

# **Housing Finance Authority of Leon County**

*Credit Underwriting Report*

## **Lake Bradford Apartments**

**Multifamily Mortgage Revenue Bond Program**

**Section A      Report Summary**

**Section B      Loan Conditions**

**Section C      Supporting Information and Schedules**

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*Prepared by*

***Seltzer Management Group, Inc.***

*Final Report*

*October 23, 2024*

**LAKE BRADFORD APARTMENTS**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Section A</b>	
Report Summary	
➤ Recommendation	A1-A10
➤ Overview	A11-A15
➤ Uses of Funds	A16-A23
➤ Operating Pro Forma	A24-A26
<b>Section B</b>	
Loan Conditions and HC Allocation Recommendation and Contingencies	B1-B6
<b>Section C</b>	
Supporting Information and Schedules	
➤ Additional Development and Third Party Information	C1-C9
➤ Borrower Information	C10-C15
➤ Guarantor Information	C16
➤ Syndicator Information	C17
➤ General Contractor Information	C18-C19
➤ Property Manager Information	C20
<b>Exhibits</b>	
15 Year Pro Forma	1
Features and Amenities and Resident Programs	2 1-14
Completeness and Issues Checklist	3 1-3
HC Allocation Calculation	4 1-3

**Section A**  
**Report Summary**

### Recommendation

Seltzer Management Group, Inc. (“SMG” or “Seltzer” or “Servicer”) recommends Housing Finance Authority of Leon County (“HFA LC” or “Authority” or “Issuer”) fund Tax-Exempt Multifamily Mortgage Revenue Bonds (“MMRB”) in the amount of \$35,000,000 to Lake Bradford Apartments (“Subject Development”) for construction and permanent financing.

**DEVELOPMENT & SET-ASIDES**

Development Name: Lake Bradford Apartments

RFA/Program Numbers: RFA 2023-205 / 2024-028S 2023-522C

Address: Kissimmee St, SE of the intersection of Kissimmee St and Lake Bradford Rd

City: Tallahassee Zip Code: 32310 County: Leon County Size: Medium

Development Category: New Construction Development Type: Mid-Rise (4 Stories)

Construction Type: Wood Frame

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

Unit Composition:  
 # of ELI Units: 39 ELI Units Are Restricted to 30% AMI, or less. Total # of units with PBRA? 39  
 # of Link Units: 20 Are the Link Units Demographically Restricted? Yes # of NHTF Units: 0

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	2	703	30%			\$499	\$71	\$428	\$1,241	\$1,241	\$1,241	\$1,241	\$29,784
1	1.0	3	703	30%*			\$499	\$71	\$428	\$1,241	\$1,241	\$1,241	\$1,241	\$44,676
1	1.0	2	703	60%			\$998	\$71	\$927		\$927	\$927	\$927	\$22,248
1	1.0	11	703	70%			\$1,164	\$71	\$1,093		\$1,093	\$1,093	\$1,093	\$144,276
1	1.0	2	703	80%			\$1,331	\$71	\$1,260		\$1,260	\$1,260	\$1,260	\$30,240
2	2.0	22	919	30%			\$599	\$83	\$516	\$1,397	\$1,397	\$1,397	\$1,397	\$368,808
2	2.0	1	919	30%*			\$599	\$83	\$516	\$1,397	\$1,397	\$1,397	\$1,397	\$16,764
2	2.0	9	919	60%			\$1,198	\$83	\$1,115		\$1,115	\$1,115	\$1,115	\$120,420
2	2.0	51	919	70%			\$1,398	\$83	\$1,315		\$1,315	\$1,315	\$1,315	\$804,780
2	2.0	9	919	80%			\$1,598	\$83	\$1,515		\$1,515	\$1,515	\$1,515	\$163,620
3	2.0	10	1,150	30%			\$691	\$94	\$597	\$1,793	\$1,793	\$1,793	\$1,793	\$215,160
3	2.0	1	1,150	30%*			\$691	\$94	\$597	\$1,793	\$1,793	\$1,793	\$1,793	\$21,516
3	2.0	6	1,150	60%			\$1,383	\$94	\$1,289		\$1,289	\$1,289	\$1,289	\$92,808
3	2.0	25	1,150	70%			\$1,614	\$94	\$1,520		\$1,520	\$1,520	\$1,520	\$456,000
3	2.0	4	1,150	80%			\$1,845	\$94	\$1,751		\$1,751	\$1,751	\$1,751	\$84,048
		158	151,508											\$2,615,148

\* Also designated as City of Tallahassee HOME Units

Set-Aside requirements noted in the Leon County Bond application align with those noted in the Florida Housing Finance Corporation’s (“Florida Housing” or “FHFC”) application.

The Applicant selected Average Income Test; therefore, as required by the RFA 2023-205 (“RFA”), the Applicant must set aside 15% of the total units (24 units) as ELI Set-Aside units at 30% of AMI. However, the Applicant has selected to set-aside 24.68% of the units (39 units) as ELI set-aside units at 30% or less

of the AMI. Persons with Special Needs Set-Aside Commitment: The proposed Development must set aside 50% of the ELI set-aside units (20 units) as Link units for Persons with Special Needs.

In order to meet the commitment to set aside ELI units as Link units for Persons with Special Needs, the Applicant must develop and execute a Memorandum of Understanding (“MOU”) with at least one Florida Housing Finance Corporation (“FHFC” of “Florida Housing”) designated Special Needs Household Referral Agency that provides supportive services for Persons with Special Needs for the county where the proposed Development will be located (Leon County). The fully executed MOU was approved by FHFC on October 7, 2024.

Per the RFA, Self-Sourced Applicants will retain the right to seek a qualified contract in accordance with Section 42 of the I.R.C., as amended and Rule Chapter 67-21 F.A.C. All Other Applicants will waive the right to seek a qualified contract. Additionally, if a Self-Sourced Applicant transfers ownership of the Development within the first 15 years of the Compliance Period, the new owner must waive the right to seek a qualified contract.

Buildings: Residential - 1 Non-Residential - 0  
 Parking: Parking Spaces - 236 Accessible Spaces - 8

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
MMRB	24.683%	39	30%	50
MMRB	10.760%	17	60%	50
MMRB	55.063%	87	70%	50
MMRB	9.494%	15	80%	50
SAIL/ELI/HC	24.683%	39	0%	50
SAIL/HC	10.760%	17	0%	50
SAIL/HC	55.063%	87	70%	50
SAIL/HC	9.494%	15	80%	50
Local HOME-ARP	3.165%	5	30%	50

Absorption Rate 27 units per month for 6 months.

Occupancy Rate at Stabilization: Physical Occupancy 96.00% Economic Occupancy 95.00%  
 Occupancy Comments new construction

DDA: No QCT: Yes Multi-Phase Boost: No QAP Boost: No  
 Site Acreage: 4.75 Density: 33.2632 Flood Zone Designation: X  
 Zoning: CU-45 (Central Urban) Flood Insurance Required?: No

DEVELOPMENT TEAM		
Applicant/Borrower:	ECG Lake Bradford, LP	% Ownership
General Partner	ECG Lake Bradford GP, LLC	0.0080%
General Partner	THA Lake Bradford, LLC	0.0020%
Limited Partner	R4 Capital, LLC non-affiliate designee ("R4 Capital")	99.9900%
Construction Completion Guarantor(s):		
CC Guarantor 1:	ECG Lake Bradford, LP	
CC Guarantor 2:	ECG Lake Bradford GP, LLC	
CC Guarantor 3:	THA Lake Bradford, LLC	
CC Guarantor 4:	Tallahassee Housing Authority	
CC Guarantor 5:	Lake Bradford Developer, LLC	
CC Guarantor 6:	C. Hunter Nelson	
CC Guarantor 7:	John Shepard	
CC Guarantor 8:	Elmington Affordable, LLC ("EA LLC")	
CC Guarantor 9:	Tallahassee Housing Economic Corporation ("THEC")	
Operating Deficit Guarantor(s):		
OD Guarantor 1:	ECG Lake Bradford, LP	
OD Guarantor 2:	ECG Lake Bradford GP, LLC	
OD Guarantor 3:	THA Lake Bradford, LLC	
OD Guarantor 4:	Tallahassee Housing Authority	
OD Guarantor 5:	Lake Bradford Developer, LLC	
OD Guarantor 6:	C. Hunter Nelson	
OD Guarantor 7:	John Shepard	
OD Guarantor 8:	EA LLC	
CC Guarantor 9:	THEC	
Note Purchaser	R4 Capital Funding, LLC	
Developer:	Lake Bradford Developer, LLC	
Principal 1	ECG Lake Bradford Developer, LLC	
Principal 2	Tallahassee Housing Economic Corporation	
General Contractor 1:	Elmington Construction, LLC ("EC LLC")	
Management Company:	Elmington Property Management, LLC ("EPM LLC")	
Syndicator:	R4 Capital	
Note Issuer:	Housing Finance Authority of Leon County	
Architect:	Southeast Venture Design, LLC (a.k.a. SV Design, LLC)	
Market Study Provider:	Apprise by Walker & Dunlop	
Appraiser:	Apprise by Walker & Dunlop	

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	2nd Source	3rd Source	4th Source	Other
Lender/Grantor	HFA Leon Co MMRN / R4 Funding	FHFC - SAIL	FHFC - ELI	City of Tallahassee HOME-ARP	EA LLC Self- Sourced	
Amount	\$19,891,000	\$5,434,700	\$750,000	\$961,300	\$2,717,350	
Underwritten Interest Rate	5.50%	1.00%	0.00%	0.01%	8.50%	
Loan Term	16.0	16.0	16.0	55.0	20.0	
Amortization	40.0	N/A	N/A	55.0	0.0	
Market Rate/Market Financing LTV	60.0%	76.4%	78.7%	81.6%	90%	
Restricted Market Financing LTV	74.1%	94.3%	97.1%	101%	111%	
Loan to Cost - Cumulative	35.8%	45.6%	47.0%	48.7%	53.6%	
Loan to Cost - SAIL Only		9.8%				
Debt Service Coverage	1.293	1.222	1.222	1.027	1.027	
Operating Deficit & Debt Service Reserves	\$771,958					
# of Months covered by the Reserves	8.9					
Deferred Developer Fee	\$4,321,296					
As-Is Land Value	\$2,370,000					
Market Rent/Market Financing Stabilized Value	\$33,150,000					
Rent Restricted Market Financing Stabilized Value	\$26,850,000					
Projected Net Operating Income (NOI) - Year 1	\$1,486,141					
Projected Net Operating Income (NOI) - 15 Year	\$1,777,505					
Year 15 Pro Forma Income Escalation Rate	2.00%					
Year 15 Pro Forma Expense Escalation Rate	3.00%					
Note Structure	Private Placement					
Housing Credit (HC) Syndication Price	\$0.8625					
HC Annual Allocation - Qualified in CUR	\$2,499,153					
HC Annual Allocation - Equity Letter of Interest	\$2,484,073					

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Local HFA Bonds	HFA Leon Co MMRN Series A / R4 Funding	\$19,891,000	\$19,891,000	\$125,892.41
Local HFA Bonds	HFA Leon Co MMRN Series B / R4 Funding	\$15,109,000	\$0	\$0.00
FHFC - SAIL	FHFC - SAIL	\$5,434,700	\$5,434,700	\$34,396.84
FHFC - SAIL ELI	FHFC - ELI	\$750,000	\$750,000	\$4,746.84
Local Government Subsidy	City of Tallahassee HOME-ARP	\$961,300	\$961,300	\$6,084.18
Self-Sourced: Non-Bond Financing	EA LLC Self-Sourced	\$2,717,350	\$2,717,350	\$17,198.42
HC Equity	R4 Capital Designee	\$3,213,900	\$21,426,000	\$135,607.59
Deferred Developer Fee	Lake Bradford Developer, LLC	\$7,424,396	\$4,321,296	\$27,349.97
<b>TOTAL</b>		\$55,501,646	\$55,501,646	\$351,276.24

Financing Structure:

Applicant submitted to Housing Finance Authority of Leon County ("HFA LC") an application for \$35,000,000 in MMRB and an application to FHFC for Non-Competitive HC and SAIL under RFA 2023-205. The MMRN of \$35,000,000 will be underwritten by R4 Capital Funding, LLC ("R4 Funding") through their Direct Bond Purchase Program where R4 Funding would purchase an estimated \$19,891,000 of construction-permanent tax-exempt notes ("Series A Notes") and \$15,109,000 of construction period tax-exempt notes ("Series B Notes"). Proceeds of the Notes will be lent to the Applicant on a Draw Basis pursuant to a schedule mutually agreed upon prior to Closing in order to reduce construction period interest. Upon conversion to the permanent period, the MMRN Series B Notes will be redeemed, and the MMRN Series A Notes in the amount of \$19,891,000 will remain as permanent financing.

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	X	
Are all funding sources the same as shown in the Application?		1
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?	X	
Does the Applicant have site control at or above the level indicated in the Application?	X	
Does the Applicant have adequate zoning as indicated in the Application?	X	



Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development costs remained equal to or less than those listed in the Application?		2
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?		3
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. Changes in Sources of Funds:

- The Applicant, following submission of the application, provided a Letter of Intent ("LOI") from R4 Funding dated February 2, 2024 (revised August 7, 2024) for the purchase of an estimated \$19,891,000 of construction-permanent tax-exempt notes ("Series A Notes") and \$15,109,000 construction-period tax-exempt notes ("Series B Notes") for a total of \$35,000,000 of Tax-Exempt Notes under its Direct Bond Purchase Program.
- The Application included an LOI for Housing Credit equity from Raymond James Affordable Housing Investments, Inc. ("RJAHI") purchasing \$26,604,699 of Housing Credits at a \$0.87 HC Exchange rate per dollar of Housing Credits. The Applicant subsequently provided an LOI from R4 Capital, LLC ("R4 Capital") replacing RJAHI as the Equity Provider syndicating \$21,426,010 Housing Credits at a \$0.8625 HC Exchange rate per dollar of Housing Credits.
- The Applicant provided a Resolution dated August 24, 2023 and approved by the HFA LC to issue Multifamily Housing Revenue Bonds in an amount not to exceed \$35,000,000 (an increase of \$5,000,000 over the previously approved Bond amount of \$30,000,000).
- The Applicant provided a Loan Commitment Letter from the City of Tallahassee dated August 22, 2024 in the amount of \$1,150,000 in the form of subsidy funded through HOME-ARP (\$961,300) and the remaining portion in the form of fee waivers and incentives already provided by the City.
- As a result of the addition of the HOME-ARP funds from the City of Tallahassee, the SAIL funding amount was reduced from \$6,396,000 to \$5,434,700 as required in RFA 2023-205 ("RFA") which states that if a Self-Sourced Applicant demonstrates Permanent Sources that Cause Reduction in Maximum SAIL Request Amounts of Self-Sourced Applicants, such funding will not be considered

self-sourced financing and said funding will be divided by the total number of units. The result of this will be deducted from the maximum per unit SAIL request.

- The Applicant reduced the Self-Sourced funding amount from \$3,198,000 to \$2,717,350 which complies with the RFA requirement that the self-sourced permanent financing must be in an amount that is at least half of the Applicant's eligible SAIL Request Amount. The Applicant submitted a request to Florida Housing on August 20, 2024 to change the Self-Sourced entity from C. Nelson Hunter to Elmington Affordable, LLC. FHFC Staff approved the change on October 9, 2024.
2. Total Development Costs have decreased by \$1,207,604 from \$56,709,250 in the application to \$55,501,646 primarily due to decreases in construction costs and developer fees.
  3. Change in Rate of Syndication:
    - a. The exchange rate of syndication decreased from \$0.87 to \$0.8625 per dollar allocated to HC.
  4. Other Material Changes from Application:
    - a. The Applicant submitted a request, dated August 13, 2024, to increase the total number of units and to change the unit mix and set asides as detailed below. HFA LC approved the changes at the September 2024 Board Meeting.

Item Description (From)	Item Description (To)
156 Total Units	158 Total Units
Federal set-aside commitment of "Average Income Test" with the following breakdown of 156 units under SAIL, SAIL/ELI and 4% HC Program:	Federal set-aside commitment of "Average Income Test" with the following breakdown of 158 units under SAIL, SAIL/ELI and 4% HC Program:
39 Units @ 30% AMI 15 Units @ 60% AMI 87 Units @ 70% AMI 15 Units @ 80% AMI Averaging AMI = 60%	39 Units @ 30% AMI 17 Units @ 60% AMI 87 Units @ 70% AMI 15 Units @ 80% AMI Averaging AMI = 60%
20 – 1 Bedroom / 1 Bath 92 - 2 Bedroom / 1 Bathroom 44 - 3 Bedroom / 2 Bathroom	20 – 1 Bedroom / 1 Bath 92 - 2 Bedroom / 2 Bathroom 46 - 3 Bedroom / 2 Bathroom

- b. The Applicant submitted a request, dated August 13, 2024, to add THA Lake Bradford, LLC ("THA LB LLC") as a Co-General Partner with 0.002% ownership interest with the existing General Partner, ECG Lake Bradford GP, LLC ownership changing from .0100% to .0080%. In addition, the Applicant requested the replacement of the existing Developer ECG Lake Bradford Developer, LLC ("ECG LB Dev LLC") with a new Developer entity, Lake Bradford Developer LLC ("LB Dev LLC"). A revised Principal Disclosure incorporating these entities reflects the Tallahassee Housing Authority ("THA") as the sole Member of TH ALB LLC and shows ECG LB Dev LLC (80% ownership interest) and Tallahassee Housing Economic Corporation - "THEC" (20% ownership interest) as the new Members of LB Dev LLC. Furthermore, the Applicant requested a change to the membership of Elmington Affordable, LLC, a member of the General Partner of the Applicant entity as well as a member of the Developer entity. The proposed change replaced four of the current members with trusts, of which the existing members, along with several family members, would be trustees and beneficiaries. HFA LC approved the changes at the September 2024 Board Meeting.

- c. The Site Control changed from a purchase and sale of the land to a Ground Lease. The Applicant provided a Draft Assignment and Assumption of Purchase and Sale Agreement transitioning the purchase and ownership of the land from the Applicant to THA and a Draft Ground Lease leasing the land back to the Applicant.

These changes have no substantial material impact to the SAIL, SAIL-ELI 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 September 12, 2024 reflects the following past due item(s): None  
Florida Housing's Asset Management Noncompliance Report dated October 18, 2023 reflects the following noncompliance items: None

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, Apprise by Walker & Dunlap ("Apprise") indicated that the property is located in an area that is projected to experience population growth across all analysis areas. The overall annual demand for multifamily units within Leon County is forecast to be 459 units per year over the next five years.
2. Although the Borrower, General Partner ("GP") and Developer are single-purpose/newly formed entities, the Natural Person Members of the GP and Developer 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. The Applicant added the THA to its organizational structure and provided a draft Assignment of Land Agreement assigning over the land from the Applicant to THA. In addition, the Applicant provided a draft Ground Lease Agreement leasing the land back to the Applicant. The Applicant and THA have indicated the building will be owned by the Applicant. Executed copies of the Assignment of Land and Ground Lease are conditions to close.

The Applicant provided the following detail related to the purchase of the land:

- The Applicant is going to assign the PSA to THA.
- THA is going to purchase the land and immediately enter into the ground lease with the Applicant upon or prior to the expiration of the PSA on October 31, 2024 (prior to the targeted tax credit closing in mid-December 2024).
- The ground lease calls for the Applicant to make a capitalized lease payment to THA in the same amount as the purchase price THA is paying for the land. The funds to pay the capitalized lease

payment to THA will be advanced by Elmington Capital, LLC to the Applicant. The ground lease specifies that the Tenant shall be the owner(s) of the Demised Premises and the Development for income or franchise tax purposes.

- The advanced funds for the capitalized lease payment will then be reimbursed to Elmington by the Applicant (without interest) along with the rest of Elmington's reimbursables at the tax credit closing.
2. The Applicant has indicated the Development will qualify for tax exemption under Florida Statute 196.199(2) and has indicated a Tax Accountant will provide an opinion confirming qualification for the tax exemption prior to Closing. Confirmation of the Development qualifying for the tax exemption is a condition to close.
  3. The Applicant provided a bond financing proposal from R4 Funding for the purchase of MMRB and a LOI from R4 Capital for the HC syndication. However, the Housing Credits will be purchased by a non-affiliated, designated capital partner of R4 Capital. Therefore, there will not be a substantial user issue during construction or permanent financing.

The Applicant provided a bond financing proposal from the First Mortgage Lender (R4 Funding) through their Direct Bond Purchase Program and the Syndicator (R4 Capital or one of its affiliates). However, R4 Capital provided the following statement related to Substantial User issues:

*"R4 can confirm that there will be no substantial user issues a result of (a) the equity being provided by a LIHTC fund sponsored by an affiliate of R4 Capital LLC as fund general partner, with no limited partner in the LIHTC fund owning 25% or more of the fund and (b) the tax-exempt debt being originated by R4 Capital Funding LLC and provided by one of R4CF's institutional investors."*

Confirmation that Substantial User issues are not applicable to the transaction will be a condition to close.

4. On August 22, 2024, HFA LC approved the Applicant's request to allow a 60-month interest only period following the Closing of this transaction.

Issues and Concerns: None

Mitigating Factors: None

Recommendation:

SMG recommends the HFA LC fund an MMRB in the amount of \$35,000,000. 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 MMRB Loan Conditions (Section B). The reader is cautioned to refer to these sections for complete information.

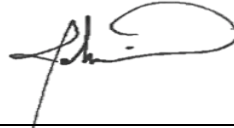
This recommendation is only valid for six months from the date of the report.

Prepared by:



Frank Sforza  
Senior Credit Underwriter

Reviewed by:



Joshua Scribner  
Credit Underwriting Manager

## Overview

### Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
First Mortgage	HFA Leon Co MMRN Series A / R4 Funding	\$30,000,000	\$19,891,000	\$19,891,000	5.50%	\$1,742,203
First Mortgage	HFA Leon Co MMRN Series B / R4 Funding	\$0	\$15,109,000	\$15,109,000	5.50%	\$1,323,360
Second Mortgage	FHFC - SAIL	\$6,396,000	\$5,434,700	\$5,434,700	1.00%	\$86,548
Second Mortgage	FHFC - ELI	\$750,000	\$750,000	\$750,000	0.00%	\$0
Third Mortgage	City of Tallahassee HOME-ARP	\$0	\$961,300	\$961,300	0.01%	\$153
Fourth Mortgage	EA LLC Self-Sourced	\$3,198,000	\$2,717,350	\$2,717,350	8.50%	\$367,827
HC Equity	R4 Capital Designee	\$10,415,740	\$3,213,900	\$3,213,900		
Deferred Developer Fee	Lake Bradford Developer, LLC	\$5,949,510	\$7,481,333	\$7,424,396		
<b>Total</b>		<b>\$56,709,250</b>	<b>\$55,558,583</b>	<b>\$55,501,646</b>		<b>\$3,520,090</b>

#### First Mortgage Loan:

The Applicant initially applied for \$30,000,000 in Tax-Exempt Bonds to be issued by HFA LC for the acquisition and construction of Lake Bradford Apartments. On August 24, 2023, HFA LC approved the Applicant's request to increase the MMRN to \$35,000,000. The Applicant provided a Note Financing LOI from R4 Funding dated February 2, 2024, last revised August 7, 2024, for the purchase of an estimated \$19,891,000 of construction-permanent tax-exempt notes ("Series A Notes") and \$15,109,000 construction-period tax-exempt notes ("Series B Notes") for a total of \$35,000,000 of Tax-Exempt Notes under its Direct Bond Purchase Program and the proceeds of the notes will be lent to the Applicant. The term of the loans for the construction phase is expected to be 60 months.

The construction-period loan / Series B Notes interest rate will be fixed based upon the 3-Year Treasury Index, published by Thomas Reuters, plus a spread of 1.75% and is subject to a floor rate of 5.50%. The 3-Year Treasury as of September 6, 2024 was 3.53% resulting in the floor rate being in effect and an overall interest rate of 5.50%. The payments will be interest only until maturity (conversion to permanent). Upon construction completion and conversion to permanent financing, the Series B Notes will be redeemed. In addition, an origination fee of 1.0%, Application Fee of \$45,000, and a construction fee of 0.50% is due at construction loan closing.

#### Other Construction Sources of Funds:

Additional sources of funds for this Development during construction consists of a FHFC SAIL Base Loan in the amount of \$5,434,700, a FHFC SAIL-ELI Loan in the amount of \$750,000, a City of Tallahassee HOME-ARP loan in the amount of \$961,300, Self-Sourced funding in the amount of \$2,717,350, Housing Credit equity of \$3,213,900, and deferred Developer Fee in the amount of \$7,424,396. See the Permanent Financing section below for details.

#### Construction/Stabilization Period:

Based upon market analysis, the appraiser projects an absorption rate of approximately 27 units per month to achieve stabilized occupancy within six months following construction completion. The appraiser assumed pre-leasing will begin at least four months prior to completion. The construction contract requires substantial completion within approximately 23 months. For purposes of this Credit Underwriting, SMG assumes a 29-month construction / stabilization period.

**Permanent Financing Sources**

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt
First Mortgage	HFA Leon Co MMRN / R4 Funding	\$15,540,000	\$19,891,000	\$19,891,000	5.50%	40	16	\$1,231,102
Second Mortgage	FHFC - SAIL	\$6,396,000	\$5,434,700	\$5,434,700	1.00%	N/A	16	\$54,347
Second Mortgage	FHFC - ELI	\$750,000	\$750,000	\$750,000	0.00%	N/A	16	\$0
Third Mortgage	City of Tallahassee HOME-ARP	\$0	\$961,300	\$961,300	0.01%	55	55	\$96
Fourth Mortgage	EA LLC Self-Sourced	\$3,198,000	\$2,717,350	\$2,717,350	8.50%		20	\$230,975
HC Equity	R4 Capital Designee	\$23,146,088	\$21,426,000	\$21,426,000				
Def. Developer Fee	Lake Bradford Developer, LLC	\$7,679,162	\$4,378,233	\$4,321,296				
<b>Total</b>		<b>\$56,709,250</b>	<b>\$55,558,583</b>	<b>\$55,501,646</b>				<b>\$1,516,520</b>

**First Mortgage Loan:**

The Applicant provided a Note Financing LOI from R4 Funding dated February 2, 2024 and last revised August 7, 2024, for the purchase of an estimated \$19,891,000 of construction-permanent tax-exempt notes ("Series A Notes") and \$15,109,000 construction-period tax-exempt notes ("Series B Notes") for a total of \$35,000,000 of Tax-Exempt Notes under its Direct Note Purchase Program and the proceeds of the notes will be lent to the Applicant. The Series B Notes will redeem in full upon conversion to permanent financing.

The construction-permanent loan / Series A Notes interest rate will be fixed based upon the 10-Year Treasury Index, published by Thomas Reuters, plus a spread of 1.75% and is subject to a floor rate of 5.50%. The 10-Year Treasury as of September 6, 2024 was 3.71%, resulting in the floor rate being in effect and an overall interest rate of 5.50% amortized over a 40 year period. Payments will be interest only for the first 60 months from loan closing followed by principal and interest payments through the term of the loan. Following the interest only construction period, mandatory redemption of the Series A Notes shall occur, in part, on a monthly basis of principal and interest sufficient to fully amortize over 40 years. Upon the 16th anniversary of stabilization, the noteholder shall have the option to require a mandatory tender of the Series A Notes and will be required to provide six months' notice for such mandatory tender.

The Development shall be required to achieve stabilization prior to 36 months from closing. R4 Funding's stabilization requirements include: (i) the ratio of net operating income of the property for the prior three months to the maximum debt service in any three-month period equals or exceeds 1.15x to 1.00, (ii) the average economic occupancy in each of the three months equals at least 90%, and (iii) the property has achieved Final Completion.

The Permanent Loan will mature sixteen (16) years following conversion to permanent financing. At maturity, Borrower may satisfy the MMRN via refinance or sale of the Development pending market feasibility. In the event the Borrower is unable to refinance or effectuate a sale to fund payoff of the MMRN, such event would not cause an event of default under the loan documents. Rather, should this situation occur, it would trigger a "Mortgage Assignment Event" whereby R4 Funding Designee agrees to cancel the MMRN in exchange for an assignment by the Fiscal Agent of the mortgage and all other related documents and accounts. The Fiscal Agent would cancel the MMRN and discharge the lien of the Trust Indenture, and it would then assign the mortgage loan (Project loan) and any other related documents and collateral to R4 Funding Designee, effectively ending the transaction. Under this scenario, the MMRN will have been redeemed/cancelled not by payment of cash but by the assignment of the mortgage loan documents and there is no default. As the new direct mortgagee, R4 Funding Designee would then be in

position to work with the Borrower to arrive at a resolution without involvement of either HFA Leon or the Fiscal Agent (as the MMRN would have been cancelled and would no longer be outstanding).

Annual payments of all applicable fees will be required and are included in the debt service coverage ratio. Fees include a Permanent Loan Servicing Fee to be paid annually based on 2.3 basis points of the outstanding MMRN amount or a minimum of \$243 per month, and an hourly fee of \$204 for extraordinary services and an Annual Compliance Monitoring Fee based on \$188 per month plus an additional fee per set-aside unit of \$11.58, subject to a minimum monthly fee of \$295. HFA LC fees include a 20-basis point Issuer Fee, an annual Fiscal Agent Fee of \$4,500 and a Closing Fee of 25 basis points of the MMRN amount, subject to a minimum fee of \$10,000. In addition, there is a Financial Monitoring Fee of \$2,413 increasing at 3% annually. All fees have been included in the Uses and Proforma sections of this report.

#### Second Mortgage Loan

The Applicant applied to FHFC under RFA 2023-205 for SAIL funds in the amount of \$6,396,000 that was subsequently reduced to \$5,434,700. The total SAIL Loan is in the amount of \$6,184,700 comprised of a SAIL Base Loan in the amount of \$5,434,700 plus a SAIL-ELI Loan in the amount of \$750,000. The SAIL Base loan and the SAIL-ELI loan will be closed as one loan and will have one set of closing documents. The SAIL Base Loan will have a total term of 18.5 years, of which two and a half years is for the construction/stabilization period and a 16-year permanent period. The SAIL Base Loan term will be co-terminus with the first mortgage as allowed by Rule 67-48 ("Rule"). The SAIL Base Loan will be non-amortizing and with a 1.00% interest rate over the life of the loan with annual payments based upon available cash flow. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Base Loan, all principal and unpaid interest is due. Annual payments of all applicable fees will be required.

Applicants who submit an Application under RFA 2023-205 are also eligible for ELI Loan funding for the required ELI set-aside units not to exceed the lesser of (a) \$750,000; or (b) the maximum amount based on the ELI set-aside per unit limits; for 10% of the total units. The ELI Loan is in the form of a forgivable loan in an amount of \$750,000. The ELI AMI for Leon County is 40%. The Borrower committed to an average income test set aside resulting in 24.68% of the total units (39 units) at or below 30% of AMI for ELI. The ELI Loan is non-amortizing with an interest rate of 0.00% per annum over the life of the loan. The principal is forgivable at maturity, provided the units for which the ELI Loan amount is awarded are targeted to ELI Households for the first 15 years of the 50-year Compliance Period. The Persons with Special Needs set-aside requirement must be maintained throughout the entire 50-year Compliance Period. The ELI Loan will have a total term of 18.5 years, of which two and a half years is for the construction/stabilization period and a 16 year permanent period. The ELI loan term will be co-terminus with the first mortgage as allowed by the RFA. Annual payments of all applicable fees will be required.

For the total SAIL Loan, fees include an annual multiple program Compliance Monitoring Fee of \$1,054 and an annual Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of \$964 per month, subject to a minimum of \$243 per month.



Third Mortgage Loan:

The Applicant provided an email dated August 20, 2024 and a Loan Commitment Letter dated August 22, 2024, detailing the terms of a loan from the City of Tallahassee. The loan amount is \$1,150,000, of which \$961,300 is in the form of subsidy funded through HOME-ARP. The remaining portion of the loan is in the form of fee waivers and incentives provided by the City of Tallahassee. The interest rate is 0.01% throughout the 55-year loan term with payments to be made based on available cash flow after all superior debt has been satisfied. The Compliance period is 50 years.

Fourth Mortgage Loan

The Applicant provided a Self-Sourced Commitment Letter dated August 16, 2024, in the amount of \$3,198,000 (subsequently amended to \$2,717,350) from Elmington Affordable, LLC. The loan will have an interest rate not to exceed 8.50% per annum, is non-forgivable and must be repaid within 20 years. Payments will be interest only subject to available cash flow and will be repayable after the Developer Fee.

The Self-sourced financing will be funded and dispersed pro rata along with SAIL Base funding. The Self-Sourced Financing must be subordinate to the SAIL Base Loan; no principal may be paid on the Self-Sourced Financing prior to the payoff of the SAIL Base Loan in full. Any payment of Self-Sourced Financing interest will be made subordinate to SAIL Base 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. If self-sourced financing is repaid to the Applicant prior to the payment of the SAIL Base Loan in full, the SAIL Base Loan will be in default and must be paid in full and the Applicant and any associated Applicant or Developer principals or affiliates may be subject to material misrepresentation consequences set forth in Rule 67-48.004(2), F.A.C.

Housing Credits Equity Investment:

The Borrower has applied to Florida Housing to receive 4% Housing Credits directly from the United States Treasury in conjunction with tax-exempt bond financing. A HC calculation is contained in Exhibit 4 of this credit underwriting report.

Based upon a February 5, 2024 (revised August 7, 2024) LOI, R4 Capital 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	\$3,213,900	15.00%	paid prior to or simultaneous with the closing of construction financing and admission of the Limited Partner to the Partnership
2nd Installment	\$16,368,842	76.40%	Latest of: Rental achievement, 37 months after payment 1, 1/1/28
3rd Installment	\$1,071,300	5.00%	Latest of: 8609s, 9 months after payment 2, 10/1/28
4th Installment	\$771,958	3.60%	Latest of: 60 months after payment 3, 1/1/33
Total	\$21,426,000	100.00%	

Annual Tax Credits per Syndication Agreement: \$2,484,073

Total HC Available to Syndicator (10 years): \$24,838,246

Syndication Percentage (investor member interest): 99.99%

Calculated HC Exchange Rate (per dollar): \$0.8625

Proceeds Available During Construction: \$3,213,900

Sufficient equity proceeds will be disbursed at closing to meet regulatory requirements.

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 R4 Capital LOI have been received, the Developer will have to defer \$4,321,296 of Developer Fees. There is sufficient Developer Fee available until the fourth installment is received.

## Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accessory Buildings				\$0	
Demolition	\$100,000	\$160,634	\$160,634	\$1,017	\$160,634
Installation of Pre Fab Units				\$0	
New Rental Units	\$29,966,667	\$25,420,125	\$25,345,125	\$160,412	\$61,600
Off-Site Work				\$0	\$0
Recreational Amenities			\$75,000	\$475	
Rehab of Existing Common Areas				\$0	
Rehab of Existing Rental Units				\$0	
Site Work	\$2,000,000	\$3,516,451	\$3,516,451	\$22,256	\$527,468
Swimming Pool				\$0	
Furniture, Fixture, & Equipment				\$0	
Hard Cost Contingency - in Constr. Cont.				\$0	
Constr. Contr. Costs subject to GC Fee	\$32,066,667	\$29,097,210	\$29,097,210	\$184,160	\$749,702
General Conditions	\$4,033,333	\$1,745,832	\$1,745,832	\$11,050	
Overhead		\$581,944	\$581,944	\$3,683	
Profit		\$1,745,832	\$1,745,832	\$11,050	
Builder's Risk Insurance				\$0	
General Liability Insurance		\$64,000	\$64,000	\$405	
Payment and Performance Bonds		\$226,000	\$226,000	\$1,430	
Contract Costs not subject to GC Fee		\$150,000	\$150,000	\$949	
Total Construction Contract/Costs	\$36,100,000	\$33,610,818	\$33,610,818	\$212,727	\$749,702
Hard Cost Contingency	\$1,805,000	\$1,673,041	\$1,673,041	\$10,589	
PnP Bond paid outside Constr. Contr.				\$0	
Fees for LOC used as Constr. Surety				\$0	
Demolition paid outside Constr. Contr.				\$0	
FF&E paid outside Constr. Contr.		\$75,000	\$75,000	\$475	
Other: <u>Electrical Relocation</u>		\$105,820	\$105,820	\$670	\$105,820
<b>Total Construction Costs:</b>	<b>\$37,905,000</b>	<b>\$35,464,679</b>	<b>\$35,464,679</b>	<b>\$224,460</b>	<b>\$855,522</b>

## Notes to the Construction Costs:

- The Applicant has provided an executed AIA Document A102-2017 Standard Form of Agreement between Owner and Contractor where the basis of payment is the Cost of the Work plus a Fee with a Guaranteed Maximum Price dated July 16, 2024 in the amount of \$33,610,818. The contract provides for a date of commencement 14 days after the Notice to Proceed is received and grading permit has been issued. The contract calls for achievement of substantial completion no later than 665 days 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

Fencing at Ponds	\$ 50,000
Bicycle Storage	\$ 50,000
Car Wash Area	\$ 5,000
Garden Area	\$ 5,000
Picnic Area	\$ 15,000
Landscaping and Irrigation	\$ 40,000/acre (\$188,000)
Site Furnishings	\$ 1,000/acre (\$4,700)

Electrical Primary Duct Bank	\$100,000
Queen Size Brick	\$ 600/thousand
Monument Sign	\$ 25,000
Building and Unit Signage	\$ 100/unit (\$15,800)
Fire Pucks at Each Unit Range	\$ 100/unit (\$15,800)
<u>Rough-In for Access Control Panel</u>	<u>\$ 11,850</u>
Total	\$486,150 (plus brick allowance)

On Solid Ground, Inc. ("OSG") indicated the specified Allowances were reasonable for this Development.

Final payment will be made when (1) the General Contractor has fully performed the contract, (2) the General Contractor has submitted a final accounting for the Cost of the Work and a final application for payment, and (3) 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 67-21 and Rule Chapter 67-48 ("Rules"), Florida Administrative Code.
3. General Contractor fees as stated are within the 14% maximum per the RFA and Rules.
4. Ineligible costs include demolition costs, storefront costs and a portion of Site Work costs.
5. Costs associated with General Liability Insurance, Payment and Performance Bonds and Building Permit Fees (Permit Fees are labeled as "Contract Costs not subject to GC Fee") are contained within the construction contract but no GC Fee was taken on these costs.
6. The hard cost contingency is within the 5.00% allowed by the RFA and Rules and is not included within the GC Contract or schedule of values.
7. FF&E outside the Construction Contract are costs associated with Leasing office items including but not limited to, computers, desks, chairs, filing cabinets, printers, bookshelves, and gym equipment.
8. Other: Electrical Relocation Costs are associated with work that will be completed by the city or a city contractor and assessed to the Applicant in order to relocate above-ground powerlines prior to construction.
9. SMG engaged and received a Plan and Cost Analysis ("PCA") from OSG. Complete results are set forth in Section C of this credit underwriting report.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees		\$40,000	\$40,000	\$253	\$20,000
Appraisal		\$4,800	\$4,800	\$30	
Architect's and Planning Fees				\$0	
Architect's Fee - Green Initiative				\$0	
Architect's Fee - Landscape				\$0	
Architect's Fee - Site/Building Design		\$596,480	\$537,184	\$3,400	
Architect's Fee - Supervision		\$75,000	\$134,296	\$850	
Building Permits				\$0	
Builder's Risk Insurance	\$695,000	\$825,824	\$825,824	\$5,227	
Capital Needs Assessment/Rehab				\$0	
Engineering Fees		\$221,000	\$221,000	\$1,399	
Environmental Report		\$100,000	\$100,000	\$633	
Federal Labor Standards Monitoring				\$0	
FHFC Administrative Fees		\$249,073	\$226,562	\$1,434	\$226,562
FHFC Application Fee	\$538,430	\$3,000	\$3,000	\$19	\$3,000
FHFC Credit Underwriting Fee		\$20,506	\$20,506	\$130	\$20,506
FHFC Compliance Fee		\$279,843	\$279,843	\$1,771	\$279,843
FHFC Other Processing Fee(s)				\$0	
Impact Fee				\$0	
Lender Inspection Fees / Const Admin		\$35,000	\$35,000	\$222	
Green Building Cert. (LEED, FGBC, NGBS)		\$63,200	\$63,200	\$400	
Home Energy Rating System (HERS)				\$0	
Insurance		\$25,000	\$25,000	\$158	
Legal Fees - Organizational Costs		\$375,000	\$375,000	\$2,373	\$187,500
Local Subsidy Underwriting Fee				\$0	
Market Study		\$4,500	\$4,500	\$28	\$4,500
Marketing and Advertising		\$75,000	\$75,000	\$475	\$75,000
Plan and Cost Review Analysis		\$3,000	\$3,000	\$19	
Property Taxes	\$25,000			\$0	
Soil Test		\$25,000	\$25,000	\$158	
Survey		\$25,000	\$25,000	\$158	\$6,250
Tenant Relocation Costs		\$407,750	\$407,750	\$2,581	\$407,750
Title Insurance and Recording Fees		\$80,000	\$80,000	\$506	\$20,000
Traffic Study				\$0	
Utility Connection Fees		\$446,794	\$446,794	\$2,828	
Soft Cost Contingency	\$150,000	\$100,000	\$100,000	\$633	\$50,000
Other: Professional Fees	\$1,705,000			\$0	
Other: Combined Fees	\$703,000			\$0	
Other: 45L Tax Credit Testing		\$63,200	\$63,200	\$400	\$63,200
Other: Zoning Fees		\$10,000	\$10,000	\$63	
<b>Total General Development Costs:</b>	<b>\$3,816,430</b>	<b>\$4,153,970</b>	<b>\$4,131,459</b>	<b>\$26,148</b>	<b>\$1,364,111</b>

*Notes to the General Development Costs:*

1. Appraisal, Market Study, and Plan and Cost Review fees reflect the actual cost of the reports engaged by SMG.
2. Architect's Fees for Site/Building Design and Supervision are based on the Agreement between Owner and Architect, Southeast Venture Design, LLC (a.k.a. SV Design) dated July 10, 2024.
3. Engineering Fees are based on the Contract for Professional Services by and between the owner and Kimley-Horn and Associates, Inc. dated October 27, 2023.

4. The FHFC Administrative Fee is based on 9% of the recommended annual allocation of HC. The FHFC Application Fee is reflective of the application fees stated in RFA 2023-205. The total FHFC Credit Underwriting Fees are \$20,506. FHFC Compliance Fees through the initial 50-year Compliance period will be ongoing and are incorporated in the operating pro forma and debt service analysis within this report.
5. Impact Fees have been waived by the City of Tallahassee (refer to City of Tallahassee loan in the Permanent Financing Sources section of this report).
6. Green Building Certification Fee is based on the Econsultants, LLC proposal to certify National Green Building Standards (“NGBS”) dated October 17, 2023.
7. Property Taxes are anticipated to be exempted. The Applicant has indicated the Development will qualify for tax exemption under Florida Statute 196.199(2) and has indicated a Tax Accountant will provide an opinion confirming qualification for the tax exemption prior to Closing. Confirmation of the Development qualifying for the tax exemption is a condition to close.
8. Tenant Relocation Costs are based on the Applicant’s Tenant Relocation Plan, dated August 9, 2024, to relocate tenants currently in existing structures that will be demolished as part of the construction of the new Development.
9. Utility Connection Fees were based on an email from the Deputy Building Official at the City of Tallahassee, dated August 12, 2024, that provided estimates of these fees.
10. Soft cost contingency is within the 5% as allowed per the RFA and Rules.
11. Other: 45L Tax Credit Testing were costs the Applicant indicated were assessed by a third party to certify the development was eligible for the tax credit.
12. Other: Zoning Fees were costs the Applicant indicated were incurred for drawings and submittals when they applied to receive the affordable housing density bonus.
13. Other General Development Costs are based on the Applicant’s estimates, which appear reasonable.

## MMRB CREDIT UNDERWRITING REPORT

SMG

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Construction Loan Application Fee		\$45,000	\$45,000	\$285	
Construction Loan Underwriting Fee		\$25,000	\$25,000	\$158	
Construction Loan Origination Fee		\$350,000	\$350,000	\$2,215	
Construction Loan Commitment Fee				\$0	
Construction Loan Closing Costs				\$0	
Construction Loan Interest		\$3,600,000	\$3,520,090	\$22,279	\$1,105,209
Construction Loan Servicing Fees	\$3,225,000			\$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		\$175,000	\$175,000	\$1,108	\$175,000
Permanent Loan Closing Costs				\$0	\$0
Permanent Loan Interest				\$0	\$0
Permanent Loan Servicing Fee	\$251,320			\$0	\$0
Local HFA Note Application Fee		\$35,000	\$34,500	\$218	\$34,500
Local HFA Note Underwriting Fee		\$20,506	\$16,984	\$107	\$16,984
Local HFA Note Subsidy Layering Rev.				\$0	\$0
Local HFA Note Origination Fee				\$0	\$0
Local HFA Note Commitment Fee				\$0	\$0
Local HFA Note Fiscal Agent Fee		\$13,500	\$11,400	\$72	\$11,400
Local HFA Note Credit Enh. Fee				\$0	\$0
Local HFA Note Rating Fee				\$0	\$0
Local HFA Note Cost of Issuance		\$271,257	\$310,363	\$1,964	\$310,363
Local HFA Note Closing Costs		\$87,500	\$87,500	\$554	\$87,500
Local HFA Note Interest				\$0	\$0
Local HFA Note Servicing Fee				\$0	\$0
Local HFA Legal - Tax Counsel				\$0	\$0
Local HFA Legal - Borrower's Counsel				\$0	\$0
Local HFA Legal - Issuer's Counsel				\$0	\$0
Local HFA Legal - Lender's Counsel				\$0	\$0
Local HFA Legal - U/W's Counsel				\$0	\$0
SAIL Commitment Fee				\$0	\$0
SAIL Closing Costs				\$0	\$0
SAIL Interest				\$0	\$0
SAIL Servicing Fee				\$0	\$0
SAIL-ELI Commitment Fee		\$61,847	\$61,847	\$391	\$61,847
SAIL-ELI Closing Costs		\$25,000	\$12,500	\$79	\$12,500
SAIL-ELI Servicing Fee				\$0	\$0
Legal Fees - Financing Costs		\$25,000	\$25,000	\$158	
Negative Arbitrage				\$0	
Forward Rate Lock Fee				\$0	
Placement Agent/Underwriter Fee		\$37,500	\$37,500	\$237	\$37,500
Initial TEFRA Fee				\$0	\$0
Other: Short-Term Bond Redemption Fees		\$25,685	\$25,685	\$163	\$25,685
Other: Closing Fees	\$465,500			\$0	
Other: HFA Leon Issuer Fee		\$169,190	\$169,190	\$1,071	\$169,190
Other:				\$0	
Other:				\$0	
<b>Total Financial Costs:</b>	<b>\$3,941,820</b>	<b>\$4,966,985</b>	<b>\$4,907,559</b>	<b>\$31,061</b>	<b>\$2,047,678</b>
<b>Dev. Costs before Acq., Dev. Fee &amp; Reserves</b>	<b>\$45,663,250</b>	<b>\$44,585,635</b>	<b>\$44,503,698</b>	<b>\$281,669</b>	<b>\$4,267,311</b>

*Notes to the Financial Costs:*

1. The Construction Loan Application fee, Underwriting fee, Origination fee and Closing costs reflects the fees noted in the R4 Funding LOI dated February 2, 2024, revised August 7, 2024.
  - a. The LOI indicated there was a 1.00% origination fee based on the Note amount (0.50% allocated to the construction origination fee line, 0.50% allocated to the permanent origination fee line item).
  - b. Seltzer allocated the 0.50% construction fee to the construction origination fee line item, for a total fee of 1% of the construction loan amount.
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 estimate assumes an "all-in" interest rate of 5.50% for the first mortgage Series A Note Loan, a 5.50% interest rate for the first mortgage Series B Note Loan, an interest rate of 1.00% for the SAIL Mortgage Loan, a construction/stabilization period of 29 months, and 57% of the MMRN outstanding (on average) during the construction schedule.
3. HFA LC Note Fiscal Agent Fee represents 29 months of the annual Fiscal Agent Fee of \$4,500 during the construction period.
4. HFA LC Note Cost of Issuance includes fees and expenses of the Real Estate Counsel for MMRN, Note Counsel, Disclosure Counsel, and other fees (Application Fee, Fiscal Agent Fee and Placement Agent Fee are broken out and listed on their respective lines).
5. SAIL-ELI Commitment Fee is based on 1% of the SAIL and ELI Loan amounts.  
FHFC closing costs for FHFC legal counsel fees are \$12,500 for the SAIL/ELI loan.
6. Legal Fees – Financing Costs are estimates provided by the Applicant.
7. Other: Short Term Bond Redemption Fees are based on a redemption amount of \$15,109,000 and the Bonds being redeemed after 29 months resulting in a 17-basis point fee on the redeemed amount.
8. Other: HFA LC Issuer Fee represents 29 months of the annual Issuer Fee of 20 basis points (0.20%) during the construction period.
9. Other Financial Costs are based on the Applicant's estimates, which appear reasonable.

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	
<b>Total Non-Land Acquisition Costs:</b>	\$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	\$8,200,000	\$7,779,250	\$7,779,250	\$49,236	
DF to fund Operating Debt Reserve				\$0	
DF to Brokerage Fees - Land			\$0	\$0	
DF to Excess Land Costs				\$0	
DF to Excess Bldg Acquisition Costs				\$0	
DF to Consultant Fees		\$45,000	\$45,000	\$285	
DF to Guaranty Fees				\$0	
Other: <u>Relocation Consulting</u>		\$75,750	\$75,750	\$479	\$75,750
<b>Total Other Development Costs:</b>	<b>\$8,200,000</b>	<b>\$7,900,000</b>	<b>\$7,900,000</b>	<b>\$50,000</b>	<b>\$75,750</b>

*Notes to Developer Fee on Non-Acquisition Costs:*

1. Developer Fee does not exceed 18% of the Development's construction cost, exclusive of land acquisition costs and reserves, as required per the RFA and Rules.
2. Consulting Fees are associated with Florida Consulting Group assisting with Applicant's application and a firm assisting with relocation of tenants in buildings that will be demolished.

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	\$2,300,000	\$2,300,000		\$0	\$0
Land Lease Payment		\$990	\$2,325,990	\$14,721	\$2,325,990
Land Carrying Costs				\$0	\$0
Other:				\$0	\$0
Other:				\$0	\$0
Other:				\$0	\$0
<b>Total Acquisition Costs:</b>	<b>\$2,300,000</b>	<b>\$2,300,990</b>	<b>\$2,325,990</b>	<b>\$14,721</b>	<b>\$2,325,990</b>

*Notes to the Land Acquisition Costs:*

1. The Applicant provided the following:
  - a Purchase and Sale Agreement ("PSA") signed July 5, 2023 between Bradford Village, LLC and ECG Acquisitions, LLC ("ECGA LLC"), with a purchase price of \$2,300,000, and a Closing date within 90 days of the expiration of the Inspection Period, which must take place within 90 days of the Effective Date (July 5, 2023) with the option to extend the Closing for three consecutive months.
  - an Assignment of the PSA signed July 11, 2023, assigning the PSA from ECGA LLC to the Applicant
  - a First Amendment to the PSA signed August 15, 2023 amending the Effective Date to August 15, 2023
  - a Second Amendment to the PSA signed December 6, 2024 amending the Purchase Price to \$2,325,000 and the Effective Date to December 6, 2023
  - a Draft Assignment and Assumption of PSA from the Applicant to THA
  - a Draft 99-Year Ground Lease between THA and the Applicant that requires a capital lease payment of \$2,325,000 to be paid within 3 days of the Commencement Date of the Ground Lease and an annual base rent of \$10 per year to be paid in advance

Receipt of executed copies of the Draft Assignment and Assumption of PSA and the Draft Ground Lease that are not substantially different than the drafts utilized in this credit underwriting report are Conditions of Closing.

2. The appraised value of the vacant land is \$2,370,000, which supports the purchase/ground lease price.

RESERVE ACCOUNTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
ACC Reserve (Lender)				\$0	\$0
ACC Reserve (Syndicator)				\$0	\$0
Operating Deficit Reserve (FHFC)				\$0	\$0
Operating Deficit Reserve (Lender)				\$0	\$0
Operating Deficit Reserve (Syndicator)	\$546,000	\$771,958	\$771,958	\$4,886	\$771,958
Debt Service Coverage Reserve (FHFC)				\$0	\$0
Debt Service Coverage Reserve (Lender)				\$0	\$0
Debt Service Coverage Reserve (Syndicator)				\$0	\$0
Replacement Reserves (FHFC)				\$0	\$0
Replacement Reserves (Lender)				\$0	\$0
Replacement Reserves (Syndicator)				\$0	\$0
Reserves - Start-Up/Lease-up Expenses				\$0	\$0
Reserves - Working Capital				\$0	\$0
<b>Total Reserve Accounts:</b>	<b>\$546,000</b>	<b>\$771,958</b>	<b>\$771,958</b>	<b>\$4,886</b>	<b>\$771,958</b>

*Notes to Reserve Accounts:*

1. Reserves – Operating Deficit is the Operating Deficit Reserve (“ODR”) required by the Syndicator, R4 Capital.

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 HFA LC, its Servicer and its Legal Counsel.

In exchange for receiving funding from the Corporation, the Corporation reserves the authority to restrict the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve’s original purpose has terminated or is near termination. Authorized disposition uses are limited to payments towards any outstanding loan balances of the Development funded from the Corporation, any outstanding Corporation fees, any unpaid costs incurred in the completion of the Development (i.e., deferred Developer Fee), the Development’s capital replacement reserve account (provided, however, that any operating deficit reserve funds deposited to the replacement reserve account will not replace, negate, or otherwise be considered an advance payment or pre-funding of the Applicant’s obligation to periodically fund the replacement reserve account), the reimbursement of any loan(s) provided by a partner, member or guarantor as set forth in the Applicant’s

organizational agreement (i.e., operating or limited partnership agreement). The actual direction of the disposition is at the Applicant's discretion so long as it is an option permitted by the Corporation. In no event, shall the payment of amounts to the Applicant or the Developer from any operating deficit reserve established for the Development cause the Developer Fee or general Contractor fee to exceed the applicable percentage limitations provided for in this RFA.

TOTAL DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
<b>TOTAL DEVELOPMENT COSTS:</b>	\$56,709,250	\$55,558,583	\$55,501,646	\$351,276	\$7,441,009

*Notes to the Total Development Costs:*

1. Per RFA 2023-205, 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 Mid-Rise (4 stories) – Non-ESSC Construction, which had a maximum allowable per unit cost of \$339,200.00 . Per an analysis of the approved development costs identified in this report, the costs presented do not exceed the maximum allowable TDC per the RFA.
2. Total Development Costs have decreased by \$1,207,604, from \$56,709,250 in the application to \$55,501,646, primarily due to decreases in construction costs and developer fees.

## Operating Pro Forma

OPERATING PRO FORMA		ANNUAL	PER UNIT	
INCOME	Gross Potential Rental Income	\$2,615,148	\$16,552	
	Rent Subsidy (ODR)	\$0	\$0	
	Other Income:			
	Ancillary Income-Parking	\$0	\$0	
	Miscellaneous	\$49,296	\$312	
	Gross Potential Income	\$2,664,444	\$16,864	
	Less:			
	Economic Loss - Percentage: 0.0%	\$0	\$0	
	Physical Vacancy Loss - Percentage: 4.0%	(\$106,578)	(\$675)	
Collection Loss - Percentage: 1.0%	(\$26,644)	(\$169)		
<b>Total Effective Gross Revenue</b>		\$2,531,222	\$16,020	
EXPENSES	Fixed:			
	Ground Lease	\$0	\$0	
	Sub-Ground Lease	\$0	\$0	
	Real Estate Taxes	\$11,850	\$75	
	Insurance	\$311,892	\$1,974	
	Other Ground Rent	\$0	\$0	
	Variable:			
	Management Fee - Percentage: 3.8%	\$95,229	\$603	
	General and Administrative	\$59,250	\$375	
	Payroll Expenses	\$237,000	\$1,500	
	Utilities	\$142,200	\$900	
	Marketing and Advertising	\$7,900	\$50	
	Maintenance and Repairs	\$118,500	\$750	
	Grounds Maintenance and Landscaping	\$0	\$0	
	Resident Programs	\$10,000	\$63	
	Other- Compliance Monitoring	\$3,860	\$24	
	Reserve for Replacements	\$47,400	\$300	
	<b>Total Expenses</b>		\$1,045,081	\$6,614
	<b>Net Operating Income</b>		\$1,486,141	\$9,406
<b>Debt Service Payments</b>				
DEBT SERVICE	First Mortgage - HFA Leon Co MMRN / R4 Funding	\$1,094,005	\$6,924	
	Second Mortgage - FHFC SAIL/ELI	\$54,347	\$344	
	Third Mortgage - City of Tallahassee HOME-ARP	\$96	\$1	
	Fourth Mortgage - EA LLC Self-Sourced	\$230,975	\$1,462	
	All Other Mortgages -	\$0	\$0	
	First Mortgage Fees - HFA Leon Co MMRN / R4 Funding	\$55,356	\$350	
	Second Mortgage Fees - SAIL/ELI	\$12,622	\$80	
	Third Mortgage Fees - City of Tallahassee HOME-ARP	\$0	\$0	
	Fourth Mortgage Fees - EA LLC Self-Sourced	\$0	\$0	
	All Other Mortgages Fees -	\$0	\$0	
	<b>Total Debt Service Payments</b>		\$1,447,400	\$9,161
<b>Cash Flow After Debt Service</b>		\$38,741	\$245	

Debt Service Coverage Ratios	
DSC - First Mortgage plus Fees	1.293
DSC - Second Mortgage plus Fees	1.222
DSC - Third Mortgage plus Fees	1.222
DSC - Fourth Mortgage plus Fees	1.027
DSC - All Mortgages and Fees	1.027

Financial Ratios	
Operating Expense Ratio	41.3%
Break-Even Ratio	93.7%

Notes to the Operating Pro forma and Ratios:

- The Development will be utilizing SAIL, ELI and 4% Housing Credits which will impose rent restrictions. Lake Bradford Apartments is projected to achieve 2024 Maximum Allowable HC Rents published by Florida Housing on all units based upon the Appraiser’s estimate of achievable rents per comparable properties surveyed. However, the Development received approval from the THA for Project-Based Voucher (“PBV”) assistance for 39 of the 158 units for a term of no less than 15 years. The City of Tallahassee HOME-ARP units (5 units) are all at 30% AMI or below and are all Project Based Voucher units. The rent roll below reflects the anticipated PBV rents that will be in place when the building is placed in service. The Applicant engaged Diamond Property Consultants, Inc. who engaged Enercon Services, Inc. to prepare a Utility Allowance Energy Consumption Model Estimate. This model was approved by Florida Housing on March 14, 2024. The model reflects the residents paying for electricity and the Applicant paying for gas, water, sewer, trash and all other utilities.

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

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	2	703	30%			\$499	\$71	\$428	\$1,241	\$1,241	\$1,241	\$1,241	\$29,784
1	1.0	3	703	30%*			\$499	\$71	\$428	\$1,241	\$1,241	\$1,241	\$1,241	\$44,676
1	1.0	2	703	60%			\$998	\$71	\$927		\$927	\$927	\$927	\$22,248
1	1.0	11	703	70%			\$1,164	\$71	\$1,093		\$1,093	\$1,093	\$1,093	\$144,276
1	1.0	2	703	80%			\$1,331	\$71	\$1,260		\$1,260	\$1,260	\$1,260	\$30,240
2	2.0	22	919	30%			\$599	\$83	\$516	\$1,397	\$1,397	\$1,397	\$1,397	\$368,808
2	2.0	1	919	30%*			\$599	\$83	\$516	\$1,397	\$1,397	\$1,397	\$1,397	\$16,764
2	2.0	9	919	60%			\$1,198	\$83	\$1,115		\$1,115	\$1,115	\$1,115	\$120,420
2	2.0	51	919	70%			\$1,398	\$83	\$1,315		\$1,315	\$1,315	\$1,315	\$804,780
2	2.0	9	919	80%			\$1,598	\$83	\$1,515		\$1,515	\$1,515	\$1,515	\$163,620
3	2.0	10	1,150	30%			\$691	\$94	\$597	\$1,793	\$1,793	\$1,793	\$1,793	\$215,160
3	2.0	1	1,150	30%*			\$691	\$94	\$597	\$1,793	\$1,793	\$1,793	\$1,793	\$21,516
3	2.0	6	1,150	60%			\$1,383	\$94	\$1,289		\$1,289	\$1,289	\$1,289	\$92,808
3	2.0	25	1,150	70%			\$1,614	\$94	\$1,520		\$1,520	\$1,520	\$1,520	\$456,000
3	2.0	4	1,150	80%			\$1,845	\$94	\$1,751		\$1,751	\$1,751	\$1,751	\$84,048
		158	151,508											\$2,615,148

- Miscellaneous income was based on the Appraiser’s estimates that included associated with retained deposits, application fees, transfer fees, month to month fees, pet fees, etc.

3. Seltzer utilized a physical vacancy of 4.00% and a 1.00% collection loss, which is more conservative than the Appraiser's estimate.
4. Real estate tax expense is based on the Applicant's estimate. As noted in the "Additional Information" section of this report, the Applicant has indicated the Development will qualify for tax exemption under Florida Statute 196.199(2) and has indicated a Tax Accountant will provide an opinion confirming qualification for the tax exemption prior to Closing. Confirmation of the Development qualifying for the tax exemption is a condition to close.
5. Insurance expense is based on the Appraiser's and the Applicant's estimate.
6. Management Fees are based upon the executed Management Agreement provided by the Applicant that reflects a management fee in the amount of 3.5% of the gross receipts plus an annual compliance services fee of \$42 per unit per year paid monthly for an overall Management Fee percentage of 3.8%.
7. General Administrative Costs are based on the Applicant's estimate.
8. Grounds maintenance expense is included in the maintenance and repairs line item.
9. Residential Program Costs are based on the Applicant's estimate.
10. Replacement Reserves in the amount of \$300 per unit per year meet RFA and Rule requirements. The Syndicator requires an annual escalation by 3%.
11. Other operating expense estimates are based on comparable properties and are supported by the appraisal.
12. A 15-year income and expense projection reflects increasing debt service coverage ("DSC") in years 1-3, decreasing in year 4 and increasing in years 5-15. The projections reflect income increasing at an annual rate of 2% and expenses increasing at an annual rate of 3%. This projection is attached to this report as Exhibit 1.

**Section B**  
**Loan Conditions**

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Special Conditions

These recommendations are contingent upon the review and approval of the following items by SMG and HFA LC at least two weeks prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Confirmation that all the items identified as Recognized Environmental Conditions in Terracon Consultants, Inc's Phase I and Phase II Environment Assessment Reports (i.e., Soil Mitigation Plan, permanent two-inch monitoring well) have been resolved.
  - Confirmation from the Permitting Office that items identified in the Environmental Reports are satisfactorily addressed and permits can be issued.
2. Receipt of an updated Operating Agreement for ECG Lake Bradford LP that reflects the organizational structure and ownership percentages noted in the Applicant's revised Principal Disclosure statement (adding THA Lake Bradford, LLC as a General Partner).
3. Receipt of an executed Assignment and Assumption of Purchase and Sale Agreement transitioning the purchase and ownership of the land from the Applicant to THA that is not substantially different than the Draft utilized in this credit underwriting report.
4. Receipt of an executed Ground Lease that is not substantially different than the Draft utilized in this credit underwriting report.
5. Confirmation from a Tax Accountant opinion that the Development will qualify for tax exemption under Florida Statute 196.199(2).
6. Receipt of FHFC's approval of the Tenant Selection Plan.
7. Confirmation from FHFC Counsel that Substantial User issues are not applicable to the transaction.

General Conditions

This recommendation is contingent upon the review and approval of the following items by SMG and HFA LC at least two weeks prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Borrower to comply with any and all recommendations noted in the Plan and Cost Review.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by HFA LC, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to HFA LC 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 HFA LC.
3. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report, if any, must be bound within the final plans and specifications.
4. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). Acceptable alternatives to this requirement are receipt and satisfactory review of a letter from the local permitting and approval authority 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.

5. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved Development budget.
6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. MMRN Loan Proceeds shall be disbursed pro rata with other funding sources during the construction or rehabilitation phase, unless otherwise approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.
7. Construction Period Developer Fee shall be the lesser of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by HFA LC 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.

8. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, if applicable, the FHFC Insurance Guide.
9. The General Contractor shall secure a payment and performance bond equal to 100% of the total construction cost listing HFA LC as co-obligee, whose terms do not adversely affect the Corporation's interest, issued in the name of the General Contractor, from a company rated at least "A-" by A.M. Best & Co., or a Corporation-approved alternate security for the General Contractor's performance such as a Letter of Credit ("LOC") 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 HFA LC, its Servicer and its Legal Counsel.
10. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, the Americans with Disabilities Act ("ADA"), and Federal Fair Housing Act requirements, as applicable.
11. A copy of an Amended and Restated Operating Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Operating Agreement shall be in a form and of financial substance satisfactory to Servicer and to HFA LC and its Legal Counsel.
12. Satisfactory resolution of any outstanding past due and/or noncompliance items.

13. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the Development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.0025 (5) and 67-48.0075 (5) F.A.C., of an Applicant or a Developer).
14. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.
15. 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 HFA LC debt; if there is no HFA LC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding HFA LC 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 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 HFA LC, its Servicer and its Legal Counsel.

This recommendation is contingent upon the review and approval of the following items by HFA LC and its Legal Counsel at least two weeks prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/member(s)/principal(s)/manager(s) of the Borrower, the guarantors, and any limited partners/members of the Borrower.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by HFA LC, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of HFA LC.
3. An acceptable updated Environmental Audit Report, together with a reliance letter to HFA LC, prepared within 90 days of MMRN loan closing, unless otherwise approved by HFA LC, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.
4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the MMRN loans naming HFA LC as the insured. All endorsements required by HFA LC shall be provided.

5. HFA LC and its Legal Counsel shall review and approve all other lenders closing documents and the Operating Agreement or other applicable agreement. HFA LC shall be satisfied in its sole discretion that all legal and program requirements for the Loans have been satisfied.
6. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, if applicable, the FHFC Insurance Guide.
7. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to HFA LC addressing the following matters:
  - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager;
  - b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
  - c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
  - d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership/Operating Agreement and;
  - e. Such other matters as HFA LC or its Legal Counsel may require.
8. Evidence of compliance with local concurrency laws, as applicable.
9. UCC Searches for the Borrower, its partnerships, as requested by Legal Counsel.
10. Such other assignments, affidavits, certificates, financial statements, closing statements, and other documents as may be reasonably requested by HFA LC or its Legal Counsel in form and substance acceptable to HFA LC and its Legal Counsel, in connection with the loan(s).
11. Any other reasonable conditions established by HFA LC and its Legal Counsel.

Additional Conditions

This recommendation is also contingent upon the following additional conditions:

1. Compliance with all provisions of Sections 420.507, 420.5087 and 420.509, Florida Statutes, Rule Chapters 67-21, 67-48, 67-53, and 67-60, F.A.C., RFA 2023-205, Section 42 I.R.C., and any other State and Federal requirements.
2. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRN Loan in form and substance satisfactory to HFA LC and its Legal Counsel, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), the Land Use Restriction Agreement(s), and Extended Low Income Housing Agreement(s).
3. MMRN Loan - All amounts necessary to complete construction/rehabilitation, must be deposited with the Fiscal Agent prior to closing, or any phased pay-in of amount necessary to complete construction/rehabilitation shall be contingent upon an unconditional obligation, through a Joint Funding Agreement or other mechanism acceptable to Florida Housing, of the entity providing HC

Equity payments (and evidence that 100% of such amount is on deposit with such entity at loan closing) to pay, regardless of any default under any documents relating to the HC as long as the First Mortgage continues to be funded.

4. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.
5. Guarantors are to provide the standard HFA LC Construction Completion Guaranty, to be released upon lien free completion as approved by the Servicer.
6. Guarantors for the MMRN are to provide the standard HFA LC Operating Deficit Guaranty. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15 DSC on the combined permanent first mortgage and SAIL as determined by HFA LC or its Servicer, and 90% Occupancy and 90% of Gross Potential Rental Income net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public Accountant ("CPA") and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by HFA LC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.
7. Guarantors are to provide the standard HFA LC Environmental Indemnity Guaranty.
8. Guarantors are to provide the standard HFA LC Guaranty of Recourse Obligations.
9. A mortgagee title insurance lender's policy naming HFA LC as the insured second and third mortgage holder in the amount of the Loans is to be issued at closing. Any exceptions to the title insurance policy must be acceptable to HFA LC or its Legal Counsel. All endorsements that are required by HFA LC are to be issued and the form of the title policy must be approved prior to closing.
10. Property tax and hazard insurance escrows are to be established and maintained by the First Lender or the Servicer. In the event the reserve account is held by HFA LC's loan servicing agent, the release of funds shall be at HFA LC's sole discretion.
11. Replacement Reserves in the minimum amount of \$300 per unit per year are required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee/Credit Enhancer, the Trustee, or HFA LC's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per RFA, in the amount of \$48,111 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of \$300 per year, increasing 3% per unit per year thereafter. The initial Replacement Reserve will have limitations on the ability to be drawn. New construction or Redevelopment Developments (with or without acquisition) shall not be allowed to draw during the first five years or until the establishment of a minimum balance equal to the accumulation of five years of replacement reserves per unit.

The amount established as a Replacement Reserve shall be adjusted based on a Capital Needs Assessment ("CNA") to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required,

beginning no later than the 10<sup>th</sup> year after the first residential building in the Development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("Initial Replacement Reserve Date"). A subsequent CNA is required no later than the 15<sup>th</sup> year after the Initial Replacement Reserve Date and subsequently every five (5) years thereafter.

12. On Solid Ground, LLC ("OSG") or other construction inspector acceptable for HFA LC is to act as HFA LC's inspector during the construction period.
13. Under the Lake Bradford Apartments construction contract, a minimum of 10% retainage holdback on all construction draws will be withheld until construction is 50% complete and thereafter no additional retainage is withheld. Retainage will not be released until successful lien free completion of construction and issuance of all certificates of occupancy, which satisfies the RFA and Rule minimum requirement.
14. Satisfactory completion of a pre-loan closing compliance audit conducted by HFA LC or its Servicer, if applicable.
15. Closing of all funding sources prior to or simultaneous with the closing of the MMRN loan.
16. Any other reasonable requirements of the Servicer, HFA LC or its Legal Counsel.

**Section C**

**Supporting Information and Schedules**

**Additional Development and Third Party Supplemental Information**

## Appraised Value:

Market Rents/Market Financing

The appraised value is \$33,150,000 as if completed and stabilized, based on market rents and market financing, as reported in the full narrative appraisal dated September 9, 2024 and performed by Apprise by Walker & Dunlop (“Apprise”). Lori Spencer is a Certified General Appraiser, Florida License No. RZ2559.

Restricted Rents/Market Financing

Per Apprise, the appraised value is \$26,850,000 as if renovated and stabilized and based on Low Income Housing Tax Credits (“LIHTC”), Project-Based Vouchers for 39 of the units, 100% Tax Exempt status and market financing.

“As Is” Value

Apprise concluded the “As Is”/ “As-If Vacant” land value for the Development is \$2,370,000.

## Market Study:

Apprise performed a Market Study dated September 9, 2024. Apprise notes that the proposed Development will consist of one four-story mid-rise residential building housing 158 apartment units. The Development amenities will include a leasing office and fitness center. Site amenities include paved parking and drives, curbing, sidewalks, landscaping and lighting.

Apprise indicated that the Development is located in an area that is projected to experience population growth across all analysis areas. In addition, Apprise notes that the Development is close to major thoroughfares and offers easy access to Midtown, Government offices and Florida State University. They also stated the Development’s immediate area benefits from a diverse employment base as well as the abundance of lifestyle attributes including shopping and entertainment venues. Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages). Public transportation is available throughout the area. There are a number of parks, and other recreational facilities in the area.

The Market Study confirms that the Development is not located within a Difficult Development Area (“DDA”) or a Small DDA. However, the Development is in a Geographic Area of Opportunity and is located within a Qualified Census Tract (“QCT”), Census Tract 11.01. The Development is located within Flood Zone “X”. Zone “X” is an area outside the 500-year floodplain, thereby negating the requirement for flood insurance.

The Primary Market Area (“PMA”) was considered to be the area within a five-mile radius of the Development and consisted of five (5) like-kind properties with a total of 401 units.

Apprise notes that based on demographic data, capture rates within the PMA are as follows:

- 30% AMI or Below - Approximately 11,219 income-qualified households indicating a capture rate of 0.35%
- 60% AMI or Below - Approximately 13,469 income-qualified households indicating a capture rate of 0.13%
- 70% AMI or Below - Approximately 5,096 income-qualified households indicating a capture rate of 1.71%
- 80% AMI or Below - Approximately 7,932 income-qualified households indicating a capture rate of 0.19%

Apprise indicated they were not aware of any Guarantee Fund developments located within the five-mile PMA of the Development. Apprise indicated there was one like-kind development under construction (Gardens at South City – 300 units) and three like-kind developments planned (302 units).

Apprise projects that the Development will obtain maximum allowable 2024 HC rents. According to FHFC requirements, the average market rent must be 10% greater than the average restricted rent; in Apprise’s analysis, the Development’s restricted rents under LIHTC are 75% below market rents.

The weighted average occupancy rate of the existing income restricted comparable properties within the PMA (excluding Springwood – Tallahassee as the occupancy was impacted due to storm damage) is 94.4% which is greater than the 92% minimum required by Rule.

It is the opinion of Apprise that the subject will not have an impact on the existing developments within the PMA.

Apprise indicated the estimated absorption/completion rate is between 25 and 30 units per month, which supports the Developer’s estimate of 27 units per month.

Environmental Report:

Terracon Consultants, Inc. (“TCI”) of Tallahassee, Florida performed a Phase I Environmental Site Assessment (“ESA”) and a Phase II ESA. The Phase I ESA site reconnaissance was conducted on January 16, 2024 and the report was completed on February 27, 2024. The Phase II report was completed on July 17, 2024. The Phase I ESA was completed in accordance with ASTM Standard E-1527-21 and the Phase II ESA was performed in accordance to the City of Tallahassee’s Purchase Order and TCI’s approved Site-Specific Quality Assurance Project Plan.



During TCI's site reconnaissance, the current site occupants included a tire and auto repair shop, and auto paint and body shop, a hair salon, a church, an auto shop, and six occupied residences. TCI observed one upright air compressor on a concrete slab near the entrance inside the Auto Body and Paint Shop, two paint booths, two ventilation hoods, multiple air conditioning condenser units, one single pole-mounted transformer, two double pole-mounted transformers, a few waste pile areas containing tires, car parts, oil cans, and some trash/debris, several stained soil sites, two 55-gallon drums at 1143 Kissimmee Street, one solid waste disposable dumpster, stained pavement, and four 55-gallon drums at 1135 Kissimmee Street.

TCI indicated the following represented Recognized Environmental Conditions ("RECs"):

- the waste pile behind the building located at 1143 Kissimmee Street
- evidence of overflow associated with two drums located at 1135 Kissimmee Street that were in poor condition and contained used motor oil and filters and apparent waste oil impacts to the ground surface
- stained soil near the tire shop located at 2105 Lake Bradford Road potentially caused by open containers of motor oil and other automotive chemical containers (staining appears to be a *de minimis* condition)
- stained oil in the waste pile behind the building located at 1143 Kissimmee Street, caused by open containers of motor oil and other automotive chemical containers – Prior Phase II ESA found concentrations of benzo[a]pyrene that exceeded the Residential Soil Cleanup Target Level for the State of Florida
- oil-stained pavement located near the dumpster at 1143 Kissimmee Street

Trash and debris were observed in various locations throughout the site during the site reconnaissance. Based on the size of the site and the scattered placement of the trash and debris, the exact amount of trash and debris is unknown. However, the scattered trash did not appear to be hazardous in nature.

No RECs were observed with the adjoining properties.

TCI's report referenced a prior Phase I and Phase II report conducted by ECS Florida, LLC ("ECS") in July and August of 2023 respectively.

The ECS Phase I identified three RECs in association with the site: stained and eroded pavement and exposed soils outside of the paint booth, a waste pile with petroleum and other automotive chemical containers,

and a pile of burned waste with oil and other automotive chemical containers. ECS recommended additional environmental assessment of the site. ECS performed three soil borings during their Phase II report that identified concentrations of benzo[a]pyrene and arsenic above their respective residential soil cleanup target (R-SCTL) at all three locations. ECS recommended *de minimis* source removal of a total of 34 cubic yards of soil at the three locations in the northwest portion of the site.

TCI's Record Review indicated the site was listed in the Environmental Database Report ("EDR"). Within the site, the EDR identified four (4) Hazardous Waste Information Listing (HAZ WASTE), one (1) Brownfields (BROWNFIELDS), one (1) RCRA - Very Small Quantity Generators (RCRA-VSQG), one (1) Facility Index System/Facility Registry System (FINDS), and one (1) Enforcement & Compliance History Information (ECHO).

The facilities Discount Tires & Auto Repair and PCC Automotive Machine Shop, both located on the site, constitutes Recognized Environmental Conditions ("RECs") to the site based on the potential for surface and subsurface contamination due to the improper management of waste during their historical operations. They are both listed in the Hazardous Waste Information Listing (HAZ WASTE) database.

The rest of the facilities listed in the database report do not appear to represent RECs to the site based upon regulatory status reviewed, apparent topographic gradient, and/or distance from the site.

The following RECs, Controlled RECs ("CRECs") and/or Significant Data Gaps (SDGs) were identified in connection with the site:

City Directory research indicates that the buildings located at 1131, 1135, 1143 Kissimmee Street and 2105 Lake Bradford Road had historical usage as small automotive / autobody repair and maintenance businesses. Based on the potential of soil and groundwater impacts due to the improper management of waste during these historical operations, these historical uses constitute a REC to the site. There were multiple areas of soil staining and/or improper waste handling at the 2105 Lake Bradford, 1143 Kissimmee Street, and 1135 Kissimmee Street buildings.

TCI recommended that based on the scope of services, limitations, and conclusions of this assessment, additional investigation be conducted to evaluate the subsurface conditions associated with only the identified on-site RECs.

TCI's Phase II ESA Report was conducted to address the RECs presented in Terracon's Phase I ESA and to evaluate and potentially delineate identified impacts to soil at previous sampling locations identified during the ECS Phase II Report and assess the groundwater conditions at the site. The site associated Contaminants of Concern ("COCs") include Volatile

Organic Compounds (“VOCs”), Polycyclic Aromatic Hydrocarbons (“PAHs”), Total Recoverable Petroleum Hydrocarbons (“TRPH”), Polychlorinated Biphenyls (“PCBs”) and Resource Conservation and Recovery Act (“RCRA”) 8 metals.

Overall, there were very few detections of TRPHs (>Direct Exposure Commercial-Industrial Limit) and metals including arsenic (>Direct Exposure Residential Limit) in the soil samples. PAHs, specifically Benzo(a)Pyrene (“BaP”) concentrations in the soil samples were detected below their respective SCTLs and laboratory method detection limits. Groundwater analytical results detected lead and chromium above their respective Groundwater Cleanup Target Levels (“GCTLs”). TRPH was detected above its Leachability Based on Groundwater Criteria in the soil. Based on TRPH exceedances, TCI requested the laboratory to analyze by TPHCWG fractionation, which indicated all TRPH TPHCWG was below their respective SCTLs. Arsenic was detected slightly above the Direct Exposure Residential Limit. All other concentrations detected in the soil samples were below their respective Florida Department of Environmental Protection (“FDEP”) SCTLs, and/or laboratory method detection limits.

TCI concluded that based on the prevalence of arsenic detected in all soil samples, it is their opinion that arsenic exceedances are associated with naturally occurring arsenic in the silty / clayey sands due to arsenic low Residential Direct Exposure SCTL. Additionally, it was TCI’s opinion that the chromium and lead concentrations could be attributed to the high turbidity noted in the groundwater sample TW-1.

Based on the lack of point source metal contamination in the soil and groundwater and because the very turbid sample was collected from a temporary well from the clay rich surficial aquifer, it is believed this exceedance is due to naturally occurring elevated lead in the surficial aquifer and not due to a discharge of petroleum products.

TCI recommended that the arsenic soil detections slightly above SCTLs be handled through a soil management plan. Additionally, a permanent two-inch monitoring well should be installed and developed at the TW-1 location and resampled when water is below 20 NTUs.

TCI stated that BaP and its equivalents are chemicals that are ubiquitous in urban settings, and not indicative of a point source spill or widespread release as evidenced by the lack of commercial exceedances and non-detections. They stated that additional step-out borings should be conducted in the vicinity of the original SB-1 location. This work will require the tenant in that area to move inoperable vehicles that are parked in that area.

This recommendation is conditioned on the applicant and the General Contractor adhering to all recommendations made in the Phase I and Phase II Reports as to the Soil Management Plan and monitoring well.

All items noted in TCI's Phase II must be satisfactorily addressed to obtain Building Permits prior to Closing.

Soil Test Report:

TCI performed a subsurface exploration and issued a report dated April 4, 2024. Sixteen Standard Penetration Test ("SPT") borings per ASTM D 1586 (Standard Test Method for Penetration Test and Split Barrel Sampling of Soils) were performed.

Soil conditions were characterized by loose to medium dense sands (Model Layer 1) to a depth of about two to nine feet-bgs underlain by layers of loose to medium dense clay and sand mixture (Model Layer 2) with few less frequent layers of stiff to very stiff clay (Model Layer 3). At the location of Soil Borings LB-14 and LB-15, very loose sandy soils were present from the ground surface to a depth of about four to six feet.

Groundwater levels observed during TCI's exploration ranged from a depth of about 17.5 to 31.5 feet-below ground surface ("bgs") at the boring locations. Groundwater level fluctuations may occur due to seasonal variations in the amount of rainfall, runoff, and other factors not evident at the time the borings were performed. Therefore, groundwater levels during construction, or at other times in the life of the structure, may be different than the levels indicated on the boring logs, and the possibility of groundwater level fluctuations should be considered when developing the design and construction plans for the project.

TCI stated the site appears suitable for the proposed construction based upon geotechnical conditions encountered in the exploration, provided that the recommendations provided in this report are implemented in the design and construction phases of this Development.

TCI indicated the proposed structures can be supported on conventional isolated or continuous spread footings as described in Shallow Foundations section of the report. As the subsurface is primarily composed of sandy soils, TCI anticipates relatively immediate settlement to occur due to the planned mass earthwork fills on the order of about eighty feet, maximum. Therefore, special design and construction considerations are not considered necessary for the earthwork fill-induced loads. The near surface, clayey sands could become unstable with typical earthwork and construction traffic, especially after precipitation events. The effective drainage should be completed early in the construction sequence and maintained after construction to avoid potential issues. If possible, the grading should be performed during the warmer and drier times of the year.

Loose sandy soils were observed near the ground surface at several boring locations. A surficial soil densification program is recommended to improve the relative density of these soils as well as reduce the amount of subsoil excavation that may be required.

Due to the existing development, complete demolition and removal of existing foundations and utilities should be conducted prior to site preparation. Normal, good-practice site preparation procedures including clearing and grubbing the site, proof-rolling and proof-compacting the subgrade, and filling grade with engineered fill (as needed) are recommended.

Floor slabs should be constructed over a uniform and stable subgrade compacted to a depth of at least 12 inches.

TCI indicated a shallow stormwater retention system will be constructed at this site. The stormwater pond bottom is expected to be excavated on the order of about 5.5 feet below the existing site grades.

This recommendation is conditioned on the applicant and the General Contractor adhering to all recommendations of the soil engineer as to design, construction practices, and supervision of the site.

Pre-Construction Analysis:

SMG has reviewed a Final Plan and Cost Analysis ("PCA") from On Solid Ground, LLC. ("OSG") dated August 20, 2024.

OSG performed a review of the available construction documents (that included civil, architectural, plumbing, mechanical, and electrical drawings, construction contracts, geotechnical and environmental reports, along with miscellaneous documents). OSG states that all documents provided have been reviewed for completeness and general compliance with applicable building codes and standard construction practices including ASTM standards. OSG indicated that all Features and Amenities have been included in the plans and specifications.

OSG indicated that the construction drawings reviewed are adequately prepared and provide the information necessary to satisfactorily complete the proposed development, once combined with normal subcontractor-supplied shop drawings and submittals. OSG stated the drawings were reportedly submitted for Permit review on August 12, 2024.

OSG's review of the construction costs indicates that the Applicant's direct costs (total costs less sitework and special construction) of \$26,583.50 per unit or \$168.25 per square foot are near the mid-range of similar projects in OSG's files. OSG concluded that the Guaranteed Maximum Price ("GMP") contract amount (\$33,610,818) should be

considered adequate for satisfactory completion of the proposed Development.

OSG notes the following allowances and considers them to be reasonable:

Fencing at Ponds	\$ 50,000
Bicycle Storage	\$ 50,000
Car Wash Area	\$ 5,000
Garden Area	\$ 5,000
Picnic Area	\$ 15,000
Landscaping and Irrigation	\$ 40,000/acre (\$188,000)
Site Furnishings	\$ 1,000/acre (\$4,700)
Electrical Primary Duct Bank	\$100,000
Queen Size Brick	\$ 600/thousand
Monument Sign	\$ 25,000
Building and Unit Signage	\$ 100/unit (\$15,800)
Fire Pucks at Each Unit Range	\$ 100/unit (\$15,800)
<u>Rough-In for Access Control Panel</u>	<u>\$ 11,850</u>
Total	\$486,150 (plus brick allowance)

The GMP specifies substantial completion within 665 days from the Date of Commencement. OSG is of the opinion that the Development can be completed within this timeframe barring any major delays or unforeseen conditions.

Site Inspection:

SMG Inspector Name

Wendi LeMense

Date Inspection Conducted

April 10, 2024

Description of Site

New construction family development that consists of 158 apartments. Construction has not begun on the subject site. Area is flat with few trees, mostly vacant land with 14 free standing buildings including single family homes, free standing commercial buildings, and a small storage building and barn.

Location of Site

1131 and 1139 Kissimmee Street, SE of the intersection of Kissimmee St. and Lake Bradford Road (Leon County)

Proximity to Major Highways, Public Transportation, Airports

Highway 90 is less than five miles to the north, and I-10 is eight miles north east of the site. There is a bus terminal less than one-mile

northwest of site and the Tallahassee International Airport is five miles southwest.

Proximity to Schools, Medical Facilities, Major Business Areas, Retail Outlets, Restaurants, Churches, Parks

The property is centrally located within four miles of schools, service-oriented businesses, retail outlets and restaurants. The location is within walking distance of two universities, FSU and FAMU, as well as the Seminoles football stadium, Doak S. Campbell Stadium. The site is zoned for Pineview Elementary, R. Frank Nims Middle, and Leon High schools. The Challenger Learning Center, a K-12 outreach facility of the Florida A&M University, is located less than three miles from the site. There are several medical centers within a three-mile circumference of the site, including the Neighborhood Medical Center. HCA Florida Capital Hospital is located seven miles northeast of the property. There are more than a dozen churches of various denominations located within two miles and three parks located within a five-mile radius of the site.

Proximity to Other Affordable Housing (Elderly and/or Family)

There are three Elderly affordable housing communities (Gibb Mabry Village, Gibb Oakridge Village, and Bethel Towers), one project based Housing Credit community (Mission Hills) and two aging family Housing Credit Communities (Glen Oaks and Magnolia Terrace) within three miles of the site.

There does not appear to be any apparent adverse conditions that would negatively affect this development nor impair the property's ability to attract tenants.

Features, Amenities, and Resident Programs:

Borrower committed to provide certain features and amenities and certain resident programs in the RFA 2023-205 Application. These commitments are set forth in the attached Exhibit 2.

**Borrower Information**

Applicant/Borrower Name: ECG Lake Bradford, LP

Applicant/Borrower Type: Florida Limited Partnership

Ownership Structure: ECG Lake Bradford, LP (“Applicant”) is a Florida Limited Partnership registered with the State of Florida on June 30, 2023. Copies of the Agreement of Limited Partnership, Certificate of Limited Partnership and Employer Identification Number (“EIN”) have been provided by the Applicant. The current Certificate of Status was verified with the Secretary of State.

The General Partners of the Applicant are ECG Lake Bradford GP, LLC (“ECG LB GP”) with 0.0080% ownership and THA Lake Bradford, LLC (“THA LB”) with 0.0020% ownership. The current Limited Partner is C. Hunter Nelson with a 99.99% ownership.

ECG LB GP is a Foreign Limited Liability Company registered with the State of Florida on June 29, 2023 and copies of organizational documents have been provided. THA LB is a Foreign Limited Liability Company registered with the State of Florida on March 07, 2024 and copies of organizational documents have been provided.

The Members of ECG LB GP are:

- John Shepard - 21.10% ownership interest
- Big Bite 2023 Trust - 15.45% ownership interest
- BRW Family 2023 Trust - 15.45% ownership interest
- Nelson Family 2023 Trust - 15.45% ownership interest
- Elmington Affordable, LLC - 14.49% ownership interest
- RCS 2023 Trust - 5.79% ownership interest
- Canary Ventures Trust - 5.79% ownership interest
- Joseph Horowitz – 2.70% ownership interest
- Mark McCord – 2.70% ownership interest
- Cochrane Jamison - 1.08% ownership interest
- C. Hunter Nelson (Managing Member) – 0.00% ownership interest

The Sole Member of THA LB is THA.

Based upon a Housing Credit Equity Letter of Intent dated February 5, 2024 (revised August 7, 2024), an R4 Capital Designee will purchase a 99.99% ownership interest concurrent with or prior to the closing of the construction/permanent loan.

The Developer is Lake Bradford Developer, LLC (“Developer”), a Foreign Limited Liability Company registered with the state of Florida on April 25, 2024. The Members of the Developer are ECG Lake Bradford Developer,



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	LLC with 80% ownership interest and Tallahassee Housing Economic Corporation (“THEC”) with 20% ownership interest.
	The Property Manager will be Elmington Property Management, LLC (“EPM”), a Foreign Limited Liability Company registered to do business in the State of Florida on December 4, 2019.
Contact Information:	C. Hunter Nelson
	Telephone: (615) 490-6700
	E-Mail: <a href="mailto:hunter@elmingtoncapital.com">hunter@elmingtoncapital.com</a>
Address:	118 16 <sup>th</sup> Avenue South Nashville, TN 37203
Federal Employer ID:	93-2447873
Experience:	<p>The Applicant, GPs and Developer are single purpose entities, created for the purpose of acquiring, developing, and operating Lake Bradford Apartments. The experience lies with the managers and principals of the Applicant, GPs and Developer who are part of the Elmington Affordable, LLC (“Elmington”) and THA organizations.</p> <p>Elmington, a part of Elmington Capital Group, was formed in 2013. They have acquired or developed over 10,000 multifamily units totaling \$625 million and currently have 5,655 multifamily units in the pipeline. 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.</p> <p>C. Hunter Nelson, President of Elmington, provides leadership and expertise associated with Elmington’s portfolio and 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’s experience includes 5,350 units delivered to the market, 4,705 units under construction, 6,168 units in the development pipeline, with a total value of units delivered at \$2.2 billion and \$733 million in total equity raised for the units delivered or under construction.</p> <p>Mr. Nelson graduated from the University of Alabama with a Bachelor of Business Administration.</p> <p>John Shepard, Senior Vice President of Elmington, is responsible for the development and acquisition of residential and mixed-use communities.</p>

Since joining Elmington, he has led over \$900 million in development. Mr. Shepard's expertise includes community-focused development and private-public partnerships. Mr. Shepard's experience includes 3,804 units delivered to the market, 1,966 units under construction and 802 units in the development pipeline, with a total value of units delivered at \$1.38 billion and \$461 million in total equity raised for units delivered or under construction.

Mr. Shepard graduated with a Bachelor of Arts at the University of the South, a Master of Business Administration from Harvard Business School and a Doctor of Law from Harvard Law School.

THA is a governmental entity established in 1946 by State of Florida Statute 421.04 and City ordinance to provide persons of low-income affordable housing. THA is governed by a volunteer seven-person board of commissioners that selects and hires the executive director who is responsible for the day-to-day management and operation of the Authority's programs. THA provides federally subsidized housing and housing assistance to low-income households within the City of Tallahassee/ Leon County area.

THA consists of two (2) distinctive residential Public Housing communities, (aka Asset Management Properties or AMPs), located in the incorporated areas of Tallahassee, Florida. There are a total of 349 residential units, consisting of 41 single-family detached homes, and a 12-unit duplex community. The Authority, (through an instrumentality) also owns and maintains a 93-unit Low-Income Housing Tax Credit apartment community, and administers over 2700 housing choice vouchers.

The Tallahassee Housing Economic Corporation ("THEC") is an instrumentality of the THA. THEC is also a 501(c)3 non-profit entity which was formed in 2008 to advance the goals and mission of the Tallahassee Housing Authority.

THEC is governed by a volunteer eight-person Board of Directors whose members include the commissioners and executive director of the Tallahassee Housing Authority. Through formal adoption of policy, they ensure that the organization is fiscally responsible and operates in an efficient manner.

THEC is the co-applicant developer for two tax credit funded developments – Columbia Gardens at South City phases 1 & 2. THEC is also an Investor Partner for Goodbread Hills, Ltd, which owns a 93-unit tax credit funded property of the same name in Tallahassee.

Credit Evaluation:

The Applicant, GPs and Developer are single purpose entities that have no operating or credit history, financial statements, business references, or previous tax returns.

A September 10, 2024 Business Credit Report, Inc. Commercial Credit Report Plus for EA LLC reflected some late pay activity across multiple accounts and one account in collection (disputed by Applicant, attempting to obtain additional information to resolve). Public record data reflected no bankruptcies, judgments, or outstanding tax liens and one UCC filing.

A comprehensive credit report for C. Hunter Nelson dated June 26, 2024 reported a satisfactory credit history with no significant adversities.

A comprehensive credit report for John Shepard dated June 26, 2024 reported a satisfactory credit history with no significant adversities.

A September 10, 2024 Business Credit Report, Inc. Commercial Credit Report Plus for THA reflected no late pay activity or adversities. Public record data reflected no bankruptcies, judgments, outstanding tax liens or UCC filings.

A September 10, 2024 Business Credit Report, Inc. Commercial Credit Report Plus for THEC reflected no late pay activity or adversities. Public record data reflected no bankruptcies, judgments, outstanding tax liens and three UCC filings.

**Bank/Trade References:**

The Applicant, GPs and Developer are single purpose entities that have no operating or credit history, financial statements, business references, or previous tax returns.

Bank and business/trade references for EA LLC are satisfactory.

Bank and business/trade references for C. Hunter Nelson and John Shepard are satisfactory.

Bank and business/trade references for THA and THEC are satisfactory.

**Financial Statements:**

The Applicant, GPs and Developer are single purpose entities that have no operating or credit history, financial statements, business references, or previous tax returns.

**Elmington Affordable, LLC:**

Cash and Equivalents:	\$2,965,280
Total Assets:	\$44,958,317
Total Liabilities:	\$12,884,306
Total Equity:	\$32,074,011

EA LLC provided financial data from an Independent Auditor's Reports and Financial Statements dated December 31, 2023 and December 31, 2022 from Tidwell Group, LLC. Assets other than cash consist of Equity Method Investments, accounts receivable, prepaid expenses, administrative fees receivable, due from affiliates, pursuit costs and note receivable. Liabilities consist of accounts payable, due to affiliate - payroll

and operating, due to affiliate – Elmington Capital Group and due to affiliate – other. SMG also reviewed EA LLC’s 2021 and 2022 Form 1040 Tax Returns and 2023 Tax Return Extension.

C. Hunter Nelson:

Cash and Equivalents:	\$184,397
Total Assets:	\$19,726,282
Total Liabilities:	\$992,328
Total Equity:	\$18,733,954

Financial data is based on an unaudited personal financial statement dated as of December 31, 2023, certified by Mr. Nelson, and a “no material change” statement certified on July 30, 2024 by Nini White, Chief Operating Officer of Elmington. Assets other than cash consist of securities, partnerships, residence, land held for sale or development, and personal property. Liabilities consist of mortgage debt on a home and lot. SMG also reviewed Mr. Nelson’s 2021 and 2022 Form 1040 Tax Returns and 2023 Tax Return Extension.

John Shepard:

Cash and Equivalents:	\$1,095,458
Total Assets:	\$28,822,634
Total Liabilities:	\$350,314
Total Equity:	\$28,472,320

Financial data is based on an unaudited personal financial statement dated as of December 31, 2023 certified by Mr. Shepard and a “no material change” statement certified on July 30, 2024 by Nini White, Chief Operating Officer of Elmington. Assets other than cash consist of securities, IRA/annuity, partnerships, residence and personal property. Liabilities consist of mortgage debt on a home, car notes and student loans. SMG also reviewed Mr. Shepard’s 2021 and 2022 Form 1040 Tax Returns and 2023 Tax Return Extension.

Tallahassee Housing Authority and Tallahassee Housing Economic Corporation (HUD requires Financial Statement to be Combined):

Cash and Equivalents (Unrestricted):	\$4,257,349
Total Assets:	\$24,768,326
Total Liabilities:	\$6,976,572
Total Equity:	\$17,791,754

THA provided financial data from a Certified Unaudited Financial Statement as of June 30, 2024 from Sandra G. Franks, Certified Public Accountants for Affordable Housing Accounting Solutions. Assets other than cash consist of accounts receivable, allowances for doubtful accounts, notes/loans/mortgages receivable, fraud recovery, accrued interest, investments, prepaid expenses and deferred outflow of

resources. Liabilities consist of accounts payable, accrued payables, tenant security deposits, unearned revenue, current portion of long-term debt, other current liabilities loan liability and non-current liabilities. As a Housing Authority, THA is exempted from filing taxes. THEC provided Form 990-N e-postcards for July, 1, 2021 – June 30, 2022 and July, 1, 2022 – June 30, 2023 indicating that gross receipts were \$50,000 or less.

Contingent Liabilities: The Applicant, GPs and Developer are single purpose entities that have no operating or credit history, financial statements, business references, or previous tax returns. The only contingent liabilities related to the Applicant, GPs, and Developer will be the Guaranties associated with Town Oaks Apartments.

EA LLC provided a Statement of Financial/Credit Affairs dated September 4, 2024, along with documentation listing their Contingent Liabilities, which listed contingent liabilities/guarantees in the low eight figures.

C. Hunter Nelson provided a Statement of Financial/Credit Affairs dated July 19, 2024, along with documentation listing their Contingent Liabilities, which listed contingent liabilities/guarantees in the low eight figures.

Mr. Nelson also reported the following items requiring explanatory statements:

Real estate experiencing negative cash flow/vacancy exceeded 15%  
An office building in Franklin County was acquired at/is currently at 18% occupancy with the intention/plan to either lease to a large anchored tenant or rezone the property to multifamily.

John Shepard provided a Statement of Financial/Credit Affairs dated July 19, 2024, along with documentation listing their Contingent Liabilities, which listed contingent liabilities/guarantees in the low eight figures.

Mr. Shepard reported the same items requiring explanatory statements and listed the same explanations noted above by Mr. Nelson.

THA provided a Statement of Financial/Credit Affairs dated September 4, 2024 reporting with explanations related to litigation. Two of the cases, one related to a fall and the second related to a shooting are both covered by insurance. The third, related to a wrongful death, was settled in September of 2023, with the settlement being covered by insurance.

THEC provided a Statement of Financial/Credit Affairs dated August 7, 2024 reporting no contingent liabilities.

Summary: The principals appear to have the experience and financial resources to develop and operate the Development.

**Guarantor Information**

Guarantor Name: ECG Lake Bradford LP, ECG Lake Bradford GP LLC, THA Lake Bradford LLC, Lake Bradford Developer LLC, Elmington Affordable LLC, Tallahassee Housing Authority, Tallahassee Housing Economic Corporation, John Shepard, C. Hunter Nelson

Contact Information: C. Hunter Nelson  
Telephone: (615) 490-6700  
E-Mail: [hunter@elmingtoncapital.com](mailto:hunter@elmingtoncapital.com)

Address: 118 16<sup>th</sup> Avenue South  
Nashville, TN 37203

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

For the MMRN Guarantors are to provide the standard HFA LC Operating Deficit Guaranty. If requested in writing by 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 ("DSC") Ratio on the combined permanent first mortgage and SAIL as determined by the HFA LC or Servicer, and 90% occupancy and 90% of the Gross Potential Rental Income, net of Utility Allowances, if applicable, for a period of 12 consecutive months, all certified by an independent Certified Public Accountant ("CPA"), and verified by the Servicer. The calculation of the DSC Ratio shall be made by HFA LC 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 Information: Please refer to the Borrower Information section of this Credit Underwriting Report.

Contingent Liabilities: Please refer to the Borrower Information section of this Credit Underwriting Report.

Summary: Based upon the financial information provided, the Guarantors appear to have adequate development experience and financial strength to serve as Guarantors for the Development.

**Syndicator Information**

Syndicator Name: R4 Capital, LLC (“R4 Capital”)

Contact Person: Austin Divino, Senior Vice President

Telephone: (512) 575-4753

E-Mail: [ADivino@r4cap.com](mailto:ADivino@r4cap.com)

Address: 2530 Walsh Tarlton, Ste. 250  
Austin, TX 78746

Experience: R4 Capital, LLC, is a national affordable housing syndicator founded in 2011 by its President and CEO, Marc Schnitzer, and the Regis Group, a 60+ year old, London Based, privately-held residential property investment firm.

R4 Capital’s senior executive team has on average 25 years of Housing Tax Credit experience, with a track record that includes over \$15 billion of Housing Tax Credit investments on behalf of more than 200 corporate investors. R4 Capital has longstanding relationships with the nation’s top LIHTC developers built over 30 years in more than 2,000 transactions. R4 Capital maintains offices in New York, NY, Boston, MA, Newport Beach, CA, and Austin, TX.

Since May 2012, R4 Capital has raised more than \$6.3 billion of LIHTC equity investments from more than 135 institutional investors in 37 multi-investor funds and 13 proprietary funds. In January 2016, R4 Capital launched R4 Capital Funding, a tax-exempt lending business that provides mortgage capital for affordable multifamily housing properties throughout the United States. R4 Capital’s LIHTC equity and debt portfolio includes 548 properties located across 49 states, the District of Columbia, Puerto Rico, and the Northern Mariana Islands.

Financial Statements: R4 Capital LLC and Subsidiaries:

Cash and Equivalents:	\$11,180,778
Total Assets:	\$386,223,565
Total Liabilities:	\$334,048,290
Net Equity:	\$52,175,275

Financial Information was taken from a Consolidated Financial Statement and Independent Auditor’s Report for the year ended December 31, 2023. R4 Capital reports Net Income for the year of \$29.8 million on Revenues of \$79.8 million.

Summary: R4 Capital has demonstrated that it has the experience and financial strength to serve as Syndicator for this Development.

**General Contractor Information**

General Contractor Name: Elmington Construction, LLC (“EC LLC”)

Type: A Foreign Limited Liability Company Registered to Transact Business in Florida

Contact Person: William Cochrane Jamison  
 Telephone (629) 800-5463  
 E-Mail: [cjamison@elmingtoncapital.com](mailto:cjamison@elmingtoncapital.com)

Address: 118 16th Avenue South Suite 200  
 Nashville, TN 37203

Experience: EC LLC provided a Pitch Book indicating they are a full service, residential and commercial general contractor and construction management company located in Nashville, Tennessee. They stated their 2023 numbers for commercial construction totaled \$600 million in projects. EC LLC reported 3,650 units under construction and delivered 2,704 units through 2023.

EC LLC provided a prior experience chart which showed the completion of 18 multifamily developments in Tennessee, Texas and North Carolina totaling 3,451 units. In addition, they listed 16 other developments totaling 3,436 units that are not yet completed, one of which is the Ridge Road development in Tallahassee.

EC LLC operates under William Cochrane Jamison’s Florida Certified General Contractor’s license No. CGC1532650. The license expires August 31, 2026 and will need to be renewed.

Credit Evaluation: A June 27, 2024 Business Credit Report, Inc. Commercial Credit Report Plus for EC LLC reflected some late pay activity and no significant adversities. Public record data reflected no bankruptcies, judgments, tax liens, or UCC-1 filings.

Banking/Trade References: Banking, trade and business references for EC LLC reported satisfactory working relationships and payment history.

Financial Statements: EC LLC:

Cash and Equivalents:	\$12,108,374
Total Assets:	\$90,788,421
Total Liabilities:	\$82,953,250
Total Equity:	\$7,835,171

Financial data is from an Audited Financial Statement dated December 31, 2023 certified by RubinBrown, LLP. Assets other than cash consist of contract receivables, retainage due on contracts, revenue in excess of billings, due from related party, other current assets, fixed assets and



operating lease right-of-use assets. Liabilities consist of accounts payable, trade, amounts due to subcontractors, retainage due to subcontractors, accrued expense, current portion of operating lease liability, billings in excess of revenue earned, long-term operating lease liability and due related party. Seltzer also reviewed 2022 and 2023 1065 Tax Returns.

EC LLC also provided a Draft Performance and Payment Bond in the full amount of the Construction Contract from Travelers Casualty and Surety Company of America (“Travelers”). Travelers is rated A++ (Superior) by A.M. Best & Co. with a financial size category of XV (\$2 Billion or greater).

**Contingent Liabilities:**

EC LLC reports no contingent liabilities per a Statement of Financial/Credit Affairs dated April 15, 2024.

**Summary:**

SMG recommends that EC LLC be accepted as the General Contractor for Lake Bradford Apartments, subject to the conditions in Section B thereof, if any.

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**Property Manager Information**

Property Manager Name: Elmington Property Management, LLC (“EPM”)

Type: A Washington Corporation registered to do business in the State of Florida

Contact Information: C. Hunter Nelson  
Telephone: (615) 490-6700  
E-Mail: [hunter@elmingtoncapital.com](mailto:hunter@elmingtoncapital.com)

Address: 118 16<sup>th</sup> Avenue South  
Nashville, TN 37203

Experience: EPM works in collaboration with over 61 different owners and manages communities across the country. EPM manages over 261 properties in 13 states with over 43,597 units.

One Elmington is made up of seven separate entities with Elmington Property Management being the largest of their family of companies. In addition to EPM, Elmington Capital Group has added several additional business lines. EPM began operations with Elmington Capital Group’s first multifamily acquisition over 11 years ago. From that point until now, the company has grown from about 600 units under management to just under 33,000 units managed across 14 states. Elmington provides support and positive vendor relations, strong, local bench strength, and numerous other benefits to their Florida Partners. In addition to local experts, Elmington’s Affordable sites are supported by an in-house Compliance Department that oversees programmatic reporting requirements, file accuracy, and supports on site teams to ensure best practices are in place. EPM indicated they were ranked 22nd on the National Affordable Housing Management Association’s 2023 Top 100 list.

Management Agreement: The Applicant has submitted a Management Agreement, dated July 30, 2024, between the Applicant and EPM which reflects a monthly management fee of 3.5% of gross receipts plus a compliance services fee of \$42 per unit per year for an overall Management Fee percentage of 3.8%.

Management Plan: The Applicant has submitted a Management Plan that appears satisfactory.

Summary: EPM has demonstrated experience in the successful management of multifamily affordable housing. The Asset Management Department of FHFC must approve the selection of the management company, EPM, for Lake Bradford Apartments prior to the commencement of lease-up activity. Continued approval is subject to ongoing satisfactory performance.

**EXHIBIT I  
LAKE BRADFORD APARTMENTS  
15 YEAR INCOME AND EXPENSE PROJECTION**

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	
<b>OPERATING PRO FORMA</b>																	
<b>INCOME</b>	Gross Potential Rental Income	\$2,615,148	\$2,667,451	\$2,720,800	\$2,775,216	\$2,830,720	\$2,887,335	\$2,945,081	\$3,003,983	\$3,064,063	\$3,125,344	\$3,187,851	\$3,251,608	\$3,316,640	\$3,382,973	\$3,450,632	
	Rent Subsidy (ODR)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Other Income:																
	Ancillary Income-Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Miscellaneous	\$49,296	\$50,288	\$51,288	\$52,313	\$53,360	\$54,427	\$55,515	\$56,626	\$57,758	\$58,913	\$60,092	\$61,293	\$62,519	\$63,770	\$65,045	
	Washer/Dryer Rentals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Cable/Satellite Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Rent Concessions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Alarm Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Gross Potential Income	\$2,664,444	\$2,717,733	\$2,772,088	\$2,827,529	\$2,884,080	\$2,941,761	\$3,000,597	\$3,060,609	\$3,121,821	\$3,184,257	\$3,247,942	\$3,312,901	\$3,379,159	\$3,446,742	\$3,515,677	
	Less:																
	Economic Loss - Percentage:																
Physical Vacancy Loss - Percentage: 4.0%	(\$106,578)	(\$108,709)	(\$110,884)	(\$113,101)	(\$115,363)	(\$117,670)	(\$120,024)	(\$122,424)	(\$124,873)	(\$127,370)	(\$129,918)	(\$132,516)	(\$135,166)	(\$137,870)	(\$140,627)		
Collection Loss - Percentage: 1.0%	(\$26,644)	(\$27,177)	(\$27,721)	(\$28,275)	(\$28,841)	(\$29,418)	(\$30,006)	(\$30,606)	(\$31,218)	(\$31,843)	(\$32,479)	(\$33,129)	(\$33,792)	(\$34,467)	(\$35,157)		
<b>Total Effective Gross Revenue</b>	<b>\$2,531,222</b>	<b>\$2,581,846</b>	<b>\$2,633,483</b>	<b>\$2,686,153</b>	<b>\$2,739,876</b>	<b>\$2,794,673</b>	<b>\$2,850,567</b>	<b>\$2,907,578</b>	<b>\$2,965,730</b>	<b>\$3,025,044</b>	<b>\$3,085,545</b>	<b>\$3,147,256</b>	<b>\$3,210,201</b>	<b>\$3,274,405</b>	<b>\$3,339,893</b>		
<b>EXPENSES</b>	<b>Fixed:</b>																
	Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Sub-Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Real Estate Taxes	\$11,850	\$12,206	\$12,572	\$12,949	\$13,337	\$13,737	\$14,150	\$14,574	\$15,011	\$15,462	\$15,925	\$16,403	\$16,895	\$17,402	\$17,924	
	Insurance	\$311,892	\$321,249	\$330,886	\$340,813	\$351,037	\$361,568	\$372,415	\$383,588	\$395,095	\$406,948	\$419,157	\$431,731	\$444,683	\$458,024	\$471,765	
	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	<b>Variable:</b>																
	Management Fee - Percentage: 3.8%	\$95,229	\$97,133	\$99,076	\$101,058	\$103,079	\$105,140	\$107,243	\$109,388	\$111,576	\$113,807	\$116,083	\$118,405	\$120,773	\$123,189	\$125,652	
	General and Administrative	\$59,250	\$61,028	\$62,858	\$64,744	\$66,686	\$68,687	\$70,748	\$72,870	\$75,056	\$77,308	\$79,627	\$82,016	\$84,476	\$87,011	\$89,621	
	Payroll Expenses	\$237,000	\$244,110	\$251,433	\$258,976	\$266,746	\$274,748	\$282,990	\$291,480	\$300,225	\$309,231	\$318,508	\$328,063	\$337,905	\$348,042	\$358,484	
	Utilities	\$142,200	\$146,466	\$150,860	\$155,386	\$160,047	\$164,848	\$169,794	\$174,888	\$180,135	\$185,539	\$191,105	\$196,838	\$202,743	\$208,825	\$215,090	
	Marketing and Advertising	\$7,900	\$8,137	\$8,381	\$8,633	\$8,892	\$9,158	\$9,433	\$9,716	\$10,007	\$10,308	\$10,617	\$10,935	\$11,264	\$11,601	\$11,949	
	Maintenance and Repairs	\$118,500	\$122,055	\$125,717	\$129,488	\$133,373	\$137,374	\$141,495	\$145,740	\$150,112	\$154,616	\$159,254	\$164,032	\$168,953	\$174,021	\$179,242	
	Grounds Maintenance and Landscaping	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Resident Programs	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048	\$13,439	\$13,842	\$14,258	\$14,685	\$15,126	
	Contract Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Security	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Other-Compliance Monitoring	\$3,860	\$3,976	\$4,095	\$4,218	\$4,344	\$4,475	\$4,609	\$4,747	\$4,890	\$5,036	\$5,188	\$5,343	\$5,503	\$5,669	\$5,839	
	Reserve for Replacements	\$47,400	\$48,822	\$50,287	\$51,795	\$53,349	\$54,950	\$56,598	\$58,296	\$60,045	\$61,846	\$63,702	\$65,613	\$67,581	\$69,608	\$71,697	
	<b>Total Expenses</b>	<b>\$1,045,081</b>	<b>\$1,075,481</b>	<b>\$1,106,774</b>	<b>\$1,138,986</b>	<b>\$1,172,145</b>	<b>\$1,206,279</b>	<b>\$1,241,416</b>	<b>\$1,277,586</b>	<b>\$1,314,820</b>	<b>\$1,353,149</b>	<b>\$1,392,605</b>	<b>\$1,433,222</b>	<b>\$1,475,035</b>	<b>\$1,518,078</b>	<b>\$1,562,389</b>	
<b>Net Operating Income</b>	<b>\$1,486,141</b>	<b>\$1,506,365</b>	<b>\$1,526,709</b>	<b>\$1,547,166</b>	<b>\$1,567,730</b>	<b>\$1,588,394</b>	<b>\$1,609,151</b>	<b>\$1,629,992</b>	<b>\$1,650,910</b>	<b>\$1,671,896</b>	<b>\$1,692,940</b>	<b>\$1,714,034</b>	<b>\$1,735,166</b>	<b>\$1,756,327</b>	<b>\$1,777,505</b>		
<b>Debt Service Payments</b>																	
<b>DEBT SERVICE</b>	First Mortgage - HFA Leon Co MMRN / R4 Funding	\$1,094,005	\$1,094,005	\$1,094,005	\$1,231,102	\$1,231,102	\$1,231,102	\$1,231,102	\$1,231,102	\$1,231,102	\$1,231,102	\$1,231,102	\$1,231,102	\$1,231,102	\$1,231,102	\$1,231,102	
	Second Mortgage - FHFC SAIL/ELI	\$54,347	\$54,347	\$54,347	\$54,347	\$54,347	\$54,347	\$54,347	\$54,347	\$54,347	\$54,347	\$54,347	\$54,347	\$54,347	\$54,347	\$54,347	
	Third Mortgage - City of Tallahassee HOME-ARP	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96	
	Fourth Mortgage - EA LLC Self-Sourced	\$230,975	\$230,975	\$230,975	\$230,975	\$230,975	\$230,975	\$230,975	\$230,975	\$230,975	\$230,975	\$230,975	\$230,975	\$230,975	\$230,975	\$230,975	
	All Other Mortgages -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	First Mortgage Fees - HFA Leon Co MMRN / R4 Funding	\$55,356	\$55,551	\$55,751	\$55,958	\$55,802	\$55,630	\$55,444	\$55,241	\$55,020	\$54,781	\$54,521	\$54,241	\$53,937	\$53,609	\$53,256	
	Second Mortgage Fees - SAIL/ELI	\$12,622	\$12,622	\$12,622	\$12,622	\$12,622	\$12,622	\$12,622	\$12,622	\$12,622	\$12,622	\$12,622	\$12,622	\$12,622	\$12,622	\$12,622	
	Third Mortgage Fees - City of Tallahassee HOME-ARP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Fourth Mortgage Fees - EA LLC Self-Sourced	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	All Other Mortgages Fees -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Debt Service Payments</b>	<b>\$1,447,400</b>	<b>\$1,447,595</b>	<b>\$1,447,796</b>	<b>\$1,585,100</b>	<b>\$1,584,944</b>	<b>\$1,584,773</b>	<b>\$1,584,586</b>	<b>\$1,584,383</b>	<b>\$1,584,163</b>	<b>\$1,583,923</b>	<b>\$1,583,664</b>	<b>\$1,583,383</b>	<b>\$1,583,079</b>	<b>\$1,582,752</b>	<b>\$1,582,398</b>		
<b>Cash Flow After Debt Service</b>	<b>\$38,741</b>	<b>\$58,770</b>	<b>\$78,913</b>	<b>(\$37,934)</b>	<b>(\$17,213)</b>	<b>\$3,622</b>	<b>\$24,565</b>	<b>\$45,609</b>	<b>\$66,747</b>	<b>\$87,973</b>	<b>\$109,277</b>	<b>\$130,651</b>	<b>\$152,087</b>	<b>\$173,575</b>	<b>\$195,107</b>		
<b>Debt Service Coverage Ratios</b>																	
DSC - First Mortgage plus Fees	1.293	1.310	1.328	1.202	1.218	1.234	1.251	1.267	1.284	1.300	1.317	1.334	1.350	1.367	1.384		
DSC - Second Mortgage plus Fees	1.222	1.238	1.255	1.143	1.158	1.173	1.189	1.204	1.220	1.236	1.252	1.267	1.283	1.299	1.315		
DSC - Third Mortgage plus Fees	1.222	1.238	1.255	1.143	1.158	1.173	1.189	1.204	1.220	1.236	1.252	1.267	1.283	1.299	1.315		
DSC - Fourth Mortgage plus Fees	1.027	1.041	1.055	0.976	0.989	1.002	1.016	1.029	1.042	1.056	1.069	1.083	1.096	1.110	1.123		
DSC - All Mortgages and Fees	1.027	1.041	1.055	0.976	0.989	1.002	1.016	1.029	1.042	1.056	1.069	1.083	1.096	1.110	1.123		
<b>Financial Ratios</b>																	
Operating Expense Ratio	41.3%	41.7%	42.0%	42.4%	42.8%	43.2%	43.5%	43.9%	44.3%	44.7%	45.1%	45.5%	45.9%	46.4%	46.8%		
Break-Even Ratio	93.7%	93.0%	92.3%	96.5%	95.8%	95.1%	94.4%	93.7%	93.1%	92.4%	91.8%	91.2%	90.7%	90.2%	89.6%		

HOUSING FINANCE AUTHORITY OF LEON COUNTY  
MMRB  
DESCRIPTION OF FEATURES AND AMENITIES

4. Describe in detail all design and other physical amenities that provide enhanced quality of life, energy efficiency, increased security, handicapped accessibility, or other features. Each feature mandated by the Authority or selected by the Applicant will be made a part of the Land Use Restriction Agreement. Developments that include a mix of elderly and non-elderly units must provide design features for both elderly and non-elderly units must provide design features for both elderly and non-elderly developments. The design and amenity features to be provided are:
- a. **In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act Requirements, the following items are required:**
- **Air conditioning** (window units are not allowed), in all units
  - **Dishwasher**, in all new construction units
  - **Garbage Disposal**, in all new construction units
  - **Cable TV Hook-Up**, in all units
  - **At least two full bathrooms** in all **3 bedroom or larger** new construction units
    - **At least 1 and ½ bathrooms** (one full bath and one with at least a toilet and sink) in all new construction **2-bedroom units**
  - **Full sized appliances** in all units
  - **Bathtub** in at least one bathroom in new construction non-elderly units
  - **Exterior Lighting for all buildings and parking areas**
- b. **For New Construction Units**, the applicant may select items from the following list. The selected items must total 25 points:
- Window Treatments: Identify treatment inside each unit (3 points)
- mini-blinds
  - curtains
  - vertical blinds inside each unit
- 30 Year Expected Life Roofing on all Buildings (5 points)

- Gated community with “carded” entry or security guard , of if mid-or-high-rise, “carded” secure entry to building  (2 points for gated community, 4 points for secure building entry)
  - Exterior Finish -  stucco or  cementitious siding or  brick exterior finish (3 points – check choice)
  - Ceramic tile bathtub/shower area (3 points)
  - Microwave Oven (3 points)
  - Marble Windowsills (3 points)
  - Fire Sprinklers in All Units (5 points)
  - Steel entry door frames (4 points)
  - Termite prevention/detection system (2 points)
  - Built-in computer desks (2 points)
  - Exterior lighting (3 points)
  - Double compartment kitchen sink (1 point)
  - Laundry Hook-ups and space for washer/dryer inside each unit (3 points)
  - Non-smoking units (may not choose with Non-Smoking Building (4pts)
  - Non-smoking buildings (5 points)]
- c. **For Rehabilitation of Existing Development**, the applicant may select items from the following list. The selected items must total 25 points:
- Laundry Hook-ups and space for washer/dryer inside each unit (3 Points)
  - Window Treatments: Identify treatment inside each unit (3 points)
    - mini-blinds
    - curtains
    - vertical blinds
- c. **For Rehabilitation of Existing Development**, the applicant may select items from the following list. The selected items must total 25 points:
- Laundry Hook-ups and space for washer/dryer inside each unit (3 Points)
  - Window Treatments: Identify treatment inside each unit (3 points)
    - mini-blinds
    - curtains
    - vertical blinds
  - 30-Year Expected Life Roofing on all Buildings (4 points)
  - Gated community with “carded” entry or security guard, or if mid-or-high rise, “carded” secure entry to building (3 points)

- Ceramic Tile bathtub/shower area (3 points)
  - Microwave Oven (3 points)
  - Fire Sprinklers in All Units (4 points)
  - Dishwasher inside each unit (3 points)
  - Garbage disposals inside each unit (3 points)
  - Steel entry door frames (3 points)
  - Termite prevention/detection system (2 points)
  - Double compartment kitchen sink (1 point)
  - Non-smoking units (may not choose with Non-Smoking Building (4pts)
  - Non-smoking buildings (5 points)
- d. **For Elderly Developments** or developments with elderly units, the applicant may select from the following list. The selected items must be on-site and total 16 points (2 points each):
- Emergency call service in all elderly units
  - Hairdresser Shop or Barber Shop on site
  - Laundry facilities available on every floor
  - All bathrooms in elderly units handicapped accessible with grab-bars per ANSI requirements
  - Public transportation within 150 feet of property (or elderly building if mixed family-elderly)
  - Exercise room with appropriate equipment
  - Community center or clubhouse
  - Swimming pool
  - Covered picnic area with at least three permanent picnic tables and a permanent outdoor grill
  - Outside recreation facility (such as shuffleboard court, putting green, tennis court). Identify facility: \_\_\_\_\_
  - Library consisting of a minimum of 100 books and 5 magazine subscriptions. The Library must include a computer lab.
  - Community Garden
  - Dedicated movie room (new construction or rehabilitation)
  - Movie room in common area (rehabilitation)

- e. **For Non-Elderly Developments**, or developments 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):
- Exercise room with appropriate equipment
  - Community center or clubhouse
  - Swimming pool
  - Playground/tot lot (must be sized in proportion to development's size and expected resident population with age-appropriate equipment)
  - Car care area (for car cleaning/washing)
  - Childcare facility located within three miles of the property
  - Public transportation located within one-half mile of the property
  - Library/study room consisting of a minimum of 100 books and 5 magazine subscriptions. The Library must include a computer lab.
  - Two or more parking spaces per unit
  - Outside recreation area for older children (such as basketball court, tennis court, volleyball court, etc.). Identify facility: \_\_\_\_\_
  - Community Garden
  - Picnic area with at least three permanent picnic tables and a permanent outdoor grill
- f. **Energy Conservation Feature** – For all developments, the applicant may select from the following list.

Mandatory Features:

- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;
- Minimum SEER of 15 for unit air conditioners (excluding buildings with a central chiller system).
- Caulk, weather strips, seal holes, cracks, etc. (Rehab developments)
- Sealed and insulated heating and cooling system ducts (Rehab developments)
- 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).
- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
  - Toilets: 1.6 gallons/flush or less
  - Faucets: 1.5 gallons/minute or less
  - Showerheads: 2.2 gallons/minute or less.

Optional Green Building Features:

Applicant must choose at least five (5) items from the following list:

- Programmable thermostat in each unit
- Energy Star ceiling fans in all bedrooms and living areas
- Energy Star qualified roofing material or coating
- Energy Star exhaust fans in bathrooms
- Energy Star rating for all windows
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- FL Yards and Neighborhoods certification on all landscaping
- Eco-friendly flooring -- Carpet and Rug Institute Green Label certified carpet and pad, bamboo, cork, recycled content tile, and/or natural linoleum
- Eco-friendly cabinets – formaldehyde free, material certified by the Forest Stewardship Council
- Motion detector on common area lighting



## a. Resident programs for All Applicants:

- Health Care – Mandatory** - 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.
- Resident Activities – Mandatory** - 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.
- On Site Voter Registration – Mandatory** – 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.
- Financial Counseling – Mandatory** – 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”.
- Computer Training – Mandatory** - 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.
- Hurricane Preparedness – Mandatory** - 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.
- English as a Second Language – Optional** - Applicant shall make available, at no cost to the resident, a literacy tutor(s) to provide weekly English lessons to residents in private space on-site.
- Swimming Lessons – Optional** – The Applicant or its Management Agent shall provide on-site swimming lessons for children or adults, at no cost to the resident,

at least three times each year.

- Life Safety Training – Optional** – 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.
- Health and Nutrition Classes – Optional** – The Applicant or its Management Agent shall provide on-site classes, at no cost to the resident, at least 8 hours per year.
- Day Care – Optional** – either:
- Day care facility for children or adults on-site, or
  - A discount of at least 20% at a day care facility for children or adults within 3 miles of the development.
- Case Management/Residential Stabilization/Services – Optional** – This service must be provided by a qualified social worker at no cost to the resident. This program requires that the following services be made available on-site no less often than once a week: crisis intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self-sufficiency, and advocacy to assist clients in securing needed resources.

b. Residential Programs for Elderly Developments:

- Resident Assurance Check-In Program – Mandatory** – Applicant must provide and use an established system for checking in with each resident on a predetermined basis not less than once per day. Residents may opt out of this program with a written certification that they chose not to participate.
- Daily Activities – Mandatory** – Applicant or its Management Agent must provide supervised, structured activities at least five days per week. Activities must be on-site and at no charge to the residents.
- Meals – Optional** – Applicant must pay for daily, at least one meal per day, delivery and cost of meals to the residents or provide for the daily preparation and serving of meals in a designated common on-site facility. Programs such as “Meals on Wheels” will not qualify for points because Applicant is not providing the service.
- Applicant will provide for delivery and cost of daily meals (at least one meal per day) to be served in a designated common facility located on-site; or

- Applicant will arrange for daily meals, at least one meal per day, to be delivered to the residents at no cost to the residents.
- Private Transportation for the Development – Optional** – The Applicant or its Management Agent, at no cost to the resident, must provide a qualified driver and have a safe and serviceable vehicle that can transport residents to off-site locations for such things as medical appointments, public service facilities, and/or educational or social activities. A nearby bus stop or access to programs such as “Dial a Ride” will not be acceptable for purposes of this commitment.
- Assistance with Light Housekeeping, Shopping and/or Laundry – Optional** – Applicant must provide weekly assistance with at least two of the following: (1) light housekeeping, and/or (2) grocery shopping, and/or (3) laundry, at a rate which is at least 25% lower than market.
- Personnel On-Call 24 Hours Per Day – Optional** – Applicant must provide a manager maintenance employee and/or security guard on the Development’s premise at all times who is available and accessible to the residents 24 hours per day, seven days per week.

c. Resident Programs for Non-Elderly Developments:

- Homeownership Opportunity Program – Mandatory** – 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.
  - First Time Homebuyer Seminars – Mandatory** – 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.
  - After School Program for Children – Optional** – Applicant or its Management Agent must provide daily, supervised, structured, age-appropriate activities for children during the after-school hours. Activities must be on-site and at no charge to the residents.
  - Literacy Training – Optional** – Applicant must make available, at no cost to the resident, a literacy tutor(s) to provide weekly literacy lessons to residents in private space on-site and must include English as a Second Language lessons to residents in private space on-site
  - Job Training – Optional** – Applicant must provide, at no cost to the resident, regularly scheduled classes in typing, computer literacy, secretarial skills or other useful job skills. Regularly scheduled means not less often than once each quarter.
- d. **Homeless, Veterans or Special Needs Housing:** The Applicant may propose appropriate Resident Programs. Attach as Exhibit 18.

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LAKE BRADFORD APARTMENTS  
RFA 2023-205 (2024-028S) / 2023-522C  
DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

158 Units located in 1 Mid-Rise residential building

Unit Mix:

Twenty (20) one bedroom/one bath units:

Ninety-two (92) two bedroom/two bath units;

Forty-six (46) three bedroom/two bath units;

158 Total Units

B. All units are expected to meet all requirements as outlined below. If the proposed Development consists of rehabilitation, the proposed Development's ability to provide all construction features will be confirmed as outlined in Exhibit F of the RFA. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors.

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

All Developments must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments. All of the accessible units must be equally distributed among different unit sizes and Development types and must be dispersed on all accessible routes throughout the Development.

C. The Development must provide the following General Features:

1. Broadband infrastructure which includes cables, fiber optics, wiring, or other infrastructure, as long as the installation results in accessibility in each unit;
2. Termite prevention;
3. Pest control;
4. Window covering for each window and glass door inside each unit;

5. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;
6. Washer and dryer hook ups in each of the Development's units or an on-site laundry facility for resident use. If the proposed Development will have an on-site laundry facility, the following requirements must be met:
  - There must be a minimum of one (1) Energy Star certified washer and one (1) Energy Star certified or commercial grade dryer per every 15 units. To determine the required number of washers and dryers for the on-site laundry facility; divide the total number of the Developments' units by 15, and then round the equation's total up to the nearest whole number;
  - At least one washing machine and one dryer shall be front loading that meets the accessibility standards of Section 504;
  - If the proposed Development consists of Scattered Sites, the laundry facility shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.
7. At least two full bathrooms in all 3 bedroom or larger new construction units;
8. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units;
9. All Family Demographic Developments must provide a full-size range and oven in all units.

D. Required Accessibility Features, regardless of the age of the Development:

Federal and state law and building code regulations requires that programs, activities, and facilities be readily accessible to and usable by persons with disabilities. Florida Housing requires that the design, construction, or alteration of its financed Developments be in compliance with federal and state accessibility requirements. When more than one law and accessibility standard applies, the Applicant shall comply with the standard (2010 ADA Standards, Section 504, Fair Housing Act, or Florida Building Code, Accessibility) which affords the greater level of accessibility for the residents and visitors. Areas required to be made accessible to mobility-impaired residents and their visitors, including those in wheelchairs, shall include, but not be limited to, accessible routes and entrances, paths of travel, primary function areas, parking, trash bins, mail and package receiving areas for residents, pool and other amenities, including paths of travel to amenities and laundry rooms, including washers and dryers.

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

1. Primary entrance doors on an accessible route shall have a threshold with no more than a ½-inch rise;
2. All door handles on primary entrance door and interior doors must have lever handles;

3. Lever handles on all bathroom faucets and kitchen sink faucets;
  4. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and
  5. Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.
- F. In addition to the 5 percent mobility requirement outlined above, all Family Demographic Developments must provide reinforced walls for future installation of horizontal grab bars in place around each tub/shower and toilet, or a Corporation-approved alternative approach for grab bar installation. The installation of the grab bars must meet or exceed the 2010 ADA Standards for Accessible Design.

At the request of and at no charge to a resident household, the Development shall purchase and install grab bars around each tub/shower unit and toilet in the dwelling unit. The product specifications and installation must meet or exceed 2010 ADA Standards for Accessible Design. The Development shall inform a prospective resident that the Development, upon a resident household's request and at no charge to the household, will install grab bars around a dwelling unit's tub/shower unit and toilet, pursuant to the 2010 ADA Standards. At a minimum, the Development shall inform each prospective lessee by including language in the Development's written materials listing and describing the unit's features, as well as including the language in each household's lease.

- G. Green Building Features required in all Developments:

All new construction units and, as applicable, all common areas must have the features listed below and all rehabilitation units are expected to have all of the following required Green Building features unless found to be not appropriate or feasible within the scope of the rehabilitation work utilizing a capital needs assessment as further explained in Exhibit F of the RFA:

- a. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);
- b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
  - i. Toilets: 1.28 gallons/flush or less,
  - ii. Urinals: 0.5 gallons/flush,
  - iii. Lavatory Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
  - iv. Showerheads: 2.0 gallons/minute or less at 80 psi flow rate;
- c. Energy Star certified refrigerator;
- d. Energy Star certified dishwasher;
- e. Energy Star certified ventilation fan in all bathrooms;

- f. Water heater minimum efficiency specifications:
- Residential Electric:
    - i. Up to 55 gallons = 0.95 EF or 0.92 UEF; or
    - ii. More than 55 gallons = Energy Star certified; or
    - iii. Tankless = 0.97 EF and Max GPM of  $\geq 2.5$  over a 77° rise or 0.87 UEF and GPM of  $\geq 2.9$  over a 67° rise;
  - Residential Gas (storage or tankless/instantaneous): Energy Star certified
  - Commercial Gas Water Heater: Energy Star certified;
- g. Energy Star certified ceiling fans with lighting fixtures in bedrooms and living rooms;
- h. Air Conditioning (in-unit or commercial):
- i. Air-Source Heat Pumps – Energy Star certified:
    - a.  $\geq 7.8$  HSPF2/  $\geq 15.2$  SEER2/  $\geq 11.7$  EER2 for split systems
    - b.  $\geq 7.2$  HSPF2/  $\geq 15.2$  SEER2/  $\geq 10.6$  EER2 for single package equipment including gas/electric package units
  - ii. Central Air Conditioners – Energy Star certified:
    - a.  $\geq 15.2$  SEER2/  $\geq 12$  EER2 for split systems
    - b.  $\geq 15.2$  SEER2/  $\geq 11.5$  EER2 for single package equipment including gas/electric package units.

NOTE: Window air conditioners and portable air conditioners are not allowed. Package Terminal Air Conditioners (PTACs) / Package Terminal Heat Pumps (PTHPs) are allowed in studio and one-bedroom units;

In addition to the required Green Building Features outlined above, proposed Developments with the Development Category of New Construction, must select one of the following Green Building Certification programs:

\_\_\_\_\_ Leadership in Energy and Environmental Design (LEED); or

\_\_\_\_\_ Florida Green Building Coalition (FGBC); or

  X   ICC 700 National Green Building Standard (NGBS); or

\_\_\_\_\_ Enterprise Green Communities.

H. Applicants who select the Family Demographic must provide at least three Resident Programs:

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

1. Financial Management Program

The Applicant or its Management Company shall provide a series of classes to provide residents training in various aspects of personal financial management. Classes must be held at least quarterly, consisting of at least two hours of training per quarter, and must be

conducted by parties that are qualified to provide training regarding the respective topic area. If the Development consists of Scattered Sites, the Resident Program must be held on the Scattered Site with the most units. Residents residing at the other sites of a Scattered Site Development must be offered transportation, at no cost to them, to the classes. The topic areas must include, but not be limited to:

- Financial budgeting and bill-paying including training in the use of technologies and web-based applications;
- Tax preparation including do's and don'ts, common tips, and how and where to file, including electronically;
- Fraud prevention including how to prevent credit card and banking fraud, identity theft, computer hacking and avoiding common consumer scams;
- Retirement planning & savings options including preparing a will and estate planning; and
- Homebuyer education including how to prepare to buy a home, and how to access to first-time homebuyer programs in the county in which the development is located.

Different topic areas must be selected for each session, and no topic area may be repeated consecutively.

2. Homeownership Opportunity Program - Applicant commits to provide a financial incentive which includes the following provisions:

- The incentive must be applicable to the home selected and may not be restricted to or enhanced by the purchase of a home in which the Applicant, Developer, or other related party has an interest;
- the incentive must be not less than 5 percent of the rent received by the owner for the unit during the entire occupancy by the household (Note: The incentive will be paid for all months for which the household is in compliance with the terms and conditions of the lease. Damages to the unit in excess of the security deposit will be deducted from the incentive.);
- the benefit must be in the form of a gift or grant and may not be a loan of any nature;
- the benefits of the incentive must accrue from the beginning of occupancy;
- the vesting period can be no longer than 2 years of continuous residency; and
- no fee, deposit or any other such charge can be levied against the household as a condition of participation in this program.

3. Employment Assistance Program

The Applicant or its Management Company must provide, at no cost to the resident, a minimum of quarterly scheduled Employment Assistance Program workshops/meetings offering employment counseling by a knowledgeable employment counselor. Such a program includes employability skills workshops providing instruction in the basic skills necessary for getting, keeping, and doing well in a job. The instruction must be held between the hours of 8:00 a.m. and 7:00 p.m. and include, but not be limited to, the following:



- Evaluation of current job skills;
- Assistance in setting job goals;
- Assistance in development of and regular review/update of an individualized plan for each participating resident;
- Resume assistance;
- Interview preparation; and
- Placement and follow-up services.

If the training is not provided on-site, transportation at no cost to the resident must be provided. Electronic media, if used, must be used in conjunction with live instruction.

## COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Lake Bradford Apartments

DATE: October 23, 2024

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

CREDIT UNDERWRITING REQUIRED ITEMS:	STATUS	NOTE
	Satis. /Unsatis.	
1. The Development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and/or status of site plan approval.	Satis.	
3. Permit Status.	Satis.	
4. Pre-construction analysis ("PCA").	Satis.	
5. Survey.	Satis.	
6. Complete, thorough soil test reports.	Satis.	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
8. Market Study separate from the Appraisal.	Satis.	
9. Environmental Site Assessment – Phase I and/or 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.	UnSatis.	1
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in the Rule for credit enhancers, Borrower, general partner, principals, guarantors and general contractor.	Satis.	

11. Resumes and experience of Borrower, general contractor and management agent.	Satis.	
12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Satis.	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
15. Firm commitment letter from the syndicator, if any.	Satis.	
16. Firm commitment letter(s) for any other financing sources.	Satis.	
17. Updated sources and uses of funds.	Satis.	
18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
19. Fifteen-year income, expense, and occupancy projection.	Satis.	
20. Executed general construction contract with "not to exceed" costs.	Satis.	
21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis.	
22. Any additional items required by the credit underwriter.	UnSatis.	2

## NOTES AND APPLICANT'S RESPONSES:

## 1. Environmental Site Assessment

- a. Confirmation that all the items identified as Recognized Environmental Conditions in Terracon Consultants, Inc's Phase I and Phase II Environment Assessment Reports (i.e., Soil Mitigation Plan, permanent two-inch monitoring well) have been resolved.
- Confirmation from the Permitting Office that items identified in the Environmental Reports are satisfactorily addressed and permits can be issued.

Response: To be provided as a condition to close.

## 2. Additional Items Required by Underwriter

- a. Receipt of an updated Operating Agreement for ECG Lake Bradford LP that reflects the organizational structure and ownership percentages noted in the Applicant's revised Principal Disclosure statement (adding THA Lake Bradford, LLC as a General Partner).

Response: To be provided as a condition to close.

- b. Receipt of an executed Assignment and Assumption of Purchase and Sale Agreement transitioning the purchase and ownership of the land from the Applicant to THA that is not substantially different than the Draft utilized in this credit underwriting report.

Response: To be provided as a condition to close.

- c. Receipt of an executed Ground Lease that is not substantially different than the Draft utilized in this credit underwriting report.

Response: To be provided as a condition to close.

- d. Receipt of FHFC's approval of the Tenant Selection Plan.

Response: To be provided as a condition to close.

- e. Confirmation from FHFC Counsel that Substantial User issues are not applicable to the transaction.

Response: To be provided as a condition to close.

## HC Allocation Calculation

Section I: Qualified Basis Calculation	
Development Cost	\$55,501,646
Less Land Cost	(\$2,325,990)
Less Federal Funds	\$0
Less Other Ineligible Cost	(\$5,115,019)
Less Disproportionate Standard	\$0
Total Eligible Basis	\$48,060,637
Applicable Fraction	100.00%
DDA/QCT Basis Credit	130.00%
Qualified Basis	\$62,478,828
Housing Credit Percentage	4.00%
Annual Housing Credit Allocation	\$2,499,153

### Notes to the Qualified Basis Calculation:

1. Other Ineligible Costs primarily include a portion of site work, accounting fees, legal fees, a portion of construction loan interest, permanent loan origination, FHFC Loan commitment fees, FHFC administrative, application, and underwriting fees, market study, and reserves.
2. The Borrower committed to a set aside of 100%. Therefore, SMG has utilized an Applicable Fraction of 100.00%.
3. The Development is not located in a Difficult Development Area (“DDA”) or a Small Area DDA but is located in a Qualified Census Tract (11.01) and a Geographical Area of Opportunity. Therefore, the 130.00% basis credit has been applied to the Eligible Basis.
4. Per the FY 2021 Omnibus Consolidated Appropriations Act passed by Congress as of December 21, 2020, a permanent 4% minimum HC rate was established. For purposes of this report, a HC percentage of 4.00% has therefore been applied.

<b>Section II: Gap Calculation</b>	
Total Development Cost (Including Land and Ineligible Costs)	\$55,501,646
Less Mortgages	(\$29,754,350)
Less Grants	\$0
Equity Gap	\$25,747,296
Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.8625
HC Required to Meet Gap	\$29,853,710
Annual HC Required	\$2,985,371

*Notes to the Gap Calculation:*

- Mortgages include the R4 Funding first mortgage, FHFC SAIL second mortgage, FHFC ELI third mortgage, a City of Tallahassee HOME-ARP fourth mortgage and EA LCC Self-Sourced loan fifth mortgage.
- HC Syndication Pricing and Percentage to Investment Partnership are based upon the February 5, 2024 (revised August 7, 2024) LOI from R4 Capital.

<b>Section III: Tax-Exempt Bond 50% Test</b>	
Total Depreciable Cost	\$48,060,637
Plus Land Cost	\$2,325,990
Aggregate Basis	\$50,386,627
Tax-Exempt Bond Amount	\$35,000,000
Less Debt Service Reserve	\$0
Less Proceeds Used for Costs of Issuance	\$0
Plus Tax-exempt GIC earnings	\$0
Tax-Exempt Proceeds Used for Building and Land	\$35,000,000
Proceeds Divided by Aggregate Basis	69.46%

*Notes to 50% Test:*

- SMG estimates the Tax-Exempt MMRB amount to be 69.46% of Depreciable Development Costs plus Land Acquisition Costs. If, at the time of Final Cost Certification, the Tax-Exempt Bond Amount is less than 50%, developer fees will have to be reduced by an amount to ensure compliance with the 50% Test. That may, in turn, result in a reduction to HC Equity.

Section IV: Summary	
HC per Qualified Basis	\$2,499,153
HC per Gap Calculation	\$2,985,371
Annual HC Recommended	\$2,499,153

*Notes to the Summary:*

1. The Annual HC Recommended is based on the Qualified Basis calculation.