

# **Housing Finance Authority of Palm Beach County**

## **Credit Underwriting Report**

### **Lake Delray Apartments**

MMRN Program

Section A Report Summary

Section B Supporting Information and Schedules

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*Prepared by*

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

*Final Report*

*November 9, 2016*

**LAKE DELRAY APARTMENTS**

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

**Recommendation**

Seltzer Management Group, Inc. ("SMG" or "Seltzer") recommends the Housing Finance Authority of Palm Beach County ("HFAPBC") fund a Construction/Permanent First Mortgage Tax-Exempt Loan ("TEL") in the amount of \$37,500,000 (see Financing Structure, below) for the construction and permanent financing of Lake Delray Apartments.

**DEVELOPMENT & SET-ASIDES**

Development Name: Lake Delray Apartments

Program Numbers: \_\_\_\_\_

Address: 700 Lindell Boulevard City: Delray Beach Zip Code: 33444

County: Palm Beach County Size: Large

Development Category: Acquisition/Rehab Development Type: Mdrise

Construction Type: Concrete

Demographic Commitment: Elderly: Yes Homeless: No ELI:      Units @      AMI

Farmworker or Commercial Fish Worker: No Family: No Link:      Units

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CJ Rents	Annual Rental Income
0.0	1.0	4	420	60%	\$706			\$46		\$660	\$660	\$660	\$660	\$31,680
1.0	1.0	194	543	60%	\$756			\$59	\$1,011	\$697	\$1,011	\$1,011	\$1,011	\$2,353,608
1.0	1.0	166	728	60%	\$756			\$59		\$697	\$697	\$697	\$697	\$1,388,424
2.0	1.0	40	930	60%	\$907			\$78		\$829	\$829	\$829	\$829	\$397,920
		<b>404</b>	<b>265,070</b>											<b>\$4,171,632</b>

Buildings: Residential - 4 Non-Residential - 1

Parking: Parking Spaces - 453 Accessible Spaces - 21

Set Asides:

Program	% of Units	# of Units	%AMI	Term (Years)
MFRN	100.0%	404	60%	30
HC	100.0%	404	60%	30

Absorption Rate 25 units per month for 7 months.

Occupancy Rate at Stabilization: Physical Occupancy 96% Economic Occupancy 96%

Occupancy Comments \_\_\_\_\_

DDA?: Yes QCT?: No

Site Acreage: 14.130 Density: 28.5916 Flood Zone Designation: AE

Zoning: RM- 12 units per acre. 1972 variance granted. Flood Insurance Required?: Yes

DEVELOPMENT TEAM		
Applicant/Borrower:	Lake Del ray Apartments, LLP	% Ownership
General Partner 1:	Del ray Housing Group, Inc.	0.0010%
Limited Partner 1:	Alliant Capital, Ltd.	99.9900%
Special Limited Partner:	Lake Del ray SLP, LLC	0.0090%
Construction Completion Guarantor(s):	ADC Communities, LLC	
	Darren Smith	
	Timothy Henzy	
Operating Deficit Guarantor(s):	ADC Communities, LLC	
	Darren Smith	
	Timothy Henzy	
Pvt Placement Purchaser:		
Developer:	ADC/SHAG Development, LLC	
Principal 1	Scott Kotick	
Principal 2	Shawn Horwitz	
Principal 3	Robert Kohl	
Principal 4	James Jenkins	
Principal 5	Darren Smith	
Principal 6	Timothy Henzy	
DEVELOPMENT TEAM (cont)		
General Contractor 1:	Lecesse Construction Services, LLC	
Management Company:	Del ray Housing Group, Inc.	
Syndicator:	Alliant Capital, Ltd.	
Bond Issuer:	Housing Finance Authority of Palm Beach County	
Architect:	Gallo Herbert Architects, LLC	
Market Study Provider:	Vogt Strategic Insights	
Appraiser:	ValueTech Realty Services, Inc.	

PERMANENT FINANCING INFORMATION						
	1st Source	2nd Source	3rd Source	4th Source	5th Source	Other
Lien Position	First	Second	Third			
Lender/Grantor	HFAPBC/Walker & Dunlop/Freddie Mac					
Amount	\$37,500,000					
Underwritten Interest Rate	4.07%					
All In Interest Rate	4.07%					
Loan Term	17					
Amortization	35					
Market Rate/Market Financing LTV	72.7%					
Restricted Market Financing LTV	85.5%					
Loan to Cost	54.1%					
Debt Service Coverage	1.205					
Operating/Deficit Service Reserve	\$1,139,015					
Period of Operating Expenses/Deficit Reserve in Months	8					
Deferred Developer Fee			\$4,195,967			
Land Value			\$12,100,000			
Market Rent/Market Financing Stabilized Value			\$51,550,000			
Rent Restricted Market Financing Stabilized Value			\$43,850,000			
Rent Restricted Favorable Financing Stabilized Value			n/a			
Projected Net Operating Income (NOI) - Year 1			\$2,423,435			
Projected Net Operating Income (NOI) - 15 Year			\$2,917,804			
Year 15 Pro Forma Income Escalation Rate			2.00%			
Year 15 Pro Forma Expense Escalation Rate			3.00%			
Bond Structure			Tax-Exempt Loan/Freddie Mac Direct Purchase			
Housing Credit Syndication Price			\$1.085			
Housing Credit Annual Allocation			\$2,332,842			

<b>CONSTRUCTION/PERMANENT SOURCES:</b>				
<b>Source</b>	<b>Lender</b>	<b>Construction</b>	<b>Permanent</b>	<b>Perm Loan/Unit</b>
First Mortgage	HFAPBC/Walker&Dunlop/Freddie Mac	\$37,500,000	\$37,500,000	\$92,822
HC Equity	Alliant Capital	\$19,727,639	\$24,189,954	\$59,876
Deferred Developer Fee	ADC-SHAG Development, LLC	\$8,979,374	\$4,195,967	\$10,386
Interim Income	Subject Property	\$3,050,372	\$3,371,464	\$8,345
<b>TOTAL</b>		<b>\$69,257,385</b>	<b>\$69,257,385</b>	<b>\$171,429</b>

**Financing Structure:**

Applicant submitted to the Housing Finance Authority of Palm Beach County a Multifamily Mortgage Revenue Note ("MMRN") Application and a non-Competitive HC Application. The Lake Delray transaction will not involve the issuance of HFAPBC Tax-Exempt Bonds. However, Walker & Dunlop, LLC ("Walker & Dunlop") will loan up to \$37,500,000 to HFAPBC through a Freddie Mac tax-exempt fixed rate loan ("TEL") in connection with the construction and financing of the subject Development and in accordance with HC Program requirements. The proceeds of the TEL (or Funding Loan) will be used by HFAPBC to provide funding to the Applicant through a project loan with matching economic terms. The Funding Loan will be a non-recourse obligation of HFAPBC that is secured solely by the receipts and revenues from the project loan and the collateral pledged therefore (including a First Mortgage Lien with respect to the real property).

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?	X	
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?	X	
Is the Development in all other material respects the same as presented in the Application?	X	

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

1. The Application to PBCHFA included a First Mortgage Loan Term Sheet from Citibank, N.A. in the amount of \$31,400,000. The subject transaction has been underwritten utilizing a Walker & Dunlop/Freddie Mac Direct Purchase Tax Exempt Loan structure in the amount of \$37,500,000.

These changes have no substantial material impact to the MMRN recommendations for this Development.



Strengths:

1. The appraiser, Vogt Strategic Insights (“VSI”), states that there is adequate demand for affordable housing in the Subject’s Primary Market Area (“PMA”).
2. VSI advised that the comparable properties in the subject’s market area are reporting a weighted average occupancy rate of 100% with waiting lists.
3. Although the Borrower, special limited partner, and developer are newly formed, the principals of the developer, as well as, the general contractor and management company have sufficient experience and financial resources to develop, construct and operate the proposed Development.

Other Considerations: None

Mitigating Factors: None

Waiver Requests/Special Conditions: None

Additional Information:

1. ADC Communities, LLC (“ADC”) is identified as a Guarantor of the subject transaction. As guarantor, ADC is expected to provide a standard HFAPBC construction completion guarantee, operating deficit guarantee, guarantee of recourse obligations, and environmental indemnities. ADC was formed February 9, 2016 resulting in limited financial, trade, credit history, and development experience which traditionally would impact the ability of ADC to act as guarantor. However, the principal members of ADC Robert Kohl, Shawn Horwitz, Scott Kotick, and James C. Jenkins collectively have provided Demand Notes to ADC totaling \$20,000,000 to secure the pledge of guarantee by ADC.

Issues and Concerns: None

Recommendation:

Seltzer Management Group, Inc. (“SMG” or “Seltzer”) recommends the Housing Finance Authority of Palm Beach County (“HFAPBC”) fund a Construction/Permanent First Mortgage Tax-Exempt Loan (“TEL”) in the amount of \$37,500,000 for the construction and permanent financing of Lake Delray Apartments.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (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:



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Reviewed by:



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## Overview

### Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
MVRN Mortgage	HFAPBC/Walker&Dunlop/Freddie Mac	\$51,434,906	\$37,500,000	\$37,500,000	4.070%	\$2,670,938
HCEquity	Alliant Capital	\$6,354,845	\$20,896,211	\$19,727,639		
Deferred Developer Fee	ADC-SHAG Dev.	\$7,109,660	\$7,626,132	\$8,979,374		
Interim Income	Subject Property	\$3,422,749	\$3,050,372	\$3,050,372		
Existing Reserves	Subject Property	\$1,380,000	\$0	\$0		
<b>Total</b>		<b>\$69,702,160</b>	<b>\$69,072,715</b>	<b>\$69,257,385</b>		<b>\$2,670,938</b>

#### Tax Exempt Loan

Per a July 14, 2016 Freddie Mac Loan Application from Walker & Dunlop (“Walker & Dunlop”), Walker & Dunlop will extend to the Housing Finance Authority of Palm Beach County (“HFAPBC”) a Funding Loan in an amount up to \$37,500,000, such that HFAPBC can provide the Applicant a tax exempt project loan for construction/permanent financing in like amount. The loan will be an interest only fixed-rate loan payable monthly during the construction period. The interest rate is based on the 10-year U.S. Treasury Rate, plus a Freddie Mac spread of 219 basis points (2.19%), plus an estimated 15 basis point (.15%) issuer fee. Based on current rates SMG estimates the “all-in” interest rate at 4.07%. Walker & Dunlop allows up to 24 months construction period with no extension option, however, SMG has used 15 months to be more in line with the actual construction timeline. The above schedule reflects an interest calculation starting at disbursement of the \$37,500,000 First Mortgage TEL to the HFAPBC.

#### Other Construction Sources of Funds:

Additional sources of funds for this Development during construction are housing credit equity of \$19,727,639, net operating income from the property in the amount of \$3,050,372, and deferred developer fees in the amount of \$8,979,374. See the Permanent Financing section below for details.

#### Construction/Stabilization Period:

A June 30, 2016, AIA Standard Form of Agreement between Owner and Contractor with a Guaranteed Maximum Price reflects LECESSE Construction Services achieving substantial completion of the Development no later than 438 calendar days or 15 months from the date of commencement. VSI’s June 14, 2016, market study anticipates a very high share of current residents will remain at the site due to lower rents, improved product and ongoing subsidy to be offered (193 units). Additionally, renovations on the subject’s four residential buildings will be completed in phases not requiring all units to be vacated simultaneously. If all units were required to be leased an absorption rate of 25 units per month would be expected for the subject’s 194 subsidized units and 12-14 units per month for the subject’s 210 non-subsidized units, for a total absorption period of 17 months. This is a highly unlikely scenario. Stabilization is expected at or above the subject’s historical occupancy of 95%. SMG has utilized a 6-month stabilization period for a total 21-month construction/stabilization period for purposes of this credit underwriting report.

**Permanent Financing Sources**

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt
First Mortgage	HFAPBC/Walker&Dunlop/Freddie M	\$38,842,868	\$37,500,000	\$37,500,000	4.07%	35	17	\$2,011,425
Interim Income	Subject Property	\$3,593,886	\$3,371,464	\$3,371,464	0.00%	N/A	15	\$0
HC Equity	Alliant Capital	\$22,285,807	\$24,189,954	\$24,189,954				
Def. Developer Fee	ADC-SHAG Dev.	\$3,599,598	\$4,011,297	\$4,195,967				
Existing Reserves	Subject Property	\$1,380,000	\$0	\$0				
<b>Total</b>		<b>\$69,702,159</b>	<b>\$69,072,715</b>	<b>\$69,257,385</b>				<b>\$2,011,425</b>

Tax Exempt Permanent Loan

Per the July 14, 2016 Walker & Dunlop Freddie Mac Loan Application, permanent financing available to the Applicant is in the amount of \$37,500,000. Following the construction phase, interest and principal payments will be paid monthly for 15 years based on a 35-year amortization schedule. The interest rate during the permanent period will be fixed at time of rate lock based upon 219 (2.19%) basis points over the 10-year U.S. Treasury, currently estimated at 1.73%, plus an additional 15 (.15%) basis point issuer fee. SMG has utilized an "all-in" interest rate of 4.07% for underwriting purposes. The loan is not to exceed 90% of the as stabilized, as renovated appraised value using HAP rents or the final credit underwriting value determined by the lender and Freddie Mac. Minimum debt service coverage of the loan is set at 1.15x based on a 35-year amortization. The TEL will mature fifteen (15) years following the termination of the 2-year construction phase and conversion to the permanent phase. The loan is locked out from prepayment during the first ten (10) years following conversion, but may be defeased to the maturity date during the lockout period. Thereafter, the loan is subject to yield maintenance until the 90-day period directly prior to maturity. During the yield maintenance period, prepayment in full is permitted on any scheduled payment date, provided a prepayment premium is paid. The prepayment premium will be the greater of the amount calculated using the Freddie Mac yield maintenance prepayment formula or the alternative Freddie Mac fee of 1%.

The HFAPBC TEL will be secured by a first mortgage on the Subject Development and a first security interest in all personal property. Tax, Insurance and Replacement Reserve Escrows will be required.

Net Operating Income:

The existing development is approximately 96.29% (as of November 1, 2016) occupied and little turnover is anticipated during the rehabilitation period; therefore, net operating income ("NOI") generated at the property has been proposed as a source of funds. Seltzer has utilized the Developer's NOI projections during both the rehabilitation and permanent period as a source of funds, both of which are less than Seltzer's NOI projections during the respective periods.

Housing Credits Equity Investment:

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

Based upon an August 24, 2016 letter agreement, revised November 1, 2016, Alliant Capital, Ltd. ("Alliant") or an affiliate will purchase a 99.99% interest in the Applicant and provide HC equity as follows:

Capital Contributions	Amount	Percent of Total	When Due
1st Installment	\$3,628,493	15.00%	Closing
2nd Installment	\$2,406,767	9.95%	1% Complete or February 1, 2017
3rd Installment	\$3,918,686	16.20%	25% Complete or April 1, 2017
4th Installment	\$3,419,007	14.13%	44% Complete or July 1, 2017
5th Installment	\$3,025,675	12.51%	62% Complete or October 1, 2017
6th Installment	\$1,404,010	5.80%	81% Complete or January 1, 2018
7th Installment	\$1,925,001	7.96%	99% Complete or May 1, 2018
8th Installment	\$34,410	0.14%	Stabilization or July 1, 2018
9th Installment	\$4,427,905	18.30%	8609's or September 1, 2018
Total	\$24,189,954	100%	

Annual Tax Credits per Syndication Agreement: \$2,229,712

Total HC Syndication: \$24,189,954

Syndication Percentage (limited partner interest): 99.99%

Calculated HC Exchange Rate (per dollar): \$1.085

Proceeds Available During Construction: \$19,727,639

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 Alliant proposal, as adjusted, have been received, the developer will have to defer \$4,195,967 of developer fees.

## Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accessory Buildings					
Demolition			\$852,676	\$2,111	
Installation of Pre Fab Units					
New Rental Units					
Off-Site Work					
Recreational Amenities					
Rehab of Existing Common Areas					
Rehab of Existing Rental Units	\$12,928,000	\$15,053,053	\$11,360,041	\$28,119	
Site Work			\$479,809	\$1,188	
Swimming Pool					
General Conditions			\$761,552	\$1,885	
Overhead			\$253,851	\$628	
Profit			\$760,886	\$1,883	
Builder's Risk Insurance					
General Liability Insurance			\$148,456	\$367	
Payment and Performance Bonds			\$83,782	\$207	
Furniture, Fixture, & Equipment			\$352,000	\$871	
Total Construction Contract/Costs	\$12,928,000	\$15,053,053	\$15,053,053	\$37,260	\$0
Hard Cost Contingency	\$1,430,800	\$1,505,305	\$1,505,305	\$3,726	\$0
Fees for LOC used as Construction Surety					
Other:					
<b>Total Construction Costs:</b>	<b>\$14,358,800</b>	<b>\$16,558,358</b>	<b>\$16,558,358</b>	<b>\$40,986</b>	<b>\$0</b>

### Notes to the Construction Costs:

- The Borrower has provided an executed construction contract dated October 13, 2016 between the Owner and Lecesse Construction Services, LLC where the basis for payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price in the amount of \$15,053,053. The date of commencement shall be date of receipt by the contractor of a written notice to proceed from the owner. The General Contractor shall achieve substantial completion no later than 438 calendar days or 15 months from the date of commencement. Retainage shall be limited to 10% of the contract amount until 50% construction completion, and then no retainage shall be withheld. Final payment will be made when the contract has been fully performed, all final documentation is provided by the Contractor to the Owner, and a final Certificate for Payment has been issued by the Architect. The Owner's final payment to the Contractor shall be made no later than 30 days after the Architect's final Certificate for Payment.
- General Contractor fees as stated are within the 14% maximum per Rule. Insurance costs (\$148,456), payment and performance bond costs (\$83,782), and the costs for blinds, shades and artwork and appliances (\$60,000 and \$292,000 respectively, totaling \$352,000) reflected in the Construction Contract Schedule of Values are excluded from construction hard costs in the General Contractor fee calculation.
- Demolition costs of \$852,676 represent selective interior demolition and asbestos abatement.

4. The Hard Cost Contingency is 10.00% of the construction contract amount. SMG believes this to be reasonable.
5. SMG is in receipt of a Pre-Construction Analysis Report ("PCA"), engaged by Walker & Dunlop, LLC, from Dominion Due Diligence Group ("D3G"). Complete results are set forth in Section C of this credit underwriting report.

## MMRN CREDIT UNDERWRITING REPORT

SMG

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Accounting Fees	\$45,000	\$25,000	\$25,000	\$62	
Appraisal	\$25,000	\$17,800	\$17,800	\$44	
Architect's and Planning Fees					
Architect's Fee - Green Initiative					
Architect's Fee - Landscape					
Architect's Fee - Site/Building Design	\$450,000	\$462,500	\$462,500	\$1,145	
Architect's Fee - Supervision					
Building Permits	\$125,000	\$340,000	\$340,000	\$842	
Builder's Risk Insurance	\$129,280				
Capital Needs Assessment/Rehabilitation		\$12,950	\$12,950	\$32	
Demolition paid outside Const Contract					
Engineering Fees					
Environmental Report	\$15,000	\$63,620	\$63,620	\$157	
Federal Labor Standards Monitoring					
FF&E paid outside Construction Contract	\$125,000	\$100,000	\$100,000	\$248	
FHFC Administrative Fees	\$216,501	\$216,501	\$209,956	\$520	\$209,956
FHFC Application Fee		\$3,000	\$3,000	\$7	\$3,000
FHFC Credit Underwriting Fee	\$30,000	\$11,696	\$11,696	\$29	\$11,696
FHFC HC Compliance Fee (HC)	\$110,425	\$200,654	\$215,261	\$533	\$215,261
FHFC Other Processing Fee(s)					
Impact Fee					
Lender Inspection Fees / Const Admin	\$157,388	\$30,000	\$30,000	\$74	
Green Building Cert. (LEED, FGBC, NAHB)					
Home Energy Rating System (HERS)					
Insurance					
Legal Fees					
Local Subsidy Underwriting Fee					
Market Study		\$8,500	\$8,500	\$21	\$8,500
Marketing and Advertising					
Plan and Cost Review Analysis					
Property Taxes					
Soil Test					
Start-Up/Lease-up Expenses					
Survey	\$15,000	\$26,244	\$26,244	\$65	
Tenant Relocation Costs	\$750,000	\$900,000	\$900,000	\$2,228	\$900,000
Title Insurance and Recording Fees	\$606,883	\$112,500	\$112,500	\$278	\$1,000
Traffic Study					
Utility Connection Fees					
Soft Cost Contingency	\$493,588	\$157,148	\$122,590	\$303	
Other: Roof Warranty		\$750	\$750	\$2	\$750
<b>Total General Development Costs:</b>	<b>\$3,294,065</b>	<b>\$2,688,863</b>	<b>\$2,662,367</b>	<b>\$6,590</b>	<b>\$1,350,163</b>

*Notes to the General Development Costs:*

1. Architect's Fees for Site/Building Design and Supervision reflect the fees as stipulated in the Architect Contract dated June 20, 2016 between the Borrower and Gallo Herbert Architects, LLC.
2. Appraisal and Market Study figures reflect the actual cost of the reports ordered by Walker & Dunlop, Alliant, and Seltzer.
3. Builder's Risk Insurance is included in the Insurance quote from Advanced Insurance Underwriters of Hollywood, Florida as an Additional Endorsement and will be paid from ongoing development operations.
4. Environmental Report includes cost of the ESA Phase I, Asbestos Study, Lead Based Paint Study and Asbestos Abatement Specification Plan.
5. The FHFC Administrative Fee is based on 9.0% of the recommended annual allocation of HC. The FHFC Application Fee is reflective of the 2016 HC application fee. The FHFC Compliance Fee is based upon the 2016 Final Allocation Fee for 404 units set aside for 30 years. The FHFC Underwriting Fee reflects \$11,696 for the HC underwriting fee.
6. Soft cost contingency was limited to 5% as required per Rule.
7. Other General Development Costs are based on the Borrower's estimates, which appear reasonable.



FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Bridge Loan Origination Fee	\$94,440				
Bridge Loan Interest	\$259,350				
Local HFA Bond Application Fee	\$15,000	\$42,000	\$42,000	\$104	\$42,000
Local HFA Bond Underwriting Fee	\$13,546	\$13,970	\$13,970	\$35	\$13,970
Local HFA Bond Compliance Monitoring		\$15,000	\$15,000	\$37	\$15,000
Local HFA Bond Origination Fee	\$160,600	\$375,000	\$375,000	\$928	\$375,000
Local HFA Bond Commitment Fee	\$172,720	\$75,000	\$75,000	\$186	\$75,000
Local HFA Bond Trustee Fee	\$14,500	\$8,800	\$8,800	\$22	\$8,800
Local HFA Bond Credit Enhancement Fee					
Local HFA Bond Rating Fee	\$5,000				
Local HFA Bond Closing Costs		\$1,645	\$1,645	\$4	\$1,645
Local HFA Bond Interest	\$3,545,166	\$2,559,375	\$2,559,375	\$6,335	\$731,250
Local HFA Issuer Administrative Fee		\$112,500	\$112,500	\$278	\$112,500
Reserves - ACC Reserve	\$1,380,000				
Reserves - Operating Deficit	\$141,612	\$923,079	\$1,139,015	\$2,819	\$1,139,015
Financial Advisor Fee					
Legal Fees - Bond Counsel	\$70,000	\$60,000	\$60,000	\$149	\$60,000
Legal Fees - Borrower's Counsel	\$250,000	\$250,000	\$250,000	\$619	\$150,000
Legal Fees - Issuer's Counsel		\$50,000	\$50,000	\$124	\$50,000
Legal Fees - Lender's Counsel	\$65,000	\$65,000	\$65,000	\$161	\$65,000
Legal Fees - Fiscal Agent	\$5,000	\$5,000	\$5,000	\$12	\$5,000
Working Capital Reserve	\$776,857				
TEFRA Fee	\$1,000	\$6,000	\$6,000	\$15	\$6,000
FHAMP (Prepayment)	\$194,214				
FHA Exam Fee	\$116,529				
HUD Placement Fee	\$194,214				
Other: Existing HUD 223f Prepay Penalty	\$1,845,000				
Other: Syndicator Fees - Legal	\$50,000	\$50,000	\$50,000	\$124	\$50,000
<b>Total Financial Costs:</b>	<b>\$9,369,748</b>	<b>\$4,612,369</b>	<b>\$4,828,305</b>	<b>\$11,951</b>	<b>\$2,900,180</b>

*Notes to the Financial Costs:*

1. Local HFA Bond Application Fee includes HFAPBC Application Fee (\$1,500), Walker & Dunlop Application fee (\$3,000) and Freddie Mac Application (\$37,500).
2. Local HFA Bond Origination Fee represents Walker & Dunlop's 1.00% on the \$37,500,000 Construction/Permanent Period First Mortgage TEL.
3. Local HFA Bond Issuer Fee represents issuer fees at 20 b.p. on the Construction/Permanent TEL.
4. Local HFA Bond Interest is based on the Applicant's draw schedule reflecting a 21-month construction/stabilization period. Applicant's calculated interest rate of 3.90% is slightly below Seltzer's underwriting rate of 4.07% and is considered a reasonable estimate.
5. Local HFA Bond Issuer Administrative Fee represents administration fees of 15 b.p. over an estimated 21-month construction term.

6. Reserves – Operating Deficit is the Operating Deficit Reserve (“ODR”) required by the Syndicator (Alliant). The initial operating deficit reserve is in an amount equal to the greater of three months of operating expenses, replacement reserves and mandatory debt service or \$915,479 which shall be funded from the final equity installment and shall be maintained throughout the Compliance Period. Seltzer estimates the reserve amount to be \$1,139,015 based on the aforementioned calculation.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Building					
Building Acquisition Cost	\$33,200,000	\$33,553,357	\$33,553,357	\$83,053	
Other:					
Other:					
Other:					
<b>Total Non-Land Acquisition Costs:</b>	<b>\$33,200,000</b>	<b>\$33,553,357</b>	<b>\$33,553,357</b>	<b>\$83,053</b>	<b>\$0</b>

*Notes to Non-Land Acquisition Costs:*

- The Applicant provided a Real Estate Purchase and Sale Agreement (the “Agreement”) dated May 17, 2016 by and between Delray Elderly, L.P. (“Seller”) and SHAG Holdings, LLC (“Purchaser”) reflecting a purchase price of \$33,200,000 with a closing date of September 30, 2016 for both the underlying land and existing structures. The Applicant valued the underlying land at \$1,491,592. This amount was reallocated to Land Acquisition Costs (see below). The Agreement requires the deposit of \$200,000 in earnest money into escrow with Fidelity National Title Insurance Company within one business day of full execution of the Agreement. If the Purchaser elects to proceed with the transaction upon the expiration of the Inspection Contingency Period (Section 7.02), then, within one business day of said expiration the Purchaser shall deposit an additional \$800,000 into escrow.
- SMG is in receipt of four amendments to the Agreement. The First Amendment dated July 6, 2016 adds an “Additional Termination Right” to the Agreement benefiting the Purchaser regarding the permissibility of the intended redevelopment of the subject property from the appropriate agency, department to instrumentality of the City of Delray Beach. The Second Amendment dated July 13, 2016 deletes all reference to existing mortgage loan assumption provisions and requires the loan to be paid in full as a result of the subject’s new financing. The Third Amendment to the Agreement dated November 4, 2016 amends the purchase price of the subject development to \$35,044,949, as reflected in the CUR. The Fourth Amendment to the Agreement dated November 7, 2016 allows the Purchaser to rehabilitate, at the sole cost and expense of the Purchaser, two units (the “Test Case Units”) prior to loan closing (see the Additional Information section of this Report).
- SMG is in receipt of an Assignment and Assumption Agreement by and between ADC-SHAG Ventures, LLC, as successor in interest to SHAG Holdings, LLC (“Assignor”), and the Applicant (“Assignee”) assigning all rights, and interest in the Agreement, together with Assignor’s rights and interest in the “Initial Earnest Money” paid or to be paid under the Agreement. The Assignment and Assumption is in effect as of November 4, 2016.

OTHER DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Development Cost Before Developer Fee and Land Costs	\$60,222,613	\$57,412,947	\$57,602,387	\$142,580	\$4,250,343
Developer Fee on Acquisition of Buildings			\$6,039,604	\$14,950	
Developer Fee	\$9,479,546	\$10,168,176	\$4,123,803	\$10,207	
Developer Fee to fund Operating Debt Reserve					
Other:					
<b>Total Other Development Costs:</b>	<b>\$9,479,546</b>	<b>\$10,168,176</b>	<b>\$10,163,407</b>	<b>\$25,157</b>	<b>\$0</b>

*Notes to the Other Development Costs:*

1. Developer Fee is within 18% of the Development's construction cost, exclusive of land acquisition costs and reserves as required by Rule.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Cost Per Unit	HC Ineligible Costs - CUR
Brokerage Fees - Land					
Land Acquisition Costs					
Land		\$1,491,592	\$1,491,592	\$3,692	\$1,491,592
Land Lease Payment					
Land Carrying Costs					
Other:					
Other:					
Other:					
<b>Total Acquisition Costs:</b>	<b>\$0</b>	<b>\$1,491,592</b>	<b>\$1,491,592</b>	<b>\$3,692</b>	<b>\$1,491,592</b>

*Notes to the Land Acquisition Costs:*

1. SMG received a November 3, 2016 appraisal report by Value Tech that concluded an "As-is" Fee Simple Land Value of \$12,100,000 for the subject site, which supports the stated land acquisition cost.

<b>TOTAL DEVELOPMENT COSTS:</b>	<b>\$69,702,159</b>	<b>\$69,072,715</b>	<b>\$69,257,385</b>	<b>\$171,429</b>	<b>\$5,741,935</b>
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## Operating Pro forma

OPERATING PRO FORMA		ANNUAL	PER UNIT
INCOME	Gross Potential Rental Income	\$4,171,632	\$10,326
	Rent Subsidy (ODR)	\$0	\$0
	Other Income:		
	Ancillary Income-Parking	\$0	\$0
	Miscellaneous	\$74,740	\$185
	Washer/Dryer Rentals	\$0	\$0
	Cable/Satellite Income	\$0	\$0
	Rent Concessions	\$0	\$0
	Alarm Income	\$0	\$0
	Gross Potential Income	\$4,246,372	\$10,511
INCOME	Less:		
	Economic Loss - Percentage:	\$0	\$0
	Physical Vacancy Loss - Percentage: 4.0%	(\$169,855)	(\$420)
	Collection Loss - Percentage: 0.0%	\$0	\$0
<b>Total Effective Gross Revenue</b>		\$4,076,517	\$10,090
EXPENSES	Fixed:		
	Ground Lease	\$0	\$0
	Sub-Ground Lease	\$0	\$0
	Real Estate Taxes	\$0	\$0
	Insurance	\$210,000	\$520
	Other	\$0	\$0
	Variable:		
	Management Fee - Percentage: 5.0%	\$203,826	\$505
	General and Administrative	\$90,900	\$225
	Payroll Expenses	\$425,196	\$1,052
	Utilities	\$238,360	\$590
	Marketing and Advertising	\$30,300	\$75
	Maintenance and Repairs	\$252,500	\$625
	Grounds Maintenance and Landscaping	\$66,660	\$165
	Resident Programs	\$0	\$0
	Contract Services	\$0	\$0
	Security	\$0	\$0
Other-Pest Control	\$14,140	\$35	
Reserve for Replacements	\$121,200	\$300	
<b>Total Expenses</b>		\$1,653,082	\$4,092
<b>Net Operating Income</b>		\$2,423,435	\$5,999
<b>Debt Service Payments</b>			
DEBT SERVICE	First Mortgage	\$2,011,425	\$4,979
	Second Mortgage	\$0	\$0
	Third Mortgage	\$0	\$0
	Fourth Mortgage	\$0	\$0
	Fifth Mortgage	\$0	\$0
	All Other Mortgages	\$0	\$0
	Other Fees - Asset Mgmt Fee	\$0	\$0
	Other Fees - Agency/Trustee/Service	\$0	\$0
<b>Total Debt Service Payments</b>		\$2,011,425	\$4,979
<b>Cash Flow After Debt Service</b>		\$412,011	\$1,020

<b>Debt Service Coverage Ratios</b>		
	DSC - MMRN First Mortgage loan	1.205
	DSC - MMRN First Mtg. and Second Mortgage	1.205
	DSC - MMRN First Mtg. and Third Mortgage	1.205
	DSC - All Mortgages and Fees	1.205
<b>Financial Ratios</b>		
	Operating Expense Ratio	40.6%
	Break-Even Ratio	86.3%

*Notes to the Operating Pro forma and Ratios:*

1. The MMRN program does not impose any rent restrictions. However, the subject will be utilizing 4% Housing Credits in conjunction with the financing of the development, which does impose rent restrictions. Lake Delray Apartments is projected to achieve 2016 Maximum Allowable HC Rents published by Florida Housing on all non-HUD assisted units based upon the appraiser's estimate of achievable rents per the comparable properties surveyed. No manager/employee units are anticipated at this time.
2. The Borrower has provided documentation from the Delray Beach Housing Authority ("DBHA") indicating that 194 of the subject's one-bedroom units will receive Project Based Section 8 Rental Assistance, by virtue of a Housing Assistance Payments contract with a minimum term of 15 years. The rents are based on a minimum of 102% of the fair market rent in the market area for one-bedroom units, currently estimated at \$1,011 per unit.

The rent roll is shown below:

MSA/County: West Palm Beach-Boca Raton HMFA; Miami-Fort Lauderdale-Pompano Beach MSA / Palm Beach County

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CJ Rents	Annual Rental Income
0.0	1.0	4	420	60%	\$706			\$46		\$660	\$660	\$660	\$660	\$31,680
1.0	1.0	194	543	60%	\$756			\$59	\$1,011	\$697	\$1,011	\$1,011	\$1,011	\$2,353,608
1.0	1.0	166	728	60%	\$756			\$59		\$697	\$697	\$697	\$697	\$1,388,424
2.0	1.0	40	930	60%	\$907			\$78		\$829	\$829	\$829	\$829	\$397,920
		<b>404</b>	<b>265,070</b>											<b>\$4,171,632</b>

3. Miscellaneous income includes vending income, late fees, pet deposits, and forfeited security deposits. Seltzer has utilized the Appraiser's estimate of \$15.42 per unit per month.
4. The appraiser estimates a stabilized physical vacancy/collection rate of 4% for an economic occupancy of 96% and a physical occupancy rate of 96%.
5. Real estate tax expense is based on the Appraiser's estimate.
6. Insurance expense is based on the Borrower's estimate per an Insurance quote from Advanced Insurance Underwriters of Hollywood, Florida.

7. Management Fees reflected in the Draft Property Management Agreement total 6% of effective gross rental revenues ("EGRR"); however, 1% of this fee is subject to available cash flow. For purposes of credit underwriting SMG utilized a fee of 5% of EGRR. The management agent will not be paid any monthly fees for bookkeeping and/or accounting services. However, development support and other expanded scope of services will be compensated by the Borrower by mutual agreement.
8. Payroll expenses are based on the Appraiser's projection based on historical operations.
9. Marketing Expenses are based on Appraiser's projection.
10. Other operating expense estimates are based on either market comparables or historical operations at the Subject and are supported by the appraisal.
11. Replacement Reserves in the amount of \$300 per unit per year (\$121,200) which meets minimum FHFC requirement. Reserves are escalated at 3% per year per Syndicator requirements.
12. A 15-year income and expense projection shows increasing debt service coverage ("DSC") through year fifteen (15). This projection is attached to this report as Exhibit 1.



**Section B**

**Supporting Information and Schedules**



**Additional Development and Third Party Supplemental Information**

**Appraised Value:** The appraised value is \$51,550,000 as if completed and stabilized, based on market rents and market financing, as reported in the full narrative appraisal dated November 3, 2016 with an effective date of June 14, 2016, performed by ValueTech Realty Services, Inc. ("ValueTech") of Lutz, Florida. Kay Kauchick of ValueTech is a State Certified General Appraiser, License No. RZ2066. Based on the market value of the property, the loan-to-value ratio for the first mortgage debt is 72.7%.

The appraised value as if completed and stabilized and based on restricted rents and market financing terms is estimated at \$43,850,000. The loan-to-value ratio for the first mortgage debt is 85.5%.

The appraisal also estimated an "as is" value for the land of \$12,100,000, which supports the Applicant's allocated land purchase price.

**Market Study:** A Market Study was prepared for the subject property by Vogt Strategic Insights ("VSI"), dated June 14, 2016. The subject site is located at 700 Lindell Boulevard in in the southern portion of Delray Beach, Palm Beach County, Florida. The subject is located in an established residential area 2.9 miles south of downtown Delray Beach and 7.6 miles northeast of Boca Raton. The area surrounding the subject is primarily residential and commercial land uses. The site is convenient to public transit stops and important roadways. The number of nearby grocery stores, restaurants and retail stores is ample. An active senior center is nearby, and a hospital is within an acceptable distance. Additionally, public safety services are stationed near the subject site, which also offers opportunities for recreation and entertainment.

VSI defines the subject's primary market area ("VSI") as the geographical area which most of the support for the subject originates. The subject's PMA consists of southeast Palm Beach County, including High Point, Kings Point and Highland Beach. The PMA encompasses a total of 34.1 square miles.

The appraisal completed by ValueTech confirms that the property is located in a Difficult to Develop Area ("DDA") in the West Palm Beach-Boca Raton, FL HMFA.

VSI surveyed 33 conventional housing developments consisting of 6,689 units within the subject's PMA. The developments surveyed had a weighted average occupancy of 95.1%. All segments of the conventional rental market are stable or fully occupied. Market rate units dominate the local rental market, accounting for nearly 85% of the surveyed units. All affordable units are fully occupied, including the subject development, indicating demand exceeds the current available supply.

There are currently 84 subsidized LIHTC senior units under construction (Village Square - Elderly) in the subject's PMI. These units are expected to be completed in 2017 and will be restricted to individuals age 62 and older. While this project will offer subsidized senior units that will have some direct competitive overlap with the subject site, the market has clearly indicated pent-up demand which these 84 additional units are not expected to satisfy.

VSI identified five LIHTC properties (Groves of Delray Beach, Village Square, Village at Delray, Auburn Trace, and LaFrance Apartments) within the subject's PMA and one (Boynton Bay) out-of-market property that are considered as comparable. Three of the selected properties target seniors, with Groves of Delray Beach and Boynton Bay offering the most comparable product. The remaining properties target general occupancy households, but offer one- and two-bedroom units targeting up to 60% of AMI. The six LIHTC projects have a combined occupancy rate of 100.0% (more than the 92% minimum required by Rule), indicating a very strong demand for affordable housing in and near the market. All of these projects have waiting lists. Management at the site indicated a waiting list was not kept because enough demand exists to fill any turnover units quickly. Note Groves of Delray Beach and LaFrance Apartments include more restrictive age 61 or 62 and older requirements, compared to the site's 55 and older age restriction.

There is no Guarantee Fund properties within the subject's PMA.

Meridian concluded moderate impact is expected at two family like-kind properties (Riverside and Weston Oaks) in the short term only. Short term is defined as the period it takes the subject to lease to stabilization. Any impact beyond lease-up would be considered long term. Impact during the long term is projected as weak for all affordable properties in the CMA.

VSI projects that the subject Development will obtain maximum allowable 2016 HC rents for the non-subsidized units. According to FHFC requirements, market rents are to exceed restricted rents by a minimum of 10%. Comparing the estimated overall weighted average market rents to the estimated average restricted rental rates, the market rents are 56.9 to 60% greater than estimated average restricted rents.

It is the opinion of VSI that the subject site will not drop below a stabilized occupancy rate of 92.0% following the proposed renovation. In reality, the site is expected to stabilize at or above the historical occupancy reported at the property (at least 95%). VSI expects renovations to be completed in phases with not all units vacated at the same time. Additionally, VSI expects a very high share of current

residents will remain at the subject due to the lower proposed rent, improved product and ongoing subsidy to be offered.

Environmental Report: AEI Consultants of Hollywood, Florida ("AEI") performed a Phase I Environmental Site Assessment ("ESA") in accordance with ASTM Standard E-1527-13. The ESA indicates an inspection date of May 31, 2016 and a report issue date of June 10, 2016.

Based on AEI's review of the subject property, site reconnaissance, interviews, and review of current and historical data records, AEI did not identify any Recognized Environmental Conditions ("REC"), any Controlled Recognized Environmental Conditions ("CREC") or any Historical Recognized Environmental Conditions ("HREC") in regards to the subject property. AEI did not identify evidence of any REC in connection with the subject property during the course of its assessment. AEI recommends no further investigation on the subject property at this time.

However, AEI indicates that other environmental considerations warrant discussion, but do not qualify as RECs as defined by the ASTM Standard Practice E1527-13. These include, but are not limited to, de minimis conditions and/or environmental considerations such as the presence of Asbestos Containing Material ("ACM"), Lead Based Paint ("LBP"), radon, mold, and lead in drinking water, which can affect the liabilities and financial obligations of the Applicant, the health and safety of the tenants, and the value and marketability of the subject property.

- Due to the age of the subject property buildings (with the exception of the community center/leasing office building), there is a potential that LBP is present. AEI has performed an LBP Survey at the subject property, results of that survey is presented below.
- Due to the age of the subject property buildings (with the exception of the community center/leasing office building), there is a potential that ACMs are present. AEI has performed an ACM Survey at the subject property, results of that survey is presented below.

AEI performed Lead-Based Paint Inspection June 22, 23 and 24, 2016 of the subject property. The survey consisted of six-hundred and eleven (611) samples using an XRF Lead Paint Analyzer. The United States Department of Housing and Urban Development ("HUD") standard for lead based paint is greater than or equal to 1.0 mg/cm<sup>2</sup>. As defined by HUD, none of the samples collected are considered to be lead based paint. Based on the findings of the inspection, AEI indicated no further recommendations are required at this time.

AGC Consultants, a Florida Licensed Asbestos Consultant performed a Construction Management Report Limited Pre-Renovation Asbestos Survey on behalf of AEI on June 22, 23, and 24, 2016 and August 8, 2016. AEI summarized this report in its Asbestos Abatement Specification dated September 23, 2016. A total of 1,502 samples from the subject property were tested for ACM. The samples primarily consisted of popcorn ceiling, joint compound and window caulking. ACM in concentrations > 1% were identified in various units in the popcorn ceilings and window caulking. AEI recommends that all identified ACM be removed by a state licensed asbestos abatement contractor prior to demolition activity and asbestos abatement should be monitored and inspected by a Florida-licensed asbestos consultant to confirm appropriate removal activity in accordance with applicable regulations. It should be noted that Borrower has budgeted \$852,676 for asbestos abatement/demolition activity.

**Soil Test Report:**

Existing properties undergoing rehabilitation with minimal new construction do not typically require soils tests.

**Capital Needs Assessment:**

SMG is in receipt of a Capital Needs Assessment (“CNA”) from Dominion Due Diligence Group (“D3G”) of Glen Allen, Virginia, dated June 30, 2016. The scope included a site visit, interviews with property management personnel and code enforcement agencies, and a review of readily available construction documents. The inspector was to evaluate a minimum of 25% of apartment units, all vacant units, all down units, and a sample of major building systems.

The CNA indicated that the subject’s apartment buildings are currently structurally sound with an estimated useful life remaining of approximately 50 years, assuming all necessary short and long term repairs are performed.

Critical/Immediate repairs include health and safety deficiencies or violations of Section 8 housing quality standards or FHA’s regulatory agreement standards. D3G identified the following critical/immediate repairs necessary at the subject property: 1) installation of ADA van accessible signage, 2) installation of roll-under sink scald and abrasion protection for the subjects two designated handicapped dwelling units, 3) correction of interior threshold height requirements (maximum height allowed ¾ inch) located in the fifth floor community rooms of buildings 3 and 4 (balcony feature). D3G estimates the total cost of critical immediate repairs at \$845. Additionally, non-critical repairs, or work reasonably expected to be needed within the first year of the mortgage (not including unit turnover conditions) were estimated at \$82,982.70.

D3G also provided long-term physical needs defined as non-routine maintenance items that will require significant expenditure during the 20-year replacement reserve analysis. Based on a 20-year Replacement Reserve projection prepared by D3G the property will need to fund reserves in an amount equal to \$496.62 per unit per year in inflated dollars.

All owner proposed improvements have been incorporated into D3G's CNA, a copy of the proposed scope of work is included in the CNA.

Pre-Construction Analysis:

SMG has received a Pre-Construction Analysis Report ("PCA") from Dominion Due Diligence Group ("D3G") dated August 7, 2016. The PCA was engaged by Walker & Dunlop, LLC and certified for use to SMG.

The PCA report concludes that the architectural and engineering construction documents reviewed, as prepared by Gallo Herbert Architects, for the proposed preservation rehabilitation of the subject development are of acceptable quality and appear to be building code compliant.

The PCA states that the Development has been designed to comply with applicable ADA and Section 504 accessibility laws. The development is not subject to the Federal Fair Housing Act ("FHA"). The FHA only applies to housing built for first occupancy after March 19, 1991.

D3G utilizes an Independent Cost Estimate to determine potential discrepancies between the General Contractor's cost estimate and the estimated cost, based upon currently available construction data. D3G's independent cost estimate was performed using the Line Item Cost Method, developed via take-off measurements from construction documents combined with line item cost analysis using published R.S. Means 2016 construction cost data adjusted based on specific geographic location. Comparison of D3G's cost estimate to the General Contractor's certified costs identified an acceptable variance (less than 5%), whereby the Construction Costs presented by the development team were determined to be acceptable for use with regards to the rehabilitation of the subject development.

It is D3G's opinion that the 14.5 month time frame, stated in the critical path construction schedule provided, is acceptable based on the scope of rehabilitation.

Features, Amenities, and  
Resident Programs:

Borrower committed to include the replacement of appliances with energy efficient appliances, new luxury vinyl tile floors throughout the units, new kitchens and bathrooms, enhanced lighting and security, and expansion of the current community facility. The property currently operates a food program for residents and contains two (2) swimming pools.

**Borrower Information**

Borrower Name: Lake Delray Apartments, LLLP ("Borrower")

Borrower Type: Florida Limited Liability Limited Partnership

Ownership Structure: Lake Delray Apartments, LLLP is a Florida Limited Liability Limited Partnership registered with the State of Florida on May 31, 2016. Copies of the Articles of Organization and Operating Agreement have been provided for the Applicant. The current Certificate of Status was verified with the Secretary of State.

The sole general partner of the Applicant with a .001% ownership interest is Delray Housing Group, Inc. ("DHG"). DHG is a Florida not-for-profit Corporation registered with the State of Florida May 8, 2003. Copies of the Articles of Organization have been provided for DHG. DHG is a wholly owned affiliate of the Delray Beach Housing Authority ("DBHA"). Lake Delray SLP, LLC ("Delray SLP") will be the Special Limited Partner of the Borrower with a .009% ownership interest. Delray SLP is a Florida Limited Liability Company organized under the laws of the State Florida August 9, 2016. Copies of the Articles of Organization have been provided. The current Certificate of Status has been verified with the Secretary of State. The sole member of Delray SLP is ADC-SHAG Holdings, LLC ("ADC-SHAG"). ADC-SHAG is a Florida Limited Liability Company organized under the laws of the State of Florida May 11, 2016. Copies of the Articles of Organization have been provided. The current Certificate of Status has been verified with the Secretary of State. The sole member of ADC-SHAG is ADC-SHAG Ventures, LLC ("Ventures"). Ventures is a Florida Limited Liability Company organized under the laws of the State of Florida May 17, 2016. Copies of the Articles of Organization have been provided. The current Certificate of Status has been verified with the Secretary of State. The members of Ventures are SHAG Holdings, LLC ("SHAG") and ADC Communities, LLC ("ADC") each with a 50% ownership interest. SHAG is a Florida Limited Liability Company organized under the laws of the State of Florida February 11, 2016. Copies of the Articles of Organization have been provided. The current Certificate of Status has been verified with the Secretary of State. The members of SHAG are Darren Smith and Timothy Henzy each with a 50% ownership interest. ADC is a Florida Limited Liability Company organized under the laws of the State of Florida February 9, 2016. Copies of the Articles of Organization have been provided. The current Certificate of Status has been verified with the Secretary of State. ADC is an affiliate of The Alliant Company. The members of ADC are Robert Kohl, Shawn Horwitz, Scott Kotick, and James C. Jenkins with respective ownership percentages of 45%, 22.5%, 22.5%, and 10%.

Based upon a HC equity investment letter of intent dated August 24, 2016, Alliant Capital, Ltd. ("Alliant") or its assignees (including one or more investment partnerships affiliated with Alliant) will purchase a 99.99% ownership interest concurrent with or prior to the closing of the construction/permanent loan.

The developer, ADC-SHAG Development, LLC formed on June 15, 2016 and is also owned by SHAG (50% member) and ADC (50% member). ADC-SHAG Ventures, LLC and ADC-SHAG Development, LLC share common members. They have the requisite experience and financial resources, through their respective members, to complete a Development of this type.

**Contact Information:**

Darren Smith

561-859-8520 (telephone)

E-Mail: [dsmith@smithhenzy.com](mailto:dsmith@smithhenzy.com)

**Address:**

1079 Mulberry Way  
Boca Raton, FL 33486

**Federal Employer ID:**

81-2815631

**Experience:**

The Applicant, Lake Delray Apartments, LLLP, is a newly formed entity created expressly to acquire, own, and operate real property, and has no development experience.

DHG was created as a non-profit property management and real estate development subsidiary of the DBHA, with the purpose of providing a resource for the development of affordable housing and to foster community and economic development. DHG served as co-developer of the \$50 million Village Square affordable housing development which includes a 144-unit Low Income Housing Tax Credit (LIHTC) family rental community, 84 elderly LIHTC rental units, and 25 for-sale single family homes. The project is located in the Southwest quadrant of the City of Delray Beach. DHG also serves as developer for the West Settler's Office Building, a mixed use building containing offices and 3 residential units. The building will serve as the permanent offices of DBHA along with three rental apartments, located in the City's West Settler's Historic District.

Darren Smith and Timothy Henzy of Smith & Henzy Advisory Group, Inc. ("S & H") have a combined thirty years experience in the development and financing of affordable housing. S & H was formed in January 2015 as a boutique advisory firm whose sole purpose is to provide support to nonprofit organizations and for profit developers to plan, implement and complete their affordable development projects. The Principals of the firm previously worked at an affordable housing consulting firm and



a major financial institution. Their primary focus over the last eight years has been advising, financing and developing of affordable housing in New York, New Jersey, Florida, Texas, Chicago, California and Washington DC.

ADC is owned by Robert Kohl, James Jenkins, Shawn Horwitz, and Scott Kotick. Mr. Horwitz serves as the Chief Executive Office for The Alliant Company and Mr. Kotick is its Executive Vice President. The Alliant Company has co-developed over thirty properties in New York and Massachusetts with Omni New York, and its affiliate, Alliant Capital, Ltd. has co-developed four properties with AVS Communities, LLC in Washington State. Alliant Capital, Ltd. is one of the leading national providers of affordable housing equity solutions having sponsored the construction and rehabilitation of over 72,000 units, and raised over \$6 billion in investor equity.

The developer, ADC-SHAG Development, LLC, is a newly formed entity formed expressly to develop Lake Delray Apartments, and has no development experience.

Lake Delray Apartments, LLLP, Lake Delray SLP, LLC, ADC-SHAG Holdings, LLC, ADC-SHAG Ventures, LLC, SHAG Holdings, LLC , ADC Communities, LLC, and ADC-SHAG Development, LLC are newly formed entities that have no meaningful operating or credit history, financial statements, business references or previous tax returns.

Credit Evaluation: A comprehensive credit report for DHG dated October 31, 2016 reported no significant adversities.

A comprehensive credit report for Darren Smith dated October 31, 2016 reported no significant adversities.

A comprehensive credit report for Timothy Henzy dated October 31, 2016 reported no significant adversities.

An Experian business report for ADC dated November 1, 2016 reflected no trade activity, no judgments, or no liens.

Banking Verification: SMG has received bank statements for DHG, Darren Smith, Timothy Henzy, and ADC evidencing cash and equivalents as stated in the most currently submitted financial statements.

Financial Statements: Delray Beach Housing Authority and Subsidiaries:

Unrestricted Cash and Equivalents:	\$247,557
Total Assets:	\$5,797,102
Total Liabilities:	\$382,085
Net Position:	\$5,415,017

Financial data is from an audited financial statement dated March 31, 2016 prepared by CliftonLarsonAllen, LLP. Assets other than cash consist of restricted cash and capital assets. Liabilities consist of accounts payable and accrued liabilities, family self sufficiency liability, and accrued compensated absences. SMG has reviewed Delray Housing Group's 990 Return of Organization Exempt from Income Tax for 2013 and 2014.

Darren Smith:

Cash and Equivalents:	\$323,502
Total Assets:	\$2,022,266
Total Liabilities:	\$310,229
Equity:	\$1,712,036

Financial data is from an unaudited financial statement dated October 10, 2016 and certified as true and correct by Darren Smith. Assets other than cash consist of investment in Smith & Henzy Advisory Group, Inc., retirement accounts, personal real estate and securities. Liabilities consist of residential mortgages. SMG has reviewed Mr. Smith's 1040 Individual Tax Returns for 2014 and 2015.

Timothy Henzy:

Cash and Equivalents:	\$76,331
Total Assets:	\$1,529,311
Total Liabilities:	\$492,350
Equity:	\$1,036,960

Financial data is from an unaudited financial statement dated October 11, 2016 and certified as true and correct by Timothy Henzy. Assets other than cash consist of investment in Smith & Henzy Advisory Group, Inc., retirement accounts, personal real estate and property. Major liabilities consist of a residential mortgage. SMG has reviewed Mr. Henzy's 1040 Individual Tax Returns for 2014 and 2015.

ADC Communities, LLC

Cash and Equivalents:	\$500,000
Total Assets:	\$24,283,239
Total Liabilities:	\$4,791,119
Members' Equity:	\$19,492,120

Financial data is from an unaudited financial statement dated August 31, 2016. Major Assets other than Cash consist of member demand

notes, notes receivable, and investments. Liabilities consist of accounts payable and accrued expenses and amounts due Alliant Capital, Ltd. ADC was formed February 9, 2016 and as such has not filed a Federal Tax Return to-date.

**Contingent Liabilities:**

DHG reports having no Contingent Liabilities as of October 27, 2016.

Darren Smith reports having no Contingent Liabilities as of October 11, 2016.

Timothy Henzy reports having no Contingent Liabilities as of October 11, 2016.

ADC reports having no Contingent Liabilities as of October 31, 2016.

**Summary:**

Based upon the information provided the ownership team, through various corporate and partnership entities, appears to have the experience and financial resources to develop and operate the subject Development.

**Guarantor Information**

Guarantor Name: Lake Delray Apartments, LLLP, ADC Communities, LLC, Darren Smith and Timothy Henzy, individually (collectively the "Guarantors").

Guarantor Address: 1079 Mulberry Way  
Boca Raton, FL 33486

Contact Information: Darren Smith  
561-859-8520 (telephone)  
E-Mail: [dsmith@smithhenzy.com](mailto:dsmith@smithhenzy.com)

Nature of the Guarantee: The Guarantors will be liable for standard HFAPBC Fee Guaranty and Environmental Indemnity Agreement.  
The Guarantors will provide HFAPBC Guarantee of Recourse Obligation.

Financial Statements: Please refer to the Borrower Information section of this report.

Contingent Liabilities: Please refer to the Borrower Information section of this report.

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

**Funding Loan Lender**

Lender Name: Walker & Dunlop, LLC (“Walker & Dunlop”)

Contact Person: Frank M. Baldasare, Senior Vice President

Address: 7501 Wisconsin Avenue, Suite 1200E  
Bethesda, MD 20814-6531

Experience: Since 1937, Walker & Dunlop has specialized in providing customized financing solutions to owners and operators of commercial real estate properties across the United States. Today, Walker & Dunlop is one of the large commercial real estate lenders in the country. Walker & Dunlop was the country’s 8<sup>th</sup> largest commercial/multifamily servicer as of December 31, 2015 and had a servicing portfolio of \$57.3 billion at June 30, 2016.

Walker & Dunlop has steadily grown its market share with Fannie Mae and Freddie Mac, the two largest providers of capital to the multifamily market; from 2012 to 2015, Walker & Dunlop increased market share from 9.5% to 11.9% and 4.6% to 10.8% with Fannie Mae and Freddie Mac, respectively. Walker & Dunlop is the #2 Fannie Mae DUS Lender and #4 Freddie Mac multifamily approved seller.

Financial Statements: Available online at [www.walkerdunlop.com](http://www.walkerdunlop.com).

Summary: Walker & Dunlop has the prerequisite experience and financial resources to issue the Funding Loan to the HFAPBC.

**Syndicator Information**

Syndicator Name: Alliant Capital, Ltd. ("Alliant")

Type: The Syndicator will be Alliant, or its assignees, Palm Beach, FL, a Limited Liability Company.

Contact Person: Scott L. Kotick, Executive Vice President  
(818) 668-6800 Telephone  
(818) 668-2828 Facsimile  
scott.kotick@alliantcapital.com Email

Address: 340 Royal Poinciana Way, Suite 305  
Palm Beach, Florida 33480

Experience: The Alliant Company, LLC ("TAC") is a privately owned, fully integrated national investment finance firm with offices throughout the United States and assets under management in excess of \$11.5 Billion. TAC is the parent company of Alliant. TAC offers a comprehensive range of products and services including tax credit syndication for the development and financing of affordable housing and distributed solar energy systems, multifamily development, management and real estate ownership. Each company under the TAC umbrella is a fully autonomous, self-sufficient business and operates within its line of business. Alliant was founded in 1997 to assist in meeting America's critical need for affordable rental housing by structuring and syndicating investments utilizing the Low-income Housing Tax Credit program. Today, Alliant is among the nation's top sponsors in syndication volume by establishing 895 properties comprising 85,589 LIHTC units in the United States. Alliant has raised over \$6.5 billion in investor equity through the end of 2015 and has syndicated 96 institutional tax credit funds.

Financial Statements: SMG has reviewed the Audited Consolidated Financial Statements of TAC and Subsidiaries as of December 31, 2015. Total assets are reported in the low nine figures with members' equity in the mid eight figures. Net Income attributable to the members for the year ended December 31, 2015 is in the low eight figures.

Summary: SMG has previously underwritten affordable housing transactions with Alliant as Syndicator and considers that Alliant has sufficient experience and the financial resources to serve as Equity Investor (Syndicator) for the subject development.

**General Contractor Information**

General Contractor Name: LECESSE Construction Services, LLC (“LECESSE”)

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

Contact Person: Mr. William O’Hanlon  
Executive Vice President  
585-334-4490 telephone  
[wohanlon@lecesseconstruction.com](mailto:wohanlon@lecesseconstruction.com) e-mail

Address: 75 Thruway Park Drive  
West Henrietta, NY 14586

Experience: LECESSE is a Limited Liability Company organized under the laws of the State of New York November 1, 2007 and authorized to transact business in the State of Florida December 19, 2007.

LECESSE has offices in New York and Florida, and works regionally serving clients in the Eastern and Midwestern United States. Operating as a successor company to the LECESSE Construction business originally formed by the LeCesse Brothers in 1952, the company has preserved the continuity and collective experience of the business. LECESSE focuses on construction or renovation of major public and private projects including affordable housing communities, multifamily housing complexes, senior and life plan communities, hospitals and medical office buildings, and educational, advanced technology, and student housing facilities.

LECESSE has provided a current project list that reflects seven developments in various states of new or rehabilitation phase of construction encompassing 2,034 units. Additionally, LECESSE provided a list of 92 completed projects.

License: William O’Hanlon holds a current and active Florida Certified general contractor license CGC1514467, with an expiration date of August 31, 2018, and is the primary qualifying agent for LECESSE.

Credit Evaluation: An October 31, 2016 ACRA net Business Profile Report for LECESSE reflected an acceptable overall credit report. Payment past invoice date is noted and one open collection account is reflected with an immaterial balance.

Business References: Business references for LECESSE are satisfactory.

Financial Statements: LECESSE has provided a Payment and Performance Bond availability letter from Zurich American Insurance Company eliminating the requirement of Financial Statement review.

Contingent Liabilities: LECESSE reports no contingent liabilities as of November 3, 2016.

Surety: SMG has been advised that Payment and Performance (“P & P”) Bonds will be provided as surety for the Construction Contract. The Borrower provided SMG a copy of a October 28, 2016 letter from Zurich American Insurance Company (“Zurich”) of North Syracuse, N.Y. indicating surety availability to LECESSE. Zurich is rated A+ (Superior with a financial size category of XV (\$2 billion +) by AM Best Company, meeting Rule requirements.

Summary: SMG recommends that LECESSE be accepted as the general contractor subject to the conditions, if any, listed in the Recommendations section of this report.



**Property Manager Information**

Property Manager Name: The Delray Housing Group, Inc. ("DHG")

Type: a Florida not-for-profit Corporation

Contact Information: Dorothy Ellington, President  
561-272-6766 (telephone)  
561-278-4937 (facsimile)  
E-Mail: [dellington@dbha.org](mailto:dellington@dbha.org)

Address: 600 North Congress Avenue, Suite 310B  
Delray Beach, FL 33445

Experience: DHG is a fully recognized 501(c)(3) corporation formed in May 2003 as a non-profit property management and real estate development subsidiary of the Delray Beach Housing Authority. The entity's creation and purpose was to provide another resource for the development of affordable housing and to foster community and economic development.

The Delray Housing Group is governed by a seven (7) member Board of Directors, representing various professions and leaders of the community. They are as follows: Choli Aronson, Chairperson, Marcia Beam, Vice Chairperson, Christel Silver, Board Member, Sylvia Morris, Board Member, Guarn Sims, Board Member, and Morris Weinman, Board Member. DHB and DBHA share common Board members.

Dorothy Ellington is the organization's President and serves as staff liaison to the Board and is ultimately responsible for the activities of DHG. Ms. Ellington is credited for steadfastly improving the performance of the Delray Beach Housing Authority during her 19-year tenure. She has worked as a city planner, community organizer, and housing professional within the City of Delray Beach for almost 30 years. Her community involvement includes representation of housing authorities on the Career Source Board of Directors; Board of Directors for the Palm Beach County Community Land Trust; City of Delray Beach Affordable Housing Advisory Board; appointed to the Affordable Housing Study Commission by Governor Jeb Bush; served on the faculty of the National Association of Housing and Redevelopment Officials and served as Board member of the Florida Association of Housing and Redevelopment Officials.

DHG serves as property manager for the entire DBHA rental inventory. Additionally; DHG serves as property manager for the City of Delray Beach Community Redevelopment Agency. DHG also owns and manages eight additional properties. DHG currently manages 27 units and performs all accounting and computer services, resident

- management services, and property management/leasing/rent collection functions for these units.
- Management Agreement: Applicant submitted a Draft Management Agreement between the Applicant and DHG that reflects an initial term of one year commencing on the Effective Date (defined as the agreement date) continuing on a month to month basis thereafter. A monthly management fee equal to 6.00% of gross receipts (1% subject to available cash flow).
- Management Plan: Applicant submitted a Management Plan with DHG that appears satisfactory.
- Summary: DHG has the requisite experience and expertise to successfully manage Lake Delray Apartments. The Asset Management Department of FHFC will need to approve the selection of the management company, DHG, for Lake Delray Apartments prior to the commencement of lease-up activity. Continued approval will be contingent upon ongoing satisfactory performance.

**Exhibit 1**  
**Lake Delray 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>																	
INCOME	Gross Potential Rental Income	\$4,171,632	\$4,255,065	\$4,340,166	\$4,426,969	\$4,515,509	\$4,605,819	\$4,697,935	\$4,791,894	\$4,887,732	\$4,985,486	\$5,085,196	\$5,186,900	\$5,290,638	\$5,396,451	\$5,504,380	
	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	\$74,740	\$76,235	\$77,759	\$79,315	\$80,901	\$82,519	\$84,169	\$85,853	\$87,570	\$89,321	\$91,108	\$92,930	\$94,788	\$96,684	\$98,618	
	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	\$4,246,372	\$4,331,299	\$4,417,925	\$4,506,284	\$4,596,410	\$4,688,338	\$4,782,105	\$4,877,747	\$4,975,302	\$5,074,808	\$5,176,304	\$5,279,830	\$5,385,426	\$5,493,135	\$5,602,998	
	Less:																
	Economic Loss - Percentage:																
	Physical Vacancy Loss - Percentage: 4.0%	(\$169,855)	(\$173,252)	(\$176,717)	(\$180,251)	(\$183,856)	(\$187,534)	(\$191,284)	(\$195,110)	(\$199,012)	(\$202,992)	(\$207,052)	(\$211,193)	(\$215,417)	(\$219,725)	(\$224,120)	
Collection Loss - Percentage: 0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Effective Gross Revenue</b>	<b>\$4,076,517</b>	<b>\$4,158,047</b>	<b>\$4,241,208</b>	<b>\$4,326,033</b>	<b>\$4,412,553</b>	<b>\$4,500,804</b>	<b>\$4,590,820</b>	<b>\$4,682,637</b>	<b>\$4,776,290</b>	<b>\$4,871,815</b>	<b>\$4,969,252</b>	<b>\$5,068,637</b>	<b>\$5,170,009</b>	<b>\$5,273,410</b>	<b>\$5,378,878</b>		
EXPENSES	Fixed:																
	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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Insurance	\$210,000	\$216,300	\$222,789	\$229,473	\$236,357	\$243,448	\$250,751	\$258,274	\$266,022	\$274,002	\$282,222	\$290,689	\$299,410	\$308,392	\$317,644	
	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Variable:																
	Management Fee - Percentage: 5.0%	\$203,826	\$207,902	\$212,060	\$216,302	\$220,628	\$225,040	\$229,541	\$234,132	\$238,814	\$243,591	\$248,463	\$253,432	\$258,500	\$263,670	\$268,944	
	General and Administrative	\$90,900	\$93,627	\$96,436	\$99,329	\$102,309	\$105,378	\$108,539	\$111,796	\$115,149	\$118,604	\$122,162	\$125,827	\$129,602	\$133,490	\$137,494	
	Payroll Expenses	\$425,196	\$437,952	\$451,090	\$464,623	\$478,562	\$492,919	\$507,706	\$522,937	\$538,626	\$554,784	\$571,428	\$588,571	\$606,228	\$624,415	\$643,147	
	Utilities	\$238,360	\$245,511	\$252,876	\$260,462	\$268,276	\$276,325	\$284,614	\$293,153	\$301,947	\$311,006	\$320,336	\$329,946	\$339,844	\$350,040	\$360,541	
	Marketing and Advertising	\$30,300	\$31,209	\$32,145	\$33,110	\$34,103	\$35,126	\$36,180	\$37,265	\$38,383	\$39,535	\$40,721	\$41,942	\$43,201	\$44,497	\$45,831	
	Maintenance and Repairs	\$252,500	\$260,075	\$267,877	\$275,914	\$284,191	\$292,717	\$301,498	\$310,543	\$319,859	\$329,455	\$339,339	\$349,519	\$360,005	\$370,805	\$381,929	
	Grounds Maintenance and Landscaping	\$66,660	\$68,660	\$70,720	\$72,841	\$75,026	\$77,277	\$79,596	\$81,983	\$84,443	\$86,976	\$89,585	\$92,273	\$95,041	\$97,892	\$100,829	
	Resident Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	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-Pest Control	\$14,140	\$14,564	\$15,001	\$15,451	\$15,915	\$16,392	\$16,884	\$17,390	\$17,912	\$18,449	\$19,003	\$19,573	\$20,160	\$20,765	\$21,388	
	Reserve for Replacements	\$121,200	\$124,836	\$128,581	\$132,439	\$136,412	\$140,504	\$144,719	\$149,061	\$153,533	\$158,139	\$162,883	\$167,769	\$172,802	\$177,986	\$183,326	
<b>Total Expenses</b>	<b>\$1,653,082</b>	<b>\$1,700,636</b>	<b>\$1,749,576</b>	<b>\$1,799,943</b>	<b>\$1,851,778</b>	<b>\$1,905,125</b>	<b>\$1,960,028</b>	<b>\$2,016,534</b>	<b>\$2,074,689</b>	<b>\$2,134,541</b>	<b>\$2,196,141</b>	<b>\$2,259,541</b>	<b>\$2,324,793</b>	<b>\$2,391,952</b>	<b>\$2,461,074</b>		
<b>Net Operating Income</b>	<b>\$2,423,435</b>	<b>\$2,457,411</b>	<b>\$2,491,632</b>	<b>\$2,526,090</b>	<b>\$2,560,775</b>	<b>\$2,595,679</b>	<b>\$2,630,792</b>	<b>\$2,666,103</b>	<b>\$2,701,601</b>	<b>\$2,737,274</b>	<b>\$2,773,110</b>	<b>\$2,809,096</b>	<b>\$2,845,216</b>	<b>\$2,881,458</b>	<b>\$2,917,804</b>		
DEBT SERVICE	<b>Debt Service Payments</b>																
	First Mortgage	\$2,011,425	\$2,011,425	\$2,011,425	\$2,011,425	\$2,011,425	\$2,011,425	\$2,011,425	\$2,011,425	\$2,011,425	\$2,011,425	\$2,011,425	\$2,011,425	\$2,011,425	\$2,011,425	\$2,011,425	
	Second Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Third Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Fourth Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Fifth Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	All Other Mortgages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Other Fees - Agency/Trustee/Servicer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Debt Service Payments</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>	<b>\$2,011,425</b>		
<b>Cash Flow After Debt Service</b>	<b>\$412,011</b>	<b>\$445,987</b>	<b>\$480,208</b>	<b>\$514,665</b>	<b>\$549,351</b>	<b>\$584,255</b>	<b>\$619,367</b>	<b>\$654,678</b>	<b>\$690,176</b>	<b>\$725,850</b>	<b>\$761,686</b>	<b>\$797,671</b>	<b>\$833,792</b>	<b>\$870,033</b>	<b>\$906,380</b>		
<b>Debt Service Coverage Ratios</b>																	
DSC - First Only (incl. Negative Arbitrage)	1.205	1.222	1.239	1.256	1.273	1.290	1.308	1.325	1.343	1.361	1.379	1.397	1.415	1.433	1.451		
DSC - First and Second	1.205	1.222	1.239	1.256	1.273	1.290	1.308	1.325	1.343	1.361	1.379	1.397	1.415	1.433	1.451		
DSC - First, Second and Third	1.205	1.222	1.239	1.256	1.273	1.290	1.308	1.325	1.343	1.361	1.379	1.397	1.415	1.433	1.451		
DSC - First, Second, Third, and Fourth	1.205	1.222	1.239	1.256	1.273	1.290	1.308	1.325	1.343	1.361	1.379	1.397	1.415	1.433	1.451		
DSC - First, Second, Third, Fourth, and Fifth	1.205	1.222	1.239	1.256	1.273	1.290	1.308	1.325	1.343	1.361	1.379	1.397	1.415	1.433	1.451		
DSC - All Other Mortgages	1.205	1.222	1.239	1.256	1.273	1.290	1.308	1.325	1.343	1.361	1.379	1.397	1.415	1.433	1.451		
DSC - All Mortgages and Fees	1.205	1.222	1.239	1.256	1.273	1.290	1.308	1.325	1.343	1.361	1.379	1.397	1.415	1.433	1.451		
<b>Financial Ratios</b>																	
Operating Expense Ratio	40.6%	40.9%	41.3%	41.6%	42.0%	42.3%	42.7%	43.1%	43.4%	43.8%	44.2%	44.6%	45.0%	45.4%	45.8%		
Break-Even Ratio	86.3%	85.7%	85.1%	84.6%	84.0%	83.5%	83.0%	82.6%	82.1%	81.7%	81.3%	80.9%	80.5%	80.2%	79.8%		

## COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Lake Delray Apartments

DATE: November 9, 2016

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 HFAPBC. 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.	Satis.	
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	Satis.	

agent.		
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.	N/A	
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.	Satis.	

**NOTES AND APPLICANT'S RESPONSES:**

None

Scope of Rehabilitation  
Prepared by Gallo Herbert Architects

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**Blue Heron (1 Bedroom/1 Bath) - 96 Units (Minor Modifications to 5 units for Accessibility)**

- Provide Breakers in existing Electrical Panel (Arc Fault Ckt Breaker Type)
- Provide Full Kitchen Upgrade to include:
  - New Upper and Lower Cabinets
  - New Laminate Counter tops in Standard Color (GC to provide Alternate for Granite)
  - New Appliances (Range with Stove Top, Refrigerator)
  - New Kitchen Ceiling in Lieu of Transparent Grid System (requires Framing Down Existing Ceiling, New Recessed Light fixtures)
  - New GFI Outlets (2) Required
- Full Bathroom Upgrade to include:
  - New Vanity
  - New Vanity with Solid Surface Top
  - New Shower/Tub Enclosure
  - New Dual Flush Toilet
  - New Faucet
  - New Medicine Cabinet
  - New Towel Bars (2)
  - New Medicine Cabinet
  - New Vanity Light
  - New Exhaust Fan
  - New Porcelain Tile Floor and Wainscot to 4'-0"
  - New GFI Outlet Required (1)
- New Flooring upgrade (entire unit with LVT Wood Plank)
- Vinyl Base (provide LVT Vinyl Wood Base)
- A/C Grills and Registers (White)
- Provide New rear Windows (2) @ 4'-0" x 4'x6" – Basis of Design PGT Win-Guard Impact Resistant
- New Screen Entry Doors with Closer piston and hold open
- Update door hardware with ever sets
- Update 5% of units for ADA compliance
- Provide New PVC Vertical Window Treatments
- Exterior Door to receive Paint and hardware
- New Patching and Painting throughout unit
- Clean and inspect existing a/c ducts

**Selective Items**

- Split Mechanical System (Selective as Needed – Copper Replacement needed)
- New Water Heaters (Selective as Needed – Energy Star Rated 38 gallon Electric)

**Alternate Items**

- Provide Ceiling Fan with Light Kit (Alternate)
- Provide New Smoke Detectors as needed (Alternate)
- Provide New Exterior Light Fixture with Photo Cell (Alternate)
- Provide to replace switches and Receptacles with White (Alternate)

**Osprey (1 Bedroom/1 Bath) - 96 Units (Minor Modifications to 5 units for Accessibility)**

- Provide New Electrical Panels to Accept (Arc Fault Ckt Breaker Type)
- Provide Full Kitchen Upgrade to include:
  - New Upper and Lower Cabinets
  - New Laminate Counter tops in Standard Color (GC to provide Alternate for Granite)
  - New Appliances (Range with Stove Top, Refrigerator)
  - New Kitchen Ceiling in Lieu of Transparent Grid System (requires Framing Down Existing Ceiling, New Recessed Light fixtures)
  - New GFI Outlets Required (2)
- Full Bathroom Upgrade to include:
  - New Vanity
  - New Vanity with Solid Surface Top
  - New Shower/Tub Enclosure
  - New Dual Flush Toilet
  - New Faucet
  - New Medicine Cabinet
  - New Towel Bars (2)
  - New Medicine Cabinet
  - New Vanity Light
  - New Exhaust Fan
  - New Porcelain Tile Floor and Wainscot to 4'-0"
  - New GFI Outlet Required (1)
- New Flooring upgrade (entire unit with LVT Wood Plank)
- Vinyl Base (provide LVT Vinyl Wood Base)
- A/C Grills and Registers (White)
- Provide Sliding Glass Doors – 6'-8" x 10'-0" X-O Basis of Design PGT Win-Guard Impact Resistant
- New Screen Entry Doors
- Update door hardware with ever sets
- Update 5% of units for ADA compliance
- Provide New PVC Vertical Window Treatments
- Replace Finish on Balcony (Spray Texture – Kool Deck or Similar)
- Exterior Door to receive Paint and hardware
- New Patching and Painting throughout unit
- Clean and inspect existing a/c ducts
- Inspect Barn door system repair as needed – Repaint Contrasting Color

**Selective Items**

- Split Mechanical System (Selective as Needed – Copper Replacement needed)
- New Water Heaters (Selective as Needed – Energy Star Rated 38 gallon Electric)

**Alternate Items**

- Provide Ceiling Fan with Light Kit (Alternate)
- Provide New Smoke Detectors as needed (Alternate)
- Provide New Exterior Light Fixture with Photo Cell (Alternate)
- Provide to replace switches and Receptacles with White (Alternate)

**Studio – (0 Bedroom/ 1 Bath) - 4 Units (0 to be converted for Accessibility)**

- Provide New Electrical Panels to Accept (Arc Fault Ckt Breaker Type)
- Provide Full Kitchen Upgrade to include:
  - New Upper and Lower Cabinets
  - New Laminate Counter tops in Standard Color (GC to provide Alternate for Granite)
  - New Appliances (Range with Stove Top, Refrigerator)
  - New Kitchen Ceiling in Lieu of Transparent Grid System  
(requires Framing Down Existing Ceiling, New Recessed Light fixtures)
  - New GFI Outs Required (2)
- Full Bathroom Upgrade to include:
  - New Vanity
  - New Vanity with Solid Surface Top
  - New Shower/Tub Enclosure
  - New Dual Flush Toilet
  - New Faucet
  - New Medicine Cabinet
  - New Towel Bars (2)
  - New Medicine Cabinet
  - New Vanity Light
  - New Exhaust Fan
  - New Porcelain Tile Floor and Wainscot to 4'-0"
  - New GFI Outlet Required (1)
- New Flooring upgrade (entire unit with LVT Wood Plank)
- Vinyl Base (provide LVT Vinyl Wood Base)
- A/C Grills and Registers (White)
- Provide (2) New Windows 4'-0" x 4'-6" each – PGT Win-Guard Impact Resistant
- New Screen Entry Doors with Closer piston and hold open
- Update door hardware with ever sets
- Provide New PVC Vertical Window Treatments
- Replace Finish on Balcony (Spray Texture – Kool Deck or Similar)
- Exterior Door to receive Paint and hardware
- New Patching and Painting throughout unit
- Clean and inspect existing a/c ducts
- Inspect Barn door system repair as needed – Repaint Contrasting Color

**Selective Items**

- Split Mechanical System (Selective as Needed – Copper Replacement needed)
- New Water Heaters (Selective as Needed – Energy Star Rated 38 gallon Electric)

**Alternate Items**

- Provide Ceiling Fan with Light Kit (Alternate)
- Provide New Smoke Detectors as needed (Alternate)
- Provide New Exterior Light Fixture with Photo Cell (Alternate)
- Provide Alternate to replace switches and Receptacles with White (Alternate)



**Sandpiper (A) – (1 Bedroom/ 1 Bath) - 24 Units (4 units to be converted for Accessibility)**

- Provide New Electrical Panels to Accept (Arc Fault Ckt Breaker Type)
- Provide Full Kitchen Upgrade to include:
  - New Upper and Lower Cabinets
  - New Laminated Counter tops in Standard Color (GC to provide Alternate for Granite)
  - New Appliances (Range with Stove Top, Refrigerator)
  - New Kitchen Ceiling in Lieu of Transparent Grid System (requires Framing Down Existing Ceiling, New Recessed Light fixtures)
  - New GFI Outlets Require (2)
- Full Bathroom Upgrade to include:
  - New Vanity
  - New Vanity with Solid Surface Top
  - New Shower/Tub Enclosure
  - New Dual Flush Toilet
  - New Faucet
  - New Medicine Cabinet
  - New Towel Bars (2)
  - New Medicine Cabinet
  - New Vanity Light
  - New Exhaust Fan
  - New Porcelain Tile Floor and Wainscot to 4'-0"
  - New GFI Outlet required (1)
- New Flooring upgrade (entire unit with LVT Wood Plank)
- Vinyl Base (provide LVT Vinyl Wood Base)
- A/C Grills and Registers (White)
- Provide new 4'-0" x 6'-0" Windows and 6'-8" x 8'-0" Sliding Glass Doors – Basis of Design PGT Win-Guard Impact Resistant
- New Screen Entry Doors
- Update door hardware with ever sets
- Update 5% of units for ADA compliance
- Provide New PVC Vertical Window Treatments
- Replace Finish on Balcony (Spray Texture – Kool Deck or Similar)
- Exterior Door to receive Paint and hardware
- New Patching and Painting throughout unit
- Clean and inspect existing a/c ducts

**Selective Items**

- Split Mechanical System (Selective as Needed – Copper Replacement needed)
- New Water Heaters (Selective as Needed – Energy Star Rated 38 gallon Electric)

**Alternate Items**

- Provide Ceiling Fan with Light Kit (Alternate)
- Provide New Smoke Detectors as needed (Alternate)
- Provide New Exterior Light Fixture with Photo Cell (Alternate)
- Provide New switches and Receptacles - White (Alternate)

**Sandpiper (b) – (1 Bedroom/ 1 Bath) - 24 Units (0 units to be converted for Accessibility)**

- Provide New Electrical Panels to Accept (Arc Fault Ckt Breaker Type)
- Provide Full Kitchen Upgrade to include:
  - New Upper and Lower Cabinets
  - New Laminate Counter tops in Standard Color (GC to provide Alternate for Granite)
  - New Appliances (Range with Stove Top, Refrigerator)
  - New Kitchen Ceiling in Lieu of Transparent Grid System (requires Framing Down Existing Ceiling, New Recessed Light fixtures)
  - New GFI Outlets Required (2)
- Full Bathroom Upgrade to include:
  - New Vanity
  - New Vanity with Solid Surface Top
  - New Shower/Tub Enclosure
  - New Dual Flush Toilet
  - New Faucet
  - New Medicine Cabinet
  - New Towel Bars (2)
  - New Medicine Cabinet
  - New Vanity Light
  - New Exhaust Fan
  - New Porcelain Tile Floor and Wainscot to 4'-0"
  - New GFI outlet Required (1)
- New Flooring upgrade (entire unit with LVT Wood Plank)
- Vinyl Base (provide LVT Vinyl Wood Base)
- A/C Grills and Registers (White)
- New (1) 4'-0" Window – Basis of Design - PGT Win-Guard Impact Resistant
- New Screen Entry Doors
- Update door hardware with ever sets
- Update 0% of units for ADA compliance
- Provide New PVC Vertical Window Treatments
- Replace Finish on Balcony (Spray Texture – Kool Deck or Similar)
- Exterior Door to receive Paint and hardware
- New Patching and Painting throughout unit
- Clean and inspect existing a/c ducts

**Selective Items**

- Split Mechanical System (Selective as Needed – Copper Replacement needed)
- New Water Heaters (Selective as Needed – Energy Star Rated 38 gallon Electric)

**Alternate Items**

- Provide Ceiling Fan with Light Kit (Alternate)
- Provide New Smoke Detectors as needed (Alternate)
- Provide New Exterior Light Fixture with Photo Cell (Alternate)
- Provide New Switches and Receptacles White (Alternate)

Scope of Rehabilitation  
Prepared by Gallo Herbert Architects

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**Flamingo – (1 Bedroom/ 1 Bath) - 120 Units (6 units to be converted for Accessibility)**

- Provide Circuits in Existing Electrical Panel (Arc Fault Ckt Breaker Type)
- Provide Full Kitchen Upgrade to include:
  - New Upper and Lower Cabinets
  - New Laminate Counter tops in Standard Color (GC to provide Alternate for Granite)
  - New Appliances (Range with Stove Top, Refrigerator)
  - New Kitchen Ceiling in Lieu of Transparent Grid System  
(requires Framing Down Existing Ceiling, New Recessed Light fixtures, Duct Soffit)
- Full Bathroom Upgrade to include:
  - New Vanity
  - New Vanity with Solid Surface Top
  - New Shower/Tub Enclosure
  - New Dual Flush Toilet
  - New Faucet
  - New Medicine Cabinet
  - New Towel Bars (2)
  - New Medicine Cabinet
  - New Vanity Light
  - New Exhaust Fan
  - New Porcelain Tile Floor and Wainscot to 4'-0"
  - New GFI outlet Required (1)
- New Flooring upgrade (entire unit with LVT Wood Plank)
- Vinyl Base (provide LVT Vinyl Wood Base)
- A/C Grills and Registers (White)
- New (1) 4'-0" x 6'-0" Window and (1) 6'-8" x 10'-0" Sliding Glass Door – Basis of Design - PGT  
Win-Guard Impact Resistant
- Update door hardware with lever sets
- Update 5% of units for ADA compliance (6 total)
- Provide New PVC Vertical Window Treatments
- Replace Finish on Balcony (Spray Texture – Kool Deck or Similar)
- Exterior Door to receive Paint and hardware
- New Patching and Painting throughout unit
- Clean and inspect existing a/c ducts

**Selective Items**

- Split Mechanical System (Selective as Needed – Copper Replacement needed)
- New Water Heaters (Selective as Needed – Energy Star Rated 38 gallon Electric)

**Alternate Items**

- Provide Ceiling Fan with Light Kit (Alternate)
- Provide New Smoke Detectors as needed (Alternate)
- Provide New Exterior Light Fixture with Photo Cell (Alternate)
- Provide New Switches and Receptacles White (Alternate)

Scope of Rehabilitation  
Prepared by Gallo Herbert Architects

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**Ibis – (2 Bedroom/ 2 Bath) - 40 Units (2 units to be converted for Accessibility)**

- Provide Circuits in Existing Electrical Panel (Arc Fault Ckt Breaker Type)
- Provide Full Kitchen Upgrade to include:
  - New Upper and Lower Cabinets
  - New Laminate Counter tops in Standard Color (GC to provide Alternate for Granite)
  - New Appliances (Range with Stove Top, Refrigerator)
  - New Kitchen Ceiling in Lieu of Transparent Grid System  
(requires Framing Down Existing Ceiling, New Recessed Light fixtures, Duct Soffit)
- Full Bathroom Upgrade to include:
  - New Vanity
  - New Vanity with Solid Surface Top
  - New Shower/Tub Enclosure
  - New Dual Flush Toilet
  - New Faucet
  - New Medicine Cabinet
  - New Towel Bars (2)
  - New Medicine Cabinet
  - New Vanity Light
  - New Exhaust Fan
  - New Porcelain Tile Floor and Wainscot to 4'-0"
  - New GFI outlets Required (2)
- New Flooring upgrade (entire unit with LVT Wood Plank)
- Vinyl Base (provide LVT Vinyl Wood Base)
- A/C Grills and Registers (White)
- New (3) 4'-0" x 6'-0" Window and (1) 6'-8" x 10'-0" Sliding Glass Door – Basis of Design - PGT  
Win-Guard Impact Resistant
- Update door hardware with lever sets
- Update 5% of units for ADA compliance (2 total)
- Provide New PVC Vertical Window Treatments
- Replace Finish on Balcony (Spray Texture – Kool Deck or Similar)
- Exterior Door to receive Paint and hardware
- New Patching and Painting throughout unit
- Clean and inspect existing a/c ducts

**Selective Items**

- Split Mechanical System (Selective as Needed – Copper Replacement needed)
- New Water Heaters (Selective as Needed – Energy Star Rated 50 gallon Electric)

**Alternate Items**

- Provide Ceiling Fan with Light Kit (Alternate)
- Provide New Smoke Detectors as needed (Alternate)
- Provide New Exterior Light Fixture with Photo Cell (Alternate)
- Provide New Switches and Receptacles White (Alternate)

Scope of Rehabilitation  
Prepared by Gallo Herbert Architects

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**Common Areas – Buildings 600 and 700 Lindel Blvd**

- Resurface exterior catwalks – Spray Texture Surface (Kool Deck or Similar)
- Provide New Exterior Catwalk and Breezeway Lighting – Basis of Design Cooper Lighting Eaton Halo SLD LED Shallow Box - Exterior Lighting (replace fixture only at same location)
- Provide New Exterior Exit Signs at same location (Basis of Design - LED Exit Sign / Emergency Light, Battery Backup, Red Letters, Single / Double Face, Remote Capability)
- Existing Guard Rail to Be Cleaned
- Existing Fire Alarm System to be Evaluated for Code Compliance and Upgraded as needed
- Provide new Unit Signage – Assume \$25.00 Per sign Installed
- Replace Garbage Room Doors
- Replace Existing Handrails in Fire Stairs to Code Compliant with proper extensions and handrails on both sides of stair
- Replace Fire Stair Lighting with LED Basis of Design (Metalux BCLED 48”)
- Interior Painting of Common Area Rooms (Service Rooms, Laundry)
- New Mini-Split AC unit in Common Area Rooms in Lieu of Thru Wall Units
- In-fill Existing Thru Wall A/C Unit opening with CBS to match existing
- Upgrade Existing Elevator Cab Finishes
  1. New Laminate Cab Wall Panels
  2. New VCT Flooring
  3. New Ceiling Kit and LED Lighting

**Alternates**

- New Single Ply TPO Roof System – Basis of Design GAF Everguard Extreme 60mil TPO (White)
- New Counter Flashing System at back side of Mansard Roof
- New GAF Timberline Series Asphalt Shingles on Existing Mansard Roof (Color TBD)
- New Fire Extinguishers and Cabinets

**Common POOL Areas – Buildings 600 and 700 Lindel Blvd**

- Repair Pool Deck Cracking with Epoxy Fill and Resurface Deck with Spray on Deck system
- Provide New 60" Pool Security Fence to replace existing – Basis of Design White Powder Coat Aluminum 3 rail Picket Fence (Top Rail, Bottom rail – Intermediate Rail 6" below top rail) with Pool Security Gates and plunger type release
- Modify existing shower for ADA Accessibility
- New 5'-0" Wide x 30'-0" Accessible Walkway to Community Building
- Demolish interior of existing non-accessible restrooms – convert to maintenance room storage
- Resurface existing upper deck and provide new 48" Aluminum Powder Coat Guard Rail White Picket

**Alternates**

- Modify Existing Pool Coping, perimeter type skimmer and Pool Edge for Flat Coping Configuration
- Modify Existing pool lighting to LED color Changing Conversion Kit
- New Exterior Lighting at Pool Assume LED Bollard Type lights

**Common Areas – Buildings 1050 and 1010 Dotterel Road**

- Resurface exterior Entry Side walk (Kool Deck or Similar)
- Provide New Exterior Entry and Breezeway Lighting – Basis of Design Cooper Lighting Eaton Halo SLD LED Shallow Box - Exterior Lighting (replace fixture only at same location)
- Provide New Entry Awning Fabric – Basis of Design Sunbrella Firesist Solid Color
- Provide New Exterior Exit Signs at same location (Basis of Design - LED Exit Sign / Emergency Light, Battery Backup, Red Letters, Single / Double Face, Remote Capability)
- New Emergency Lights at same locations
- Existing Fire Alarm System to be Evaluated for Code Compliance and Upgraded as needed
- Provide new Unit Signage – Assume \$25.00 Per sign Installed
- Replace Existing Handrails in Fire Stairs to Code Compliant with proper extensions and handrails on both sides of stair
- Replace Fire Stair Lighting with LED Basis of Design (Metalux BCLED 48”)
- Interior Painting of Common Area Rooms (Service Rooms, Laundry)
- New Common Area Fixed Glass Windows Floors 2 thru 4 at elevator Lobby
- New Lever Hardware on all common area doors – Basis of Design Schlage Commercial Grade
- New Storefront Entry Doors and Sidelight System (Double Door with Card reader, HC Access Push Pad, Closer) Basis of Design Kanwneer IR 350 System or Equal)
- New Storefront Door and Sidelight System at First level Fire Stairs (Single Door with Card reader, Panic Hardware, Closer) Basis of Design Kanwneer IR 350 System or Equal)
- Upgrade Existing Elevator Cab Finishes
  1. New Laminate Cab Wall Panels
  2. New VCT Flooring
  3. New Ceiling Kit and LED Lighting
- Upgrade Existing Common area Community Room with New Finishes
  1. New Floor Finish Throughout (LVT Wood Plank)
  2. New Vinyl base (LVT style)
  3. Repaint Entire Space
  4. New PVC Vertical Blinds
  5. New Sliding Glass Doors 6’-8” x 10’-0” Basis of Design PGT WinGuard
  6. New 4’-0” x 6’-0” Window Basis of Design PGT WinGuard Horizontal Slider

**Alternates**

- Repaint Interior Corridors Assume two Color Scheme
- Replace Ceiling Tiles as needed in Corridor
- Provide Hospital Type Chair/Grab rail on One side of Corridor Basis of Design – (Wall-Guard 2021 5 ½” Color TBD)
- New Single Ply TPO Roof System – Basis of Design GAF EverGuard Extreme 60mil TPO (White)
- New Counter Flashing System at back side of Mansard Roof
- New GAF Timberline Series Asphalt Shingles on Existing Mansard Roof (Color TBD)
- New Fire Extinguishers and Cabinets

**Common POOL Areas – Buildings 1050 and 1010 Dotterel Road**

- Repair Pool Deck Cracking with Epoxy Fill and Resurface Deck with Spray on Deck system
- Provide New 60” Pool Security Fence to replace existing – Basis of Design White Powder Coat Aluminum 3 rail Picket Fence (Top Rail, Bottom rail – Intermediate Rail 6” below top rail) with Pool Security Gates and plunger type release
- Modify existing shower for ADA Accessibility
- Demolish interior of existing non-accessible restrooms – convert to create one accessible Unisex Restroom

**Alternates**

- Modify Existing Pool Coping, perimeter type skimmer and Pool Edge for Flat Coping Configuration
- Modify Existing pool lighting to LED color Changing Conversion Kit
- New Exterior Lighting at Pool Assume LED Bollard Type lights



### **Common Community Building – Upgrades and Expansion**

- New 1,200 SF Building Expansion to include:
  1. New Men’s Restroom with 1 Accessible Stall, One Urinal and two standard Lavatories in Granite Vanity Top
  2. New Women’s restroom with 1 Accessible Stall, One Standard Stall and two standard Lavatories in Granite Vanity Top
  3. New Pool Entry Vestibule – Porcelain tile floor and base
  4. Restroom Finishes shall be Porcelain Tile Floor and Wainscot to 4’-0”
  5. One Hi-Low Drinking Fountain
  6. +/- 800 SF Multi-Purpose Room
  7. Acoustical Ceiling Tile System throughout
  8. 2x4 Direct indirect LED Troffer Lights Throughout
  9. 3 Exit Signs
  10. Impact Resistant Storefront and Entry Doors
  11. Sound System tied to Existing
  12. Fire Alarm System tied to existing (to be upgrade per Code)
- New Lake Overlook Patio Extension
- New Awning over extended Patio
- Existing Community Building Kitchen Upgrade and expansion
  1. New Millwork and Counters
  2. New Appliance Package (Refrigerator, Range, Reach in Freezer)
  3. New Commercial Hood System (Alternate)
  4. New Grease Interceptor (Big Dipper Under Sink Type)
  5. New Porcelain tile Floor
  6. New Ceiling and Lighting
- New Community Administration Area to Include
  1. 4 new Standard Offices
  2. New Waiting area
  3. New Conference room and Library
  4. Renovate Existing Entry Lobby
- Renovate Existing Multipurpose/Bingo Room
  1. New Floor Finish – LVT Wood Plank
  2. New LVT Base
  3. New Lighting Fixtures at same location
  4. New Exit and Emergency Lights

### **Common Area Site Work**

- Replace Existing Site Lighting utilizing same locations with LED Fixture
- New Landscaping Around community building
- Upgrade existing landscaping at entry sign
- Provide Site “Sidewalk Trip Hazard” evaluation and resolve all revealed locations of potential trip hazards (change of level exceeding ½”)

## HC Allocation Calculation

Section I: Qualified Basis Calculation	
Development Cost	\$69,257,385
Less Land	(\$1,491,592)
Less Federal Funds	\$0
Less Other Ineligible Cost	(\$4,250,343)
Less Disproportionate Standard	\$0
Acquisition Eligible Basis	\$39,592,961
Rehabilitation Eligible Basis	\$23,922,489
Total Eligible Basis	\$63,515,450
Applicable Fraction	100.00%
DDA/QCT Basis Credit	130.00%
Acquisition Housing Credit Percentage	3.30%
Rehabilitation Housing Credit Percentage	3.30%
Annual HC on Acquisition	\$1,306,568
Annual HC on Rehabilitation	\$1,026,275
Annual Housing Credit Allocation	\$2,332,842

### Notes to the Qualified Basis Calculation:

1. Other Ineligible Costs include FHFC administrative, application and HC compliance fees, market study fees, tenant relocation costs, legal fees, permanent loan origination and commitment fees and closing costs, reserves required by the syndicator, and TEL costs of issuance.
2. The Borrower committed to a set aside of 100%. Therefore, SMG has utilized an Applicable Fraction of 100.00%.
3. Per the Application, this Development is located in a Difficult Development Area. Therefore, the 130% basis credit has been applied.
4. A Housing Credit Percentage of 3.30% is used based on a rate of 3.15% as of the October 2016 date of invitation into credit underwriting plus 15 basis points.

<b>Section II: Gap Calculation</b>	
Total Development Cost (Including Land and Ineligible Costs)	\$69,257,385
Less Mortgages	(\$37,500,000)
Less Grants	\$0
Equity Gap	\$31,757,385
Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$1.0849
HC Required to Meet Gap	\$29,275,336
Annual HC Required	\$2,927,534

*Notes to the Gap Calculation:*

1. Mortgages are the Walker & Dunlop TEL / Freddie Mac first mortgage.
2. HC Syndication Pricing and Percentage to Investment Partnership are based upon the August 24, 2016, revised November 1, 2016 LOI from Alliant Capital, Ltd.

<b>Section III: Tax-Exempt Bond 50% Test</b>	
Total Depreciable Cost	\$63,515,450
Plus Land Cost	\$1,491,592
Aggregate Basis	\$65,007,042
Tax-Exempt Bond Amount	\$37,500,000
Less Debt Service Reserve	\$0
Less Proceeds Used for Costs of Issuance	\$0
Plus Tax-exempt GICearnings	\$0
Tax-Exempt Proceeds Used for Building and Land	\$37,500,000
Proceeds Divided by Aggregate Basis	57.69%

*Notes to 50% Test:*

1. SMG estimates the Tax-Exempt MMRN amount to be 57.69% 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.

<b>Section IV: Summary</b>	
HC per Qualified Basis	\$2,332,842
HC per Gap Calculation	\$2,927,534
Annual HC Recommended	\$2,332,842

*Notes to the Summary:*

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