system or, if serving Survivors of Domestic Violence, is providing aggregate data reports to the Continuum of Care. The executed agreement shall be required at least 6 months prior to the expected placed in service date.
2. As of the application deadline of July 12, 2022, the Applicant must be a member of the Local Homeless Assistance Continuum of Care, and commit to a housing provider in the Continuum of Care's Homeless Coordinated Entry system as required by the U.S. Department of Housing and Urban Development. The Applicant must utilize the Continuum's Coordinated Entry System for a minimum of 10 percent of the total units at the proposed Development throughout the entire 50 year Compliance Period, unless Florida Housing approves another approach to meet this demographic commitment.

HOME-ARP Demographic Commitment: Based on the RFA, 45% of the total units (41 units) will be considered HOME-ARP, for a minimum of 15 years. At least 70% of the HOME-ARP units (29 units) must be set aside to serve HOME-ARP Qualifying Populations for 15 years and will utilize Low HOME rents. Under the HOME-ARP Qualifying Populations commitment, if the Applicant chooses to serve persons meeting the HOME-ARP Qualifying Populations homeless requirement, this must be in addition to the Homeless Demographic Commitment noted above. No more than 30% of the HOME-ARP units (12 units) may be set aside to serve persons up to 80% AMI with High HOME rents or as further restricted by Housing Credit unit rents and income restrictions.

Termination of the HOME-ARP Demographic Commitment: At the end of Year 15, the HOME-ARP set-aside requirements will end. Starting in Year 16 through the 50 year Compliance Period, the following Demographic Commitments will be implemented:

- 25% of the total units (23 units) at or below 60% AMI must serve Persons with Special Needs.
- 25% of the total units (23 units) at or below 60% AMI must serve Homeless Households (this percentage includes the original 10 percent set-aside (9 units) for Homeless Households required starting in Year 1).
- The remaining units may serve any demographic group, including families and elderly.

At the end of Year 15, when the HOME-ARP set-aside requirements and HOME-ARP Qualifying Populations rent restrictions end on the 45% of total units (41 units) under this program, these households may be allowed to occupy the unit with an indefinite length of stay as long as the tenant complies with lease requirements including the Housing Credit Unit rent restrictions.

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Persons with Special Needs Set-Aside Commitment: After termination of the HOME-ARP set-aside requirement, 25% of the total units (23 units) must serve Persons with Special Needs. The Applicant has committed to serve a population of adult persons requiring independent living services in order to maintain housing or develop independent living skills and who have a Disabling Condition that neither currently impairs nor is likely to impair their physical mobility, such as persons with a mental illness. Based on the RFA and the Applicant's Persons with Special Needs commitment, the Applicant shall meet the Level 2 Accessibility Requirements of the RFA. These requirements include:

- Set aside a minimum of five (5) percent of the total units (5 units), rounded up, as fully accessible units in accordance with 2010 ADA Standards for Accessible Design, regardless of whether the proposed Development consists of new construction or Substantial Rehabilitation. These fully accessible units must (A) be on an accessible route with mobility features that comply with the residential dwellings units provision of the 2010 ADA Standards for Accessible Design; and (B) be equally distributed among different units sizes and Development types and must be dispersed throughout the Development (not located in the same area or on a single floor). These units will be included as part of the 5% requirement for fully accessible units per Section 504.
- Set aside at least one additional unit to be accessible to persons with visual and hearing impairments in accordance with 2010 ADA Standards for Accessible Design, regardless of whether the proposed Development consists of new construction or Substantial Rehabilitation. This one unit will be included as part of the 2% requirement for audio/visual units per Section 504. The unit(s) that are accessible to persons with visual and hearing impairments shall comply with the communication features described for Residential Dwelling Units with Communication Features in the 2010 ADA Standards for Accessible Design.

Units required to be set aside for Persons with Special needs may not be the same as those units set aside to meet the Homeless Demographic Commitment described above.

The Applicant selected a minimum of 40% of the units at or below 60% AMI; therefore, the purposes of Request for Applications ("RFA") 2022-210, the Applicant must set-aside at least 10% of the total units (9 units) for Extremely Low Income ("ELI") households. For Duval County, the ELI set-aside is 30% of the AMI.

The Tenant Selection Plan was approved by FHFC on October 25, 2022.

The Housing Stability Services Coordination Plan was approved by FHFC on June 29, 2023.

NHTF Set-Aside Commitment: The proposed development must set aside nine (9) units as NHTF Link units targeted for Persons with Special Needs who are referred by a FHFC-designated Special Needs Household Referral Agency. These units are required to be at 30% AMI and are in addition to the 10% requirement for ELI set aside units (9 units). After 30 years, all of the NHTF Link units may convert to serve residents at or below 60% AMI; however, the Persons with Special Needs set aside commitment must be maintained throughout the entire 50 year Compliance Period.

NHTF Loan Amount per Number of Units (10% of the total units): Duval County

Nine (9) units at \$203,900 = \$1,835,100

Buildings: Residential -	3	Non-Residential -	1
Parking: Parking Spaces -	180	Accessible Spaces -	7

HOME-ARP, NHTF AND HC CREDIT UNDERWRITING REPORT

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Set Asides:	Program	% of Units	# of Units	% AMI	Term (Years)
	HC	10.0%	9	30%	50
	HC	90.0%	81	60%	50
	HOME-ARP	30.0%	29	50% Low HOME	15
	HOME-ARP	70.0%	12	60% High HOME	15
	NHTF	10.0%	9	30%	50

Absorption Rate 20 units per month for 5.0 months.

Occupancy Rate at Stabilization: Physical Occupancy 95.00% Economic Occupancy 94.00%
Occupancy Comments N/A - New Construction

DDA: No QCT: No Multi-Phase Boost: No QAP Boost: No
Site Acreage: 7.02 Density: 12.8205 Flood Zone Designation: X
Zoning: PUD, Planned Unit Development Flood Insurance Required?: No

Per RFA 2022-210, all proposed Developments qualify for the basis boost.

DEVELOPMENT TEAM		
Applicant/Borrower:	Ability VCH, LLC	% Ownership
Member	Ability VCH MSM, LLC	
Member	Raymond James Affordable Housing Investments, Inc. ("RJAHI")	
Construction Completion Guarantor(s):		
CC Guarantor 1:	Ability VCH, LLC	
CC Guarantor 2:	Ability VCH MSM, LLC	
CC Guarantor 3:	Ability VCH Dev MM, LLC	
CC Guarantor 4:	Ability Housing, Inc.	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	Ability VCH, LLC	
OD Guarantor 2:	Ability VCH MSM, LLC	
OD Guarantor 3:	Ability VCH Dev MM, LLC	
OD Guarantor 4:	Ability Housing, Inc.	
Developer:	Ability VCH Dev MM, LLC	
Principal 1	Ability Housing, Inc.	
Principal 2	Executive Director - Shannon Nazworth	
General Contractor 1:	Elkins Construction, LLC	
Management Company:	TPI Management Services, LLC	
Syndicator:	RJAH	
Architect:	Group 4 Design, Inc.	
Market Study Provider:	Meridian Appraisal Group, Inc.	
Appraiser:	Meridian Appraisal Group, Inc.	

HOME-ARP, NHTF AND HC CREDIT UNDERWRITING REPORT

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PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lender/Grantor	FHFC - HOME ARP	FHFC - NHTF	City of Jacksonville			
Amount	\$7,200,000	\$1,835,100	\$1,000,000			
Underwritten Interest Rate	0.00%	0.00%	0.00%			
Loan Term	30.0	30.0	0.0			
Amortization	N/A	N/A	N/A			
Market Rate/Market Financing LTV	45.6%	57.2%	63.6%			
Restricted Market Financing LTV	178.7%	224.2%	249.0%			
Loan to Cost - Cumulative	23.4%	29.3%	32.6%			
Debt Service Coverage	10.601	7.326	7.326			
Operating Deficit & Debt Service Reserves	\$1,233,554					
# of Months covered by the Reserves	18.9					

Deferred Developer Fee	\$3,028,256
As-Is Land Value	\$950,000
Market Rent/Market Financing Stabilized Value	\$15,790,000
Rent Restricted Market Financing Stabilized Value	\$4,030,000
Projected Net Operating Income (NOI) - Year 1	\$133,805
Projected Net Operating Income (NOI) - 15 Year	\$33,185
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Housing Credit (HC) Syndication Price	\$0.94
HC Annual Allocation - Initial Award	\$1,887,000
HC Annual Allocation - Qualified in CUR	\$1,887,000
HC Annual Allocation - Equity Letter of Interest	\$1,887,000

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Regulated Mortgage Lender	TIAA Bank	\$16,000,000	\$0	\$0.00
FHFC - HOME	FHFC - HOME-ARP	\$7,200,000	\$7,200,000	\$80,000.00
FHFC - NHTF	FHFC - NHTF	\$1,835,100	\$1,835,100	\$20,390.00
Other	City of Jacksonville	\$1,000,000	\$1,000,000	\$11,111.11
HC Equity	RJAH	\$2,660,404	\$17,736,026	\$197,066.96
Deferred Developer Fee	Developer	\$2,103,878	\$3,028,256	\$33,647.29
TOTAL		\$30,799,382	\$30,799,382	\$342,215.36

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Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	X	
Are all funding sources the same as shown in the Application?		1
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?	X	
Does the Applicant have site control at or above the level indicated in the Application?	X	
Does the Applicant have adequate zoning as indicated in the Application?	X	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development costs remained equal to or less than those listed in the Application?		2
Is the Development feasible using the set-asides committed to in the Application?		3
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	X	
Is the Development in all other material respects the same as presented in the Application?		4

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

1. See the below changes in the source of funds:

- The Application included a Letter of Intent ("LOI") for first mortgage financing from Chase Bank, N.A. ("Chase") for construction financing. Subsequently, the Applicant provided a LOI from TIAA Bank ("TIAA") for first mortgage construction financing in the amount up to \$18,100,000.
- Per the August 16, 2022, Invitation to Enter Credit Underwriting the Applicant was awarded additional funding in the amount of \$1,835,100 in the form of a National Housing Trust Fund ("NHTF") loan.

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- Per a December 12, 2023, City Council Ordinance 2023-441-E, Ability Housing, Inc. was awarded a \$1,000,000 grant from the City of Jacksonville to develop Village at Cedar Hills.
- 2. Total Development Costs ("TDC") as stated in the application were \$27,207,346. TDC have increased to \$30,799,382, an increase of \$3,592,036. This increase is primarily due to increases in construction and financing costs and an increase in total Developer Fee.
- 3. See the below changes to the set-asides:
 - At the time of Application, the set-asides committed to include a HC commitment of 10% of the units at or below 30% of AMI and the remaining 90% at or below 60% of AMI. Per the Invitation to Credit Underwriting dated August 16, 2022, the Development was awarded a NHTF loan which requires an additional deep targeted set-aside for Persons with Special Needs at 30% of AMI. This requirement is in addition to the 10% ELI set-aside units (9 units) for HC and as such the Development is required to set aside 9 units as NHTF Link units.
- 4. See the below additional changes to the application:
 - On August 30, 2022, the Applicant submitted a request to change the unit mix by increasing the number of bathrooms in the two bedroom units. The change in unit mix is shown below:

<u>Previous</u>	<u>Current</u>
36 – 1 bedroom / 1 bath	36 – 1 bedroom / 1 bath
45 – 2 bedroom / 1 bath	45 – 2 bedroom / 2 bath
9 – 3 bedroom / 2 bath	9 – 3 bedroom / 2 bath
90 total units	90 total units
 - FHFC approved the request on September 14, 2022.
 - On October 25, 2023, the Applicant submitted a request to change the development location point and FHFC Staff approved the request on November 16, 2023.
 - The Application reflected The Partnership, Inc. as the management company. Subsequently, the management company was changed to TPI Management Services, LLC, a wholly-owned subsidiary of The Partnership, Inc. TPI Management Services, LLC, provided a prior experience chart.
 - On February 29, 2024, the Applicant submitted a request to change the Developer entity for Ability Housing, Inc. to Ability VCH Dev MM, LLC. This request was approved by FHFC Staff on March 14, 2024.

These changes have no substantial material impact to the HOME-ARP, NHTF and HC recommendations for this Development.

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

Florida Housing's Past Due Report dated February 15, 2024, reflects the following past due item(s): None
Florida Housing's Asset Management Noncompliance Report dated October 18, 2023, reflects the following noncompliance item(s): None

HOME-ARP, NHTF AND HC CREDIT UNDERWRITING REPORT

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This recommendation is subject to satisfactory resolution of any outstanding past due and/or noncompliance items prior to loan closing and the issuance of the annual HC Allocation Recommendation herein.

Strengths:

1. Per the Market Study, Meridian Appraisal Group, Inc. states the capture rates are low and indicates that there is sufficient demand for the subject units. The average occupancy for the comparables within the Subject's Primary Market Area ("PMA") is 95.5%.
2. Although the Borrower and Members are newly formed, the Developer, General Contractor, and the Management Company all have sufficient experience and financial resources to develop, construct and operate the proposed Development.

Other Considerations: None

Waiver Requests/Special Conditions: None

Additional Information:

1. According to Rule 67-48.0072 (11), the maximum Debt Service Coverage ("DSC") shall be 1.50 to 1.00 for the HOME-ARP, including superior mortgages. The DSC is 10.601 to 1.00 for HOME, which exceeds the maximum threshold. The Rule states that in extenuating circumstances, such as when the Development has deep or short-term subsidy, the DSC may exceed 1.50 to 1.00 if the Credit Underwriter's favorable recommendation is supported by the projected cash flow analysis. Per the RFA, Applicants will qualify for a HOME-ARP with an interest rate of 0 percent. Based on the deep subsidy provided by the 0 percent interest rate of the HOME-ARP and 0 percent interest rate of the NHTF loan, exceeding the maximum threshold is permitted.

The DSC for the Subject Development, as shown in Exhibit 1, exceeds the maximum through year 15, declining each year through year 15. DSC for all mortgages and fees is 7.326 in year 1 and 1.817 in year 15.

Issues and Concerns: None

Mitigating Factors: None

HOME-ARP, NHTF AND HC CREDIT UNDERWRITING REPORT

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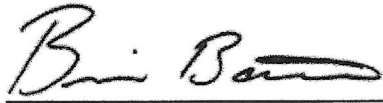
Recommendation:

SMG recommends FHFC approve a HOME-ARP Mortgage in the amount of \$7,200,000 and a NHTF Mortgage in the amount of \$1,835,100. SMG also recommends an Annual HC allocation of \$1,887,000 be awarded to Village at Cedar Hills for construction and permanent financing.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the, HOME-ARP and NHTF Loan Conditions and HC Allocation Recommendation and Contingencies (Section B). The reader is cautioned to refer to these sections for complete information.

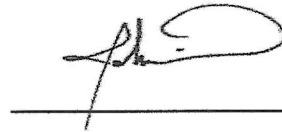
This recommendation is only valid for six months from the date of the report.

Prepared by:

A handwritten signature in black ink, appearing to read "Brian Barth", written over a horizontal line.

Brian Barth
Senior Credit Underwriter

Reviewed by:

A handwritten signature in black ink, appearing to read "Joshua Scribner", written over a horizontal line.

Joshua Scribner
Credit Underwriting Manager

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Overview

Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
First Mortgage	TIAA Bank	\$16,000,000	\$16,000,000	\$16,000,000	8.45%	\$1,494,437
Second Mortgage	FHFC - HOME ARP	\$7,200,000	\$7,200,000	\$7,200,000	0.00%	\$0
Third Mortgage	FHFC - NHTF	\$1,835,100	\$1,835,100	\$1,835,100	0.00%	\$0
Fourth Mortgage	City of Jacksonville	\$0	\$1,000,000	\$1,000,000	0.00%	\$0
HC Equity	RJAH	\$2,603,800	\$2,603,800	\$2,660,404		
Deferred Developer Fee	Developer	\$3,438,988	\$2,135,482	\$2,103,878		
Total		\$31,077,888	\$30,774,382	\$30,799,382		\$1,494,437

First Mortgage Financing:

Applicant submitted a term sheet from TIAA Bank dated April 21, 2023, for a first mortgage construction loan in an amount up to \$18,100,000, currently estimated by the Applicant at \$16,000,000. The initial construction term shall be twenty-four (24) months from the closing date and will require monthly interest only payments with all principal and interest due at maturity.

The interest rate will be based upon the One-month Term Secured Overnight Financing Rate ("SOFR") plus 235 basis points ("bps"), subject to a floor of 4.00%. As of December 28, 2023, the One-Month Term SOFR was 5.3527%. For any future increases in the One-Month Term SOFR, Seltzer has included an underwriting cushion of 75 bps, resulting in an all in interest rate of 8.45%.

There is an origination fee of 65 bps of the total commitment amount.

Other Construction Sources of Funds:

Additional sources of funds for this Development during construction consist of a HOME-ARP Loan in the amount of \$7,200,000, a NHTF loan in the amount of \$1,835,100, a City of Jacksonville grant in the amount of \$1,000,000, Housing Credit equity of \$2,660,404 and deferred Developer Fees in the amount of \$2,103,878. See the Permanent Financing section below for details.

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Permanent Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt
First Mortgage	FHFC - HOME ARP	\$7,200,000	\$7,200,000	\$7,200,000	0.00%	N/A	30	\$0
Second Mortgage	FHFC - NHTF	\$1,835,100	\$1,835,100	\$1,835,100	0.00%	N/A	30	\$0
Third Mortgage	City of Jacksonville	\$0	\$1,000,000	\$1,000,000	0.00%	N/A		\$0
HC Equity	RJAH	\$17,358,664	\$17,736,026	\$17,736,026				
Def. Developer Fee	Developer	\$3,438,988	\$3,003,256	\$3,028,256				
Total		\$29,832,752	\$30,774,382	\$30,799,382				\$0

HOME-ARP

Borrower applied to FHFC under RFA 2022-210 for HOME-ARP funds in the amount of \$7,200,000. The HOME-ARP Loan is non-amortizing with a 0 percent interest rate, per annum, over the life of the loan. The principal will be forgivable at maturity provided the units for which the HOME-ARP loan amount is awarded are targeted as HOME-ARP units for the fifteen year Compliance Period.

The HOME-ARP Loan will have a total term of 32 years, of which 2 years is for the construction/stabilization period and 30 years is for the permanent period. Annual payments of all applicable fees will be required. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of \$964 per month, subject to a minimum of \$243 per month and the Compliance Monitoring Fee is based on an annual multiple program fee of \$1,054.

NHTF Loan

Applicants who submitted an Application for RFA 2022-210 are also eligible for NHTF Loan funding to subsidize additional deep targeted units for Persons with Special Needs. The Applicant was selected to receive an NHTF Loan in the form of a forgivable loan in an amount of \$1,835,100 and is required to designate 9 units as NHTF Link units targeted for Persons with Special Needs at or below 30% of AMI. This set-aside requirement is in addition to the ELI set-aside commitment.

The NHTF Loan is non-amortizing with a 0.00 percent interest rate, per annum, over the life of the loan. The principal is forgivable at maturity provided the units for which the NHTF Loan amount is awarded are targeted as NHTF Link units for the first 30 years of the 50 year Compliance Period. After 30 years, all of the NHTF Link units (9 units) may convert to serve residents at or below 60% of AMI; however, the Persons with Special Needs set-aside commitment must be maintained throughout the entire 50-year Compliance Period. The NHTF Loan will have a total term of 32 years, of which 2 years is for the construction/stabilization period and 30 years is for the permanent period. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of \$964 per month, subject to a minimum of \$243 per month and the Compliance Monitoring Fee is based on an annual multiple program fee of \$1,054.

City of Jacksonville

Per a December 12, 2023, City Council Ordinance 2023-441-E, Ability Housing, Inc. was awarded a \$1,000,000 grant from the City of Jacksonville to develop Village at Cedar Hills. The funds shall be disbursed based upon draw requests approved by the senior lender, or the senior lender's servicer, Florida Housing and the City. The City's obligation to fund disbursements to the Applicant shall be limited to qualified expenses incurred on or before September 30, 2025.

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Housing Credits Equity Investment:

The Applicant has applied to Florida Housing to receive 9% Housing Credits.

Based upon an April 19, 2023, Letter of Intent, and subsequent email correspondence, RJAHI or an affiliate will purchase a 99.99% membership interest in the Applicant and provide HC equity as follows:

Capital Contributions	Amount	Percent of Total	When Due
1st Installment	\$2,660,404	15.00%	At closing
2nd Installment	\$6,207,609	35.00%	Later of February 1, 2025 or 100% Construction Completion
3rd Installment	\$8,768,013	49.44%	Later of July 1, 2025 or Stabilized Operations
4th Installment	\$100,000	0.56%	Forms 8609
Total	\$17,736,026	100.00%	

Annual Tax Credits per Syndication Agreement: \$1,887,000

Total HC Available to Syndicator (10 years): \$18,868,113

Syndication Percentage (investor member interest): 99.990%

Calculated HC Exchange Rate (per dollar): \$0.940

Proceeds Available During Construction: \$2,660,404

At least 15% of the total equity will be provided prior to or simultaneously with the closing of the construction / permanent financing which meets the RFA requirement.

Other Permanent Sources of Funds:

In order to balance the sources and uses of funds after all loan proceeds and capital contributions payable under the RJAHI LOI have been received, the Developer will have to defer \$3,028,256 of Developer Fees.

HOME-ARP, NHTF AND HC CREDIT UNDERWRITING REPORT

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Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accessory Buildings				\$0	
New Rental Units	\$14,500,000	\$13,407,489	\$12,497,870	\$138,865	\$390,763
Off-Site Work		\$533,739	\$223,213	\$2,480	\$223,213
Recreational Amenities				\$0	
Site Work		\$2,224,300	\$3,444,445	\$38,272	\$516,667
Swimming Pool				\$0	
Furniture, Fixture, & Equipment				\$0	
Hard Cost Contingency - in Constr. Contr.				\$0	
Constr. Contr. Costs subject to GC Fee	\$14,500,000	\$16,165,528	\$16,165,528.00	\$179,617	\$1,130,643
General Conditions	\$2,030,000	\$969,932	\$1,293,242.24	\$14,369	
Overhead		\$323,311	\$646,621.12	\$7,185	
Profit		\$969,932	\$323,310.56	\$3,592	
Builder's Risk Insurance				\$0	
General Liability Insurance		\$170,099	\$371,128	\$4,124	
Payment and Performance Bonds		\$301,098	\$100,070	\$1,112	
Contract Costs not subject to GC Fee				\$0	
Total Construction Contract/Costs	\$16,530,000	\$18,899,900	\$18,899,900	\$209,999	\$1,130,643
Hard Cost Contingency	\$826,500	\$944,994	\$944,994	\$10,500	
PnP Bond paid outside Constr. Contr.	\$175,000			\$0	
Fees for LOC used as Constr. Surety				\$0	
Demolition paid outside Constr. Contr.				\$0	
FF&E paid outside Constr. Contr.	\$400,000	\$400,000	\$400,000	\$4,444	
Other:				\$0	
Other:				\$0	
Total Construction Costs:	\$17,931,500	\$20,244,894	\$20,244,894	\$224,943	\$1,130,643

Notes to the Construction Costs:

- The Applicant has provided an executed AIA Document A133-2019 Standard Form of Agreement between Owner and Contractor Manager as Contractor where the basis of payment is the Cost of the Work plus a Fee with a Guaranteed Maximum Price dated November 27, 2023, in the amount of \$18,899,900. The contract states the Date of Commencement shall be ten (10) days after the later of (1) Owner's written Notice to Proceed and (2) all permits in Contractor's possession. Substantial Completion is expected to occur not later than 517 calendar days (approximately 18 months) from the Date of Commencement. Ten (10%) percent retainage will be withheld on all work performed up to 50% completion and no retainage thereafter.

Allowances in the GMP Agreement

- Electrical Primary Conduit, JEA to determine layout and sizing - \$50,000
- Pre-fabricated Weather Resistant Postal Boxes - \$26,000
- Total Allowances - \$76,000

GLE Associates, Inc. ("GLE") is of the opinion that the allowances are within an acceptable range for the scope of work indicated.

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Final payment will be made when (1) the General Contractor has fully performed the contract, (2) the construction manager has submitted final accounting and final application for payment and (3) a final certificate for payment has been issued by the Architect. The Owner's final payment to the General Contractor shall be made no later than 30 days after the Architect's final Certificate for Payment.

2. SMG received the General Contractor's Certification of Requirements, whereby the General Contractor acknowledges and commits to adhere to all requirements related to a General Contractor as published within Rule Chapter 67-48 ("Rule"), Florida Administrative Code.
3. General Contractor fees as stated are within the 14% maximum per the RFA and Rule.
General liability insurance, subcontractor default insurance/bonds, and payment and performance bond costs reflected in the schedule of values are excluded from construction hard costs in the General Contractor fee calculation.
4. The hard cost contingency is within the 5.00% allowed by the RFA and Rule and is not included within the GC Contract or schedule of values.
5. FF&E outside the construction contract includes the cost of providing personal property at the Development. Personal property includes furniture for the clubhouse, furniture for resident units, security system and computers for staff and resident use.
6. SMG retained reliance and received a Plan and Cost Analysis ("PCA") from GLE. Complete results are set forth in Section C of this credit underwriting report.

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GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	\$25,000	\$25,000	\$25,000	\$278	\$12,500
Appraisal	\$20,000	\$20,000	\$20,000	\$222	
Architect's and Planning Fees				\$0	
Architect's Fee - Green Initiative				\$0	
Architect's Fee - Landscape				\$0	
Architect's Fee - Site/Building Design	\$425,000	\$425,000	\$425,000	\$4,722	
Architect's Fee - Supervision	\$75,000	\$75,000	\$75,000	\$833	
Building Permits	\$75,000	\$75,000	\$75,000	\$833	
Builder's Risk Insurance	\$75,000	\$191,962	\$191,962	\$2,133	
Capital Needs Assessment/Rehab				\$0	
Engineering Fees	\$100,000	\$100,000	\$100,000	\$1,111	
Environmental Report	\$20,000	\$20,000	\$20,000	\$222	
Federal Labor Standards Monitoring				\$0	
FHFC Administrative Fees	\$110,000	\$103,785	\$103,785	\$1,153	\$103,785
FHFC Application Fee	\$3,000	\$3,000	\$3,000	\$33	\$3,000
FHFC Credit Underwriting Fee	\$30,000	\$26,613	\$26,613	\$296	\$26,613
FHFC Compliance Fee	\$365,000	\$219,367	\$219,367	\$2,437	\$219,367
FHFC Other Processing Fee(s)			\$25,000	\$278	\$25,000
Impact Fee	\$325,000	\$325,000	\$325,000	\$3,611	
Lender Inspection Fees / Const Admin	\$35,000	\$35,000	\$35,000	\$389	
Green Building Cert. (LEED, FGBC, NGBS)	\$35,000	\$35,000	\$35,000	\$389	
Home Energy Rating System (HERS)				\$0	
Insurance	\$75,000	\$295,000	\$295,000	\$3,278	
Legal Fees - Organizational Costs	\$60,000	\$60,000	\$60,000	\$667	\$30,000
Local Subsidy Underwriting Fee				\$0	
Market Study	\$7,500	\$7,500	\$7,500	\$83	\$7,500
Marketing and Advertising	\$8,000	\$8,000	\$8,000	\$89	\$8,000
Plan and Cost Review Analysis				\$0	
Property Taxes	\$50,000	\$50,000	\$50,000	\$556	
Soil Test	\$10,000	\$10,000	\$10,000	\$111	
Survey	\$40,000	\$40,000	\$40,000	\$444	\$10,000
Tenant Relocation Costs				\$0	
Title Insurance and Recording Fees	\$90,000	\$90,000	\$90,000	\$1,000	\$22,500
Traffic Study				\$0	
Utility Connection Fees	\$200,000	\$200,000	\$200,000	\$2,222	
Soft Cost Contingency	\$141,675	\$142,011	\$142,011	\$1,578	
Other:				\$0	
Total General Development Costs:	\$2,400,175	\$2,582,238	\$2,607,238	\$28,969	\$468,265

Notes to the General Development Costs:

1. Architect's Fees for Site/Building Design and Supervision are based on the Agreement between Owner and Architect, Group 4 Design, Inc., dated August 11, 2022.
2. Engineering Fees are based on the Proposal between the Owner and Engineer, Kennedy Civil Services, Inc., dated October 7, 2022.
3. The FHFC Administrative Fee is based on 5.5% of the recommended annual allocation of HC. The FHFC Application Fee is reflective of the application fees stated in RFA 2022-210. The total FHFC Credit Underwriting Fees are \$26,613.

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4. The FHFC Other Processing Fee(s) include the following:
 - 10% Test Extension Fee - \$5,000
 - NOC Extension Fee - \$10,000
 - LPA Extension Fee - \$10,000
 - Total - \$25,000
5. Impact Fees and Utility Connection Fees were estimated by the Applicant. These estimates were based on previous new construction developments completed in the Jacksonville area completed by Ability Housing, Inc.
6. Soft cost contingency is within the 5% limit as allowed per the RFA and Rule.
7. Other General Development Costs are based on the Applicant's estimates, which appear reasonable.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Application Fee				\$0	
Construction Loan Underwriting Fee				\$0	
Construction Loan Origination Fee	\$160,000	\$117,650	\$117,650	\$1,307	
Construction Loan Commitment Fee				\$0	
Construction Loan Closing Costs		\$52,000	\$52,000	\$578	
Construction Loan Interest	\$950,000	\$1,494,437	\$1,494,437	\$16,605	\$338,108
Construction Loan Servicing Fees				\$0	
Permanent Loan Application Fee				\$0	\$0
Permanent Loan Underwriting Fee				\$0	\$0
Permanent Loan Subsidy Layering Rev.				\$0	\$0
Permanent Loan Commitment Fee				\$0	\$0
Permanent Loan Origination Fee	\$52,000			\$0	\$0
Permanent Loan Closing Costs				\$0	\$0
Permanent Loan Interest				\$0	\$0
Permanent Loan Servicing Fee				\$0	\$0
HOME Subsidy Layering Review				\$0	\$0
HOME Closing Costs				\$0	\$0
HOME Interest				\$0	\$0
HOME Servicing Fee				\$0	\$0
NHTF Subsidy Layering Review		\$2,010	\$2,010	\$22	\$2,010
NHTF Commitment Fee		\$18,351	\$18,351	\$204	\$18,351
NHTF Closing Costs		\$12,500	\$12,500	\$139	\$12,500
NHTF Servicing Fee				\$0	\$0
Legal Fees - Financing Costs				\$0	
Other: Syndicator Fees		\$50,000	\$50,000	\$556	\$50,000
Other: FHFC HOME-ARP Extension Fee		\$72,000	\$72,000	\$800	\$72,000
Other:				\$0	
Total Financial Costs:	\$1,162,000	\$1,818,948	\$1,818,948	\$20,211	\$492,969
Dev. Costs before Acq., Dev. Fee & Reserves	\$21,493,675	\$24,646,080	\$24,671,080	\$274,123	\$2,091,877

Notes to the Financial Costs:

1. Construction Origination Fee is based on 65 bps of the total commitment amount per the TIAA LOI.
2. Construction Loan Interest is based on SMG's estimate. Interest is based on the construction completion and absorption estimates included in the construction schedule and Market Study. The

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estimate assumes an “all-in” interest rate of 8.45%, a construction/stabilization period of 21 months, and 57% of the loans outstanding (on average) during the construction schedule.

3. NHTF Commitment Fee consists of a 1% firm loan commitment extension fee.
4. NHTF Closing Costs are \$12,500 for FHFC legal counsel fees.
5. Syndicator Fees represent the cost for legal fees and other closing costs associated with the tax credit equity provided by RJAHL.
6. FHFC HOME-ARP Extension Fee consists of a 1% firm loan commitment extension fee.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Building			\$0	\$0	
Building Acquisition Cost			\$0	\$0	
Developer Fee on Non-Land Acq. Costs			\$0	\$0	
Other:				\$0	
Total Non-Land Acquisition Costs:	\$0	\$0	\$0	\$0	\$0

Notes to the Non-Land Acquisition Costs:

1. Since this is a new construction development, 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	HC Ineligible Costs - CUR
Developer Fee - Unapportioned	\$3,438,988	\$3,945,373	\$3,944,748	\$43,831	
DF to fund Operating Debt Reserve	\$1,074,683	\$1,232,929	\$1,233,554	\$13,706	
DF to Brokerage Fees - Land			\$0	\$0	
DF to Excess Land Costs				\$0	
DF to Excess Bldg Acquisition Costs				\$0	
DF to Consultant Fees				\$0	
DF to Guaranty Fees				\$0	
Other:				\$0	
Total Other Development Costs:	\$4,513,671	\$5,178,302	\$5,178,302	\$57,537	\$0

Notes to the Other Development Costs:

1. Developer Fee has been limited to 21% of the Development’s construction cost, exclusive of land acquisition costs and reserves, as required per Rule. Five percent (5%) of the Developer Fee must be placed in an operating subsidy reserve account to be held by FHFC or its Servicer. 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 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.

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LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Land			\$0	\$0	\$0
Land Acquisition Cost				\$0	\$0
Land	\$1,200,000	\$950,000	\$950,000	\$10,556	\$950,000
Land Lease Payment				\$0	\$0
Land Carrying Costs				\$0	\$0
Other:				\$0	\$0
Total Acquisition Costs:	\$1,200,000	\$950,000	\$950,000	\$10,556	\$950,000

Notes to the Land Acquisition Costs:

1. Applicant provided a Special Warranty Deed dated August 24, 2021, between Applicant ("Purchaser") and St. Johns Trading Company, Inc. ("Seller"). A closing statement was provided dated August 27, 2021, reflecting a purchase price of \$950,000.

The appraised value of the vacant land is \$950,000, which supports the purchase price.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Operating Deficit Reserve (FHFC)				\$0	\$0
Operating Deficit Reserve (Lender)				\$0	\$0
Operating Deficit Reserve (Syndicator)				\$0	\$0
Debt Service Coverage Reserve (FHFC)				\$0	\$0
Debt Service Coverage Reserve (Lender)				\$0	\$0
Debt Service Coverage Reserve (Syndicator)				\$0	\$0
Other:				\$0	\$0
Total Reserve Accounts:	\$0	\$0	\$0	\$0	\$0

Notes to Reserve Accounts:

1. The Syndicator, RIAHI, is not requiring any Operating Deficit Reserve beyond the 5% that is already budgeted as part of Developer Fee.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
TOTAL DEVELOPMENT COSTS:	\$27,207,346	\$30,774,382	\$30,799,382	\$342,215	\$3,041,877

Notes to the Total Development Costs:

1. Per RFA 2022-210, Total Development Cost ("TDC") is limited on a per unit basis based on the construction type of the units as indicated by the Applicant. The Applicant has indicated a construction type of Garden Apartments – Non-ESSC Construction, which had a maximum allowable per unit cost of \$320,000.00. Based on changes to TDC limits as approved at previous FHFC Board meetings, most recently the April 1, 2022, Telephonic FHFC Board meeting, the maximum allowable per unit cost is \$406,023.39. Village at Cedar Hills' final TDC per unit is \$331,659.80.

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Operating Pro forma

OPERATING PRO FORMA		ANNUAL	PER UNIT
INCOME	Gross Potential Rental Income	\$953,268	\$10,592
	Other Income:		
	Ancillary Income-Parking	\$0	\$0
	Miscellaneous	\$6,750	\$75
	Washer/Dryer Rentals	\$13,500	\$150
	Cable/Satellite Income	\$0	\$0
	Gross Potential Income	\$973,518	\$10,817
	Less:		
	Physical Vacancy Loss - Percentage: 5.0%	(\$48,676)	(\$541)
	Collection Loss - Percentage: 1.0%	(\$9,735)	(\$108)
Total Effective Gross Revenue		\$915,107	\$10,168
EXPENSES	Fixed:		
	Real Estate Taxes	\$112,500	\$1,250
	Insurance	\$90,000	\$1,000
	Variable:		
	Management Fee - Percentage: 4.25%	\$38,892	\$432
	General and Administrative	\$45,000	\$500
	Payroll Expenses	\$202,500	\$2,250
	Utilities	\$116,910	\$1,299
	Marketing and Advertising	\$4,500	\$50
	Maintenance and Repairs	\$36,000	\$400
	Grounds Maintenance and Landscaping	\$36,000	\$400
	Resident Programs	\$72,000	\$800
	Contract Services	\$0	\$0
	Security	\$0	\$0
	Other-Pest Control	\$0	\$0
	Reserve for Replacements	\$27,000	\$300
Total Expenses		\$781,302	\$8,681
Net Operating Income		\$133,805	\$1,487
Debt Service Payments			
DEBT SERVICE	First Mortgage - FHFC - HOME ARP	\$0	\$0
	Second Mortgage - FHFC - NHTF	\$0	\$0
	All Other Mortgages -	\$0	\$0
	First Mortgage Fees - FHFC - HOME ARP	\$12,622	\$140
	Second Mortgage Fees - FHFC - NHTF	\$5,642	\$63
	All Other Mortgages Fees -	\$0	\$0
Total Debt Service Payments		\$18,264	\$203
Cash Flow After Debt Service		\$115,541	\$1,284

Debt Service Coverage Ratios	
DSC - First Mortgage plus Fees	10.601
DSC - Second Mortgage plus Fees	7.326
DSC - All Mortgages and Fees	7.326

Financial Ratios	
Operating Expense Ratio	85.4%
Break-Even Ratio	82.4%

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Notes to the Operating Pro forma and Ratios:

1. According to Rule 67-48.0072 (11), the maximum Debt Service Coverage ("DSC") shall be 1.50 to 1.00 for the HOME-ARP, including superior mortgages. The DSC is 10.601 to 1.00 for HOME, which exceeds the maximum threshold. The Rule states that in extenuating circumstances, such as when the Development has deep or short-term subsidy, the DSC may exceed 1.50 to 1.00 if the Credit Underwriter's favorable recommendation is supported by the projected cash flow analysis. Per the RFA, Applicants will qualify for a HOME-ARP with an interest rate of 0 percent. Based on the deep subsidy provided by the 0 percent interest rate of the HOME-ARP and 0 percent interest rate of the NHTF loan, exceeding the maximum threshold is permitted.

The DSC for the Subject Development, as shown in Exhibit 1, exceeds the maximum through year 15, declining each year through year 15. DSC for all mortgages and fees is 7.326 in year 1 and 1.817 in year 15.

2. The Development will be utilizing Housing Credits, HOME-ARP and NHTF which will impose rent restrictions. Village at Cedar Hills is projected to achieve 2023 Maximum Allowable HC Rents published by Florida Housing on all units based upon the appraiser's estimate of achievable rents per comparable properties surveyed. The Applicant engaged KN Consultants, LLC of Safety Harbor, FL to prepare a UA Energy Consumption Model Estimate which was approved by Florida Housing on August 3, 2023. The model reflects the residents paying for electricity and the Applicant paying for water, sewer, pest control, and trash pick-up. No manager/employee units are anticipated at this time.

A rent roll for the Development is illustrated in the following table:

Jacksonville HMFA / Duval County

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Low HOME Rents	High HOME Rents	Gross HC Rent	Utility Allow.	Net Restricted Rents	PBRA Contr Rents	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	7	698	30%			\$498	\$76	\$422		\$422	\$422	\$422	\$35,448
1	1.0	8	698	50%	\$830			\$76	\$754		\$920	\$754	\$754	\$72,384
1	1.0	21	698	60%			\$996	\$76	\$920		\$920	\$920	\$920	\$231,840
2	2.0	9	995	30%			\$597	\$103	\$494		\$494	\$494	\$494	\$53,352
2	2.0	10	995	50%	\$996			\$103	\$893		\$1,092	\$893	\$893	\$107,160
2	2.0	26	995	60%			\$1,195	\$103	\$1,092		\$1,092	\$1,092	\$1,092	\$340,704
3	2.0	2	1,342	30%			\$690	\$135	\$555		\$555	\$555	\$555	\$13,320
3	2.0	2	1,342	50%	\$1,150			\$135	\$1,015		\$1,245	\$1,015	\$1,015	\$24,360
3	2.0	5	1,342	60%			\$1,380	\$135	\$1,245		\$1,245	\$1,245	\$1,245	\$74,700
		90	81,981											\$953,268

3. The appraiser estimates a stabilized physical vacancy rate of 5% and a collection loss of 1%, resulting in a physical occupancy of 95% and an economic occupancy of 94%.
4. Real estate tax expense is based on the Applicant's estimate, which was more conservative than the appraiser's estimate.
5. Management Fees are based upon the Management Agreement provided by the Applicant that reflects a management fee in the amount of 4.25% of the gross collections.
6. Resident Programs expense is based on the Applicant's estimate for a full-time Housing Stability Services Coordinator.

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7. Other operating expense estimates are based on comparable properties and are supported by the appraisal.
8. Replacement Reserves in the amount of \$300 per unit per year meet RFA and Rule requirements. RJAHI requires the replacement reserve to be increased annually by 3.00%.
9. The 15-year income and expense projection reflects a declining debt service coverage ("DSC") through year 15. At year 15, the DSC on all mortgages and fees is estimated at 1.817. This projection is attached to this report as Exhibit 1.

Our estimate for total debt service, including all required servicing and compliance monitoring fees, through year 15 totals \$273,956 which is covered by the 5% Developer Fee to fund an Operating Reserve of \$1,233,554.