

AGENDA

Palm Beach County Housing Finance Authority

FRIDAY, DECEMBER 9, 2016

9:00 A.M.

**Palm Beach County Robert Weisman
Governmental Center
301 N. Olive Avenue
12TH Floor (McEaddy) Conference Room
West Palm Beach, FL**

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Agenda – December 9, 2016 regular meeting

Executive Director - Report on board action items

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December 9, 2016 regular meeting

Housing Finance Authority of Palm Beach County

100 Australian Avenue, Suite 410
West Palm Beach, FL 33406

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www.pbchfa.org



Chairperson

Charles V. St. Lawrence

Vice Chair

Clark D. Bennett

Secretary

Robin B. Henderson

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I. Call to Order

- a. Roll call and establishment of quorum

II. Public comment on Agenda Items

III. Agenda Approval

- a. Additions, deletions, substitutions
- b. Adoption

IV. Consent Agenda

- a. Accept and file:
 - i. GF Requisition #11-2016
 - ii. MF occupancy report for October 2016

V. Old Business

- a. Approval of housing and educational conferences
- b. Approval of 2017 meeting schedule

VI. New Business

- a. Consider loan participation with the Florida Community Loan Fund for Neighborhood Renaissance projects
 - i. NR presentation of development of the Mango Cove and Art Lofts at West Village projects
 - ii. FCLF presentation on construction loans for Mango Cove and Art Lofts at West Village projects and request for loan participation

VII. Other matters

- a. Matters of Authority members
- b. Matters of the Executive Director and Professionals
- c. Matters of the Public
- d. Next meeting date: 9:00 a.m., January 13, 2017 at the PBC Airport Hilton Centre, HR Training Room 4-790, 100 Australian Avenue, West Palm Beach

VIII. Adjournment



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To: Housing Finance Authority

From: Executive Director

RE: December 9, 2016 regular meeting – agenda items

Dated: December 2, 2016

V. "Old Business" items:

Item (a.) Approval of housing and educational conferences

At the November meeting the board approved by motion a policy to allow members to attend two housing and/or educational conferences a year without the need to seek prior board consideration as long as the sessions were from a list previously approved by the board. Initial recommendations from staff and board members including dates for 2017 and website links for conference information are included in the agenda materials.

Staff recommends a motion: to approve the housing and educational conference list as proposed with any additions or deletions as may be determined by the board.

Item (b.) Approval 2017 meeting location and calendar

It was proposed at the November meeting that future board meetings if possible be held in the same building as the Authority office at 100 Australian Avenue. Enclosed in the agenda materials is the schedule of meeting dates for calendar 2017 reserved from 9am to 11am. All are the second Friday of the month except for July 21 (week after FL ALHFA conference) and November 17 (week after Veterans Day) both of which are the third Friday.

Staff recommends a motion: to approve the 2017 regular meeting location and dates.

VI. “New Business” items:

Item (a.) Consider loan participation with the Florida Community Loan Fund for Neighborhood Renaissance projects

As I mentioned at the November meeting under “Matters of the Executive Director” I was approached in October by both Neighborhood Renaissance, Inc. (<http://neighborhoodrenaissance.org/>), a West Palm Beach based Florida not-for-profit corporation that develops and owns affordable housing, and the Florida Community Loan Fund (<http://www.fclf.org/>), a state-wide affordable housing lender, about the possibility of Authority participation in new construction loans for two NR projects. FCLF typically does seek loan participations but in this instance they would not be able to do both because of internal loan limits to one borrower. Presently FCLF has five existing loans with NR with an unpaid principal balance of about \$2.8M of which \$1M is a purchase loan for the Mango Cove project site and will be taken out with the construction loan, and a \$1M unsecured revolving line of credit. Included in the agenda materials is a request from FCLF for participation in one or both of the proposed loans together with copies of the loan commitment letters issued to NR. The minimum participation amounts are \$1M and \$555,333 for Mango Cove and the Arts Lofts projects respectively.

- i. Neighborhood Renaissance presentation of the Mango Cove and Arts Lofts at West Village projects by Terri Murray and Michael Pecar - developer provided materials included in the agenda**

Mango Cove – NR purchased this former 40-unit MF rental housing site located just north of Forest Hill Boulevard on Florida Mango Road between I-95 and Congress Avenue earlier this year and intend to develop, own and operate a 36-unit workforce (income capped at 120% of area median income) rental apartment complex consisting of 2 bedroom/2 bath units of approximately 925 square feet. Site amenities are to include walk paths along the small lake behind the buildings, a tot-lot, and a play court and picnic area. They anticipate an approximate 12 month construction period. NR has provided a Source & Use of funds totaling \$7.9M or \$219K per unit is summarized as follows:

Land	\$1,175,000
Total construction and contingency	4,900,280
Financing cost	181,504
General development cost	868,674
Operating reserve & lease up	155,935
Developer fee	<u>610,639</u>
Total Uses	\$7,892,032

Total sources of funds include \$4.2M of equity to come from proceeds of future sales of up to NSP2 funding homes which by the terms of the agreement with Palm Beach County the revenues of which must be recycled for housing limited to occupants at 120% AMI; the proposed construction loan of approximately \$3M; \$200K of grants received, and \$500K of deferred developer fee or other NR sourced funds. At this time I do not have a good indication as to how long it will take NR to complete those sales to come up with the \$4.2M.

Arts Lofts at West Village – NR has entered into a development agreement in September 2015 with the Lake Worth Community Redevelopment Agency (<http://lakeworthcra.org/>) for the construction of up to eleven residential townhomes on a site at 110 N F Street in Lake Worth to include studio/work space with garages, parking and some commercial space which now must be completed by November 25, 2017. NR has closed on the site (donated by LWCRA) and is now seeking construction financing for 8 townhomes with a projected total cost of \$2.7M; sources (based upon the FCLF loan commitment amount) and uses of funds are as follows:

Uses:	Total	Per unit
Land	\$ -0-	\$ -0-
Construction costs	1,973,969	246,746
Financing and general dev.	473,889	59,236
Developer fee	<u>302,363</u>	<u>37,795</u>
Total costs	\$2,750,221	\$252,658
Sources:		
Construction loan (*)	\$1,666,000	\$208,250
LWCRA funds NSP2 grant	700,000	87,500
Deferred developer fee	302,363	37,795
Other developer equity	<u>81,858</u>	<u>10,232</u>
Total	\$2,750,221	\$252,658
(*) not to exceed 85% LTV		

The townhomes will be 2 bedroom/2.5 bath with 1,306 square feet of living area, a 339 square foot studio, and a one car garage. NR provided an August 30, 2016 appraisers valuation of the typical Art Lofts townhome showing as-built value of \$245K. The LWCRA requires that the buyers must be artists whose incomes do not exceed 120% of AMI adjusted for family size (i.e. currently range from \$56,250 for one person to \$80,640 for a four person household) Using a \$240,900 net sales price results in an \$11.8K per home or roughly \$90K potential total shortfall that would reduce the Developer Fee by like amount. The LWCRA completed the construction of 17 similarly styled but significantly larger “artist” townhomes just east of this site back in 2012; while I don’t have a concern per say regarding the projected costs, values or pricing of the Art Lofts I’m uncertain of the pool of qualified “artists”. NR indicates they have a list of 40 interested purchasers that they are currently working to pre-qualify. The loan commitment letter from FCLF requires 4 pre-sales before funding is released (NR advised \$700K will be disbursed before construction loan proceeds).

ii. **Project loans and loan participation request presentation by Jim Walker of the Florida Community Loan Fund – FCLF provided materials included in the agenda**

The request from FCLF is the first time the Authority has formally been presented with an offer to participate in a construction loan. As Jim Walker indicated in his letter of November 30 they need a participant willing to take 1/3 or more of the loan amount for either or both projects. The commitments provided to NR provide: 1) Arts Lofts a construction first mortgage loan amount of \$1,666,000, a term of 24 months, a fixed rate of 5%, and the 50% pre-sale requirement previously mentioned; and 2) for Mango Cove a 24-month \$3M construction line of credit at a fixed rate of 5% with an option to convert to a 7-year balloon perm loan at 5.5%. While not indicated in the letter Mr. Walker is aware that the maximum loan term from the Authority is 36 months and that FCLF would be obligated to take-out the Authority’s participation interest at the end of the construction period. He also makes it clear in the request that the Authority should rely on its own credit evaluation before deciding whether to participate in one or both loans.

Assuming acceptance of the commitment(s) by NR (they have until end of February 2017) the next steps would be a final staff review of the credit and the negotiation of a loan participation agreement for a final recommendation to the Authority. Currently the Authority has reserved \$5M of surplus for its Revolving Loan Fund program. There are three outstanding loans and reservations under the program with an expected request from Habitat for Humanity of South Palm Beach County expected in the near future. The PBC Community Land Trust is in the process of reviewing their cash flow needs for the Davis Landings West loan; the current note amount is \$1.5M but they can request up to a total of \$3.4M.

Borrower:	Reservation or loan dated:	Maturity:	Reservation amount	Current max. note amount
HFHSPBC	10/17/13	3/31/17	\$ 77,021	\$ 77,021
HFASPBC	Exp. 2017	24 months	250,000	-0-
PBC CLT	5/23/16	5/23/18	3,400,000	1,500,000
WPBHA	11/18/16	36 months	250,000	-0-
FCLF loan participation	12/09/16 reservation	24 months	1,600,000	_____ -0-
Totals:			\$5,577,021	\$1,577,021

Staff recommends a motion: to approve the reservation of \$1.6M of Revolving Loan program funds for and conceptual approval of a construction loan participation(s) with the Florida Community Loan Fund for one or both the Mango Cove and Arts Lofts at West Village projects, and to authorize staff to negotiate loan terms and conditions for consideration at the next meeting.

Tab 1

IV. Consent Items - attachments

- a. General Fund Requisition #11-2016
- b. MF occupancy report for October 2016



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Date: November 23, 2016
To: Susan Fahimi
U.S. Bank Corporate Trust
From: David M. Brandt, Executive Director *DB*
Re: General Fund Disbursement #11-2016

The following invoices/reimbursement requests are presented for your approval and payment, with supportive documentation attached:

<u>PAYEE</u>	<u>AMOUNT</u>
PBC Board of County Commissioners (final FY 2015/16)	\$ 10,243.30
PBC Board of County Commissioners (Oct.)	30,888.21
Greenspoon Marder (Oct.)	288.89
David M. Brandt (Oct. auto)	500.00
Goldstein, Zugman, Weinstein & Poole LLC	22,000.00
Greenberg Traurig	<u>600.00</u>
Total General Fund Disbursement:	\$ 64,520.40

Encls.

CC: Amanda Kumar

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Housing Finance Authority of Palm Beach County
 Summary of Monthly Project Bond Program Reports
 October 2016

	Project:	Date Report was received	Per Rent Roll or FHFC Recap:		Number of TICs included:		Total # units	Total Occup. Units	Current months occup.	Last months occup.	2016 average occup.
			New	Annual	# of	# of					
			Move-in's	renewal	IC's (1)	AR's (1)					
1)	Azalea Place (d/b/a Palm Grove) (#)	11/16/16	1	12	1	12	150	150	100.0%	99.3%	99.6%
2)	Colonial Lakes	11/15/16	2	8	2	8	120	119	99.2%	99.2%	99.8%
3)	Colony Park (@)(#)(2)	11/10/16	5	10	5	10	130	129	99.2%	100.0%	99.0%
4)	Green Cay Village (d/b/a Palm Park) (#)	11/14/16	1	12	1	12	160	159	99.4%	100.0%	99.5%
5)	Indian Trace (@)(#)	11/10/16	8	27	8	27	330	329	99.7%	98.2%	98.5%
6)	La Joya Villages *(#)	11/14/16	0	n.a.	0	n.a.	55	54	98.2%	98.2%	99.5%
7)	Madison Chase (f/k/a Saddlebrook) (@)(#)	11/16/16	3	20	3	20	230	224	97.4%	99.1%	98.1%
8)	Malibu Bay (@)(*)(#)	11/15/16	2	n.a.	2	n.a.	264	243	92.0%	95.8%	96.6%
9)	Palm Gardens (#)	11/16/16	0	11	0	11	80	80	100.0%	100.0%	99.3%
10)	Palms West *(#)	11/13/16	3	n.a.	3	n.a.	290	285	98.3%	98.6%	98.4%
11)	Paul Lawrence Dunbar Senior (#)(*)(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12)	Pine Run Villas *(#)	11/14/16	0	n.a.	0	n.a.	63	63	100.0%	100.0%	99.0%
13)	Pinnacle At Abbey Park (@)(*)(2)	11/7/16	7	n.a.	7	n.a.	160	158	98.8%	95.6%	97.2%
14)	Pinnacle Palms *(#)	11/7/16	1	n.a.	1	n.a.	152	144	94.7%	97.4%	98.5%
15)	Renaissance (at San Marino) (#)	11/16/16	3	38	3	38	344	339	98.5%	98.8%	97.8%
16)	Riverview House (#)	11/14/16	2	10	2	10	160	153	95.6%	96.9%	97.0%
17)	Venetian Isles II (d/b/a San Marco VI) (@)(#)(2)	11/15/16	1	6	1	6	112	110	98.2%	97.3%	98.1%
18)	Village Square Elderly (4)(*)(#) t/b/n/a Courts at Vi	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
19)	Westgate Plaza *(#)	11/7/16	0	n.a.	0	n.a.	80	76	95.0%	100.0%	98.8%
20)	Woodlake (@)(*)	11/10/16	2	n.a.	2	n.a.	224	222	99.1%	99.6%	99.1%
	Totals		41	154	41	154	3104	3037	98.0%	98.6%	98.5%
(1)	"IC's" are initial move-in "Tenant Income Certification" forms and "AR's" are annual recertification forms provided.										
(2)	Has prepaid the remaining issuer fee										
(3)	Expected completion second quarter 2017										
(4)	Expected completion first quarter 2017										
(@)	Bonds have been redeemed in whole but Qualified Project Period still in effect.										
(*)	No annual recertifications are required as long as 100% of units are certified as "Low Income".										
(#)	Current monthly rents are at LIHTC maximum or all Section 8 above LIHTC rent.										

Housing Finance Authority of Palm Beach County
 Summary of Monthly Project Bond Program Reports
 October 2016

Project:	2015	2014	2013	2012	2015	2014	2013	2012	2015	2014	2013	2012
	average	average	average	average	monthly	monthly	monthly	monthly	monthly	monthly	monthly	monthly
	occup.	occup.	occup.	occup.	high	high	high	high	low	low	low	low
1) Azalea Place (d/b/a Palm Grove)	98.7%	98.9%	99%	99%	100%	100%	100%	100%	98%	97%	97%	97%
2) Colonial Lakes	99.6%	96.3%	n.a.	n.a.	100%	99%	99%	n.a.	99%	92%	n.a.	n.a.
3) Colony Park	99.0%	97.8%	95%	88%	100%	99%	97%	95%	93%	96%	93%	82%
4) Green Cay Village (d/b/a Palm Park)	97.8%	98.0%	92%	94%	99%	99%	95%	97%	96%	96%	88%	91%
5) Indian Trace	97.9%	97.7%	95%	94%	99%	100%	98%	96%	96%	94%	92%	92%
6) La Joya Villages	99.8%	n.a.	n.a.	n.a.	100%	n.a.	n.a.	n.a.	98%	n.a.	n.a.	n.a.
7) Madison Chase (f/k/a Saddlebrook)	98.2%	97.3%	96%	92%	100%	99%	98%	96%	97%	96%	95%	86%
8) Malibu Bay	97.4%	91.6%	89%	93%	100%	96%	96%	95%	94%	82%	84%	89%
9) Palm Gardens	98.9%	98.2%	85%	96%	100%	100%	100%	99%	98%	96%	93%	89%
10) Palms West	98.5%	100.0%	n.a.	n.a.	100%	100%	n.a.	n.a.	98%	84%	n.a.	n.a.
11) Paul Lawrence Dunbar Senior (1)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12) Pine Run Villas	98.8%	99.7%	n.a.	n.a.	100%	100%	100%	n.a.	95%	98%	n.a.	n.a.
13) Pinnacle At Abbey Park	96.9%	94.2%	93%	94%	100%	98%	98%	96%	91%	92%	89%	89%
14) Pinnacle Palms	97.3%	95.4%	91%	93%	99%	97%	94%	97%	96%	91%	89%	88%
15) Renaissance (at San Marino)	97.6%	96.3%	94%	95%	99%	99%	95%	97%	96%	92%	91%	91%
16) Riverview House	95.1%	82.6%	93%	87%	99%	96%	98%	89%	91%	75%	89%	82%
17) Venetian Isles II (d/b/a San Marco VI)	99.6%	96.9%	96%	93%	100%	100%	97%	98%	98%	93%	94%	90%
18) Village Square Elderly (2) (d/b/a Courts a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
19) Westgate Plaza	98.9%	98.3%	99%	n.a.	100%	100%	100%	n.a.	98%	95%	98%	n.a.
20) Woodlake	99.4%	97.4%	96%	89%	100%	99%	99%	93%	98%	95%	89%	83%
Totals (3)	98.3%	96.3%	94%	93%								
(1) First occupancy expected second quarter 2017.												
(2) First occupancy expected first quarter 2017.												
(3) Sum of the averages of each project												

Housing Finance Authority of Palm Beach County
Summary of Monthly Project Bond Program Reports
October 2016

			2015	2014	2013	2012	
	Project:	Location:	occup.	occup.	occup.	occup.	Most restrictive tenant set aside
			turn	turn	turn	turn	requirements per HFA bond or
			over	over	over	over	other subordinate/HTC financing
1)	Azalea Place (d/b/a Palm Grove)	Australian Ave. south of 25st Street, WPB	15%	14%	26%	15%	100% HAP contract
2)	Colonial Lakes	Lake Worth Rd. west of Haverhill Rd., Greenacres	31%	n.a.	n.a.	n.a.	25% @ 30%, 30% @ 50% AMI
3)	Colony Park	Belverdere Rd. west of Benoist Farms, suburban WPB	28%	38%	39%	35%	2% @ 25% & 98% @ 60% AMI
4)	Green Cay Village (d/b/a Palm Park)	Off Jog Rd. south of Woolbright, Boynton Bch.	26%	29%	34%	43%	100% @ 60% AMI
5)	Indian Trace	N. Military Trail south of SR 710, Riviera Bch.	38%	38%	37%	47%	20% @ 50% & 80% @ 60% AMI
6)	La Joya Villages	6th Ave S. just east of US 1, Lake Worth	5%	n.a.	n.a.	n.a.	25% @ 50% AMI per NSP2
7)	Madison Chase (f/k/a Saddlebrook)	Located next to "Colony Park"	22%	29%	37%	53%	6% @ 25% & 94% @ 60% AMI
8)	Malibu Bay	Executive Center Dr. south of PB Lake Blvd. WPB	35%	38%	47%	57%	100% @ 60% AMI
9)	Palm Gardens	4th Ave N. south of 10 Ave. N., Lake Worth	24%	33%	38%	45%	17% @ 30% and 83% @ 60% AMI
10)	Palms West	1551 Quail Drive off Westgate Ave, suburban WPB	13%	n.a.	n.a.	n.a.	2% @ 50% and 98% @ 60% AMI
11)	Paul Lawrence Dunbar Senior (4)	Corner of Division and Grant St., WPB	n.a.	n.a.	n.a.	n.a.	100% HAP contract
12)	Pine Run Villas	6th Ave S./Melaleuca west of Haverhill Rd. Lk. Worth	19%	3%	n.a.	n.a.	25% @ 30%/30% @ 50%/45% @ 60%
13)	Pinnacle At Abbey Park	Forest Hill Blvd. west of Haverhill, WPB	30%	36%	48%	44%	4% @ 30% & 96% @ 60% AMI
14)	Pinnacle Palms (2)	Executive Center Dr. south of Congress Ave. WPB	25%	31%	31%	30%	100% @ 60% AMI
15)	Renaissance (at San Marino)	N. Military Trail north of Roebuck Rd., WPB	34%	41%	29%	35%	25% @ 50% & 75% @ 60% AMI
16)	Riverview House (3)	Lake Worth Rd. east of S. Military Trail, Lake Worth	48%	55%	38%	27%	100% @ 60% AMI
17)	Venetian Isles II (d/b/a San Marco VI)	N. Congress Ave. south of Northlake Blvd., Riv. Bch.	27%	44%	30%	45%	100% @ 60% AMI
18)	Village Square Elderly (d/b/a Courts at	NE corner of SW8th Street & Auburn Ave., Del. Bch.	n.a.	n.a.	n.a.	n.a.	100% HAP contract
19)	Westgate Plaza	Quail Drive and Westgate Ave., suburban WPB	10%	14%	6%	n.a.	100% HAP contract
20)	Woodlake	N. Jog Rd. south of Okeechobee Blvd., WPB	21%	33%	47%	40%	100% @ 60% AMI
		Totals (5)	25%	32%	35%	40%	
(1)	reserved						
(2)	PBC LURA has 60% @ 55+; FHFC has 80% @ 55+ w/no tenant under 18						
(3)	PBC LURA amended to 100% @ 55+ from 60+, and no tenant under 18.						
(4)	Expected completion early 2017						
(5)	Sum of the averages of each project based on move-in's						

Tab 2

V. Old Business - attachments

- a.** Approval of housing and education conferences
- b.** Approval of 2017 meeting schedule



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To: Housing Finance Authority

From: Executive Director

RE: December 9, 2016 regular meeting – conferences agenda
item

Dated: December 1, 2016

The Authority at the November 18, 2016 meeting passed a motion to allow members to attend two housing conferences a year without the need to seek prior board consideration as long as these sessions were on a list previously approved from time to time by the board. The initial recommendations from staff and board members for the Authority to consider include:

National Association of Local Housing Finance Agencies – Annual Conference – April 26-29 – San Francisco, CA - <http://www.nalhfa.org/events/EventDetails.aspx?id=838246>

Florida Association of Local Housing Finance Authorities – Annual Educational Conference – July 12-15 – Atlantic Beach, FL - <http://flalhfa.com/>

Florida Housing Coalition - Annual Conference – September 10-13 – Orlando, FL - <http://www.flhousingconference.org/>

Smith's Annual Affordable Housing Finance Conference – March 23/24 – New Orleans, LA - <http://www.smithsresearch.net/HousingConference.htm>

National Housing & Rehabilitation Association – Annual Meeting – February 22-25 – Bonita Springs, FL - <https://www.housingonline.com/events/nhra-annual-meeting-2017/>

Novogradac - 2017 Affordable Housing Conference – May 18-19 – San Francisco, CA - <https://www.novoco.com/events/novogradac-2017-affordable-housing-conference>

Affordable Housing Finance - Live Housing Developers Conference – May 9-11 – Arlington, VA - http://www.housingfinance.com/news/registration-opens-for-ahf-live-housing-developers-forum_o

National Organization of Black County Officials – Annual Conference – [to follow] - <http://nobco.org/inc/>

Housing Finance Authority of Palm Beach County, Florida
Meeting Schedule for 2017

All meetings will take place at the Palm Beach County Robert Weisman Governmental Center, 301 N. Olive Avenue, (McEaddy Conference Room) 12th Floor, West Palm Beach, FL 33401 starting at approximately 9:00 AM.

Friday, January 13

Friday, February 10

Friday, March 10

Friday, April 14

Friday, May 12

Friday June 9

Friday July 21

Friday, August 11

Friday, September 8

Friday, October 13

Friday, November 17

Friday, December 8

Should any person(s) decide to appeal any decision made by the Authority, they will need a record of the proceedings and may need to ensure that a verbatim record of the proceedings is made, which record must include testimony and evidence upon which the appeals may be based. In accordance with the Americans with Disabilities Act, persons with disabilities needing special assistance accommodations to participate in this proceeding should contact Jennifer Hamilton, no later than five (5) days prior to the hearing at telephone number (561) 233-3656 for assistance; if hearing impaired, telephone the Florida Relay Service Numbers at (800) 955—8771 (TDD) or (800) 955-8700 (VOICE) for assistance.

Tab 3

VI. New Business - attachments

- a. Consider loan participation with the Florida Community Loan Fund for Neighborhood Renaissance projects
 - i. NR presentation of development of the Mango Cove and Art Lofts at West Village projects
 - ii. FCLF presentation on construction loans for Mango Cove and Art Lofts at West Village projects and request for loan participation

**Neighborhood Renaissance, Inc.
Mango Cove Apartment Community**

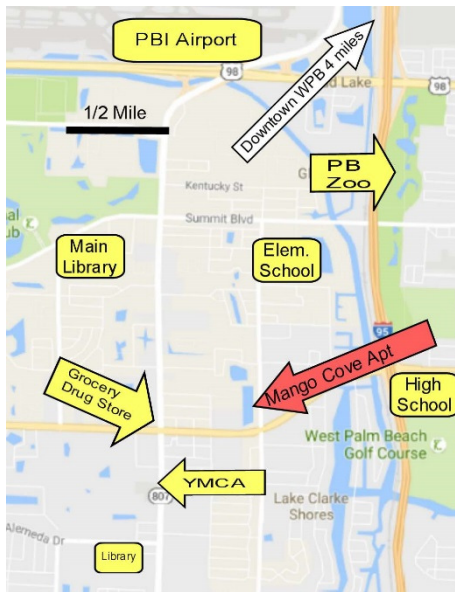
Project Description

Mango Cove will be a newly constructed 36-unit apartment community situated on 8 acres located in the Urban Redevelopment Area (URA) at 1561 Florida Mango Road, West Palm Beach, FL 33406 in central Palm Beach County. Designed in the “Old Coastal Florida” style, the two apartment buildings are three-stories with central breezeways overlooking a private lake. Planned with family living in mind, the homes feature open concept kitchens, large great rooms, in-unit laundry, 2 bedrooms and 2 bathrooms in 925 square feet. On-site amenities will include expansive lake views with walking paths, a recreational area with a tot-lot, play court and picnic area, lush landscaping and ample parking for residents and guests.

The energy efficient homes will be within the financial reach of low and moderate-income families with rents well below market rents. Mango Cove will be owned and operated by Neighborhood Renaissance (NR) and will be income restricted for at least 30-years by a Land Use Restrictive Agreement enforced by Palm Beach County (PBC).

Well situated in a neighborhood of mostly owner occupied single-family homes, Mango Cove is central to good schools, shopping, medical facilities, community support services, public transportation and recreational facilities, making it an ideal location for working and single parent families to live. The area’s roadway network is well connected and the development is located only 1/2 mile from the Interstate 95 interchange at Forest Hill Boulevard offering easy access to downtown West Palm Beach and major employment centers. A route 45 Palm Tran bus stop is located in front of the development and is only a short walk to a Palm Tran 61 route stop on Forest Hill Boulevard, a major east-west traffic artery.

Open 7 days a week and located less than a mile away PBC’s main library provides a variety of free programs and services including: study rooms, Wi-Fi and internet access, an extensive business resource center, a computer-training lab with bi-lingual staff, and a digital media lab. The YMCA of the Palm Beaches Edwin W. Branch has affordable membership fees and offers scholarships so that Mango Cove residents can take advantage of youth, family and senior recreational and wellness programs including: aquatic sports, a skate park, dance, yoga and basketball. The YMCA also operates preschool, afterschool and summer camp childcare programs. The nearby Palm Beach Zoo & Conservation Society houses over 700 animals within a 23-acre lush tropical habitat and the South Florida Science Center & Aquarium offers year round interactive exhibits, classes and science camps. Other nearby family support services include: Big Brothers Big Sisters, Boys & Girls Club, Youth Cooperative, Pace Center for Girls and Work Opportunities Unlimited.



While quality affordable homes located in a safe community is critical for creating stability, support services that foster positive outcomes helps empower families to achieve their goals. To this end, Mango Cove offers resident services – enriched housing through a spontaneous, bottom-up approach designed to address the unique needs of single parent and working families. NR’s Resident Coordinator works one on one with each family to develop strategies to link them with the many nearby services such as preschool childcare, after school youth recreation and academic enhancement programs, health and wellness activities, computer learning opportunities and youth organized sports. To overcome barriers that may impede a family’s ability to access to these programs, the Resident Coordinator is also an important resource to help arrange for transportation and to apply for available scholarships. As part of the move-in process, each family also receives a resource packet that includes a directory of schools, shopping, community services, educational, recreational facilities and attractions. In addition to one-on-one case management, Neighborhood

Renaissance helps its residents to achieve economic self-sufficiency goals through its financial literacy and home buyer workshops. In the past two years 5% of our residents have become first-time homeowners.

Project Timeline

Neighborhood Renaissance purchased the property in April 2016. Building permit applications will be submitted in November, 2016 with a construction start in January 2017. Units will be ready for occupancy in November 2017.

Urban Redevelopment Area

The Mango Cove development will transform an abandoned 8 acre parcel, which is currently a blight on the surrounding residential neighborhoods and businesses. Redeveloping this difficult vacant property further stabilizes PBC's targeted URA. Previously, 40 apartments existed on the site but were demolished several years ago as a result of extensive hurricane damage.

Sustainable and Energy Efficiency Design Elements

The apartments will be designed to incorporate National Green Building Standards that enhance energy saving, operational efficiency and sustainable elements to further lower the cost to live in them for our tenants. These features include:

- Building orientation and design elements that minimize energy use
- Use of renewable and easily accessible building materials therefore minimizing the overall environmental impact of the development
- Energy Star rated appliances and lighting
- WaterSense certified double flush toilets and plumbing fixtures
- Eco-Friendly flooring throughout each unit
- Energy Star qualified metal roofing
- R-32 insulation in ceilings
- Low-e, impact resistant windows
- Energy Star window coverings to reduce heat gain
- High 16 SEER HVAC systems with programmable thermostats
- Ceiling fans in all bedrooms and living rooms
- Durable quality finishes will be used for counter tops and flooring lessen need for repair and replacement
- Drought resistant Florida friendly landscaping with grouping of plants with similar water needs and strategic placement to facilitate shading of each apartment
- Many of the existing trees will be preserved in place or relocated on the property
- Daylight sensors and motion detectors on all outdoor lighting and all outdoor lighting will be LED

Capacity

Our team is uniquely experienced and qualified to develop, own and manage the Mango Cove apartment complex. NR has been managing affordable rental properties for two decades. Currently we own and manage 81 homes and apartments. Our efforts have helped over 120 low and moderate-income families to become first-time homeowners. We are experienced rental and for sale real estate developers of single and multi-family properties and have built or substantially rehabilitated over 151 homes. In the past 5 years our programs targeted nearly \$20 million of reinvestment into low-income communities. Our accomplishments include:

- Formed a partnership with the Lake Worth Community Redevelopment Agency (LWCRA) to build 8 live-work townhomes that will be sold to working artists and a 2,000 sq. ft. commercial building. The \$2.9 million project is underwritten with a \$700,000 grant from the LWCRA to make the homes affordable.
- Received a federal \$12 million NSP 2 grant from PBC to acquire and substantially rehab 74 single-family and multi-family distressed properties that are now leased to low and moderate-income families at below market rents.
- Administered a \$2.1 million federal grant to acquire land, obtain entitlements, finance, build and sell 13 homes in the Westgate redevelopment area to low-income families. Total project cost was \$3.3 million.
- Rehabbed and sold 11 distressed homes for a private investment of nearly \$1.8 million with 10 additional homes in the redevelopment pipeline.

- With the Cities of West Palm Beach and Lake Worth we are constructing 6 new single-family homes for low-income families on donated vacant lots.
- Our wholly owned real estate firm, Your Way Home Realty works all most exclusively with low and moderate-income families to rent and purchase homes in Palm Beach County.

With financing from the Florida Community Loan Fund, grant support from the Community Foundation of Palm Beach & Martin Counties and the Wells Fargo Foundation, NR closed on land and secured site plan approval to build Mango Cove. We are raising \$4.2 million of project equity to finance the development through the sale of up to 20 moderate-income restricted NSP2 rental homes to first-time home buyers. The homes are being sold as the current leases expire with 3 homes currently on the market. With a shortage of for sale home inventory in the \$185,000 - \$250,000 price range, average DOM for the area is 25 with a median of 13 days.

Key Project Staff

- Terri Murray, Executive Director since 1999 is an accomplished community development professional with over 25 years' experience in affordable housing development. Ms. Murray holds a Masters in Urban Affairs in Housing and Community Development from Boston University. She oversees all aspects of the agency's day to day operations.
- Michael Pecar, Real Estate Director since 2011 is a licensed real estate broker and is the qualifying broker for Your Way Home Realty, Inc. He managed the development of all property types for over 30 years and played leading roles for new project identification, acquisition, government entitlements, financial structuring, site planning and architectural design. He holds a Masters of Management degree from the Kellogg Graduate School of Management at Northwestern University and is responsible for the total project management of Mango Cove.
- S. Lashea Brooks, Housing Manager since 2011 has a BS degree in Business Administration from Palm Beach Atlantic University. Lashea is a licensed sales person and an agent with Your Way Home Realty, Inc. She has 25 years of experience working with first-time homebuyers and in mortgage lending. Ms. Brooks will manage the NSP 2 home sales.
- Carron Knowles, Property Manager joined NR March 2016 with over 12yrs experience in Conventional and Tax Credit Property Management. She has managed multi-family apartment communities ranging from 130-486 units. Carron will be overseeing the NSP2 tenant relocations and project lease-up.
- Jenny Bretz, Office Manager/Bookkeeper joined in 2011 and earned a BA degree in Accounting from Federico Villarreal University in Lima, Peru. She has 10 years of accounting experience in the construction and property management fields.
- Stefania Russell, Program Assistant, has a BS in Business Administration and joined NR in 2013. She will assist with tenant relocations and lease-up. Both Stefania and Jenny are bilingual; fluent in English and Spanish.

Funding Sources:

- First Mortgage: \$3,122,375
- Grant: Community Foundation of PB & Martin Counties \$100,000
- Grant: Wells Fargo Foundation \$100,000
- Replacement Reserve Funds from Homes Sold: \$150,000
- Equity from the sale proceeds of 20 NSP homes: \$4,207,500
- 50% Deferred Developer Fee: \$379,995

Success Metrics

At the completion of our project we will have constructed 36 quality built and energy efficient multi-family rental homes at an approximate cost of \$ 229,673 per unit. We project that 100 – 140 individuals will experience a better quality of life because they will reside in an attractive, safe and energy-efficient home located near public transportation, schools, shopping and employment. Residents of the newly built homes will be able to stabilize their financial situation because their housing and utility cost will not exceed 30% of their gross income. We estimate that at least 75% of residents will experience a reduction in their utility bills due to energy efficiency and more that 80% will achieve one or more of the following indicators of financial success within two years: reduction of debt, increased savings, higher credit score, and home ownership. In addition to the benefits of workforce

rental homes, our project will assist 20 first-time buyers purchase a quality home, which will increase the County's tax base by an estimated \$4.8 million (currently the homes are tax exempt). Finally, applying University of Florida economic multipliers, the projected impact of constructing 36 new homes will result in: a revenue impact of \$18 million, 138 jobs and \$9.8 million contributed to the GDP.



Architectural renderings of the Mango Cove Apartment Community

ART LOFTS OF WEST VILLAGE

These are 8 townhomes with studio space and garages on the ground floor, living space on the second and 2 bedrooms and 2 baths on the third. They contain 1,600 sf under air and 2,000 sf gross. They will be fee simple townhomes with a property owner's association (not a condo). A 2,000 sf commercial building planned that will also be fee simple. This proposal is to finance the construction of the residential units only.

The attached scenario includes both the 8 TH's and commercial, but if we cannot find a tenant or buyer for the commercial, only the TH's will be built in phase 1. Note that a lot of the costs such as architecture and engineering, and, site work is weighted on the TH's to give an easier understanding of what the project financing will look like if phased. We are receiving a \$700,000 NSP2 grant from the Lake Worth CRA to assist the residential only. It can't be used for the commercial portion. The land was also donated by the CRA.

This scenario shows NR collects only a portion of its developer fee. We also defer collection of the fee until the construction loan is paid off.

The residential plans were submitted for building permit on 11-15-2016. Our GC has had most of the trades priced out during Design Development. Those costs are reflected in the attached proforma and we think this is the bottom line. We have subsequently made several value engineering changes to further bring down construction costs. The plans are currently out for bid with a due date of December 9th. If costs go down or we get stronger pricing, we will recover more of the developer's fee.

We are looking at approximately \$2,050,000 construction loan if all is built. If only the residential portion is built, the loan would be \$1,666,000 per the Florida Community Loan Fund commitment. This includes interest on the loan. The NSP2 grant will be utilized before drawing on the construction loan.

We plan to start construction in mid-January 2017 or when the city will issue a building permit. Construction will be 8 months so the units will start closing in November 2017.

We had an "as-built" appraisal prepared. The units, if available today, would appraise at \$245,000 each. For proforma purposes we are assuming an average price of \$245,000. Our goal is to set the minimum net selling price at \$230,000 with premiums for end units and ones facing Lucerne. These must be sold to HH earning less than 120% AMI. There will be a minimum 15 year resale restriction to 120% AMI or less.

We are actively marketing the TH's. Our interest list is about 40 currently. We are taking applications now. We will have qualified, interested buyers put down a small deposit and sign reservation agreements by the start of construction. Due to NSP rules, the buyers need to be certified within 6 months of the actual closing date.

Our website is here: www.artloftslw.com

PROJECT COST	Residential - Townhouse style				Event Space		TOTAL Project	
	Sub Total		Per Square Foot		Sub Total Event		TOTAL	Per Square Foot
	Residential	Per Unit	Gross		Space	Per Square Foot		
Square Feet or Units =		8	15,267	2,000		17,267		
Land Purchase	1	\$ 0	\$ 0				1	0.00
Actual Construction Costs								
Building Construction	\$ 91.69	1,399,800	\$ 174,975	\$ 91.69	222,500	\$ 111.25	1,622,300	93.95
Landscape and irrigation							-	-
Site Work and utilities	\$ 17.68	270,000	33,750	17.68	11,000	\$ 5.50	281,000	16.27
Fire Protection							-	-
GC Liab and bond	\$ 2.28	34,836	4,355	2.28	4,564	2.28	39,400	2.28
GC Fee, OH & GC's	15.80%	269,333	33,667	17.64	37,614	18.81	306,947	17.78
Contingency	0%	-	-	-	-	-	-	-
A1. Actual Construction Cost		1,973,969	246,746	129.29	275,678	137.84	2,249,647	130.28
A1.3 Total Including Land		1,973,970	\$ 246,746	\$ 129.29	\$ 275,678	\$ 137.84	\$ 2,249,648	\$ 130.28
Financial Cost								
Construction Loan Credit Enhance								
Construction Loan Interest	5.50%	63,249	7,906	4.14	10,217	5.11	73,466	4.25
Construction Loan Orig. Fee	1.00%	20,909	2,614	1.37	3,377	1.69	24,286	1.41
Bridge Loan Interest								
Bridge Loan Orig. Fee								
Permanent Loan Credit Enhancement								
Permanent Loan Orig. Fee	0.00%	-	-	-	-	-	-	-
A2. Total Financial Cost		\$ 84,158	\$ 10,520	\$ 5.51	\$ 13,594	\$ 6.80	\$ 97,753	\$ 5.66
General Development Cost								
Accounting Fees								
Appraisal		2,500	313	0.16			2,500	0.14
Architect's Fee - Design	\$ 6.55	100,000	12,500	6.55			100,000	5.79
Architect's Fee - Supervision	\$ 1.31	20,000	2,500	1.31	6,000	3.00	26,000	1.51
Builder's Risk Insurance	1500	12,000	1,500	0.79	4,000	2.00	16,000	0.93
Building Permit	3.0%	59,542	7,443	3.90	7,800	3.90	67,342	3.90
Closing Costs-Construction Loan								
Closing Costs-Permanent Loan								
Engineering Civil Fees		8,000	1,000	0.52	2,000	1.00	10,000	0.58
Entitlement Land Planner								
Entitlement- fees		12,000	1,500	0.79			12,000	0.69
Environmental Testing and Report		1,300	163	0.09			1,300	0.08
Green building certification	\$ 825	6,600	825	0.43			6,600	0.38
Impact Fees	\$ 7,065	56,522	7,065	3.70	28,885	14.44	85,407	4.95
Inspection Fees		5,000	625	0.33	1,000	0.50	6,000	0.35
Legal Fees (HOA doc)		10,000	1,250	0.65			10,000	0.58
Market Study								
Marketing and Advertising		2,500	313	0.16			2,500	0.14
Project Manager Value Engineer								
Property Taxes-during construction/lease up		2,500	313	0.16			2,500	0.14
Soil Test Report		2,200	275	0.14			2,200	0.13
Survey and Topo		2,100	263	0.14			2,100	
Title Insurance-Lender policy	\$ 1,125	9,000	1,125	0.59	2,000	1.00	11,000	0.64
Utility Connection Fees	\$ 7,426	59,408	7,426	3.89	7,426	3.71	66,834	3.87
Other soft cost contingency	5.0%	18,559	2,320	1.22	2,956	1.48	21,514	1.25
A3. Total General Development Cost		\$ 389,731	\$ 48,716	\$ 25.53	\$ 62,067	\$ 31.03	\$ 451,798	\$ 26.17
PBC Impact Fee Credit Program	\$ -	-	-	-				
PBC Impact Fee Credit prior use	\$ (28,957)	(28,957)	(3,620)	(1.90)			(28,957)	(1.68)
LWCRA NSP2 Contribution		(700,000)	(87,500)	(45.85)			(700,000)	(40.54)
Other								
C. Development Cost (total)		1,718,902	214,863	112.59	351,338	175.67	2,070,241	119.89
D. Developer's Fee	12.5%	302,363	37,795	19.80	43,917	21.96	346,280	20.05
Other								
F. Total Development Cost less Subsidies		\$ 2,021,265	\$ 252,658	\$ 132.39	\$ 395,256	\$ 197.63	\$ 2,416,521	\$ 139.95

Total Development Cost - Residential	\$ 2,750,222	343,778	\$ 180.14	Event Rent NNN	\$ 16.00	\$ 32,000	\$ 3,145,478
Summary of Residential Sales				Interest rate	5.50%		
Total Development Cost LESS subsidies- Residential	\$ 2,021,265			Term	20		
Net Sales Proceeds (Sale price less 1.75% closing costs)	1,926,994			DSC	1.25		
(Shortfall) Surplus	(94,271)			Debt Service	\$ 25,600		
Per unit shortfall	(11,784)			Loan Amount	\$ 310,128		
				Equity Req	\$ 85,127		

Product Mix and Sales Prices

Unit Number	Bedrooms	Baths	Living Area	Studio Space	Garage	Event Space	Total Gross Sq Ft.	Total Living Sq Ft	Price per SQ FT Living	Sale Price	Closing costs	Net Sale Proceeds
1	2	2.5	1,306	339	263		1,908	1,645	\$ 149	\$ 245,165	1.75%	\$ 240,874
2	2	2.5	1,306	339	263		1,908	1,645	\$ 149	\$ 245,165	1.75%	\$ 240,874
3	2	2.5	1,306	339	263		1,908	1,645	\$ 149	\$ 245,165	1.75%	\$ 240,874
4	2	2.5	1,306	339	263		1,908	1,645	\$ 149	\$ 245,165	1.75%	\$ 240,874
5	2	2.5	1,306	339	263		1,908	1,645	\$ 149	\$ 245,165	1.75%	\$ 240,874
6	2	2.5	1,306	339	263		1,908	1,645	\$ 149	\$ 245,165	1.75%	\$ 240,874
7	2	2.5	1,306	339	263		1,908	1,645	\$ 149	\$ 245,165	1.75%	\$ 240,874
8	2	2.5	1,306	339	263		1,908	1,645	\$ 149	\$ 245,165	1.75%	\$ 240,874
											1.75%	
Event space						2,000	2,000					
Total		8	10,451	2,712	2,104	2,000	17,267	13,163		1,961,317	(34,323)	1,926,994
					on AC SF			Gross SF	Per Unit=	\$ 245,165	Net Per Unit=	\$ 240,874

November 30, 2016

Mr. David Brandt
Housing Finance Authority of Palm Beach County
100 Australian Avenue, Suite 410
West Palm Beach, FL 33406

Dear Mr. Brandt:

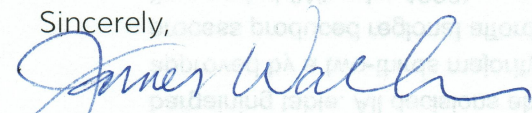
The Florida Community Loan Fund ("FCLF") has issued commitment letters to Neighborhood Renaissance, Inc. for financing two projects in Palm Beach County, namely for a 36 unit rental apartment project known as Mango Cove and for an 8 unit for-sale live-work townhome project in Lake Worth. The commitment letters are attached hereto for your reference.

We are seeking a participant lender in both of these loans and understand that one or both might be of interest to you. If so, please let us know and provide the general terms and conditions under which you would be able to participate.

Please note that FCLF is making no representation as to the appropriateness of either of these loans to the Housing Finance Authority of Palm Beach County ("HFA"). Any decision to participate by the HFA should rely on its independent evaluation of the credit and other issues used by the HFA in making lending decisions. Our preference is to find a participant in each credit facility who can take 1/3 or more of the exposure for each facility. However, we would consider alternatives should you desire to participate in differing proportions for the two facilities.

We appreciate the opportunity to share with you these two projects in Palm Beach County. Please let us know if you have any further questions.

Sincerely,



James Walker
Community Development Lending Officer
561-414-3933

November 29, 2016

Ms. Terri Murray
Executive Director
Neighborhood Renaissance, Inc.
510-A 24th Street
West Palm Beach, FL 33407

Re: Construction Loan Commitment - 8 Unit townhouse development known as Arts Lofts of West Village in Lake Worth, Palm Beach County, Florida (the "Project").

Dear Ms. Murray:

This letter (the "Commitment") constitutes the Commitment of the Florida Community Loan Fund, Inc. (the "Loan Fund") to make a construction loan (the "Loan") to the entity described below as the borrower (the "Borrower"). The terms and conditions of this Commitment are as follows:

1. BORROWER: Neighborhood Renaissance, Inc., a Florida not-for-profit corporation (NR).
2. MAXIMUM PRINCIPAL AMOUNT OF LOAN: Up to \$1,666,000.00 (See Term 10.6).

NOTE: THE LOAN MAY NOT CLOSE UNLESS THE LOAN FUND IS ABLE TO SELL A PARTICIPATION IN THE LOAN OF AT LEAST \$555,333.00.

3. INTEREST RATE: a fixed rate of five percent (5.00%).
4. MATURITY DATE: the date two (2) years from the date of Loan closing.
5. REPAYMENT TERMS: Commencing on the last day of the month following the Loan closing date, monthly payments of interest only are due and payable from an interest reserve on the last day of each month, with the principal balance of the Loan, if not sooner paid, together with any unpaid interest and fees, due and payable in full on the Maturity Date.
6. LOAN COMMITMENT FEE: one percent (1%) of the maximum principal amount of the Loan, of which \$8,330.00 is due and payable upon acceptance of this Commitment, with the balance of \$8,330.00 due and payable at the Loan closing.
7. COMMITMENT EXPIRATION: This Commitment expires, at the Loan Fund's option, in ninety (90) days from the date of this Commitment.
8. SECURITY PROPERTY: First mortgage on a parcel of land totaling approximately 20,933 square feet located at 110 N F Street, the north-east corner of Lucerne Ave and N F Street, Lake Worth, Palm Beach County, FL (the "Land") to be improved with a total of 8 live-work townhomes for sale to moderate-income individuals and families (the "Improvements"). The Land and Improvements are individually and collectively called the "Collateral", "Home" or "Property".
9. LOAN PURPOSE AND TOTAL PROJECT FUNDING: To provide funds for construction for Arts Lofts of West Village, which will consist of eight (8) for-sale townhomes in Lake Worth, FL. The Homes will be developed and sold to moderate-income individuals and families. The closing of this loan is conditioned upon Borrower having all sources of funding in place. Prior to loan closing and at all times during the term of the Loan, the Loan Fund must be satisfied that the cost to complete the Project does not exceed the total project funding. If required, Borrower shall make

additional equity investments or provide evidence of additional funding sources to ensure Project completion.

10. LOAN DOCUMENTS AND ITEMS REQUIRED FOR LOAN CLOSING: Each document and item required to be submitted to the Loan Fund pursuant to this Commitment shall be satisfactory in form and substance to the Loan Fund.

- 10.1 Mortgage and Security Agreement: providing the Loan Fund with a first lien on the Collateral and a security interest in all fixtures and tangible and intangible personal property necessary for the operation of the Property. The subordination of all other public and private funding sources for the Project to ensure the Loan Fund's **first lien position** is required.
- 10.2 Note: including provisions for the collection of late payment charges of five percent (5%) of the amount of any late payment, no prepayment penalty and a default rate of thirteen percent (13.00%).
- 10.3 Title Insurance: a standard, ALTA mortgagee title policy, providing coverage for the full principal amount of the Loan, listing only those title exceptions acceptable to the Loan Fund.

The lien of the Loan Fund shall be superior in all respects to the interests of any contractor, supplier or subcontractor involved in the construction.

The lien of the Loan Fund shall also be superior in all respects to any Limited Use Restriction Agreement (LURA) or similar agreement encumbering the Property, all of which must be subordinated of Public Record to the Loan Fund's Mortgage and other loan Documents.

- 10.4 Borrowing Authority Documents: Borrower shall provide the Loan Fund copies of its charter documents which evidence the authorization for the actions to be taken by Borrower in connection with this Commitment and the Loan, including articles of incorporation, by-laws, corporate borrowing resolutions and current certificates of "good standing" from the Florida Division of Corporations.
- 10.5 Purchase and Sale Contracts: a copy of the Purchase and Sale Contract executed between the seller of the Property and the Borrower.
- 10.6 Appraisals: current (within 60 days of the Loan closing) self-contained appraisal of the Homes, conducted by a state certified appraiser and not more than sixty (60) days old, indicating the "as-is" and "as-completed" value of the Property. The loan-to-value ratio on the Property shall not be greater than eighty-five percent (85%) of the as-completed appraised value. Borrower acknowledges that the Loan Fund was induced to make the Loan based upon this specific loan-to-value ratio ("Original Loan-to-Value Ratio") and the Loan Fund will conduct periodic reviews of Property value. Loan documents will provide that if any updated appraisal received by the Loan Fund reflects that the appraised value of the Property has decreased from the original appraised value, and if such decrease results in a loan-to-value ratio which is higher than the Original Loan-to-Value Ratio, Borrower shall, within thirty (30) days of Loan Fund's written request, either: (a) make a principal payment (the "Prepayment") under the Note in an amount sufficient to maintain the Original Loan-to-Value Ratio; or (b) pledge such additional collateral for the Loan that is acceptable to the Loan Fund in its sole discretion. Any Prepayment shall not entitle Borrower to a release of any of the Property.
- 10.7 Survey: recent survey of the Property by a registered surveyor, certified to the Loan Fund, the title insurance company and Borrower.
- 10.8 Public/Private Assistance Agreement: a copy of the fully executed agreement(s) between Borrower and the Lake Worth CRA and verification of Impact Fee Credit.



- 10.9 Flood Hazards: evidence as to whether or not the Land is located within an area identified as having special flood hazards pursuant to the Flood Disaster Protection Act of 1973. If the Land is located in a special flood hazard area, flood insurance naming the Loan Fund as mortgagee will be required.
- 10.10 Insurance: a) Comprehensive general liability coverage for Borrower on ACORD 25, and an "all risk" builder's risk or completed value property insurance policy on ACORD 27 or 28, as applicable, designating the Loan Fund as mortgagee and loss payee, granting the Loan Fund at least 30 days' notice of intended cancellation. b) Evidence of general liability and workman's comp coverage, for the general contractor on ACORD 25.
- 10.11 Compliance with Laws: satisfactory evidence that construction of the improvements and intended uses of the Property are in compliance with all applicable laws, regulations and ordinances, including local zoning laws, local building laws and local requirements for parking spaces and parking ratios.
- 10.12 Environmental Site Assessments and Environmental Compliance and Indemnity Agreement: A current (within past 6 months) Phase I Environmental Site Assessment of the Property performed in accordance with ASTM 1527-13. The ESA must be prepared by a firm reasonably acceptable to the Loan Fund, signed and sealed by a Florida licensed professional geologist or engineer (as well as have the EP Certification required under ASTM 1527-13), and must be satisfactory in all respects to Loan Fund in its sole discretion. Additional asbestos, lead based paint and radon reports may also be required in Loan Fund's sole discretion. This Commitment will be null and void if Loan Fund's review of the ESA or additional reports indicates any continuing environmental risk or concerns as determined by Loan Fund. In addition, the Borrower will be required to sign an agreement indemnifying the Loan Fund from any environmental hazards that may be present.
- 10.13 Loan Agreement: including (a) provisions for the disbursement of Loan funds after the initial Loan closing set forth in Term 11; (b) provisions for the general loan conditions set forth in Term 12; (c) provisions for release prices for Collateral set forth in Term 13.
- 10.14 Sources and Uses of Funds/Cost Breakdown: sources and uses of funds for the Project, including a detailed breakdown of the cost of constructing the Improvements and an itemization of non-construction costs.
- 10.15 Third Party Funding Source Agreements: including Lake Worth CRA (or other such funding sources as Lender approves in its sole and absolute discretion. Review and approval of the development agreement between the Lake Worth CRA and the Borrower including documentation committing approximately \$700,000 to be contributed to the project. The Loan Fund shall require execution of such documentation deemed necessary, between the CRA and the Loan Fund, in the Loan Fund's absolute and sole discretion.
- 10.16 Miscellaneous: any other Loan documents or items that are customarily provided in loan transactions of this type.

11. CONDITIONS FOR DISBURSEMENT OF LOAN FUNDS AFTER THE INITIAL LOAN CLOSING: In addition to the relevant items in Term 10 above, the following documents and items shall be satisfactory, in form and substance, to the Loan Fund:

- 11.1 Construction Documents: To include fully executed copies of: (a) fixed price construction contract and, if required by Lender, evidence of contractor bond for the Project; (b) Borrower's contract with architect for design and supervisory services; (c) a detailed trade breakdown of the hard and soft costs of constructing the Improvements and an itemization of the sources and uses of funds for the Project, detailing the sources and uses, and reflecting the current construction budget of the project; (d) plans and specifications; (e) building permit; and (f) availability of utilities letter.



- 11.2 Commencement. Copies of the Notice of Commencement (to be recorded subsequent to the Loan Fund's documents), and the Building Permit and statement that they have been, or will be, posted on the Project site.
 - 11.3 Request for Payment: signed by Borrower, setting forth a detailed breakdown of the Loan disbursement requested, including a signed requisition of the general contractor and approved by Borrower's supervising architect, and, at Loan Fund's option, Loan Fund's construction consultant where applicable.
 - 11.4 Sales Contract / Permanent Financing Commitment / Sources and Uses of Funds: Borrower must pre-sell 4 units and provide the sales contract between Borrower and the home buyer, evidence of pre-qualification for financing from a financial institution, and evidence of home buyer's income being at or below 120% AMI. At the time of sale of the remaining Homes, Borrower shall provide the same information as required for pre-sold units.
 - 11.5 Owner's and Contractor's Affidavit and Lien Waivers: notarized partial lien waivers executed by the general contractor, specifying the amount paid in consideration of such partial release and certification by Borrower that funds disbursed to date by the Loan Fund have been paid to the appropriate parties.
 - 11.6 Construction Consultant's Approval: The Loan Fund reserves the right to designate a construction consultant to perform an upfront plan and costs analysis and inspect construction work for conformity with the plans and specifications and approval of Borrower's request for Loan disbursements. A written report of the results of the consultant's inspection of construction work may be required for a disbursement of Loan funds. Approval of draw requests by owner's supervising architect may be required in lieu of engaging a construction consultant.
 - 11.7 Final Construction Disbursement: Prior to the final Loan disbursement, the following documents shall be submitted to the Loan Fund: (a) final as-built survey, (b) certificate of occupancy, (c) contractor's final waiver of lien and certification of completion, (d) final waiver of lien from any subcontractor or supplier having filed a Notice to Owner and (e), supervising architect's and/or construction consultant's final approval, if required.
12. GENERAL CONDITIONS:
- 12.1 Assignments: Neither this Commitment nor any interest in it may be assigned by Borrower without the Loan Fund's prior written approval.
 - 12.2 Financial Statements: Borrower shall submit annual, and as requested, interim, financial statements. Annual statements shall include a Statement of Activities (revenue and expenses) and a Statement of Financial Position (balance sheet) prepared by a certified public accountant, and submitted within one hundred twenty (120) days of Borrower's fiscal year-end.
 - 12.3 Additional Debt: During the term of the Loan, Borrower will not incur any additional debt without the written permission of the Loan Fund.
 - 12.4 Social Impact Reporting: Borrower agrees that regular reporting of community and social impact criteria will be required as a condition of Loan Fund's financing. This reporting will be made no less than annually and may include, but not be limited to such items as: number of temporary and permanent jobs created and other job creation details; specific education or social services to clients; environmentally sustainable outcomes in the project; the pro-active involvement of the surrounding community in the project; or any other such information as the Loan Fund deems necessary.
 - 12.5 Publicity: The Loan Fund shall have the right to secure printed publicity through newspapers and other media concerning the project and its financing. Borrower shall provide the Loan Fund with photographs of the Project and demographic information regarding the clients who receive housing and other services from Borrower.
 - 12.6 Loan Application: The issuance of this Commitment is based upon the accuracy of Borrower's representations and statements, any loan application and all additional information, representations, exhibits and other matters submitted to the Loan Fund for



consideration. The Loan Fund shall have the option to declare this Commitment to be breached, and therefore, void, if there shall have been any material misrepresentation or misstatement or any material error in anything submitted to the Loan Fund.

12.7 Expenses: All costs and expenses in connection with the Loan, including, but not limited to, the costs of attorneys, documentary stamp and intangible taxes and recording fees, shall be paid by Borrower.

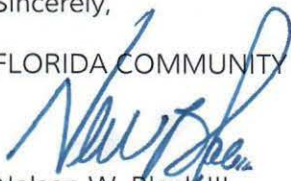
13. RELEASE OF SECURITY PROPERTY: Until the Loan has been paid in full, each residential unit shall be released from the Loan Fund's mortgage on the Property upon payment to the Loan Fund of a minimum release amount comprised of the total amount advanced directly for acquisition and the costs of construction of the individual unit or 1/8 of the Principal Loan Amount, whichever is greater to be determined in the sole discretion of the Loan Fund.

14. ENTIRE AGREEMENT: This Commitment, when accepted, shall constitute the entire agreement between the Loan Fund and Borrower, and it may not be altered or amended unless agreed to in writing by the Loan Fund and Borrower.

16. ACCEPTANCE: Please indicate acceptance of the terms and conditions of this Commitment by signing the enclosed duplicate original Commitment letter. **Return a check for one-half of the Loan Commitment Fee (see Section 6) and one original Commitment letter to the Orlando office of the Loan Fund within thirty (30) days of the date of this letter.** Loan Fund may, prior to closing, make additional requirements in order to comply with federal or state regulations, government agencies, and as Loan Fund's legal counsel may deem necessary regarding legal matters, but not business matters. It is further understood and agreed that the terms and conditions of the Commitment Letter will survive the closing of the Loan hereby contemplated.

Sincerely,

FLORIDA COMMUNITY LOAN FUND, INC.



Nelson W. Black III
Chief Lending Officer

The undersigned accepts the foregoing commitment on behalf of Borrower and Guarantors.

Borrower:

NEIGHBORHOOD RENAISSANCE, INC.

By: _____

Name: _____

Date: _____



November 30, 2016

Ms. Terri Murray
Executive Director
Neighborhood Renaissance, Inc.
510-A 24th Street
West Palm Beach, FL 33407

Re: Construction and Term Loan Commitment – 36 Unit apartment development, known as Mango Cove, in West Palm Beach, Palm Beach County, FL (the “Project”)

Dear Ms. Murray:

This letter (the “Commitment”) constitutes the sole Commitment of the Florida Community Loan Fund, Inc. (the “Loan Fund”) to make a construction and term loan (the “Loan”) to the entities described below as the borrower (“Borrower”). The terms and conditions of this Commitment are as follows:

1. **BORROWER:** Neighborhood Renaissance, Inc., a Florida not-for-profit corporation (NR).
2. **MAXIMUM PRINCIPAL AMOUNT OF LINE/LOAN:** A construction line of credit (the “Line”), with option to convert to a term loan (the “Loan”) in an amount up to \$3,000,000.00 (see also Term 10).

NOTE: THE LOAN MAY NOT CLOSE UNLESS THE LOAN FUND IS ABLE TO SELL A PARTICIPATION IN THE LOAN OF AT LEAST \$1,000,000.

3. **INTEREST RATE:** A fixed rate of five percent (5.00%) through the Line Maturity Date (defined below in Term 4), then increasing to five and one-half percent (5.50%) upon conversion to the Loan and through the Loan Maturity Date (defined below in Term 4).

4. **MATURITY DATE:** The Line shall mature twenty-four (24) months from the date of the Line closing (the “Line Maturity Date”). Provided the Borrower is not in default under the terms of the Line, and Borrower has completed construction according to the plans and specs and has obtained a Certificate of Occupancy for the Project, then the Line shall convert to the Loan. The Loan shall mature seven (7) years from the date of conversion (the “Loan Maturity Date”).

5. **REPAYMENT TERMS:** a) During the term of the Line: Commencing on the last day of the month following the Line closing date, monthly payments of interest only from an interest reserve will be due and payable on the last day of each month through the Line Maturity Date, at which time the entire principal balance, together with any unpaid interest or costs, will be due and payable in full. (See also Term 11.12); (b). During the term of the Loan (if conversion occurs): Commencing in the month following the Line Maturity Date, monthly principal and interest payments, based on a 30-year amortization and the interest rate stated in Term 4 above, will be due and payable on the last day of each month until the Loan Maturity Date, at which time the entire remaining principal balance, together with any unpaid interest or costs, will be due and payable in full.

6. **LOAN COMMITMENT FEE:** One percent (1.00%) of the maximum principal amount of the Loan (\$30,000), of which \$15,000.00 is due and payable upon acceptance of this Commitment. The balance of \$15,000.00 is due and payable at the Line closing.

7. **COMMITMENT EXPIRATION:** This Commitment expires, at the Loan Fund’s option, three (3) months from the date of this Commitment letter.

8. SECURITY PROPERTY: First mortgage on an 8.18 acre parcel of land located at 1561 Florida Mango Road, West Palm Beach, FL (the "Land") to be improved with two 3 story buildings, containing a total of 36 apartments for rent to moderate-income families (the "Improvements"). The Land and Improvements are collectively called the "Collateral" or "Property".

9. LOAN PURPOSE AND TOTAL PROJECT FUNDING: To provide funds for construction and term financing for Mango Cove Apartments, which will consist of thirty-six (36) units in West Palm Beach, Palm Beach County, FL to be rented to moderate income families. Prior to Loan closing and at all times during the term of the Line, the Loan Fund must be satisfied that the cost to complete the Project does not exceed the Total Project Funding. If required, Borrower shall make additional equity investments or provide evidence of additional funding sources to ensure Project completion before the Loan Fund is obligated to make Line advances.

10. LOAN FUNDING REQUIREMENTS: A recent appraisal (see Term 11.6 below) shows an "as-stabilized" value sufficient to provide a loan to value (the "LTV") ratio of not more than 80%.

11. LOAN DOCUMENTS AND ITEMS REQUIRED FOR LOAN CLOSING: Each document and item required to be submitted to the Loan Fund pursuant to this Commitment shall be satisfactory in form and substance to the Loan Fund.

- 11.1 Mortgage and Security Agreement: providing the Loan Fund with a first lien on the Collateral and a security interest in all fixtures and tangible and intangible personal property necessary for the operation of the Property. The subordination of all other public and private funding sources for the Project to ensure the Loan Fund's **first lien position** is required.
- 11.2 Assignment of Rents and Leases: providing the Loan Fund with a first priority collateral assignment of Borrower's interest in all leases of the Property and all rents and profits arising therefrom. Individual tenant leases must contain satisfactory language subordinating tenant's rights to the lien of the Mortgage and Security Agreements.
- 11.3 Note: To include provisions for the collection of late payment charges of five percent (5%) of the amount of any late payment and no prepayment penalties.
- 11.4 Title Insurance: A standard, ALTA mortgagee title policy, providing coverage for the full principal amount of the Loan, listing only those title exceptions acceptable to the Loan Fund.

The lien of the Loan Fund shall be superior in all respects to the interests of any contractor, supplier or subcontractor involved in the construction performed prior to the closing of the Line.

The lien of the Loan Fund shall also be superior in all respects to any Limited Use Restriction Agreement (LURA) or similar agreement encumbering the Property, all of which must be subordinated of Public Record to the Loan Fund's Mortgage and other loan Documents.

- 11.5 Borrowing Authority Documents: Documents which evidence the authorization for the actions to be taken by Borrower in connection with this Commitment and the Loan, including articles of incorporation, 501 (c)(3) letter from the Internal Revenue Service, by-laws, corporate borrowing resolutions and current certificates of "good standing" from the Florida Division of Corporations.
- 11.6 Appraisal: Current (within 60 days of the Loan closing) self-contained appraisal of the Property, reflecting an "as-completed", "stabilized" value, **based on any applicable restricted rent agreements** and conducted by a state certified appraiser satisfactory to the Loan Fund. The LTV ratio on the Property shall not be greater than **80%** of the rent-restricted appraised value. Borrower acknowledges that Lender was induced to make the Loan based upon a specific loan-to-value ratio (the "Original Loan-to-Value Ratio") and that it has been made known that Lender will conduct periodic reviews of Collateral value. Loan documents will provide that, if any updated appraisal received by Lender reflects that the appraised value of the Property has decreased from the original appraised value, and if such decrease results in an LTV ratio which is higher than the Original Loan-to-Value Ratio, Borrower shall, within thirty (30) days of Lender's written request, either: (a) make a principal payment (the "Prepayment") under the Note in an



- amount sufficient to maintain the Original Loan-to-Value Ratio; or (b) pledge such additional collateral for the Loan that is acceptable to Lender in its sole discretion. Any Prepayment shall not entitle Borrower to a release of any of the Property.
- 11.7 Survey: Recent survey of the Property by a registered surveyor, certified, at a minimum, to the Loan Fund, the title insurance company and Borrower.
- 11.8 Flood Hazards: Evidence as to whether or not the Land is located within an area identified as having special flood hazards pursuant to the Flood Disaster Protection Act of 1973. If the Land is located in a special flood hazard area, flood insurance naming the Loan Fund as mortgagee will be required.
- 11.9 Insurance: a) Comprehensive general liability coverage for Borrower on ACORD 25, and an "all risk" builder's risk or completed value property insurance policy on ACORD 27 or 28, as applicable, designating the Loan Fund as mortgagee and loss payee, granting the Loan Fund at least 30 days' notice of intended cancellation. b) Evidence of general liability and workman's comp coverage, for the general contractor on ACORD 25.
- 11.10 Compliance with Laws: Satisfactory evidence that renovation of the Improvements and intended uses of the Property are in compliance with all applicable laws, regulations and ordinances, including local zoning laws, local building laws and local requirements for parking spaces and parking ratios.
- 11.11 Environmental Site Assessments and Environmental Compliance and Indemnity Agreement: A current (within past 6 months) Phase I Environmental Site Assessment of the Property performed in accordance with ASTM 1527-13. The ESA must be prepared by a firm reasonably acceptable to the Loan Fund, signed and sealed by a Florida licensed professional geologist or engineer (as well as have the EP Certification required under ASTM 1527-13), and must be satisfactory in all respects to Loan Fund in its sole discretion. Additional asbestos, lead based paint, and radon reports may also be required in Loan Fund's sole discretion. This Commitment will be null and void if Loan Fund's review of the ESA or additional reports indicates any continuing environmental risk or concerns as determined by Loan Fund. In addition, the Borrower will be required to sign an agreement indemnifying the Loan Fund from any environmental hazards that may be present.
- 11.12 Loan Agreement: Including (a) provisions for the general loan conditions set forth in Term 13; (b) covenants requiring compliance with all requirements of any LURA agreement on the Property, (c) covenants for cross-default and cross-collateralization of this Loan with any other debt Borrower may have, existing or future, with the Loan Fund, (d) minimum Debt Service Coverage Ratio of 1.15 times during the term of the Loan, (e) provisions for the disbursement of construction funds set forth in Term 12, (f) provisions for terms and conditions of conversion to the term Loan, and (f) provisions for the establishment of adequate replacement reserves in the amount of \$300 per unit per year.
- 11.13 Construction Documents: To include fully executed copies of: (a) fixed price construction contract and, if required by Lender, evidence of contractor bond for the Project; (b) Borrower's contract with architect for design and supervisory services; (c) a detailed trade breakdown of the hard and soft costs of constructing the Improvements and an itemization of the sources and uses of funds for the Project, detailing the sources and uses, and reflecting the current construction budget of the project; (d) plans and specifications; (e) building permit; and (f) letter of availability of utilities.
- 11.14 Lease Agreements: copy of the form of lease agreement, between Borrower and tenants, to be utilized at the Property. Lease Agreements must contain a clause subordinating the rights of the tenants to the Loan Fund, as mortgagee.
- 11.15 Third Party Funding Source Agreements: copy of agreements with Palm Beach County for NSP funds and/or Grants in sufficient amounts, (or other such funding sources as Lender approves in its sole and absolute discretion)
- 11.16 LURAs: copies of all existing LURAs that either currently encumber or will encumber the Property
- 11.17 Miscellaneous: Any other Loan documents or items that are customarily provided in loan transactions of this type.

12. LOAN DOCUMENTS AND ITEMS REQUIRED FOR DISBURSEMENTS:

- 12.1 Commencement. Copies of the Notice of Commencement (to be recorded subsequent to the Loan Fund's documents), and the Building Permit and statement that they have been, or will be, posted on the Project site.



- 12.2 Request for Payment: Signed by Borrower, setting forth a detailed breakdown of the Loan disbursement requested, including the signed requisition of the general contractor, as approved by Borrower's supervising architect. In no event will Loan funds be disbursed above 90% of the value of the construction in progress, assuming a 10% retainage. At the appropriate stage of construction, Borrower shall provide a foundation survey, certified to the Loan Fund, evidencing the building does not encroach on any easements or property lines.
- 12.3 Construction Consultant's Approval: The Loan Fund reserves the right to designate a construction consultant to inspect construction work for conformity with the plans and specifications and approval of Borrower's request for Loan disbursements. A written report of the results of the consultant's inspection of construction work for conformity with the plans and specifications and approval of Borrower's request for payment may be required for a disbursement of Loan funds.
- 12.4 Owner's and Contractor's Contract, Affidavit and Lien Waivers: A fully executed guaranteed maximum price construction contract shall be provided. Notarized partial lien waivers executed by the general contractor, specifying the amount paid in consideration of such partial release and certification by Borrower that funds disbursed to date have been paid to the appropriate parties.
- 12.5 Final Construction Disbursement: Prior to the final Loan disbursement, the following documents shall be submitted to the Loan Fund: (a) evidence of permanent hazard insurance coverage, (b) certificate of occupancy, (c) contractor's final waiver of lien and certificate of completion, (d) final waiver of lien from any subcontractor or supplier having filed a Notice to Owner, (e) supervising architect's and/or construction consultant's final approval and (f) final as-built survey, if required.

13. GENERAL CONDITIONS:

- 13.1 Assignments: Neither this Commitment nor any interest in it may be assigned by Borrower without the Loan Fund's prior written approval.
- 13.2 Financial Statements: Borrower shall submit annual audited statements beginning with the year ended September 30, 2016 and, if requested, interim financials. Annual statements shall include a Statement of Activities (revenue and expenses) and a Statement of Financial Position (balance sheet) prepared by a certified public accountant, and submitted within one hundred twenty (120) days of each Borrower's fiscal year-end. Borrower shall also submit annual financial statements for the project along with a current rent roll.
- 13.3 Additional Debt: During the term of this Loan, Borrower will not incur any additional debt without the written permission of the Loan Fund.
- 13.4 Social Impact Reporting: Borrower agrees that regular reporting of community and social impact criteria will be required as a condition of Loan Fund's financing. This reporting will made no less than annually and may include, but not be limited to such items as: number of temporary and permanent jobs created and other job creation details; specific education or social services to clients; environmentally sustainable outcomes in the project; the pro-active involvement of the surrounding community in the project; or any other such information as the Loan Fund deems necessary
- 13.5 Publicity: The Loan Fund shall have the right to secure printed publicity through newspapers and other media concerning the project and its financing. Borrower shall provide the Loan Fund with photographs of the Project and demographic information regarding the clients who receive housing and other services from Borrower.
- 13.6 Loan Application: The issuance of this Commitment is based upon the accuracy of Borrower's representations and statements, any loan application and all additional information, representations, exhibits and other matters submitted to the Loan Fund for consideration. The Loan Fund shall have the option to declare this Commitment to be breached, and therefore, void, if there shall have been any material misrepresentation or misstatement or any material error in anything submitted to the Loan Fund.
- 13.7 Expenses: All costs and expenses in connection with the Loan, including, but not limited to, the costs of attorneys, documentary stamp and intangible taxes, title insurance and recording fees, shall be paid by Borrower.

14. ENTIRE AGREEMENT: This Commitment, when accepted, shall constitute the entire agreement between the Loan Fund and Borrower, and it may not be altered or amended unless agreed to in writing by the Loan Fund and Borrower.



15. ACCEPTANCE: Please indicate acceptance of the terms and conditions of this Commitment by signing the enclosed duplicate original Commitment letter. **Return a check for one-half of the Loan Commitment Fee (see Section 6) and one original Commitment letter to the Orlando office of the Loan Fund within thirty (30) days of the date of this letter.**

Sincerely,

FLORIDA COMMUNITY LOAN FUND, INC.



Nelson W. Black, III
Chief Lending Officer

The undersigned accepts the foregoing commitment on behalf of Borrower.

NEIGHBORHOOD RENAISSANCE, INC.

By: _____

Title: _____

Date: _____



Tab 4

VII. Other Matters - attachments

a. None