

# **AGENDA**

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

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**FRIDAY, JUNE 14, 2019**

**9:00 A.M.**

**Palm Beach County Airport Center  
Complex  
100 Australian Avenue  
4th Floor (#4-790) Training Room  
West Palm Beach, FL 33406**

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# Meeting Agenda

June 14, 2019

PBC Airport Center – Human Resources Training Room 4-790  
100 Australian Avenue, West Palm Beach, FL 33406

## Housing Finance Authority of Palm Beach County

100 Australian Avenue, Suite 410  
West Palm Beach, FL 33406  
(561) 233-3656  
FAX: (561) 233-3657  
www.pbchfa.org



### Chairperson

Patrick J. Franklin

### Vice Chair

Gary P. Eliopoulos

### Secretary

James H. Harper, Sr.

Clark D. Bennett

Robin B. Henderson

Charles V. St. Lawrence

Bobby "Tony" Smith

### Executive Director

David M. Brandt

dbrandt@pbcgov.org

(561) 233-3652

### Administrative Assistant

Jennifer M. Hamilton

jhamilto@pbcgov.org

(561) 233-3656

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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. Minutes of the May 10, 2019 meeting
- b. General Fund Requisition #5-2019
- c. MF project occupancy reports for March

## V. TEFRA Public Hearing – "Brenton at Abbey Park"

## VI. Old Business

- a. Update on Brooks Subdivision from PBC HES
- b. Consider final revolving construction loan approval for Delray Beach Housing Authority – Village Square project – Resolution R-2019-02
- c. Further presentation of responses to accountant "Request for Qualifications"
- d. Update on Pinnacle Palms bond redemption

## VII. New Business

- a. Presentation of multifamily bond application for and inducement of "Mallards Landing" acquisition/rehab – Southport Development – Resolution R-2019-03
- b. Request for extension of construction loan maturity date for Community Land Trust of PBC – Davis Landings West – Resolution R-2019-04
- c. Nomination of Chairperson and election of officers

## VIII. 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., Friday, July 19, 2019 at the PBC Airport Center, Human Resources Training Rm. 4-790

## IX. Adjournment

To: Housing Finance Authority

From: Executive Director

RE: June 14, 2019 regular meeting

Dated: June 6, 2019

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## **V. Public Hearing – “Brenton at Abbey Park”**

Last month the Authority reviewed the application for and approved a not-to-exceed \$19M bond issuance official action “inducement” in connection with the acquisition and rehabilitation of the 160-unit “Pinnacle at Abbey Park” apartments which is to be renamed “Brenton at Abbey Park”. The property is located at 1921 Abbey Park Road in unincorporated PBC off of Forest Hill Boulevard west of Haverhill and east of Jog Road. The purchaser will be an entity of Fairfield Residential Company LLC.

Included in the agenda materials is the public meeting notice posted to the Authority’s website on June 5 which is at least 7 days in advance of the scheduled hearing date. A recent revenue procedure released by the IRS for approvals granted on or after April 1, 2019 allows for this reduced notice requirement, and for posting to the issuers website rather than publication in a local newspaper. Bonds must be issued within 12 months of the approval of the hearing results by the elected local government officials (i.e. the Board of County Commissioners).

## **VI. “Old Business” items:**

### **Item (a.) Update on Brooks Subdivision from PBC Housing & Economic Sustainability – Jonathan Brown**

The Authority heard presentations at the April 12 meeting concerning on going and expected affordable housing initiatives including a discussion of the plans for construction of homes in the 22-lot owned Brooks Subdivision in the City of Riviera Beach. Jonathan Brown had advised then that the PBC was the owner of 18 of the lots and was in negotiations for the purchase of the other 4 from the private owner. The Board of County Commissioners on June 4 authorizing the funding for the purchase of the 4 lots and for

HES to negotiated an agreement with the city. Mr. Brown has requested an opportunity to discuss the terms for any funding participation on the part of the Authority for this project. He and I had a previous meeting on this and will meet again on June 10 to discuss their specific request. We talked about both revolving construction loan financing as well as deeper down payment assistance for home buyers that would be in the form of a soft second mortgage. The amount would be significantly greater than the \$10K seconds provided under our "Own a Home Opportunity Program" with the Lee County HFA. With the Florida legislature sweep of a significant amount of Sadowski trust funds and the targeting of a majority for Hurricane Michael impacted counties, PBC's SHIP allocation for FY 2019/2020 is expected to be around the same \$1.4M as the current year. I have asked that HES provide information on the projected home costs and targeted sales prices, the fund gap and down payment assistance levels they anticipate will be necessary to make the homes affordable to the targeted income groups, a source & use of funds for the project, and to identify previous and future contributions from both PBC and the city.

The Authority has budgeted \$1.65M of surplus for a future single family mortgage loan program, and has approximately another \$1.4M of unreserved surplus. Projected net operating revenue is adequate to cover operating expenses for the near future even with a loss of interest income if these funds were converted to non-income earning. The board will have to determine how much surplus to budget for this type of assistance, the amount to be committed to any one project or geographic area, per household assistance level, and any income targeting of home buyers. After meeting with Mr. Brown on June 10 I am hopeful to have information for presentation at the June 14 meeting to allow the board to make an informed decision on these parameters.

**Item (b.) Final revolving construction loan approval for Delray Beach Housing Authority – Village Square project – consider Resolution R-2019-02**

The Authority heard a presentation of a loan application from the Delray Beach Housing Authority ("DBHA") and their wholly owned and operated 501(c)(3) property management and development entity "The Delray Housing Group, Inc." ("DHG") and gave preliminary approval for a non-revolving pre-development loan of up to \$750K and a \$1.7M revolving construction loan (can be increased by an additional \$1.7M subject to Authority funding availability and approval) for Phase III of their Village Square project.

Phase III is proposed as a 54-unit for-sale townhome project on the remaining approximately 3 acre site on SW 8<sup>th</sup> Street and SW 12<sup>th</sup> Avenue in the City of Delray Beach. Total development costs are expected to be approximately \$18.5M with construction of 9 buildings of 6 townhomes each over 36 months. DBHA will construction 54 townhomes

to consist of 12 two bedroom/two baths with 1,927 square feet, 6 three bedroom/2.5 bath with 2,033 square feet, and 36 three bedroom/3.5 baths of 2,264-2,465 square feet. Living area under A/C ranges from 1,366 square feet to 1,667 square feet and includes a garage. Gross square footage of the units is 120,444 at an estimated total development cost of \$153 per square foot or \$106 per square foot for hard construction. There will also be a common area cabana and swimming pool.

	Total Project	Per unit
Hard construction:	\$ 12,817,429	\$ 237,360
Financing costs:	235,000	4,352
Soft costs:	2,712,841	50,260
Developer fee:	1,080,000	20,000
Land value:	<u>1,620,000</u>	<u>30,000</u>
Total cost:	\$ 18,465,270	\$ 341,972

Total cost	\$ 18,465,270	\$ 341,950
Less land value	(1,620,000)	(30,000)
PBC Impact fee assistance	(281,660)	(5,216)
Delray Beach permit fee	(864,468)	(15,863)
DBHA contribution	(197,000)	(3,648)
Unit sales proceeds	(15,502,142)	(287,017)

Owner/borrower: Delray Beach Housing Authority  
 Additional guarantor: Delray Housing Group, Inc.  
 Architect: REG Architects  
 Project Manager: Zabik & Associates  
 General Contractor: to be determined

The non-revolving \$750K pre-development loan would be used to pay for a portion of the costs of the architect, project manager, marketing, legal, survey and testing. The revolving \$1.7M portion will be vertical construction for one of the nine in total six-unit buildings. Revolving construction amount may be increased by an additional \$1.7M solely at the discretion of the Authority and subject to the availability of funding.

As previously discussed and approved by the board the loan will be for a term of 36 months, interest only at 1%. Security would be a first lien on the Island Cove site which has an appraised value of \$1,620,000. The initial draw for pre-development is conditioned up receipt of the note and first lien mortgage, proof of proper zoning,

assignment of Architect and Project Manager agreements, title insurance and proof of liability coverage. Initial draws for each building will be conditioned upon among other things: evidence of 100% pre-sales to loan qualified buyers, demonstration of commitments for other funding necessary for buyers at desired income/unit sales price levels, the Project Managers cost review, site and building permit ready, and a fixed price GC contract. Staff has proposed to the DBHA that the release price for each townhome will be pro-rata for the particular building (i.e. one sixth of the outstanding advances) plus 1/54<sup>th</sup> of the pre-development loan portion. In addition it would include the anticipated \$20K developer fee for the first five closings, or the \$20K (or portion thereof) would be escrowed until the sixth sale closed.

Included in the agenda materials are the loan authorizing resolution and substantially final drafts of the construction loan agreement, note and mortgage, and guaranty agreement.

**Staff recommends a motion: to approve Resolution R-2019-02.**

### **Item (c.) Presentation of responses to accountant “Request for Qualifications”**

As reported at the last meeting responses to the Request for Qualifications (“RFQ”) for a CPA accountant/firm were originally due by noon on May 1. No responses were tendered and I advised the board that I would extend the final submission date to June 4. An extension notice was posted to the Authority’s website on May 10, and I had the PBC Office of Equal Business Opportunity send a notification email to their approved accounting/bookkeeper vendors of such extension which they confirmed was done.

As I indicated to the board at the May meeting our previous accounting firm suggested that implementing an electronic accounting system should allow staff to input financial data entries with minimal time and oversight by a third party accountant. One response to the RFQ was received prior to the extension deadline from Milind Chokshi & Co. The firm currently provides accounting services to several entities including the Community Land Trust of PBC. Attached is the firm’s resume, and while it appears they currently do not meet the minimum requirements set forth in the RFQ, in particular they are not a “Certified Public Accounting Firm licensed in the State of Florida.” When asked about this Mr. Chokshi advised that he does have a working partner arrangement with a Florida licensed CPA (Mark Escoffery). While I believe they are sufficiently qualified to provide the services set forth in the RFQ my concern is that other non-CPA bookkeeping firms or individuals may have applied if this was not a minimum requirement. That said Section F. of the RFQ gives the Authority the right to waive strict compliance with specifications.

At this juncture I believe we still have time to consider three options: 1) attempt to negotiate an engagement with Mr. Escoffery with Milind Chokshi & Co. designated as providing (most of) the required services; 2) if we keep the CPA requirement the board could authorize staff to attempt to negotiate an engagement with the previous accounting firm; or 3) waive the CPA requirement and re-issue the RFQ without it.

#### **Item (d.) Update on Pinnacle Palms bond redemption**

There was an add-on item to the May 10 meeting wherein staff advised that the owner of the project was in the process of a taxable refinancing and would be redeeming the Authority's Series 2001 bonds. Staff made a recommendation to accept a one-time payment from the project owner of \$62,601 which is the discounted present value (2.25% discount rate) of the semi-annual issuer fee payable through July 1, 2022. The latter is the termination date of the Qualified Project Period and the tenant set aside provisions of the present land use restriction agreement. The board unanimously approved this payment option.

The expected redemption date is mid-July. Staff will present for consideration and approval any document needed from the Authority in connection with this bond redemption.

### **VII. "New Business" items:**

#### **Item (a.) Consider application and approval of inducement resolution for "Mallards Landing" apartments - acquisition/rehabilitation – Southport Financial Services**

Included in the agenda materials is the updated application from Southport Financial Services, Inc., of Tampa, Florida, requesting the consideration of the issuance of up to \$19.1M of tax exempt bonds/notes for the acquisition and rehabilitation of the 164-unit "Mallards Landing" apartments located at 1598 Quail Drive in the Westgate area of unincorporated PBC. The original application for up to \$16M of short-term cash collateralized, rated "AA+" and publicly offered bonds through RBC Capital Markets, with permanent financing to be non-Authority issued taxable mortgage lien loans, was pulled from the May agenda at the request of the developer.



**Background on the developer:** The Authority issued \$16M of bonds in 2013 for an entity of Southport to acquire and rehabilitate the 290-unit property now known as “Palms West” which is adjacent to and shares an entry road with Mallards Landings. Other partnership entities of Southport currently own two other Authority bond financed properties “Azalea Place” in West Palm Beach, and “Palm Gardens” in Lake Worth. The bonds issued by the Authority for Azalea Place, now known as “Lake Mangonia” were redeemed in whole earlier this year, while the Palm Gardens bonds issued in 2007 are still outstanding.

**The project:** The project consists of 18 two-story family garden apartments on 11+ acres constructed in 1985 and funded in part with \$6,065,000 of bonds issued by the Authority in 1984. The project was acquired and rehabilitated in 2001 in part with \$6,900,000 of bonds issued by the Authority and 4% housing tax credits (“HTC”); the bonds were redeemed in whole in 2015 and the property purchased by an entity of Southport for a then reported \$10.9M. The “Qualified Project Period” ended upon redemption of the 2001 bonds and the Land Use Restriction Agreement terminated.

The property has 164 units consisting of 2 1-bedroom/1-bath at 900 square feet, 160 2/2's at 950 square feet, one 3/2 at 1,100 square feet that will be rented to persons and families at 60% of Area Median Income (“AMI”) adjusted for family size with net HTC rents of \$994 to \$1,160 respectively. The project pro-forma, with a 5% vacancy/collection loss, demonstrates a 1.16x debt service coverage.

**The financing:** The newly created Southport entity SP Mallards Landing LLC has entered into a contract to purchase the project for \$21M. The Authority’s financing will be a \$19.1M first mortgage loan through the Freddie Mac Tax Exempt Loan program with an initial three year interest only period followed by a 35-year principal amortization and a 16 term underwritten and privately placed by Jones Lange LaSalle Multifamily LLC. The maximum loan-to-value ratio is 90%, the minimum debt service coverage ratio 1.15x, and an expected all-in interest rate of approximately 4% excluding on-going issuer and trustee’s fees. The seller will take back a \$1M third lien non-amortizing loan. Other sources of funding include \$9M of HTC equity and \$2.9M of deferred developer fee.

Uses of funds include the \$21M purchase price; \$4.9M for rehabilitation of the property (approximately \$30K per unit). The rehab will be performed with the tenants in place including new roofs and exterior vinyl siding/lighting, parking/walkway repairs, and clubhouse repairs; and for each of the units new kitchens/appliances, interior repairs, new bathrooms, and A/C units; \$1.32M of financing, soft and other general development fees/costs; and a developer fee of \$4.7M. Southport has advised that the renovation

work will be done on 8-10 units at a time and will not result in tenants having to leave the property.

Items not submitted with the application is the environmental assessment (Phase I) which the applicant has indicated has been completed but not included in the application materials.

The anticipated schedule for this project is application/inducement consideration at the June 14 meeting, a TEFRA hearing at the next meeting, with a bond authorizing resolution and a credit underwriting report from First Housing presented in August or September. Board of County Commission approval of the TEFRA results and sale of the bonds is expected in August, and a bond closing in September. Rehab construction is expected to begin in October and be completed by July 2020. The form of inducement resolution to be considered at the June 14 meeting is included in the agenda materials.

**Staff recommends a motion: to 1) approve the inducement Resolution R-2019-03 declaring preliminary approval for the issuance of not exceeding \$19,100,000 multifamily housing revenue bonds for the “Mallards Landing” apartments; 2) approve the applicants request to use First Housing Development Corporation as credit underwriter and JLL Capital Markets loan underwriter/purchaser; and 3) assign Greenberg Traurig as bond counsel.**

**Item (b.) Request for extension of construction loan maturity date for Community Land Trust of Palm Beach County – Davis Landings West project loan – Resolution R-2019-04**

The Authority closed on a \$3.4M revolving construction loan on March 31, 2016 for the 24-unit Davis Landings West (“DLW”) for-sale single family detached and townhome project. The initial loan amount was \$1.5M with a future advance clause allowing for an additional \$1.9M, term of 24 months at 2% interest and a final maturity of March 31, 2018. The project has a \$1.747M of HOME loan funds that was advanced from PBC during construction that is converted at the sale of the home to a forgivable \$79.4K soft second mortgage on the 22 HOME affordable units so to buyers with incomes at 80% or less of area median income. Two units will be sold to buyers with incomes up to 120% of AMI.

A delay in the start of and slower than anticipated construction resulted in a request for and approval by the Authority of the additional \$1.9M loan amount in February 2017. In early December of 2017 Cindee LaCourse-Blum, the executive director of the Community

Land Trust of Palm Beach County (“CLT”), requested an extension of the final maturity date of the loan from March 31 to May 15, 2018 which the board approved as an agenda add-on item for the December 8, 2017 meeting. However by late spring of this year she advised me of issues that had arisen with PBC HES regarding the HOME loan conversion approval process that resulted in long delays with closings and in several cases purchase contracts or first mortgage lenders. At the April 2018 Authority meeting the board approved a request from Mrs. LaCourse-Blum for an extension of the maturity date of the loan from May 15 to December 28, 2018, which is also the final date in the PBC HOME agreement for the homes to be occupied, and a change in the partial release formula to a “net sales price”. The release formula in the Loan Agreement was structured to result in full repayment of the loan by the time 22 of the 24 homes had been sold. The CLT’s final profit margin on the project had been anticipated at that time to be around \$50K so the original formula would not work. In November 2018 the Authority considered another extension of the maturity date to June 30, 2019. At that time all of the homes were completed and a total of twelve (12) sold and closed with eight (8) of the remaining homes under contract. Of those four (4), two were townhomes limited to 80% of area median income that have HOME subsidy, and two were the 120% AMI townhomes. The Authority also agreed to waive interest payments starting with October 2018 as the CLT’s final margin on the project was anticipated to be less than \$10K if they do not pay any additional interest expense on the loan.

Enclosed in the agenda materials is a letter dated June 5 from Mrs. LaCourse-Blum requesting an extension of the maturity date of the loan from June 30, 2019 to the end of 2019. They have 21 of the 24 sold and she expects all but the two 120% AMI units will have closed by June 30. Also included in the agenda materials is Resolution R-2019-04 authorizing a fifth amendment to the loan agreement with the CLT extending the maturity date to December 30.

**Staff recommends a motion: to approve Resolution R-2019-04.**

### **Item (c.) Nomination of Chairperson and election of officers**

The county ordinance for the Authority states:

*“In June of every year, commencing in 2002, the members of the housing finance authority shall nominate a chairperson, and submit such nomination to the board of county commissioners for approval. No member may serve more than two (2) consecutive complete one (1) year terms as chairperson after the effective date of this division. The board of county commissioners retains the ultimate authority to designate a chairperson of the housing finance authority.”*

The Authority's "Internal Policy and Procedures" mandate that the board hold an election of officers in June of each year, all with terms of one year. Mr. Franklin has now completed the second of up to two consecutive one-year terms as chairperson as permitted under the county ordinance. Mr. Eliopoulos has been the vice chair and Mr. Harper the secretary of the board for the past two years. All other board members, as well as the executive director, are presently assistant secretaries.

**Staff recommends a motion: to appoint officers for the year ending June 30, 2020, with the current chairperson to serve until the new chairperson nomination is approved by the Board of County Commissioners, and to appoint all other board members and the executive director as assistant secretaries.**

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## **Tab 1**

### **IV. Consent Items - attachments**

- a.** Minutes of May 10, 2019 regular meeting
- b.** General Fund Requisition #5-2019
- c.** Multi-family project preliminary occupancy report for March

**HOUSING FINANCE AUTHORITY**  
**OF PALM BEACH COUNTY**  
**MINUTES**

**Meeting Date & Time:**

9:00 A.M., Friday May 10, 2019

**Location:**

PBC Airport Center  
100 Australian Avenue  
4<sup>TH</sup> Floor, Room 4-790  
West Palm Beach

**Attendance Sign-in Sheet/others**

Jack St. Marie, Fairfield Residential  
Kathy Makino, Shelborne Development  
Larry Zabik, Zabik & Associates

**Staff and professionals:**

David Brandt, Executive Director  
Jennifer Hamilton, administrative assistant  
Skip Miller - general counsel – Greenspoon Marder  
Amanda Kumar – bond trustee/custodian - US Bank  
Monique Spotts, Bryant Miller Olive  
Cameron Hill, RBC Capital Markets

## **I. Call to Order**

### **a. Roll call and establishment of quorum**

Vice Chair Gary Eliopoulos (“VC”) acknowledged a lack of a quorum at 9 am. He pointed out a minor error on the agenda items page which listed the meeting date as May 15. Upon the arrival of a fourth member the VC asked for a roll call at 9:40 am:

Patrick Franklin, Chair – absent  
Gary Eliopoulos, Vice Chair – present  
James Harper, Secretary – absent  
Chuck St. Lawrence – present  
Clark Bennett – absent  
Robin Henderson - present  
Tony Smith – present

## **II. Public comment on Agenda Items**

None

## **III. Agenda Approval**

The VC asked the Executive Director (“ED”) if there were any changes to the agenda to which the ED stated he would like to add under “New Business” as “Item (d)” a discussion of the prepayment of the “Pinnacle Palms” Authority issuer fee. He also advised that consideration of the “Mallard’s Landing” application be pulled from the agenda at the request of the applicant. They asked that this matter be postponed until the next meeting as they were in the process of making a significant change to the financing structure for the project.

**Mrs. Henderson moved approval of the agenda as amended. The motion was seconded by Mr. Smith and passed unanimously by a vote of 4-0.**

#### **IV. Consent Agenda**

**Mr. St Lawrence moved approval of the Consent Agenda. The motion was seconded by Mr. Smith and passed unanimously by a vote of 4-0.**

#### **V. TEFRA Public Hearing – “Village of Valor Project”**

The ED provided some background on the “Village of Valor Project” initially given an inducement resolution and public hearing by the Authority in late 2017 for this 157-unit veteran’s preference rental apartment project. He advised that the developer stated that they are nearing finalization of all funding sources. Since the initial public hearing results was valid for the issuance of tax exempt bonds within twelve months, another hearing will be necessary and in addition the expected bond amount in now substantially greater. Due to not obtaining competitive SAIL funding the developer needed to increase rental income to support a larger loan amount and therefore the income set aside went from 100% at 60% of area median income (“AMI”) to 20% at 50% with the remaining units at not more than 140% of AMI. He advised that newly released Treasury Department regulations now allow for public hearing notices to be posted to the bond issuer’s website rather than be published in a newspaper. The notice of this hearing was posted to the Authority’s website more than seven days prior to today’s hearing date. General counsel Skip Miller (“GC”) asked if there was proof of posting of the notice to which the ED advised the Authority’s webmaster had provided a screen shot with a date.

Larry Zabik of Zabik Associates, project manager for, and Kathy Makino the developer of “Village of Valor”, gave an update on the status of the project. Mr. Zabik stated they’re targeting a closing this summer. The construction plans are being finalized this month and plan review with both Palm Springs and Lake Worth building departments has begun. They are in the process of doing interviews this week of general contractors and anticipate selecting one by the end of May. Mrs. Henderson asked who they are looking at to which Mr. Zabik stated they’re interviewing Dwight Stephenson out of Broward, Koffman Lynn of Delray, and Proctor Construction based in Indian River County with an office in West Palm Beach. The ED advised that the copy of the public hearing notice included in the agenda materials was a prior version but the one posted to the Authority’s website is the correct one showing a bond issuance amount of not-to-exceed \$28M.



The Vice Chair asked that other than the subsequent Board of County Commission approval, when they expected to break ground on the project to which Mr. Zabik replied early October with a fourteen or so month construction schedule.

The ED then read into the record the notice posted to the Authority's website, advised that a hearing had been conducted, and that there had been no public comment on the project prior to nor at today's hearing. The VC then announced the closing of the hearing.

## **VI. Old Business**

### **Item (a.) Presentation of responses to accountant "Request for Qualifications"**

The ED stated that as reported in the agenda summary only one firm requested a copy of the RFQ, which was posted to the Authority's website as well as given to and circulated by the PBC Office of Small Business Administration to disseminate to their vendor's list, and neither that firm nor any others provided a response. He stated that he attempted to find out from that firm and their office manager said she was not give a reason why they did not apply, and that he also discussed this with our previous accountant Fred Weinstein. He said that Mr. Weinstein suggested that due to the small number of entries that by going to electronic accounting software he thought it could be done more efficiently in house rather than using an outside firm. The ED advised that while he concurred with this he would extend the date for RFQ responses to June 4.

## **VII. New Business**

### **Item (a.) Consider multifamily bond application for "Mallards Landing" acquisition/rehab – Southport Development**

Withdrawn from consideration at this time at the request of the applicant.

**Item (b.) Consider multifamily bond application for “Pinnacle at Abbey Park” acquisition /rehab – Fairfield Residential**

The ED stated that this application for “Pinnacle at Abbey Park” is in connection with the acquisition and rehabilitation of the project by Fairfield Residential today represented by Mr. Jack St Marie. Fairfield has owned and operated a number of apartment projects in PBC some of which have been financed with bonds issued by the Authority. Pinnacle at Abbey Park is currently owned by the original developer who refinanced the project and redeemed the Authority’s bonds in whole in 2014, and the mandatory 15-year Qualified Project Period in connection therewith had just ended.

Mr. St Marie stated that they are requesting an inducement resolution and the Authority’s preliminary intent to issue \$19M of bonds for “Pinnacle at Abbey Park” which is a 2003 constructed, 160-unit family property in the unincorporated West Palm Beach area. Fairfield intends to acquire and rehab the property using a bridge loan structure to close in August which then would be taken out by the bonds at a later date before the end of 2019. The property has existing Florida Housing SAIL related tenant income restrictions with 90% of the units limited to 60% of AMI and the remaining at 30% of AMI. The SAIL loan will be partially paid down with the balance assumed by the Fairfield entity. The in-place rehab will begin after the purchase and is expected to be completed by June 2021. He stated that Fairfield is a vertically integrated developer, owner/operator based out of San Diego. They’ve had a successful presence in South Florida for a number of years a number and recently started a \$250M fund dedicated to the preservation and creation of affordable housing.

The ED provided a brief summary of the financing by stating that total funding for the project is just over \$30M with a little over \$5M for rehab to the facility. The Authority’s portion will be in the form of a Freddie Mac tax exempt loan of just under \$17M. Included in the agenda materials is the form of inducement resolution for up to \$19M of bonds, the proposed form of a memorandum of agreement, and staff recommendation to approve Bryant Miller Olive as bond counsel per the contract rotation policy.

**Mr. St. Lawrence made a motion to approve the inducement resolution declaring preliminary approval for the issuance of not exceeding \$19M multifamily housing revenue bonds for the Abbey Park Apartments, and to assign BMO as bond counsel. The motion was seconded by Mr. Smith and passed unanimously by a**

**vote of 4-0.**

**Item (c.) Community Land Trust of PBC – Kirk Road project loan - consent  
To change in partial release payment**

The ED advised that under the current terms of the \$800K loan with the Community Land Trust (“CLT”) for the construction of six homes along Kirk Road the release price was based on the amount expended for each home. The CLT is now requesting an alternative release price of \$145K for the one larger home, and \$130K for the five smaller homes. The differential between the outstanding loan balance and what would be repaid from those individual release prices is roughly \$60,000 which they propose to pay from a City Solutions grant.

**Mrs. Henderson moved approval of staff’s recommendation for 1) a release price of \$145,000 for 2658 Kirk Road and \$130,000 for the other five homes, and 2) for staff to prepare the necessary supporting documentation for this change. The motion was seconded by Mr. St. Lawrence and passed unanimously by a vote of 4-0.**

**Item (d.) Pinnacle Palms - Issuer Fee prepayment**

The ED stated that the Authority imposes an ongoing issuer fee on multifamily bond issues for the term of the Qualified Project Period which is a minimum term of 15 years. Typically the bonds have a ten to twelve year no-call provision but after that period the borrower may redeem the bonds in whole. In this particular case the issuer fee would go on for approximately another three years but the owner is asking to prepay the fee; using an annual discount rate of two and a quarter percent the net present value would be \$62,601.

**Mr. St. Lawrence moved approval of staff’s recommendation of a prepayment of the issuer fee in the amount of \$62,601. The motion was seconded by Mr. Smith and passed unanimously by a vote of 4-0.**

## **VIII. Other matters**

### **Item (a.) Matters of the Authority**

The VC mentioned that the June meeting is typically when officers are elected, and that Mrs. Henderson mentioned she will not be at this meeting.

### **Item (b.) Matters of the Executive Director and Professionals**

Prior to the start of the meeting GC give an update on affordable housing matters during the 2019 legislative session. He advised that with respect to Sadowski funding about \$39M was made available for multifamily SAIL which is significantly less than what was in last year's budget, SHIP funding wound up to be a little bit over \$46M which is about the same as it was last year. \$65M was allocated for the hurricane housing recovery program and limited to the counties that the legislature deems to have been most affected by Hurricane Michael so it's mainly around the Panama City area. They swept around \$125M into the general revenue despite everyone's good efforts and the fact that there was no budget crisis this year and even the Governor's recommending full funding. Some groups are asking him to line-item veto the sweep money which would stay in the Housing Trust Fund but it would be unallocated meaning it couldn't be used for anything and would just sit there until the next legislative session. He also mentioned of all the different bills that were presented that could potentially affect housing only two passed – one was sort of a revamp and tightening of the rules on impact fees and imposes on cities and counties an obligation to process development applications for affordable housing in a more expedited manner; it limits what are called inclusionary zoning programs which mandate the set aside a certain number of units for workforce housing; and lastly it will authorize cities and counties to waive impact fees for affordable workforce housing.

### **Item (c.) Matters of the Public**

None

**Item (d.) Next meeting date:** 9:00 a.m., Friday, June 14 at the PBC Airport Center, Human Resources Training Room 4-790.

**IX. Adjournment of Meeting**

**Mr. St. Lawrence moved to adjourn the meeting at 10:50 a.m. The motion was seconded by Mr. Smith and passed unanimously by a vote of 4-0.**

Respectfully submitted,

---

**Executive Director**

---

**Secretary**



**Housing Finance Authority  
of Palm Beach County**

100 Australian Avenue, Suite 410  
West Palm Beach, FL 33406  
(561) 233-3656  
FAX: (561) 233-3657  
www.pbchfa.org



**Chairperson**

Patrick J. Franklin

**Vice Chair**

Gary P. Eliopoulos

**Secretary**

James H. Harper, Sr.

Clark D. Bennett

Robin B. Henderson

Charles V. St. Lawrence

Bobby "Tony" Smith

**Executive Director**

David M. Brandt  
dbrandt@pbcgov.org  
(561) 233-3652

**Administrative Assistant**

Jennifer M. Hamilton  
jhamilto@pbcgov.org  
(561) 233-3656

"An Equal Opportunity  
Affirmative Action Employer"

Official Electronic Letterhead

**Date:** May 10, 2019  
**To:** Susan Fahimi  
U.S. Bank Corporate Trust  
**From:** David M. Brandt, Executive Director *DB*  
**Re:** General Fund Disbursement #5-2019

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

<u>PAYEE</u>	<u>AMOUNT</u>
Palm Beach County Board of County Commissioners (Mar.)	\$ 20,231.54
David M. Brandt (April auto)	500.00
Greenspoon Marder (April)	1,850.00
US Bank Community Card	207.92
Florida ALHFA (conference registrations)	<u>1,950.00</u>
<b>Total General Fund Disbursement:</b>	<b>\$ 24,739.46</b>

Confirmed by:

*[Signature]*  
Gary Eliopoulos, Vice Chair

Encls.

CC: Amanda Kumar, US Bank

Housing Finance Authority of Palm Beach County  
 Summary of Monthly Project Bond Program Reports  
 Preliminary March 2019

	Project:	Date	Per Rent Roll		Number of		Total	Total	Current	Last	2019
		Report	or FHFC Recap:		TICs included:						
		was	New	Annual	# of	# of					
		received	Move-in's	renewal	IC's (1)	AR's (1)					
							#	Occup.	months	months	average
							units	Units	occup.	occup.	occup.
1)	Azalea Place n/k/a Lake Mangonia) (#)(@)	4/26/97	0	19	0	19	150	122	81.3%	81.3%	81.6%
2)	Colonial Lakes (#)	4/15/19	1	n.a.	1	n.a.	120	119	99.2%	99.2%	99.2%
3)	Courts at Village Square (*) (#)	4/15/19	0	n.a.	0	n.a.	84	83	98.8%	98.8%	99.2%
4)	Green Cay Village (d/b/a Palm Park)	4/16/19	3	12	3	12	160	160	100.0%	100.0%	100.0%
5)	Heron Estates Senior (2)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6)	Indian Trace (@)(#)	4/15/19	9	26	9	26	330	324	98.2%	98.2%	98.7%
7)	La Joya Villages (*) (#)	4/5/19	1	n.a.	1	n.a.	55	55	100.0%	100.0%	98.8%
8)	Lake Delray (*)	4/11/19	5	n.a.	5	n.a.	404	396	98.0%	98.5%	98.5%
9)	Malibu Bay (@)(*)(#)	4/12/19	0	n.a.	0	n.a.	264	248	93.9%	94.3%	94.9%
10)	New South Bay Villas (4)(*)	4/16/19	18	n.a.	18	n.a.	131	131	100.0%	n.a.	n.a.
11)	Palm Gardens (#)	4/26/19	2	5	1	5	80	79	98.8%	100.0%	99.2%
12)	Palms West (*) (#)	4/26/19	3	n.a.	3	n.a.	290	288	99.3%	99.3%	99.1%
13)	Paul Lawrence Dunbar Senior (#)(*)	4/15/19	1	n.a.	1	n.a.	99	99	100.0%	100.0%	100.0%
14)	Pine Run Villas (*) (#)	4/12/19	0	n.a.	0	n.a.	63	63	100.0%	100.0%	100.0%
15)	Pinnacle At Abbey Park (^)(@)(*)(#)	4/5/19	3	n.a.	3	n.a.	160	157	98.1%	96.9%	98.1%
16)	Pinnacle Palms (*) (#)	4/8/19	7	n.a.	7	n.a.	152	148	97.4%	96.1%	97.1%
17)	Renaissance (at San Marino) (#)	4/16/19	6	16	2	16	344	336	97.7%	98.5%	98.5%
18)	Riverview House (#)	4/15/19	3	16	3	16	160	148	92.5%	95.0%	94.0%
19)	Royal Palm Place (5)	5/7/19	8	n.a.	5	n.a.	125	81	n.a.	n.a.	n.a.
20)	Venetian Isles II (d/b/a San Marco VI) (^)(@)(#)	4/15/19	0	6	3	6	112	108	96.4%	97.3%	95.5%
21)	Westgate Plaza (*) (#)	4/26/19	0	n.a.	0	n.a.	80	80	100.0%	100.0%	99.6%
22)	Woodlake (@)(*)	4/12/19	1	n.a.	1	n.a.	224	223	99.6%	99.6%	99.4%
	Totals		71	100	66	100	3587	3448	97.5%	97.5%	97.4%
(1)	"IC's" are initial move-in "Tenant Income Certification" forms and "AR's" are annual recertification forms provided.										
(2)	Expected first occupancy August 2019.										
(3)	Reserved.										
(4)	Project completed in January 2019.										
(5)	First occupancy began December 2018.										
(^)	Has prepaid the remaining issuer fee.										
(@)	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  
 Preliminary March 2019

	<b>Project:</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
		<b>ave.</b>	<b>ave.</b>	<b>ave.</b>	<b>ave.</b>	<b>monthly</b>	<b>monthly</b>	<b>monthly</b>	<b>monthly</b>	<b>monthly</b>	<b>monthly</b>	<b>monthly</b>	<b>monthly</b>
		<b>occup.</b>	<b>occup.</b>	<b>occup.</b>	<b>occup.</b>	<b>high</b>	<b>high</b>	<b>high</b>	<b>high</b>	<b>low</b>	<b>low</b>	<b>low</b>	<b>low</b>
1)	Azalea Place (d/b/a Palm Grove)	87.5%	97.7%	99.6%	98.7%	92%	100%	100%	100%	83%	92%	99%	98%
2)	Colonial Lakes	97.8%	98.6%	99.9%	99.6%	100%	100%	100%	100%	95%	96%	99%	99%
3)	Courts at Village Square (1)(*)(#)	99.4%	n.a.	n.a.	n.a.	100%	n.a.	n.a.	n.a.	95%	n.a.	n.a.	n.a.
4)	Green Cay Village (d/b/a Palm Park)	99.9%	99.9%	99.4%	97.8%	100%	100%	100%	99%	99%	99%	99%	96%
5)	Heron Estates Senior (2)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6)	Indian Trace	98.3%	98.9%	98.6%	97.9%	100%	100%	100%	99%	98%	98%	98%	96%
7)	La Joya Villages	92.2%	94.2%	98.9%	99.8%	100%	98%	100%	100%	96%	86%	95%	98%
8)	Lake Delray (3)	95.0%	90.0%	n.a.	n.a.	99%	94%	96%	n.a.	87%	87%	96%	n.a.
9)	Malibu Bay	96.0%	96.9%	96.1%	97.4%	99%	98%	99%	100%	94%	95%	92%	94%
10)	New South Bay Villas (4)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11)	Palm Gardens	99.0%	99.1%	99.1%	98.9%	100%	100%	100%	100%	96%	96%	98%	98%
12)	Palms West	99.3%	99.0%	98.6%	98.5%	100%	100%	100%	100%	97%	98%	98%	98%
13)	Paul Lawrence Dunbar Senior (5)	99.8%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14)	Pine Run Villas	99.1%	98.9%	98.8%	98.8%	100%	100%	100%	100%	95%	94%	97%	95%
15)	Pinnacle At Abbey Park	98.2%	97.4%	97.5%	96.9%	100%	99%	99%	100%	97%	96%	94%	91%
16)	Pinnacle Palms	97.6%	97.5%	98.6%	97.3%	99%	99%	100%	99%	95%	94%	97%	96%
17)	Renaissance (at San Marino)	97.4%	97.2%	97.9%	97.6%	99%	99%	99%	99%	96%	95%	96%	96%
18)	Riverview House	96.2%	96.4%	97.0%	95.1%	99%	100%	99%	99%	1%	92%	95%	91%
19)	Royal Palm Place (6)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
20)	Venetian Isles II (d/b/a San Marco VI)	96.4%	98.1%	98.1%	99.6%	99%	100%	100%	100%	95%	96%	96%	98%
21)	Westgate Plaza	99.2%	99.8%	99.0%	98.9%	100%	100%	100%	100%	98%	99%	95%	98%
22)	Woodlake	99.1%	99.1%	99.4%	99.4%	100%	100%	100%	100%	96%	98%	98%	98%
	<b>Totals (7)</b>	<b>97.2%</b>	<b>97.6%</b>	<b>98.5%</b>	<b>98.3%</b>								
(1)	First occupancy January 2018												
(2)	First occupancy expected August 2019												
(3)	All rehabilitation completed by May 2018.												
(4)	First occupancy of rehabbed units began on March 29, 2018 and completed January 2019.												
(5)	Rent up completed in October 2017												
(6)	First occupancy December 2018												
(7)	Sum of the averages of each project												





Housing Finance Authority of Palm Beach County  
 Summary of Monthly Project Bond Program Reports  
 Preliminary March 2019

							Qualified		
<b>Most restrictive tenant set aside requirements per HFA bond or other subordinate/HTC financing</b>					<b>Approx. QPP start date</b>		<b>Project Period end (approximate)</b>		
100% HAP contract	1)	Azalea Place (d/b/a Palm Grove)			Apr-00		QPP for term of HAP		
25% @ 30%, 30% @ 50% AMI	2)	Colonial Lakes			May-13		2028		
100% HAP contract	3)	Courts at Village Square (fka Village Square Elder)			Jan-18		QPP for term of HAP		
100% @ 60% AMI	4)	Green Cay Village (d/b/a Palm Park)			May-07		2022		
50% HAP contract/10% @ 33% AMI	5)	Heron Estates Senior (1)			TBD		QPP for term of HAP		
20% @ 50% & 80% @ 60% AMI	6)	Indian Trace			Apr-03		QPP ends 2/28/2024		
25% @ 50% AMI per NSP2	7)	La Joya Villages			Feb-15		2030		
100% @ 60% AMI; 50% HAP	8)	Lake Delray			Dec-16		QPP end 11/30/2031		
100% @ 60% AMI	9)	Malibu Bay			Jun-05		QPP ends 6/6/2020		
HAP contract all but 1 unit	10)	New South Bay Villas (2)			Apr-17		QPP for term of HAP		
17% @ 30% and 83% @ 60% AMI	11)	Palm Gardens			Nov-08		2023		
2% @ 50% and 98% @ 60% AMI	12)	Palms West			Sep-13		2028		
100% HAP contract	13)	Paul Lawrence Dunbar Senior			Oct-17		QPP for term of HAP		
25% @ 30%/30% @ 50%/45% @ 60%	14)	Pine Run Villas			Oct-13		2028		
4% @ 30% & 96% @ 60% AMI	15)	Pinnacle At Abbey Park			Mar-04		QPP ends 3/1/2019		
100% @ 60% AMI	16)	Pinnacle Palms (3)			Jul-05		QPP ends not sooner than July 1, 2022		
25% @ 50% & 75% @ 60% AMI	17)	Renaissance (at San Marino)			2004?		2019		
100% @ 60% AMI	18)	Riverview House (4)			Aug-01		2016		
100% HAP contract	19)	Royal Palm Place (5)			Dec-18		QPP for term of HAP		
100% @ 60% AMI	20)	Venetian Isles II (d/b/a San Marco VI)			Jul-04		QPP ends 7/1/2019		
100% HAP contract	21)	Westgate Plaza			Nov-12		QPP for term of HAP		
100% @ 60% AMI	22)	Woodlake			Nov-13		2028		
	(1)	First occupancy expected August 2019							
	(2)	First occupancy of rehabbed units began on March 29, 2018 and completed January 2019.							
	(3)	PBC LURA has 60% @ 55+; FHFC has 80% @ 55+ w/no tenant under 18.							
	(4)	PBC LURA amended to 100% @ 55+ from 60+, and no tenant under 18.							
	(5)	First occupancy December 2018							

## Tab 2

### V. Public hearing - Brenton at Abbey Park

- a. Public hearing notice posted to Authority website

NOTICE OF PUBLIC HEARING CONCERNING THE ISSUANCE, FROM TIME TO TIME, BY THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA, OF NOT EXCEEDING \$19,000,000 OF ITS MULTIFAMILY HOUSING REVENUE NOTES (BRENTON AT ABBEY PARK).

Notice is hereby given that on Friday, June 14, 2019, at 9:00 A.M., or as soon thereafter as possible, the Housing Finance Authority of Palm Beach County, Florida (the "Authority"), will conduct a public hearing at:

**Palm Beach County Airport Center Complex  
100 Australian Avenue  
4<sup>th</sup> Floor, Conference Room #4-790  
West Palm Beach, Florida 33406**

for the purpose of giving interested persons an opportunity to be heard regarding the proposed issuance by the Authority of its Multifamily Housing Revenue Notes (Brenton at Abbey Park) (herein the "Notes"), in an aggregate principal amount of not exceeding \$19,000,000. The Notes, which may be issued from time to time, would be used to finance a loan (the "Loan") to be made by the Authority to Fairfield Abbey Park LP, a Florida limited partnership, or its successor or assign (herein, the "Borrower"). The proceeds from the Loan will be used by the Borrower to finance the acquisition, construction, renovation and/or equipping of the 160 unit multifamily rental housing facility now known as "Pinnacle at Abbey Park," to be renamed "Brenton at Abbey Park" once acquired by the Borrower, which units will be available for rental to qualified individuals and families of low, moderate and middle income (the "Project"). The Project is located in unincorporated Palm Beach County at 1921 Abbey Park Road, West Palm Beach, Florida 33415. The Project will be owned and operated by or on behalf of the Borrower.

The Notes will mature not later than forty (40) years from their date of issuance and will be payable from the revenues of the Project and/or such other collateral or other security as shall be acceptable to the Authority. The Notes will not constitute an indebtedness of the Authority, Palm Beach County, Florida, the State of Florida (the "State") or any other political subdivision of the State within the meaning of any constitutional or statutory debt limitation or restriction. The Authority has no taxing power.

At such public hearing, persons will be given an opportunity to express their views, both orally and through written statements which are submitted to the Authority on or before the public hearing. Written statements may be submitted to: David M. Brandt, Executive Director, Housing Finance Authority of Palm Beach County, 100 Australian Avenue, Suite 410, West Palm Beach, FL 33406, or via e-mail: [dbrandt@pbcgov.org](mailto:dbrandt@pbcgov.org) on behalf of the Authority. Should any person decide to appeal any decision made by the Authority, he 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 Mr. David M. Brandt, no later than five (5) days prior to the hearing at telephone number (561) 233-3652 for assistance; if hearing impaired, telephone the Florida Relay Service Numbers at (800) 955-8771 (TDD) or (800) 955-8700 (VOICE) for assistance.**

This Notice is published pursuant to the requirements of Treasury Regulation Section 1.147(f)-1, implementing Section 147(f) of the Internal Revenue Code of 1986, as amended.

HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA

Posted to website: June 6, 2019

## **Tab 3**

### **VI. Old Business - attachments**

- a.** Update on Brooks Subdivision from PBC HES - none
- b.** Consider final Revolving Construction Loan approval for Delray Beach Housing Authority – Village Square project
  - i.** Resolution R-2019-02 with exhibits
- c.** Presentation of responses to accountant Request for Qualifications
  - i.** Response from Milind Chokshi & Co.
- d.** Update on Pinnacle Palms bond redemption - none

**RESOLUTION NO. 2019-02**

**A RESOLUTION OF THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA; APPROVING A REVOLVING LOAN TO THE DELRAY BEACH HOUSING AUTHORITY IN AN AMOUNT NOT TO EXCEED \$2,450,000; APPROVING THE FORM OF AND AUTHORIZING ENTERING INTO A LOAN AGREEMENT WITH THE DELRAY BEACH HOUSING AUTHORITY AND OTHER LOAN DOCUMENTS CONSISTENT WITH SAID LOAN AGREEMENT; AUTHORIZING THE PROPER OFFICERS OF THE AUTHORITY TO DO ALL THINGS NECESSARY OR ADVISABLE IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION.**

**WHEREAS**, the Board of County Commissioners of Palm Beach County, Florida (the “Board”), has heretofore enacted an ordinance, as amended, creating the Housing Finance Authority of Palm Beach County, Florida (the “**Authority**”), pursuant to the provisions of Part IV of Chapter 159, Florida Statutes, as amended and supplemented (the “**Act**”); and

**WHEREAS**, the Board has heretofore adopted a resolution declaring a need for the Authority to function in order to alleviate the shortage of housing and capital for investment in housing within Palm Beach County, Florida (the “**County**”); and

**WHEREAS**, the Delray Beach Housing Authority (the “Applicant”) submitted an application (the “**Application**”) to the Authority for a revolving loan of the Authority’s Surplus Funds in an aggregate principal amount of not to exceed \$2,450,000 (the “**Loan**”) to finance a portion of the cost of constructing and equipping a fifty four (54) unit townhome development located at SW 12<sup>th</sup> Avenue and SW 13<sup>th</sup> Avenue in the City of Delray Beach to be known as Island Cove (the “**Project**”) described in the Application; and

**WHEREAS**, the obligations of the Applicant under the loan documents described herein shall be guaranteed by Delray Housing Group, Inc., a Florida not for profit corporation (the “Guarantor”); and

**WHEREAS**, based upon the Application and subject to further review and analysis, the Authority has determined that the Project constitutes Eligible Housing within the meaning of the Authority’s policies and procedures for the use of surplus funds (“**Surplus Fund Policy**”); and

**WHEREAS**, the Authority, at its regular meeting on April 12, 2019, approved the Application and gave conceptual approval for such Loan, and authorized the preparation of loan terms and documents for presentation to and final approval by the Authority; and

**WHEREAS**, the Authority wishes to enter into certain agreements with the Applicant with respect to its consideration of the Applicant's request for a Loan from the Authority's Surplus Funds and the financing of the Project.

**NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA:**

**Section 1: Recitals.** The foregoing recitals stated above are hereby found by the Authority to be true and correct and incorporated into this Resolution.

**Section 2: Approval of Loan.** The Authority hereby approves the making of a loan to Applicant in an aggregate principal amount of not to exceed \$2,450,000 (the "**Loan**") to finance a portion of the Project, in substantial accordance with the Application previously approved by the Board.

**Section 3: Approval and Execution of Loan Agreement with Applicant.** Pursuant to the Application, the Authority is hereby authorized to enter into a Construction Loan Agreement with the Applicant in substantially the form attached as Exhibit "A" hereto (the "**Loan Agreement**"). The Chairperson or, in the Chairperson's absence, any other member of the Authority, is hereby authorized to execute and deliver the Loan Agreement, the execution thereof by the Authority being conclusive evidence of the approval of the form of such Loan Agreement.

**Section 4: Authority to Enter into Other Loan Documents.** The Authority is authorized to enter into such other loan documents with the Applicant, and to require from the Applicant such documents evidencing and securing the Loan, as are usual and customary for a loan of this type, so long as such documents are consistent with the provisions of the Loan Agreement. Such documents may include, but shall not be limited to, a Revolving Promissory

Note from the Applicant to the Authority, a Mortgage and Security Agreement from the Applicant to the Authority and a Guaranty Agreement from the Guarantor to the Authority. Such documents shall be in such form as may be approved by the Chairperson or other member of the Authority executing such documents, with the advice of the Executive Director of the Authority and general counsel to the Authority, such execution and delivery to be conclusive evidence of the approval and authorization thereof by the Authority.

**Section 5: No Other Rights Conferred.** Except as herein otherwise expressly provided, nothing in this Resolution or in the agreements approved hereby, expressed or implied, is intended or shall be construed to confer upon any person, firm or corporation other than the Authority or the Applicant, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or such agreements, or any other agreements to which the Authority is a party and which have been approved by the Authority or any provision thereof; this Resolution, such agreements and all of their respective provisions being intended to be and being for the sole and exclusive benefit of the Authority and the Applicant.

**Section 6: Severability.** In case any one or more of the provisions of this Resolution, or of agreements approved hereby or any other agreements to which the Authority is a party and which have been approved by the Authority, shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any of the other provisions of this Resolution or of such agreements.

**Section 7: Further Actions; Effectiveness of Approval.** The Chairperson, the Vice Chairperson, the Secretary of the Authority and the other members of the Authority, the Executive Director of the Authority, the Authority's general counsel, are hereby authorized and directed to do all acts and things required of them by the provisions of this Resolution, the agreements herein approved or any other agreements to which the Authority is a party and which have been approved by the Authority.



**Section 8: Headings Not Part of this Resolution.** Any headings preceding the texts of the several sections of this Resolution shall be solely for convenience of reference and shall not form a part of this Resolution, nor shall they affect its meaning, construction or effect.

**Section 9: Resolution Effective.** This Resolution shall take effect immediately upon its adoption.

**ADOPTED** this 14th day of June, 2019.

(SEAL)

**HOUSING FINANCE AUTHORITY OF  
PALM BEACH COUNTY, FLORIDA**

ATTEST:

By: \_\_\_\_\_  
Name: Patrick J. Franklin  
Title: Chairperson

By: \_\_\_\_\_  
Name: James H. Harper  
Title: Secretary

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY

By: \_\_\_\_\_  
Name: Morris G. (Skip) Miller, Esq.  
Title: Attorney

EXHIBIT "A"

FORM OF LOAN AGREEMENT

## CONSTRUCTION LOAN AGREEMENT

THIS AGREEMENT is made and entered into on this \_\_\_\_ day of June, 2019, by and between the following parties, to wit: **DELRAY BEACH HOUSING AUTHORITY**, a public body corporate and politic organized and existing under the laws of the State of Florida with its principal place of business located at 82 NW 5<sup>TH</sup> Avenue, Delray Beach, Florida 33444 (the "Borrower"), which term as used in every instance shall include Borrower's successors and assigns, either by voluntary act of the parties, or by involuntary operation of law, and the **HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA**, a public body corporate and political entity organized and existing under the laws of the State of Florida (the "Lender") with its principal place of business located at 100 Australian Avenue, Suite 410, West Palm Beach, Florida 33406, and its successors and/or assigns, as their interests may appear.

WITNESSETH:

WHEREAS, Borrower is the owner in fee simple of the following described lands, situate, lying and being in Palm Beach County, Florida, to wit:

**SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.**

(which lands, together with any present or future improvements thereon are herein collectively referred to as the "**Property**"); and

WHEREAS, Borrower desires to construct upon the Property fifty-four (54) townhomes in nine (9) buildings consisting of six (6) residential units each, and certain other improvements appurtenant thereto, for a residential development to be known as Island Cove (herein collectively referred to as the "**Project**") in accordance with the plans and specifications more particularly described herein; and

WHEREAS, Borrower, desires to borrow from Lender the revolving sum of Two Million Four Hundred Fifty Thousand Dollars (\$2,450,000.00) (herein referred to as the "**Construction Loan**" or "**Loan**"), to provide funds to be used for Pre-Construction Costs and Costs of Construction (both as defined herein); and

WHEREAS, Lender is willing to and has agreed to make advances of its funds from time to time for such purposes, but only upon the terms and conditions as set forth herein; and

WHEREAS, Borrower has made, executed and delivered to Lender that certain revolving mortgage note of even date herewith, in the principal sum of \$2,450,000.00 (the "**Note**"); and

WHEREAS, in the discretion of the Lender, and upon execution by the Borrower and the Lender of an Addendum to Note in the form prescribed by the Note, the maximum principal amount of the Note may be increased to Four Million One Hundred Fifty Thousand Dollars (\$4,150,000.00); and

WHEREAS, Borrower has provided Lender with those documents listed in Schedule "I" hereto; and

WHEREAS, Borrower is fee simple owner of the Property, and has or will, prior to the making of any advances under the Note, sign, seal and deliver to Lender a mortgage and security agreement encumbering the Property, to be recorded in the Public Records of Palm Beach County, Florida (the "**Mortgage**"), said Mortgage being given to secure the payment of the sums to be advanced under the Note, and said Note and Mortgage having been given intending to serve as evidence of and to secure the repayment of the aforesaid Construction Loan; and

WHEREAS, as additional security for the Loan, a guaranty will be provided by Delray Housing Group,

Inc., a Florida not for profit corporation.

NOW, THEREFORE, in consideration of the execution and delivery of the Note and Mortgage and in consideration of the agreements, covenants, and warranties contained herein, it is hereby agreed, covenanted and warranted by and between the parties hereto, as follows:

1. Construction Lien Law Compliance. Prior to the first advance on the Note to pay Costs of Construction (as defined in Section 16(c) hereof, Borrower shall either (a) execute and deliver to Lender a Notice of Commencement (the "**Notice**") for recording in the public records of Palm Beach County in accordance with the provisions of the Construction Lien Law of Florida (the "**Act**") and Borrower does hereby authorize and request Lender to cause said Notice to be recorded in accordance with the provisions of the Act, but only after the Mortgage has been recorded, so that the Mortgage shall constitute a first lien on the Property, or (b) provide the Lender with evidence that such a Notice has been so recorded. Borrower expressly warrants and agrees that: Borrower has not yet recorded such a Notice (or any such Notices previously recorded have been properly terminated and are of no further force and effect), nor has Borrower yet posted such a Notice on the Property as required by the Act. Borrower shall forthwith cause a certified copy of the Notice being executed simultaneously herewith to be duly posted on the Property in accordance with the provisions of the Act, but only upon and immediately following the recording by Lender of the Mortgage and said Notice; and that under no circumstance shall the Borrower represent to any person or entity that Lender is or will be Borrower's disbursing agent as said term is used in the Act or that Lender is Borrower's agent for any purpose or purposes whatsoever. Borrower further warrants and agrees that no work shall be commenced upon the Property, whether demolition or construction, until said Notice has been recorded and posted in accordance with the foregoing provisions of this Agreement.

Notwithstanding anything to the contrary herein, in the event Borrower has commenced construction on the Property prior to the date hereof, Borrower shall terminate any effective notice of commencement, obtain contractor's final affidavits from all contractors and subcontractors having a direct relationship with the Borrower relating to such prior construction, will obtain final waivers and releases of lien from all persons who served or posted a notice to owner, all persons who are listed as unpaid in the statutory contractor's final affidavits and all persons having a direct relationship with the Borrower, and shall obtain such other documentation as may be required in order that Lender's mortgage shall be insured as having a first priority lien interest encumbering the Property.

2. Contractors and Subcontractors. Borrower further covenants and agrees to furnish Lender with a list, under oath, containing the names of all contractors, subcontractors, mechanics and materialmen with whom Borrower, General Contractor (as described herein), subcontractor or sub-subcontractor may have heretofore or may hereafter enter into contracts in excess of \$10,000.00 in connection with the Project, which list shall also contain their business addresses, the type of work or materials each expects to perform or furnish, and the contract price of such work. Borrower shall not, nor shall Borrower permit General Contractor to, substitute contractors, subcontractors or sub-subcontractors, mechanics and materialmen so listed unless Lender has approved such substitution, which approval shall not be unreasonably withheld. Borrower shall deliver to Lender and/or shall cause General Contractor to deliver to Lender within twenty-four (24) hours after receipt of same, any and all notices or other instruments which may be served upon subcontractors, or sub-subcontractors pursuant to the provisions of the Act.

3. Insurance.

(a) **Hazard Insurance.** As soon as available, and thereafter during the term of this Agreement, Borrower shall maintain and pay for insurance in form, coverage, amounts and with companies acceptable to Lender. This insurance shall include, as minimum coverage, the perils covered by or in an "all risk" policy including but not limited to windstorm, fire, extended coverage, vandalism and malicious mischief). The amount of the hazard insurance policy (or builder's risk insurance during construction) shall be equal to the full insurable value based on replacement value, but not less than the amount required by the

Co-Insurance Clause (if any). All hazard policies are to name "Housing Finance Authority of Palm Beach County and its successors or assigns" as first mortgagee under a "Standard Mortgagee Without Contribution" clause "as its interest may appear." If the Lender's security also includes personal property, then a "loss payee" clause in favor of the Lender is required covering all personalty.

(b) **Other Insurance.** During the term of this Agreement, Borrower shall also maintain or shall cause General Contractor to maintain the following kinds of insurance: employer's liability and workman's compensation, contractor's public liability, flood insurance (where applicable) and, general liability and hazard insurance (once the builder's risk policy is no longer in effect) covering each residential unit until the Borrower closes on the sale of such residential unit. Borrower shall also maintain, or cause the homeowners' or property owners' association to maintain, general liability and hazard insurance until the Note has been paid in full and this Agreement terminated.

During construction, Borrower must maintain a "Completed Value" form Builders Risk Insurance Policy in an amount not less than the hard cost contract(s) and evidence of each primary contractor's workmen's compensation and liability insurance.

All general liability insurance policies must be in an amount not less than \$2,000,000.00.

If the Property is located in an area designated as Flood Zone "A", flood insurance in an amount equal to the loan amount or the maximum available for the Property, whichever is less, must be maintained by the Borrower.

(c) **Special Requirements.** Unless otherwise specifically stated herein, all policies shall be issued directly to Lender, and shall name "Lender and its successors and assigns as its interest may appear" as the named insured mortgagee upon the declaration page of said policy or policies, except that the liability policy shall name Lender as an additional named insured, and its successors and assigns as its interest may appear." Unless otherwise specifically stated herein, all policies shall contain the "New York standard" form of the mortgagee loss-payable clause, and shall require receipt by Lender of notification thirty (30) days before any expiration, cancellation, termination or modification shall be effective. In the event Borrower fails to furnish or cause to be furnished such insurance or the insurance is cancelled or terminated, Lender may purchase such coverage at Borrower's expense. The insurance policies must be written by a State of Florida licensed company possessing a general policy holder's rating of "A" or better and financial rating of Class XII or better according to the Best's Key Rating Guide (or a similar such publication if Best's Key Rating Guide ceases to rate such companies) as of the date hereof. The form of the policies and the companies issuing such policies must be acceptable to Lender in Lender's sole discretion.

(d) **Proof of Insurance.** Lender shall not be obligated to release any of its funds until Borrower has delivered or caused to be delivered to Lender the required insurance policies together with paid receipts for the first year's premiums due thereon.

(e) **Insurance Required by Grants.** Borrower shall also carry such insurance as it is required to carry under any grant agreement applicable to the Project (collectively, the "**Grant Agreements**").

4. Evidence of Title. Borrower agrees that at or prior to closing, it shall provide the Lender with a loan policy of title insurance with respect to the Property (or a marked up commitment to issue such title policy), in a form and from a title company reasonably acceptable to the Lender ("**Title Company**") so that the resulting coverage shall be satisfactory to Lender in its sole discretion.

5. Plans and Surveys.

(a) Borrower will, prior to the first advance on the Note to pay Costs of Construction, certify to the

Lender that the Borrower has been provided with final plans and specifications for the construction of the Project prepared by REG Architects (the "**Architect**") (hereinafter such plans and specifications, as modified by Borrower and approved in writing by Lender, are collectively referred to as the "**Plans**"). The Borrower will provide the Lender with a set of the Plans upon request. All material changes to the original Plans must be approved in advance in writing by the Lender, which approval shall not be unreasonably withheld. Borrower warrants and covenants that the Plans are identical to those delivered to Lender. The term "**General Contractor**" as used herein shall mean \_\_\_\_\_ or any general contractor or general contractors who the Borrower may contract with for the construction of the Project (who must be approved by the Lender, in Lender's sole discretion). Borrower shall cause the Architect to execute an "**Architect's Consent**" and shall cause the General Contractor to execute a "**Contractor's Consent**," each regarding the collateral assignment of its contracts to Lender and each in a form approved by Lender. Borrower acknowledges that the Lender has waived the requirement that the Plans be reviewed by Lender's inspector to confirm to Lender that the Plans are adequate and that the costs of constructing the improvements in accordance with the Plans are fairly represented by the detailed infrastructure, Project cost breakdown and Project construction schedule described in **Exhibit "B."** Borrower represents that the Plans and **Exhibit "B"** are accurate as of the date hereof. Borrower will provide the Lender with an updated **Exhibit "B"** prior to requesting the first advance on the Note for Costs of Construction of each building. Such updated **Exhibit "B"** will be accompanied by certifications to the Lender (i) from the Borrower, Architect, General Contractor and Zabik & Associates, Inc., the Borrower's project manager (the "**Project Manager**") to the effect that such cost breakdown is correct, The cost breakdown for each building, if greater than the cost breakdown for the previous building, shall be subject to the approval of the Lender,

(b) Prior to the Lender's advance of any of its funds pursuant to the terms of this Agreement, Borrower shall furnish to Lender, at Borrower's expense, a sealed and certified copy of a survey of the Property. All surveys shall be made at the expense of Borrower by a civil engineer or surveyor acceptable to Lender and all surveys shall be certified to Borrower, Lender, the Title Company and the title insurance agent.

6. **Construction.** Borrower shall enter into a contract with the General Contractor and cause the General Contractor to commence construction of the Project within one hundred eighty (180) days from the date of this Agreement (the "**Commencement Date**") and to complete the construction of the Project in strict accordance with the Plans and shall obtain a Certificate of Occupancy for all of the residential units in each building no later than the dates set forth on **Exhibit "B,"** with the final Certificate of Occupancy to be obtained not later than three (3) years from the date hereof (the "**Completion Date**"). Failure to commence construction by the Commencement Date or to complete construction and obtain a Certificate of Occupancy for all of the Project before the Completion Date shall, at Lender's option, constitute a default hereunder.

Borrower shall supervise the construction of the Project without charge or deduction for such supervision. Borrower shall cause the Project to be constructed and erected on the Property in a true, thorough, workmanlike and substantial manner in strict accordance with the Plans. Said drawings and specifications included in the Plans shall be construed in such a manner that any works, structures or parts thereof exhibited in the drawings and not mentioned in the specifications, or vice versa, shall be constructed and erected the same as if they were both exhibited in the drawings and mentioned in the specifications. Borrower shall fully equip the residential units and install and pay for the fixtures and materials, and complete and pay for all landscaping, walls, drives, approaches, parking areas and walks, as provided in the Plans, and Borrower shall obtain at Borrower's expense all permits and licenses which may be required by any governmental agency including but not limited to municipal, county, state and federal authorities. Borrower shall not allow General Contractor to make any material changes in the Plans except with the prior written consent of Lender, which consent shall not be unreasonably withheld. Borrower shall cause General Contractor to complete the Project according to the Plans, conforming in every manner to applicable zoning and building code requirements, and to cause General Contractor to furnish Lender with a

copy of the building permits and Certificates of Occupancy when issued. Borrower agrees that Lender or its designated representative may audit the books of account of Borrower pertaining to the Project.

7. No Subordinate Financing. Borrower shall not execute any other mortgage or security interest encumbering the Property, any materials, fixtures or articles used in the construction or operation of the Project or appurtenances thereto or encumbering any articles of personal property placed on the Property, without the prior written approval of Lender.

8. Permits, Licenses, Impact and Other Fees, and Utility Availability. Borrower warrants that all necessary permits and licenses have been obtained or will be obtained when due to permit the construction and completion of the Project according to the Plans, and take all necessary action to renew, extend or otherwise maintain in full force and effect for the term of this Agreement, and agrees to furnish to Lender evidence of any and all of same, in a form satisfactory to Lender. Borrower represents that Borrower has paid or will pay when due all impact, development, concurrency, permits and traffic fees required as a condition to construct the improvements on the Property.

Also, prior to closing, Borrower shall deliver to Lender proof that sanitary water supply, storm water and sanitary sewer facilities and other required utilities are available at and to the Property and have been reserved by irrevocable reservations, to meet the reasonable needs for the use and operation of the Project.

9. Materials and Labor. All materials contracted or purchased for delivery to the Property or for use in construction of the Project, and all labor contracted or hired for, or in connection with, the construction of the Project shall be used and employed solely on the Property in the construction of the Project in accordance with the Plans.

10. Stoppage of Construction. Borrower shall take all necessary steps to insure that the construction of the Project shall proceed continuously and diligently to completion. In the event construction shall be substantially stopped or suspended at any time for a continuous period of thirty (30) days, and such stoppage shall not be due to an act of God, strikes, war or other similar cause which is beyond the control of Borrower, then Borrower, at the option of Lender, shall be in default under the terms of this Agreement. If Lender in good faith believes that the prospects for construction of the Project in accordance with the Plans are impaired (regardless of whether or not Borrower is in default pursuant to this or any other provision of this Agreement), then Lender may declare this loan in default and may, at Borrower's expense, purchase materials and employ workmen to protect the Project so that the same will not suffer from depredation or the weather, or the Lender may cause the Project to be completed, so that the same may be used for the purposes for which it was designed. Borrower hereby assigns to Lender all of Borrower's rights under the contract between Borrower and General Contractor to complete the Project. Lender may at any time, without regard to stoppage of work or otherwise, at the expense of Borrower, employ a watchman to protect the Project, and its contents, from depredation or injury.

11. Inspector. Lender has the right to designate an inspector (the "**Inspector**") who shall act solely for the protection of Lender and no extra work shall be ordered by Borrower nor shall Borrower allow the General Contractor to furnish such extra work nor shall any change in the Plans be made without the prior written approval of the Inspector. Borrower shall allow, and cause General Contractor to allow free access to the Property by the Inspector during any business hours without prior notice thereof (Business hours include normal business hours and any hours when overtime work is going on). If the Inspector shall approve any proposed extra work, changes, alterations or additions, or if at any time Lender in good faith believes that the balance of costs of the Project will exceed the balance of Lender's funds to be advanced hereunder plus other funds available to the Borrower for such purpose, the Borrower shall immediately pay to Lender the full additional costs of the Project or the full costs of such extra work, changes, alterations or additions, as estimated by the Inspector, as well as such additional fees as may be due Lender by reason of such changes, and said sums of money shall be held and disbursed by Lender upon the same terms and conditions as are provided herein with reference to other monies to be disbursed by Lender. No material

shall be purchased or labor performed in connection with the original or extra work, changes, alterations or additions and Lender shall have no obligation to make further advances of its funds or from the Construction Loan, until the full additional cost thereof, as estimated by the Inspector, and the additional fees of Lender, if any, have been paid to Lender or with the approval of Lender, to the General Contractor as to those fees due General Contractor.

The Lender may, in its discretion, direct the Inspector to provide to the Lender a monthly performance report setting forth the progress of the Project, in form and content satisfactory to Lender, and shall certify thereon, to the Lender's satisfaction at the time of each request by Borrower for an advance, as to the amount of work completed in accordance with the Plans previously approved by Lender. Borrower agrees that the Inspector shall be entitled to payment for the Inspector's services plus any of Inspector's out-of-pocket costs. Borrower understands and agrees that such fees shall be Borrower's expense and shall be paid by Borrower either from an advance, if available, or by Borrower directly within seven (7) days of receipt of each invoice from the Inspector.

12. Disbursement for Work Completed. All work performed and materials used in the construction of the Project shall be subject to inspection by Lender, and Lender shall advance none of its funds for work done or materials furnished or supplied for the construction of the Project until: (1) said materials shall be delivered to and used upon the Property and (2) the Architect and the Project Manager shall have approved the same as being in strict accordance with the Plans. All advances by Lender of its funds and disbursements under the Loan shall be used solely on account of and for construction of the Project on the Property. Notwithstanding anything to the contrary herein, there shall be a ten percent retainage with regard to all disbursements until the Architect and the Project Manager certify that the work is 50% complete, and a five percent retainage with regard to all disbursements until the Architect and the Project Manager certify that the work is 100% complete, which retainage shall be paid as part of the final payment.

13. Inspections. Any inspection of the construction of the Project or approval of the construction by Lender, if any, shall be done in the sole discretion of Lender and shall be done for the sole benefit of Lender and not for the benefit of any person or entity, whatsoever. Any such inspection or approval shall not be construed to form the basis of any warranty or representation by Lender to Borrower, to any lessee or to any purchaser of the Property or any other person or entity, whatsoever. LENDER SHALL NOT BE LIABLE TO ANY SUCH PERSON OR ENTITY FOR ANY NEGLIGENCE IN CONNECTION WITH ANY INSPECTION BY LENDER. Lender shall not be responsible for the quantity or quality of workmanship incorporated into the construction of the Project. In no event shall the Lender be considered a joint venturer or partner of the Borrower or the General Contractor with respect to the construction of the Project. Neither Borrower nor the General Contractor shall be the agent of Lender for any purpose, whatsoever.

14. Removal of Liens Should any lien on the Property or the Project be filed by any person, entity, firm, or government agency whatsoever, Borrower shall within thirty (30) days after Borrower has knowledge of the filing of such lien, cause the same to be released of record or transferred of record to bond so that the same shall not constitute a lien against the Property and/or the Project, and should Borrower fail to do so, Lender may without waiving the default cause the same to be released of record or transferred of record to bond at Borrower's expense.

15. Construction Deposit. RESERVED

16. Authorization of Draws.

(a) Draws may be requested by the Borrower beginning on the date hereof and ending on that date which is six (6) months from the date hereof for Pre-Construction Expenses, in accordance with the provisions hereof and of the Note. "**Pre-Construction Expenses**" shall mean the fees of the Architect, Project Manager and Delray Housing Group, Inc. (the "**Developer**"), loan closing costs, title insurance, survey, soil testing and environmental studies, marketing, appraisals, feasibility studies, legal fees,



engineering fees, insurance premiums and other similar fees customarily considered pre-construction expenses, all as set forth on **Exhibit "B"**, as the same may be revised from time to time with the consent of the Lender. Advances on the Note for Pre-Construction Expenses shall not exceed SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000). Draws for Pre-Construction Expenses, if repaid in part or in full, may not be reborrowed.

(b) At the conclusion of the pre-construction phase, and prior to the first advance on the Note to pay Costs of Construction, the Borrower will furnish to the Lender a letter of authorization for advances, which will contain the names, position in the business and sample signature of all persons authorized to request advances under the Construction Loan. Funding under the Construction Loan is revolving, and the principal amount outstanding under the Note may fluctuate in accordance with such advances and repayments, but, except as provided in the next succeeding paragraph, the aggregate principal amount outstanding under the Note shall not at any time exceed ("Maximum Principal Amount") the principal sum of TWO MILLION FOUR HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$2,450,000.00). Subject to the foregoing limitation, the Borrower, in the event of partial or full prepayment, and if not in default, shall have the right to again borrow from the Lender under the Note up to the Maximum Principal Amount until demand by the Lender due to the default of Borrower or the maturity of said Note.

(c) "**Costs of Construction**" shall mean the costs of acquiring, constructing and equipping the nine (9) buildings constituting the Project, as shown on **Exhibit "B"**, as the same shall be revised from time to time with the approval of the Lender.

(d) At the written request of the Borrower, and with the approval of the Lender in the Lender's sole discretion, the maximum principal amount which may be outstanding under the Note shall be increased to up FOUR MILLION, ONE HUNDRED FIFTY THOUSAND DOLLARS (\$4,150,000). In order for this to occur, the Borrower shall provide, at its expense (i) an explanation as to why the additional amounts are necessary, (ii) an addendum to the Note increasing the maximum principal amount, in the form provided therein, (iii) an endorsement to the title policy increasing the coverage to such amount and (iv) the recording of a supplement to the mortgage evidencing the increase and adjusting the partial release as provided therein.

#### 17. Requisitions.

(a) The Lender shall only be required to make advances on the Note if Borrower is in full compliance with the provisions of this Section. In addition, prior to the first advance on the Note to pay Pre-Construction Expenses Borrower shall have provided the Lender with all of the items listed in **Schedule "I"** hereto, and prior to the first advance on the Note to pay Costs of Construction, the Borrower shall have provided the Lender with all of the items listed in **Schedule "I"** and **Schedule "II"** hereto. Each request for an advance shall specify whether it is for a Pre-Construction Expense or a Cost of Construction

(b) For advances for Pre-Construction Expenses, the Borrower shall provide a request for advance in a form acceptable to the Lender, signed by the Project Manager and an authorized officer of the Borrower. Requests for advances for Pre-Construction Expenses shall not request an advance for an item of cost in excess of the amount shown for that cost on **Exhibit "B."**

(c) For advances relating to Costs of Construction, the Borrower shall cause the General Contractor to make requisitions upon Lender for the payment of bills for labor and materials, in accordance with the schedule of draws which may be established by Lender in Lender's sole discretion. Lender requires a minimum period of three (3) business days to review all documentation submitted by Borrower. Lender shall not be obligated to fund draw requests more often than twice per month. All requests for advances must be in writing signed by an officer or employee of the Borrower. Borrower shall complete, execute and deliver to Lender a construction loan requisition form ("**Construction Loan Requisition Form**") on the forms approved by Lender, and each contractor in privity with Borrower shall complete, execute and

Borrower shall deliver to Lender a completed Application and Certificate for Payment and Continuation Sheet (AIA Documents G702 and G703) ("**Application and Certification**"). Each Application and Certification shall be provided to Lender setting forth a detailed breakdown of the requested disbursement, supporting requisition and invoices of subcontractors and suppliers, the original cost breakdown approved by Lender together with the percentage of completion of each item and the balance remaining to complete each item and an architect's certification and notarization of all certificates. Each Application and Certification shall be certified by the Borrower, the Architect, the Project Manager and the General Contractor.

The Construction Loan Requisition Form shall be accompanied by such evidence, at Borrower's expense, in form and content satisfactory to Lender, which shall include but not be limited to properly executed certificates, affidavits, waivers and releases of lien from the Borrower, the Architect, the Project Manager, the General Contractor, persons serving a Notice to Owner, and/or such other persons as Lender may require, showing:

- (i) The value of the portion of the Project completed at that time;
- (ii) That all outstanding claims for labor, materials and fixtures for which Lender has funded pursuant to a Construction Loan Requisition Form and an Application and Certification submitted by Borrower, have been properly paid;
- (iii) That there are no liens outstanding against the Property except for Lender's lien and other than inchoate liens for property taxes not yet due;
- (iv) That Borrower has complied with all of Borrower's obligations, as of the date thereof, under the Loan Documents;
- (v) That all construction prior to the date of the request for an advance has been completed in a good and workmanlike manner in accordance with the Plans and as required by all inspecting governmental authorities having jurisdiction thereof;
- (vi) That all funds previously disbursed by Lender have been applied in accordance with the Cost Breakdown;
- (vii) That copies of all bills or statements for indirect expenses for which the advance is requested are attached to said Construction Loan Requisition Form and Application and Certification; and
- (viii) Except as otherwise may be provided, that all change orders shall have been provided for review and approved.
- (ix) For each building for which an advance is requested, the Borrower has contracts in place with the prospective purchasers of one hundred percent (100%) of the residential units in that building that have not already closed, accompanied by lender preapproval in a form approved by the Lender, or, if Lender approves in its sole discretion, that the Borrower has provided, in a form acceptable to the Lender, a lease-up pro forma and evidence of leases for residential units that have been completed but not sold.
- (x) Advances for the Cost of Construction shall be limited to one building at a time or, if the maximum principal amount which may be outstanding under the Note is increased to \$4,150,000, to two buildings at a time. A building is considered "complete" when vertical construction on that building is completed pursuant to Section 19 hereof.

Before Lender shall be required to make any disbursements or advances on the Note for Costs of Construction, each requisition must be approved by the Borrower, the Architect, the Project Manager and

the General Contractor in writing and by the Inspector (if so required by Lender) as being correct and accurate. Upon requisition, Lender shall, before being required to make any disbursements or advances hereunder, require that the General Contractor furnish an affidavit stating, if that be the fact, that all lienors have been paid in full or if the fact be otherwise, showing the name of each lienor who has not been paid in full, and the amount due or to become due each for labor, services or materials furnished. In addition to the foregoing, and before Lender shall be required to make any disbursements or advances hereunder, Lender may at its option require that upon requisition, Borrower furnish to Lender a statement under oath detailing any and all Notices to Owner which Borrower or General Contractor may have received from any lienors as of the date of said statement and releases of lien for materials or services delivered by such lienors through the date of the immediately preceding draw. If Borrower's and General Contractor's affidavits shall show that any lienors are owed any sum or sums of money, or if Borrower has received notices from any lienors as disclosed by the aforesaid Borrower's affidavit, then Lender may require Borrower and the General Contractor to secure statements of account from all such lienors showing the amount due for work or materials furnished, and Lender, at its sole option, may pay such lienors directly by way of an advance of Lender's funds under the Loan and require a release from each such lienor of his lien. ALL PAYMENTS UPON REQUISITION SHALL BE MADE BY LENDER TO BORROWER AND THE GENERAL CONTRACTOR JOINTLY, SUBJECT, HOWEVER, TO THE PRIVILEGE RESERVED BY LENDER TO MAKE PAYMENTS DIRECTLY TO LIENORS OR TO THE BORROWER. Requisitions shall be paid only when the appropriate work has been completed in strict accordance with the Plans and in strict accordance with the Schedule of Draws, unless otherwise agreed to by Lender.

(d) In addition, if an advance on the Note is to be expended for items that the Borrower is entitled to reimbursement, in whole or in part, from the proceeds of a Grant Agreement, the Lender shall be provided with written indication from the provider of such grant that it has approved such expenditure and that it will reimburse the Borrower for the amount requested. Notwithstanding anything in this Agreement or the Note to the contrary, the Borrower shall repay any advance made pursuant to this subsection 17(c) within five (5) business days of the Borrower receiving reimbursement from the provider of the grant, in the amount of such reimbursement.

18. Retainage. The retainage (collectively the "Retainage") with regard to all construction cost disbursements shall be as priced in the construction contract. See Section 12 hereof.

19. Completion of Vertical Construction. Vertical construction shall be considered to be completed for each building when Borrower has supplied Lender with the following documents:

(a) A certificate from the Architect that construction of such building has been completed in accordance with the Plans, in a good and workmanlike manner, and in accordance with all requirements of all governmental authorities having, or purporting to have jurisdiction over the Property;

(b) A Certificate from Borrower stating the total Cost of Construction for such building, including a pro rata share of the cost of infrastructure;

(c) A copy of a final Certificate of Occupancy for each residential unit in such building issued by the City of Delray Beach, Florida, and any other governmental certificates necessary to evidence that such building and all the completed residential units therein comply with all zoning ordinances and building regulations;

(d) An "as built" (except that as built surveys shall not be required provided Borrower furnishes to Lender updated title insurance endorsements which do not reflect any standard survey exceptions and the Form 9 endorsement continues with no limitations thereof) prepared by a registered surveyor satisfactory to Lender, and permanent lender, if applicable, and containing a certification to Lender in such form as Lender may require, showing the building and residential units therein as completed to be within the lot lines and building setback lines, and also showing easements, road, etc.;

(e) General Contractor's and Borrower's Final Affidavit, in form and substance satisfactory to Lender and the Title Company, stating that all bills and expenses in connection with the construction of such building and the residential units therein have been paid and fully executed and notarized releases of liens signed by the General Contractor and all subcontractors and persons furnishing materials, services, or labor to or on the Property, including those serving a Notice to Owner;

(f) An endorsement through the current date of any policy of title insurance issued in the name of Lender, in the amount of the Note containing no exceptions unacceptable to the Lender;

(g) Certified copies of any and all leases with regard to the improvements on the Property, and all such leases must have been subordinated to the first lien of the Mortgage; and

(h) All other instruments and documents reasonably required by Lender.

20. Mortgage Lien. At all times during the construction of the Project the total amount of Lender's funds advanced pursuant to this Agreement shall be secured by the lien of the Mortgage, notwithstanding the fact that Borrower or any agent of Borrower may have made improper payments as defined by the Act. Under no circumstance shall Lender be liable for any improper payments which may have been made by Borrower, or his agent. The Mortgage may, in Lender's sole discretion, provide for the release of a portion of the Property upon the repayment by the Borrower of all advances related to such portion of the Property, as provided therein.

21. Statements of Account. At the request of Lender, Borrower shall immediately supply to Lender copies of any and all contracts and statements of account in Borrower's possession, from any and all contractors, subcontractors, sub-subcontractors, mechanics and materialmen, or if not in Borrower's possession, Borrower shall request the same from all contractors, subcontractors, sub-subcontractors, mechanics, and materialmen and shall immediately supply the same to Lender, at Borrower's expense.

22. Copies of Contracts. RESERVED.

23. Lienor's Accounts. When so requested by Lender, Borrower shall demand in writing of any lienor a written statement under oath of such lienor's account showing the nature of the labor or services performed and to be performed, the materials furnished and to be furnished, the amount paid on account to date, the amount due, and the amount to become due.

24. Contest of Lien. Whenever requested by Lender, Borrower shall prepare and file Borrower's Notice of Contest of Lien as provided for under the Act.

25. Interplead. Notwithstanding the fact that Lender is not and shall not be the agent of the Borrower for any purpose whatsoever, should there arise a dispute between Borrower, the General Contractor, lienors, and any of the other parties to the construction of the Project or any part thereof, Lender does hereby reserve the right to interplead such parties pursuant to the provisions of the Act.

26. No Liability of Lender nor Agency Relationship. Lender shall not be liable to contractors, subcontractors, sub-subcontractors, mechanics, laborers, materialmen or other persons or entities for goods or services delivered or performed by them in or upon the Property or employed in the construction of the Project, or for any debts or claims accruing in favor of any such parties against Borrower, or against the Property or the Project.

Neither Borrower nor the General Contractor shall be the agent of Lender for any purpose, whatsoever.

27. No Advances Exceeding Loan Amount. Lender shall have no obligation to make any advance of its funds which would cause the aggregate of the unpaid advances made hereunder to exceed the stated principal amount of the Note, even if all of the other terms and conditions of this Agreement are met.

28. Defaults. If Borrower shall fail to make a payment required by the Note within ten (10) days of when due, fail to perform according to the terms of this Agreement, or cause or permit conditions to arise or exist so that performance would be rendered unduly difficult or hazardous for Lender, or if Borrower shall fail, neglect or refuse to perform any of Borrower's covenants or agreements hereunder, or breach any promises, covenants, warranties or agreements made hereunder or made in the Note or the Mortgage; if any statement or representations, written or oral, made by or on behalf of Borrower to Lender or Lender's Inspector shall be materially false or misleading in any respect when made, or omit to state any material fact which would tend to make the statement or representation, although not actually false, misleading or if such statement or representation although true and not misleading when made, would become false or misleading at any time, and Borrower does not promptly advise Lender of the changes which have occurred, or if Lender in good faith believes that Borrower will or cannot complete the Project pursuant to the Plans on or before the Completion Date, or if work on the Project shall cease before completion and said work shall remain abandoned for a period of thirty (30) days and such abandonment shall not be due to an act of God, strikes, war or other similar cause which is beyond the control of Borrower, or if Lender in good faith believes that the prospect for construction of the Project in accordance with the Plans is impaired; or if Lender in good faith believes that the prospect of payment or any other performance due hereunder from Borrower is impaired; or if Borrower shall become insolvent, a state of financial emergency has been determined to exist with respect to the Borrower, there is filed a voluntary or involuntary petition in bankruptcy pertaining to Borrower, a conservator or trustee is appointed for the assets of Borrower, or an assignment for the benefit of creditors is made by Borrower, then in any of such events, at the option of Lender, the Borrower shall be in default under the terms of this Agreement.

Upon default, Lender shall have no further obligation to make any advances of its funds hereunder and may give Borrower written notice by mail to cure such default, within any applicable grace period, Lender may at its option either:

(a) Declare all sums evidenced by the Note and secured by the Mortgage and all sums due hereunder to be immediately due and payable and in such a case, unless the same are paid on demand may foreclose the Mortgage;

(b) Enter upon and take possession of the Property and assume full charge of the construction of the Project as the agent of Borrower, and may complete or enter into a contract with another to complete the Project at Borrower's expense, Borrower agrees to pay to Lender on demand all costs and expenses of completing the Project, including all sums advanced by Lender incident to the completion, together with a reasonable charge by Lender for its services incident thereto, and all reasonable attorneys' fees incurred by Lender incident to such default and the completion of the Project, or incident to the enforcement of any provision hereof. If said sums are not paid by Borrower immediately upon demand, Lender may declare all such sums and all other sums secured by the Mortgage immediately due and payable and may proceed to foreclose the same; or

(c) Have and exercise any other rights and remedies available to it by law.

Notwithstanding anything to the contrary herein, in connection with a nonmonetary default, Lender shall not institute any of Lender's remedies for a period of thirty (30) days after demand (or such additional period as Lender may specify in the event that such default, if curable, requires work to be performed, acts to be done or conditions to be remedied which by their nature cannot be performed, done or remedied, as the case may be, within such 30-day period and Borrower shall diligently and continuously process the same to completion, or such lesser period as Lender may specify in the event that Lender's security may be impaired if Borrower does not perform in less than thirty (30) days, as determined by Lender in Lender's

sole discretion).

29. Interpretation of Plans Disputes. Should any dispute arise between Borrower and Lender respecting the true construction and meaning of the Plans, the same shall be decided, at Borrower's expense, by a competent architect selected by Lender. The decision of such architect shall be final and conclusive upon the parties to this Agreement.

30. Violations of Laws. If it shall appear at any time that the Project is being constructed in violation of any covenants, restrictions or zoning ordinances which may affect the Property, Lender shall have no obligation to make any advances of its funds hereunder, and unless such violation is corrected and cured by Borrower forthwith on notice to Borrower, Lender may declare funds previously advanced and all other sums evidenced by the Note and secured by the Mortgage and all sums due hereunder to be immediately due and payable and in such a case, unless the same are paid on demand, may foreclose the Mortgage.

31. No Waiver. The failure or omission of Lender to exercise in any one or more instances any right or provision herein shall not be construed as a waiver or relinquishment of the right to exercise such right or provision in the case of any other default, and the right to such further right or option shall remain in full force and effect.

32. Notice. For the purpose of any notice or demand hereunder, the addresses of the parties hereto shall be those as set forth in and such notice or demand shall be served pursuant to, the terms and conditions of the Mortgage.

33. No Assignment. Borrower shall not assign this Agreement or the monies to be disbursed and advanced hereunder, but in any such event, Lender may, at its sole option, either declare the loan in default and avail itself of any and all remedies provided for in the Mortgage or herein or Lender may continue to make disbursements hereunder and pursuant to the Note and make advances of its funds, pursuant to the terms of this Agreement to Borrower or to others who succeed to Borrower's title and interest in the Property and to the General Contractor, and all sums so disbursed and so advanced by Lender shall be deemed disbursed and advanced under this Agreement and not to be modifications hereof and said sums so advanced shall be secured by the Mortgage.

34. Other Loan Documents. It is mutually understood and agreed by and between the parties hereto on behalf of themselves and their heirs, legal representatives, successors and assigns, that the Note and Mortgage are subject to all of the conditions, stipulations, agreements and covenants contained in this Agreement to the same extent and effect as if they were fully set forth in and made a part of the Note and Mortgage and it is further expressly understood and agreed that this Agreement is made subject to all the conditions, stipulations, agreements and covenants contained in the Note and Mortgage to the same extent and effect as if they were fully set forth herein and made a part hereof. Any and all sums, fees or charges incurred or advanced hereunder by Lender for any reason: (1) shall be secured by the Mortgage as though the same were a part of the debt originally described in and secured by the Mortgage, even though they may, when added to Lender's funds advanced hereunder, exceed the amount of the Note; (2) shall be payable by Borrower, and (3) shall bear interest at the rate applicable to outstanding principal as set forth in the Note. The provisions of this Agreement are not intended to supersede the provisions of the Mortgage or any other agreements now or hereafter securing the Loan, but shall be construed as supplemental thereto. In the event of any inconsistency between the provisions hereof and of the Mortgage or any other agreements now or hereafter securing the Loan, it is intended that during the continuance of this Construction Loan Agreement, this Construction Loan Agreement shall be controlling.

35. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the respective parties hereto, their heirs, legal representatives, successor and assigns.

36. Venue and Law. This Agreement and the performance thereof shall be governed, interpreted,

construed and regulated by the laws of the State of Florida. Venue in the event of any litigation arising hereunder shall be Palm Beach County, Florida.

37. Continuation of Agreement. If any term, covenant, condition or provision of this Agreement or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant, condition and provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law. To this effect and purpose, the provisions of this Agreement are hereby declared to be severable.

38. Entire Agreement. This Agreement, along with the Mortgage and Note and other security agreements ("Other Security Agreements") given to secure the Loan, embodies the whole Agreement of the parties hereto and there are not promises, terms, conditions or obligations other than those contained in said Construction Loan Agreement, Mortgage, Note and Other Security Agreements. This Agreement, Mortgage, Note and Other Security Agreements shall supersede all previous communications, representations, proposals or agreements, either verbal or written, between the parties hereto not contained herein or contained in said Mortgage, Note or Other Security Agreements.

39. Modifications. This Agreement shall not be amended or modified except in a writing executed by all parties hereto.

40. Captions. Captions and headings contained in this Agreement are for convenience and reference only and in no way define, describe, extend or limit the scope or intent of any provision hereof.

41. Special provisions.

(a) Upon request from Lender, in Lender's sole discretion, Borrower shall require as a condition to any advance hereunder, any architect, engineer, general contractor or other professional involved in the construction of the Project to execute an agreement with Lender agreeing to provide services to Lender with respect to the Project and related site improvements in the event that Lender is required to exercise any of its rights under any of the Loan Documents. Borrower shall also execute an Assignment of its contracts with any contractors, architects, engineers or other professionals providing services with respect to the Project or other improvements. The form of such agreements shall be at Lender's sole discretion.

(b) Borrower acknowledges and agrees that occupancy of the residential units shall be limited to "low to moderate income persons or families" within the meaning of the Lender's Policies, Procedures and Process for Loan Applications using Surplus Funds effective February 11, 2011.

(c) RESERVED.

(d) **TRIAL BY JURY. BORROWER HEREBY WAIVES ANY OBJECTION TO VENUE BEING IN COURTS LOCATED IN PALM BEACH COUNTY, FLORIDA, FOR ANY DISPUTE ARISING OUT OF THE LOAN TRANSACTION. BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREES NOT TO SEEK A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (INCLUDING, BUT NOT LIMITED TO, ANY CLAIMS, CROSSCLAIMS OR THIRD-PARTY CLAIMS) ARISING OUT OF, UNDER OR IN CONNECTION WITH THE LOAN TRANSACTION AND ALL AMENDMENTS AND MODIFICATIONS THERETO. BORROWER HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF BANK OR BANK'S COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT BANK WOULD NOT, IN THE EVENT OF SUCH LITIGATION, SEEK TO ENFORCE THIS AGREEMENT NOT TO SEEK A JURY TRIAL. BORROWER ACKNOWLEDGES THAT BANK HAS BEEN INDUCED TO ENTER INTO THIS LOAN BY, INTER ALIA, THE PROVISIONS OF THIS PARAGRAPH.**

LENDER

**HOUSING FINANCE AUTHORITY OF PALM  
BEACH COUNTY**

By: \_\_\_\_\_  
Patrick Franklin, Chairperson

BORROWER:

**DELRAY BEACH HOUSING AUTHORITY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**Schedule "I"**

List of Documents Required by Construction Loan Agreement for Loan Closing  
and Advances to pay Pre-Construction Expenses

Proof of General Liability and Workman's Compensation Insurance (Section 3)

Title Insurance (Section 4)

Survey (Section 5(b))

Phase I Environmental Assessment required by Section 38 of the Mortgage

Evidence of availability of utilities (Section 8).

Cost Breakdown (Exhibit "B")

Fully executed Contract between the Borrower and the Architect (Section 22);

Consent to Assignment of Architect Agreement signed by Architect;

Fully executed contract between the Borrower and the Project Manager;

Consent to Assignment of contract by Project Manager;

Mortgage

Note

Proof of the proper zoning of the Property for the Project

## Schedule "II"

### List of Documents Required by Construction Loan Agreement for Advances for Costs of Construction for each Building

List of subcontractors having contracts in excess of \$10,000;

Certification by the Borrower, Architect and Project Manager that Cost Breakdown set forth in Exhibit "B" is still accurate;

A complete analysis of all development concurrency payments and traffic fees, with planned payment dates.

Notice of Commencement (for initial Cost of Construction advance only), and "bring down" from Title Company to the effect that there are no new liens on the property.

Proof of Builder's Risk Insurance, and General Contractor's General Liability and Workman's Compensation Insurance (Section 3).

Contractor's Payment and Performance Bonds;

Contracts with the prospective purchasers of at least one hundred percent (100%) of the residential units, accompanied by lender preapproval in a form approved by the Lender;

If the contract price for a residential unit is less than the cost of constructing that unit, as shown on the Cost Breakdown attached hereto as Exhibit "B," evidence satisfactory to the Lender that the Borrower has funding sufficient to pay the difference, such that at closing of the sale of the residential unit to a purchaser, the Borrower will be able to pay the release price provided in the Mortgage.

Fully executed construction contract between the Borrower and the General Contractor;

Consent to Assignment of Construction Contract signed by General Contractor;

Receipt by the Lender of a consultant's plan and cost review acceptable to the Lender in the Lender's sole discretion (Section 41(c)).

**Exhibit "A"**

Legal Description

**Exhibit "B"**

Cost Breakdown and Construction Schedule

Pre-Construction Expenses

Construction Costs

NEED TO PROVIDE SEPARATELY FOR EACH BUILDING

**Exhibit "C"**

Purchase Prices and Cost Subsidies

## **Milind Chokshi & Co.**

3140 Santa Margarita Rd.  
West Palm Beach, FL 33411  
561-324-2003  
milindchokshi@yahoo.com

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

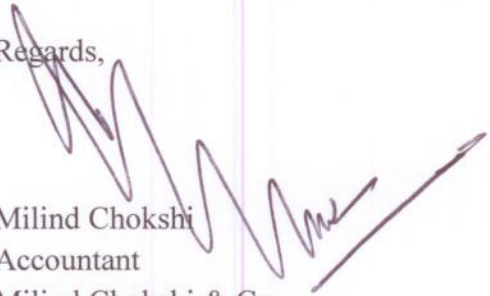
Subject: Accounting Services Proposal

Thank you for taking the time to review this accounting services proposal. A great deal of thought went into crafting a proposal for services that adequately meet your accounting needs, and I am confident that you will find exactly what you're looking for in this proposal.

Milind Chokshi & Co. is proud to be an accounting agency that helps business clients make sound financial decisions on a daily basis. We are fully committed to helping Housing Finance Authority of Palm Beach County succeed by performing the critical accounting functions that keep you financially solvent and compliant with financial regulations.

Should you have any questions prior to signing this proposal, simply submit them as comments using the system built into this proposal. I will be notified and will respond as soon as possible.

Regards,



Milind Chokshi  
Accountant  
Milind Chokshi & Co.

Attachment: Resume

## Milind Chokshi & Co. Background

Milind Chokshi & Co. is a licensed, minority-owned small business enterprise that provides on-site business accounting services for the last twenty years, which includes:

- Bookkeeping
- Payroll
- Tax Preparation
- Regulatory Compliance

Services to be performed monthly/quarterly:

- Record journal entries
- Maintain general ledger
- Bank and credit card reconciliations
- Generate financial statements for Management's use
- Monitor all bank and investment accounts
- IRS 940/941 and State of Florida RT-6
- Budgeting and cash management
- Attend monthly HFA Board Meeting as requested
- Balance sheet
- Statement of income and retained earnings

Services to be provided on an annual basis:

- Provide required audit schedules
- Prepare and post year-end adjusting journal entries
- Compile financial statements for Management's use.
- Provide statement of cash flows for management's use only

We provide top-notch accounting support to business clients.

We consist of three full-time employees with more than 20 years of experience in the accounting field, specializing in non-profit fund accounting. Our employees are proficient in Intuit QuickBooks. We perform a variety of on-site financial and accounting services, and offer you the maximum flexibility by allowing you to rely on us for any of the services that we offer as needed.

Please find attached the resume of the accountant who will be working with you directly. For smooth operations, we will provide you a one-month advance notification of any changes in key personnel.

Providing the performance services to the Authority does not create any potential or actual conflicts of interest relating to other clients or customers of our firm or former or current officers and employees of the Authority.

We are proud to work with successful organizations that rely on our services to maintain and grow their businesses, including:

- Community Land Trust of Palm Beach County, Inc.
- Boynton Beach Faith-Based CDC, Inc.
- Children's Healing Institute of PBC, Inc.
- MyClinic, Inc.

### Services

Milind Chokshi & Co. operates as an extension of your internal staff. We perform a variety of on-site financial and accounting services, and offer you the maximum flexibility by allowing you to rely on us for any of the services that we offer as needed. The following sections provide details regarding each of the services that you will have at your disposal should you choose Milind Chokshi & Co. as your accounting services provider.

### Bookkeeping

Bookkeeping is the most basic of all accounting functions. Bookkeeping involves maintaining accurate and updated records of all of your company's financial activity. This includes bank records, tax filings, payroll records, purchase and sale records, and regulatory filings. These records are essential to regulatory compliance. Proper bookkeeping makes other accounting functions, such as audits, payroll, and tax preparation, much simpler and less time consuming.

### Payroll

Payroll is a critical business operations function performed by your accounting team. Payroll involves managing all employee compensation, benefits, and withholdings. We manage your payroll on an ongoing basis, ensuring that all employees are compensated according to their employment agreements and benefit selections.

### Tax Preparation

Commercial tax preparation can be extremely complex. Records and submissions must be prepared carefully in order to minimize your risk of unforeseen tax liabilities, fees, or audits. We will work with you to prepare complete and accurate corporate tax filings on an annual basis.

### Regulatory Compliance

Compliance with State, Local, and Federal financial regulations is extremely important to every business. We will work with you on a regular basis to ensure that your business activities, records, and processes fully comply with all applicable regulations.



Pricing

We offer our accounting services on a time-and-materials basis. This allows you to take advantage of any of our services as needed, and prevents you from paying fees for services that you may only use from time to time. The rate for our services is \$75.00 per hour.

Acceptance

If you are ready to move forward with Milind Chokshi & Co. as your accounting services provider, please sign this proposal. We will then reach out to discuss your immediate and ongoing accounting needs.

Management Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **Milind V. Chokshi**

**3140 Santa Margarita Rd  
West Palm Beach, FL 33411**

**Cell 561-324-2003**

**milindchokshi@yahoo.com**

### **Highlights**

- Over 30 years of experience in the accounting field
- Specialized in non-profit fund accounting for over 20 years
- Areas of experience: Non-profit, Governmental, Entrepreneurial services
- In-depth knowledge of federal, state, and local grant regulations, including single and multi-family low-income housing projects funded by HUD under Sec. 8, Sec. 202, NSP grant, and CHDO grant
- High-level skills in setting up internal control systems, cost allocation systems, and financial policies and procedures
- Instrumental in the organization and development of successful non-profit organizations
- Worked as an Executive Certifier for Non-Profit First, Inc. to certify local non-profit organizations for best practices
- Performed fiscal monitoring of programs funded by Children's Services Council of Palm Beach County
- Audited Palm Beach County, City of West Palm Beach, and Children's Services Council
- Managed over 400 units of multi-family and single-family homes for low-income families funded by HUD, USDA, Palm Beach County, and other financial institutions
- Performed weekly payroll service for 450 employees

### **Work Experience**

1999 – Present

#### **Milind Chokshi & Co.**

##### **Accountant, Consultant**

Services include budgeting, compilation of financial statements, balance sheet, and cash flow projection statement; monthly reimbursement reports for non-profit clients; and preparation of corporate, partnership, and individual tax returns

Areas of experience: Non-profit, governmental, and entrepreneurial services; setup and training of fund accounting software including QuickBooks, Fund E-Z, American Fundware, and Peachtree

1995 – 1998

#### **Urban League of Palm Beach County, Inc.**

##### **Chief Accountant**

Responsibilities: Preparing accurate and current financial reports to upper management; preparing periodic expenditure reports to various funding

sources; developing budgets for funded programs (Federal, State, Local projects); preparing and filing all federal and state tax deposits and returns and other required government reports; conducting pre-audit of all funds; maintaining inventory records; providing computer support and training for agency staff as needed; and developing a new system of fund accounting for efficient management

1990 – 1995

**Mark Escoffery, P.A.**

**Senior Accountant**

Responsibilities: Compiling, reviewing, and auditing financial statements, balance sheets, and cash flows of different clients; preparing corporate, partnership, and individual tax returns

Areas of experience: Non-profit, governmental, and entrepreneurial services

1989 – 1990

**Creative Choice Management, Inc.**

**Accountant**

Responsibilities: Preparing monthly draws of Low Income Housing Project for HUD Finance; preparing financial statements, bank reconciliations, and payroll; accounts receivable, accounts payable, and monthly and quarterly tax returns

1982-1988

**Lakhia Automotive**

**Accountant**

Responsibilities: manual accounting, accounts receivables, accounts payables, truck financing, and internal control

**Education**

- BS in Accounting from Gujarat University, India
- BS in Law from Gujarat University, India
- Computer Information Systems, Brevard Community College, Melbourne, FL

**Computer Skills**

- Accounting programs: QuickBooks, American Fundware, Fund E-Z, Peachtree, and Microsoft Office
- Income Tax programs: TurboTax and CCH ProSystem fx Tax

## **Tab 4**

### **VII. New Business - attachments**

- a.** Consider multifamily bond application for Mallards Landing acquisition/rehab – Southport Development
  - i. Loan application and exhibits
  - ii. Inducement Resolution R-2019-03
- b.** Request for extension of construction loan maturity date - CLT of PBC – Davis Landings West project loan
  - i. Letter of request
  - ii. Resolution R-2019-04
- c.** Nomination of Chairperson and election of officers - none

Application for Multifamily Rental Housing Bond Program

Housing Finance Authority of Palm Beach County

# Mallards Landing

Original

**APPLICATION**

**HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA  
MULTIFAMILY RENTAL HOUSING BOND PROGRAM  
PROJECT APPLICATION FORM**

**A. Developer Information:**

1. Applicant Name: SP Mallards Landing LLC
2. Name of Owner for Inducement Resolution: SP Mallards Landing LLC
3. Type of Entity (e.g. Florida corporation, limited partnership, etc): Limited Liability Corporation Ownership chart of the Entity including individual principals is provided as **“Exhibit 1”**.
4. Address: 5403 West Gray Street, Tampa, FL 33609
5. Contact Person: Brianne Heffner
6. Telephone: 813-288-1511
7. E-mail address: bheffner@sphome.com

**B. Project Information**

1. Project Name: Mallards Landing  
  
NOTE: After Inducement, Project name MAY NOT BE CHANGED OR ALTERED WITHOUT CONSENT OF THE AUTHORITY. If available, provide the actual trade, 'marking' or d/b/a name.
2. Project Street Address/Zip Code (if new construction, give street names, city and zip code): 1598 Quail Drive, West Palm Beach, FL 33409
3. County Commission District in which Project is Located:7

**C. Project Category and Population:**

1. Choose all that apply:  
  
New Construction  Acquisition  Remarketing   
Rehabilitation  Refunding  Acquisition/Rehab   
  
(a) If acquisition or acquisition/rehab was selected, is the project occupied?

No  Yes  If yes include plan for temporary relocation of existing tenants as “**Exhibit 2**”

2. Is the Project designated to serve a specific target group (i.e. elderly, disabled)? No  Yes  If yes, please specify and indicate an minimum age requirements of household members:

**D. Project Status:**

Has construction begun? No  Yes  Date permits issued

Is the project complete? No  Yes  Date CO issued

**E. Number of Units:**

Total Number of Units: 164

Number of Residential Units: 164

Number of Set-Aside Units:163

Percent of Set-Aside Units: 99%

**F. Manager/Employee Units:**

Are there one or more manager or employee units in the Project?

No  Yes  If yes, how many? 1 Unit Type(s): 1/1

**G. Breakdown of Units by Square Footage and Monthly Rent Charged.**

All units in the Project must be listed including all manager/employee units. Indicate manager/employee units with an asterisk.

# of Bedrms /Unit	# of Baths /Unit	Sq. Ft. /Unit	# of Units Per BR/BA type	% of Area Median Income	Monthly Gross Rent for Set- Aside Units*	Less Utility Allow. (for LIHTC Project )	Net Rent for Set- Aside Units	Monthly Market Rent+
2	1	900	2	60	\$2,259	\$270	\$1,989	\$994
2	2	950	160	60	\$180,703	\$21,600	\$159,103	\$994
3	2	1,100	1	60	\$1,304	\$144	\$1,160	\$1,160
*1	1	900	1	N/A	N/A	N/A	N/A	N/A


\* NOTE: For any Project anticipating the use of tax credits, gross rents include the net rent plus the allowance for tenant-paid utilities for set-aside units. These rents may not exceed the allowable rents for the chosen set-aside as shown on the applicable rent charts by the FHFC. Rents will be capped based on set-aside chosen below or if lower due to other funding source(s).

Utility allowance of \$N/A 1 bedroom \$135 2 bedroom \$144 3 bedroom N/A 4 bedroom

+ NOTE: Answer for market rate units only.

**H. Proposed minimum Set-aside required for Tax Exempt Bond Financing.**

CHOOSE ONLY ONE:

- 20% of units at 50% of area median income
- 40% of units at 60% of area median income

**I. Describe Project:**

The subject is a 164-unit multi-family garden Low-Income Housing Tax Credit (LIHTC) property located at 1598 Quail Drive in West Palm Beach, Florida. The property consists of 18 predominantly two-story apartment buildings and a single-story clubhouse. The improvements were constructed in 1985, renovated in 2000 and are situated on an 11.26-acre site.

**J. Describe Project Features, Amenities and any Resident Programs that will be provided:**

The unit interiors feature a range, vent-hood, refrigerator, dishwasher, patio, and ceiling fan. The property features off-stree parking, perimeter fence, and on-site management.

**K. Will any units be accessible to the handicapped?**

Yes  No  How many? 0

**L. Type of Building(s):**

- Elevator  Walkup  Townhouse
- Detached  Semi-detached

**M. Style of building(s), number of buildings and number of stories:**



**Pitched roof, vinyl siding, 17 residential buildings and one community building, 2 stories**

**N. Does the current Land Use and Zoning permit the proposed development at the proposed Density?**

Yes  No

If no, explain:

**O. Project Financing And Proposed Structure:**

1. Overview of Proposed Financing Summary:

NOTE: Material changes in the proposed structure after submittal of the application may result in delay of consideration by the Authority or loss of priority

	<b>Check If app.</b>	<b>Amount</b>	<b>% of Project Cost</b>
Tax-exempt Bonds	<input checked="" type="checkbox"/>	\$19,100,000	59%
Taxable Bonds	<input type="checkbox"/>		
SAIL	<input type="checkbox"/>		
HOME (State Funds)	<input type="checkbox"/>		
HOME (Identify Local Funds)	<input type="checkbox"/>		
CDBG	<input type="checkbox"/>		
SHIP	<input type="checkbox"/>		
LIHTC Equity (4% credits)	<input checked="" type="checkbox"/>	\$10,055,782	31%
Other	<input checked="" type="checkbox"/>	\$22,247,436	69%
<b>Total</b>	<input type="checkbox"/>	\$32,303,218	100%

Briefly describe sources listed above:

SP Mallards Landing LLC will be applying for 4% Low-Income Housing Tax Credits by the Florida Housing Finance Corporation in conjunction with tax-exempt bond financing to acquire and substantially rehabilitate Mallards Landing Apartments. Financing will also include a Freddie Mac TEL first mortgage of \$19.1mm, a seller note of \$1.0mm, and developer deferred fee of \$2.1mm.

2. Subordinate Financing:

- (a) If SAIL, HOME, CDBG, FHLB, SHIP and/or other funding is shown as already committed, attach a letter from the appropriate governmental entity detailing the commitment, including the dollar amount, source of funding, conditions of funding (including income and/or rent restrictions), whether the funding is a loan or a grant, and if a loan, the interest rate, loan terms,

amortization, and payback schedule. Attach the letter(s) as an exhibit. Said letter shall be attached hereto as **“Exhibit N/A.”**

- (b) If SAIL, HOME, CDBG FHLB, SHIP and/or other funding is shown and is not firmly committed, attach an explanation of how the development will be completed without those funds. Said explanation shall be attached as **“Exhibit N/A.”**
- (c) Does the Applicant firmly commit to complete the bond financing if those funds are not received? Yes  No

3. Tax Credits - If the Project receives Bond financing, will LIHTC be used?

Yes  No

- (a) If yes, LIHTC Requested Amount \$\$10,055,782
- (b) If yes, name of Syndicator: Raymond James

A preliminary commitment letter, including general terms such as a description of how the syndication funding will be paid out during construction and following completion, must be attached hereto. Said letter shall be attached hereto as **“Exhibit 3.”**

- (c) Is the project located in a QCT/DDA/ZCTA/RECAP: Yes  No   
If yes evidence of such designations are attached as **“Exhibit’s 4.”**
- (d) If the project is subject to a FHFC location restriction (LDA) area attach a description as **“Exhibit N/A.”**

4. Rental Assistance. Is project-based rental assistance anticipated for this Project?

No  Yes

If yes, check all that apply:

- Moderate Rehab
- RD 515
- Section 8
- Other

Number of units receiving assistance 0

Number of years remaining on rental assistance contract: N/A

Number of years expected for new rental assistance contract: N/A

5. Credit Enhancement or bond purchaser:

Describe any letter of credit, third party guarantor, bond purchaser, private placement agent, housing program funding (FHA-insured loan, Fannie Mae or Freddie Mac),

surety bond or other financing enhancements anticipated for this project, including, but not limited to the name of the party providing such financing/credit enhancement, the rating of such provider and the term of such financing/credit enhancement:

Private placement via Freddie Mac TEL loan, issued by JLL Capital Markets.

A preliminary commitment letter/term sheet from the provider of such financing/credit enhancement shall be attached hereto as “**Exhibit 5**”

6. Proposed bond structure:

Type of interest rate expected: fixed  floating

Term of Bonds including option put: 24 months

Estimated interest terms: 4.30%

Placement structure: private placement  public offering

7. Economic Feasibility of the Project:

A description of the Project feasibility structure shall be attached hereto as “**Exhibit 6**” including, at a minimum, the following:

- (a) Pro forma cash flows at maximum interest rate at which Project will work;
- (b) Detailed sources and uses, including developer's fees, overhead and all hard and soft costs.
- (c) The maximum annual debt service at which the Applicant commits to proceed: \$1,027,499
- (d) The minimum principal amount of tax exempt bonds the Applicant will accept to proceed with the Project: \$\$19,100,000

**P. Proposed Project Schedule**

<u>Activity</u>	<u>Date</u>
HFA board meeting to consider application	6/2019
Final site plans & architectural drawings	6/2019
Complete third party credit underwriting	7/2019
Approval of subordinate financing	8/2019
All other necessary local approvals	8/2019
Obtain Credit Enhancement/Bond Purchase Commitment	8/2019
HUD approvals (if applicable)	N/A
Issue bonds	9/2019

Start construction or rehabilitation	10/2019
Complete construction or rehabilitation	7/2020
Start rent-up	N/A
Complete rent-up	N/A

**Q. Ability To Proceed**

Each Application shall be reviewed for feasibility and ability of the Applicant to proceed with construction of the Project.

1. Site Control

Site Control must be demonstrated by the Applicant through bond closing or termination of the Memorandum of Agreement. At a minimum, a Contract for Purchase and Sale or long-term lease must be held by the Applicant for the proposed site. A purchase contract must include the following: (i) the remedy for default on the part of the seller must include or be specific performance, (ii) the buyer MUST be the Applicant and, (iii) other than clear title, the only permissible contingency for seller or assignor to transfer the site to the Applicant is the award of bond financing.

Site is controlled by: FF Malards Landing LLC

Evidence of Site Control shall be attached hereto as “**Exhibit 7**” and shall be in the form of either:

- (a) Contract for Purchase and Sale or long-term land lease agreement (a Title Insurance Commitment may be requested to show marketable title in the name of the Seller).
- (b) Deed (a Title Insurance Policy Showing marketable title in the name of the Applicant may be requested).

2. Zoning and Land Development Regulations:

NOTE: Applicant must provide documentation that the site is appropriately zoned and consistent with local land use regulations regarding density and intended use.

- (a) Is the site appropriately zoned for the proposed Project?  
No  Yes
- (b) Indicate zoning designation(s): PUD
- (c) Current zoning permits \_\_\_\_\_ units per acre, or 164 units for the site (PUD).
- (d) Total number of Units in Project: 164

- (e) A letter from the appropriate local government official verifying i.) the zoning designation, ii.) that the proposed number of units and intended use are consistent with current land use regulations and referenced zoning designation shall be attached hereto as “**Exhibit N/A**”

3. Site Plan:

- (a) New Construction: Has the preliminary or conceptual site plan been approved by the appropriate local government authority?

Yes  No

If yes, a copy of the approved site plan shall be attached hereto as “**Exhibit N/A.**”

If no, local approval is expected on: N/A and a letter from the appropriate local government official indicating preliminary or conceptual site plan, or if no neither preliminary or conceptual approval is given prior to final site plan approval, a description of status of the local government review of the Project shall be attached hereto as “**Exhibit N/A**”

- (b) Rehabilitation: Was site plan approval required by local governmental authorities at the time this Project was originally placed in service?

Yes  No

4. Environmental:

Has an Environmental Assessment been completed and if so describe any required remedial action necessary: **Yes, none.**

5. Concurrency:

Project-specific letters from the local government or provider verifying availability of infrastructure and capacity (water, sewer, road, and school) for the proposed Project shall be attached hereto as “**Exhibit’s N/A.**”

**R. Other Information:**

- (a) Do you presently have an application for this project submitted elsewhere or has this project been denied financing elsewhere?

Yes  No

- (b) How many and what type of projects have you completed in the Palm

Beach County? 11

- (c) Applicant/borrower GP:  
Firm: SP Mallards Landing LLC  
Phone: 813-288-6988  
Natural principals: Stephen W. Page  
Contact Person: Brianne Heffner
- (d) Developer:  
Firm: Southport Development Inc.  
Phone: 813-288-6988  
Natural principals: J. David Page  
Contact Person: Brianne Heffner
- (e) Proposed Architect:  
Firm: Architectonics Studio Inc.  
Phone: 727-323-5676  
Contact Person: Michael Arrigo
- (f) Proposed Managing Agent:  
Firm: Cambridge Management Inc.  
Phone: 253-564-2619  
Contact Person: Susan Baaker
- (g) Proposed General Contractor:  
Firm: Vaughn Bay Construction, Inc.  
Phone: 813-867-3700  
Contact Person: Scott Stockstad
- (h) Proposed Developer's Attorney:  
Firm: Pepple Cantu Schmidt PLLC  
Phone: 727-724-3222  
Contact Person: David Cantu
- (i) Proposed Investment Banker (see Authority "Bond Underwriter Selection Policy") or private placement bond purchaser:  
Firm: JLL Capital Markets  
Phone: 817-310-5800  
Contact Person: Tim Leonhard
- (j) Proposed Credit Underwriter:  
Firm: First Housing FL  
Phone: 813-289-9410  
Contact Person: Edward Busansky
- (k) Provide the following for the property/project seller or lessor:  
Entity: FF Mallards Landing LLC

Phone: 813-288-6988  
Contact Person: Brianne Heffner

[Remainder of page intentionally left blank]

**Certificate of Understanding**

I, Brianne Heffner, representing SP Mallards Landing LLC, have read and understand the federal requirements and the Housing Finance Authority of Palm Beach County, Florida's Guidelines for Issuance of Multi-Family Housing Revenue Bonds, and hereby adhere thereto. Furthermore, I hereby certify that the information contained in the Application is true and correct to the best of my knowledge.

Dated on this 20th day of May, 2019.

By:   
Printed Name: Brianne Heffner  
Title: Vice President



# Exhibit 1

# Mallards Landing Apartments Organizational Chart

SP Mallards Landing LLC,  
a Florida limited liability company  
EIN 83-4254019

## Manager

SP Mallards Landing Manager LLC  
a Florida limited liability company  
EIN: 83-4259091

## Members

SP Mallards Landing Manager LLC .01%  
Tax Credit Investor 99.99%

### Manager/Member

Stephen W. Page 1%

### Non-Manager Members

Trillium Housing Services 36%

Brianne Heffner 10%

Jennifer Ackerman 5%

J. David Page 9.8%

Stephen W. Page 3.9%

Paul W. Page 4.9%

Scott Seckinger 3.92%

Michael Molinari 3.92%

Paul C. Fortino 3.92%

Peter H. Leach & Associates Inc.

Defined Benefit Pension Plan 3.92%

Scott Stockstad 3.92%

Stephen W. Page, as Trustee of the J. David Page  
and Arlene F. Page 2013 Irrevocable Trust 4.9%

The Baker Page Partners LLC 4.9%

# Exhibit 2

# Southport Development, Inc.

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## Mallards Landing Apartments 1598 Quail Drive, West Palm Beach, FL 33409 Tenant Relocation Plan

April 8, 2019

Southport Development, Inc. (the “Developer”) is a highly experienced owner of affordable housing communities throughout the nation. SP Mallards Landing LLC (the “Owner/Borrower”) will be applying for 4% Low-Income Housing Tax Credits by the Florida Housing Finance Corporation to acquire and substantially rehabilitate Mallards Landing Apartments, located at 1598 Quail Drive. in the City of West Palm Beach, an existing 163-unit affordable housing community (the “Property”).

The rehab at Mallards Landing Apartments will be performed with tenants in place. No relocation will be required as no plumbing or electrical work will entail any disruption for more than a couple of hours. In no event will electrical or plumbing services be disconnected overnight. Rehabilitation work will be performed Monday through Friday only with no tenant disruption during the weekend. Please see attached construction schedule. Tenants will each be provided five (5) storage containers to place loose personal belongings during the property rehabilitation.

Owner will maintain records throughout the rehabilitation process. Records will be available for inspection during site visits and/or inspections. These records will include current rent rolls, notices, comments, complaints, and questions from tenants, tenant expenditure and reimbursement records, and tracking of units being rehabbed during process.

### **Kitchens:**

Two units a day will have the kitchens rehabilitated with new cabinets, appliances, faucet, sink. This is a two day process. Day one will include demo, existing cabinet removal, and paint. Day two will be installing of new cabinets, sink, and faucet. At the end of day one since the tenant will not have access to their cabinets the Developer will provide each unit with a \$25 gift card for the inconvenience. The tenant’s refrigerator will never be unplugged and tenants will have access through out rehabilitation.

### **Bathrooms:**

Two to three units per day will have their bathrooms rehabilitated. Tenants will only have very minor interruption in the use of their bathroom and it will never be disconnected overnight. The bathrooms will received new low flow toilets, low flow showerheads, sinks, and low flow sink faucets. The plumber will start in unit one first thing in the morning and quickly replace all items listed above. The contractors estimate is that they will not lose bathroom capabilities for more than two hours. During that time the common area bathrooms will be open and available to all tenants.

Southport Development, Inc. will use one of the vacant units on site as a hospitality suite during the week. Tenants can use this space as a common space to retreat from the rehabilitation work in their unit if they so choose. This space has a kitchen that will be stocked with refreshments. The space is heated and cooled by a central heating and air condition system. The unit will be furnished and tenants will have access to a television with cable provided by the owner/developer.

The Owner/Borrower has executed a construction contract with Vaughn Bay Construction, Inc. (the "Contractor"), which has completed numerous affordable-housing rehabilitations of this type. The Developer intends to invest nearly \$30,000 per unit in total construction costs totaling approximately \$4.7 million. All costs associated with the relocation will be paid through the development/rehabilitation budget and not by the property.

The Owner and Contractor agree to conduct its relocation plan according to the general requirements and principals set forth in the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended ("URA") as follows:

- a) Tenants will be provided with daily access during business hours to an adviser, the Temporary Relocation Manager. The Owner, working with the Temporary Relocation Manager where appropriate will:
  - a. Provide notice of the date and approximate duration of the all work occurring in each unit;
    - i. Upon closing new owner will provide all residents with an Introduction/New Owner Notice and the General Information/Non Displacement Notice. These will notify of new ownership, management, house rules, Tenant Selection plan, and provide the rehabilitation non-displacement information.
  - b. Provide notice of scheduled rehab of each unit and of the location of onsite hospitality suite; A sample is attached.
  - c. Assist the tenant to calculate and make a claim for reimbursement of out-of-pocket expenses; and
  - d. Assist in processing any grievances and keeping appropriate records.
- b) All costs of moving, all other reasonable out of pocket costs related to a tenant's relocation costs if a temporary relocation is required will be paid by the Owner.

### **Contingency Plan:**

In the event an unforeseen construction emergency occurs during construction causing tenant displacement from their unit the Owner and Developer will work with tenants to move them offsite for a limited period of time. The contingency plan would be to move tenants to a nearby hotel for up to two nights while the issue is rectified in the tenant's unit. The hotel will meet HUD standards and terms of physical condition and will be inspected and approved prior to occupancy by the tenant. At that time the Owner and Developer will cover all costs for hotel stay, per diem, and mileage to and from the hotel to Ridgewood Apartments from the development/rehabilitation budget.

# Exhibit 3

# RAYMOND JAMES

April 4, 2019

Mr. J. David Page  
Southport Financial Services, Inc.  
5403 W Gray Street  
Tampa, FL 33609

Re: Partnership: SP Mallards Landing LLC  
Property Name: Mallards Landing  
City/State: West Palm Beach, Palm Beach County, FL

Dear Mr. Page:

This letter will confirm our agreement ("Agreement") whereby Raymond James Tax Credit Funds, Inc. ("RJTCF") shall attempt to effect a closing ("Closing") of an investment by a Fund sponsored by RJTCF (the "RJTCF Fund") in the above named partnership ("Partnership") on the assumptions, terms, and conditions contained in this letter, or such other assumptions, terms and conditions as are acceptable to you, RJTCF and the RJTCF Fund.

## CURRENT ASSUMPTIONS:

### I. DESCRIPTION OF THE PROJECT AND THE INVESTMENT.

#### A. Project:

1. Acquisition / Rehabilitation
2. Units: 164 units
3. Estimated Construction Start Date: October 2019
4. Estimated Construction Completion Date: July 2020.
5. Estimated 100% Occupancy Date: N/A.
6. Set-aside Requirements: All one hundred sixty-four (164) units will be set aside for persons earning 60% or less of the area median income (AMI).
7. Rental Assistance: N/A
8. Management:
  - a. Company: Cambridge Management Inc.
  - b. Management Fee: Estimated to be \$96,559 (5.0% of EGI)
9. General Contractor: Vaughn Bay Construction, Inc.

#### B. Tax Credit Information:

1. Requested Credits: N/A – bond deal.
2. Assumed Partnership Annual Credits: \$1,069,871.
3. The RJTCF Fund's Share of Partnership Annual Credits: 99.99%.
4. RJTCF Fund's Assumed Annual Credits: \$1,069,764.
5. Applicable Fraction: 100%.
6. Applicable Percentage: 3.35% (floating).
7. First Credit Year: 2020.

**C. Equity Investment:**

1. Estimated \$0.9400 per dollar of the RJTCF Fund's Credits ("Credit Price"), subject to market conditions and availability of funds.
2. The RJTCF Fund's Estimated Total Capital: \$10,055,778.  
Note that the RJTCF Fund's estimated actual contributions are based on actual credits delivered. If actual RJTCF Fund Credits are less than the assumed amount, estimated capital contributions will be reduced by the shortfall times the Credit Price. If actual The RJTCF Fund Credits are greater than the assumed amount ("Excess Credits"), then the RJTCF Fund estimated Capital Contributions will be increased by an amount equal to the Excess Credits times the Credit Price up to 105% of the Estimated Total Capital, unless such increase is attributable to an additional reservation of Credits. The RJTCF Fund will specify under which terms it will purchase any Excess Credits attributable to an additional reservation of Credits, and/or those that would otherwise cause capital contributions to exceed 105% of the Estimated Total Capital. The General Partners can accept or reject those terms. Any Excess Credits that the RJTCF Fund is unwilling to buy or that the General Partners are unwilling to sell at the price specified by the RJTCF Fund shall be allocated to the General Partners.
3. **Installment Payment of Estimated Capital Contributions:**
  - a. \$4,022,312 (40%) at Closing.
  - b. \$2,011,155 (20%) at 50% completion
  - c. \$2,011,155 (20%) at 75% completion
  - d. \$1,005,578 (10%) at Construction Completion.
  - e. \$1,005,578 (10%) at Stabilized Operations ("Stabilization Capital Contribution"), of which \$250,000 may be held back and paid when all required tax filing information and Forms 8609 are received and audited financials for the year of Breakeven Operations are available.

All payments will be subject to various deliveries required by the RJTCF Fund as described in the definitive documents, including without limitation, updates of representations and warranties previously given to the RJTCF Fund.

**D. Developer and Development Fee:**

1. Developer: Southport Development, Inc.
2. Estimated Development Fee: \$4,685,110

**E. Reserves:**

1. Replacement Reserve: \$48,900 per year (\$300 per unit per year) beginning at the earlier of six months after completion of construction or the first month of Stabilized Operations. In aggregate, no more than \$25,000 will be withdrawn from the Replacement Reserve in any calendar year without the approval of the RJTCF Fund.
2. An appropriate amount of Lease-up Reserves and Operating Reserves will be determined prior closing and mutually agreed upon according to the definitive documents. In general, the reserve accounts shall be established with a lending institution, acceptable to the Limited Partner, and such reserves shall be



maintained for the duration of the Compliance Period (after which, funds on deposit may be released and distributed as Net Cash Flow) and shall be used exclusively to pay for Operating Deficits incurred by the Partnership after the date of the Stabilization Capital Contribution. All withdrawals from the Operating Reserve Account that would cause aggregate draws in any one fiscal year to exceed \$25,000.00 shall be made only with the Consent of the Limited Partner, which shall not be unreasonably withheld, delayed or conditioned.

**F. Asset Management Fee:**

1. Asset Management Fee: The RJTCF Fund shall receive an annual asset management fee of \$5,000 per year.

**G. Obligations of General Partners:**

1. General Partners: TBD
2. General Partners' Capital: \$0 (estimate).
3. The General Partners agree that to the extent any deferred development fee has not been repaid from cash flow at the end of fourteen years from the date the property is placed in service (or at the time of removal of the General Partners), they will contribute sufficient capital so that the partnership can pay any amount of the deferred fee outstanding at that time.
4. Guaranties: The General Partners and Guarantors will be required to provide guaranties. Such guaranties will include, but are not limited to, a Completion Guaranty, Operating Deficit Guaranty, and a Tax Credit Guaranty. The requirements of the Guaranties will be provided in the Definitive Documents.

**H. Obligations of the Guarantors:**

1. Guarantors: The General Partner(s) and J. David Page
2. Guarantors guarantee that the General Partners will perform all of their obligations under the partnership agreement, including, without limitation, guaranties, repurchase obligations and the obligation to make a capital contribution as and when required to pay deferred development fee.

**I. Definitive Documents**

All of the terms and conditions of the investment shall be set forth in definitive documents to be negotiated by the parties including but not limited to an Amended and Restated Agreement of Limited Partnership, together with certain closing exhibits (including various Guaranty Agreements). Such documents shall be consistent with the terms and conditions set forth in this letter with such changes as the parties may agree are appropriate. Once executed, the definitive documents shall supersede this letter, which shall be of no further force or effect. RJTCF will begin preparation of the definitive documents upon the completion of our due diligence to our satisfaction, as determined in our sole discretion.

**II. THE RJTCF FUND EXIT RIGHTS**

The RJTCF Fund shall have the right to require the General Partners to acquire its interest after the end of the compliance period for a price equal to the amount the RJTCF Fund would receive if the Partnership sold the Project at fair market value, paid its debts and distributed the remaining assets in

accordance with the provisions relating to distribution of sales proceeds. If the General Partners fail to acquire the RJTCF Fund's interest, then the RJTCF Fund shall have the right, without the concurrence of the General Partners, to order a sale of the Project.

### **III. OTHER ASSUMPTIONS TO CLOSING**

1. Prior to Closing, there shall have been no changes in tax laws or Treasury pronouncements, or changes in interpretations of existing tax issues that would materially and adversely affect this investment.
2. In the event an investment in the Partnership requires HUD Previous Participation Certification (HUD Form 2530), the ability of the RJTCF Fund and its investor members to request and obtain HUD 2530 approval in accordance with the electronic filing requirements promulgated by HUD.
3. RJTCF and the RJTCF Fund's review and approval in its sole discretion of all due diligence materials, including the construction and permanent loan commitments, proposed extended use agreement, real estate, plans and specifications, market study (including any additional market studies determined by the RJTCF Fund and the fund to be necessary - at the Partnership's expense), basis for the Credits, operating budgets, construction and lease-up budgets, current financial statements of the General Partners, other guarantors and their affiliates, verification of background information to be provided by the General Partners and their affiliates, and references to be provided by the General Partners.
4. Satisfactory inspection of the property by RJTCF and the RJTCF Fund investors.
5. Approval by the Investment Committee of RJTCF and the RJTCF Fund investors of the terms and conditions of the investment in their sole discretion based on then current market conditions.
6. Availability of investment funds.
7. The negotiation of definitive documents as described herein (and this Agreement shall terminate if all such documents are not executed and delivered by the Closing date).

### **IV. TERM**

The initial term of this Agreement shall be for a period of ten (10) months from the date of this letter, with a closing (Closing Date) no later than January 31, 2020, providing that either party may terminate this Agreement by giving the other party at least 30 days written notice and both parties can agree in writing to an extension. If due diligence activities and negotiation of definitive documents continue beyond termination of this Agreement, the parties shall not be bound hereunder, but only to the extent provided in definitive documents or other written agreements that are actually executed and delivered.

### **V. ACCEPTANCE**

If these terms and conditions are acceptable to you, please sign and return one copy of this memorandum.

By acceptance of this letter, you authorize Raymond James Tax Credit Funds, Inc. to make any credit inquiries that we may deem necessary as part of our underwriting process. These credit inquiries may be performed on the General Partners, Guarantors, or any significant business operation of General Partners or Guarantors. This authorization also applies to follow-up credit inquiries that we may deem necessary after our admission to the Partnership.

For more than 25 years Raymond James Tax Credit Funds and our affiliates have been involved with the development of affordable housing. We have provided equity for more than 2,000 properties nationwide. We look forward to working with you.

Sincerely,



John W. Colvin  
Vice President - Director of Acquisitions  
Raymond James Tax Credit Funds, Inc.

Accepted:

  
By: General Partner

4/5/19  
Date

# Exhibit 4

1598 quail drive, west palm beach Go Select a State Select a County Go

Map Options : [Clear](#) | [Reset](#) | [Full Screen](#)

- QCT Legend:**
- Tract Outline
  - LIHTC Project
  - 2019 Qualified Census Tracts
- SADDA Legend (%):**
- FMR Boundary
  - SADDA Boundary
  - 2019 Small DDA

**Hide the overview**

The 2019 Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs) are effective January 1, 2019. The 2019 designations use data from the 2010 Decennial census and three releases of 5-year tabulations from the American Community Survey (ACS): 2010-2014; 2011-2015; and 2012-2016. The designation methodology is explained in the federal Register notice published October 22, 2018.

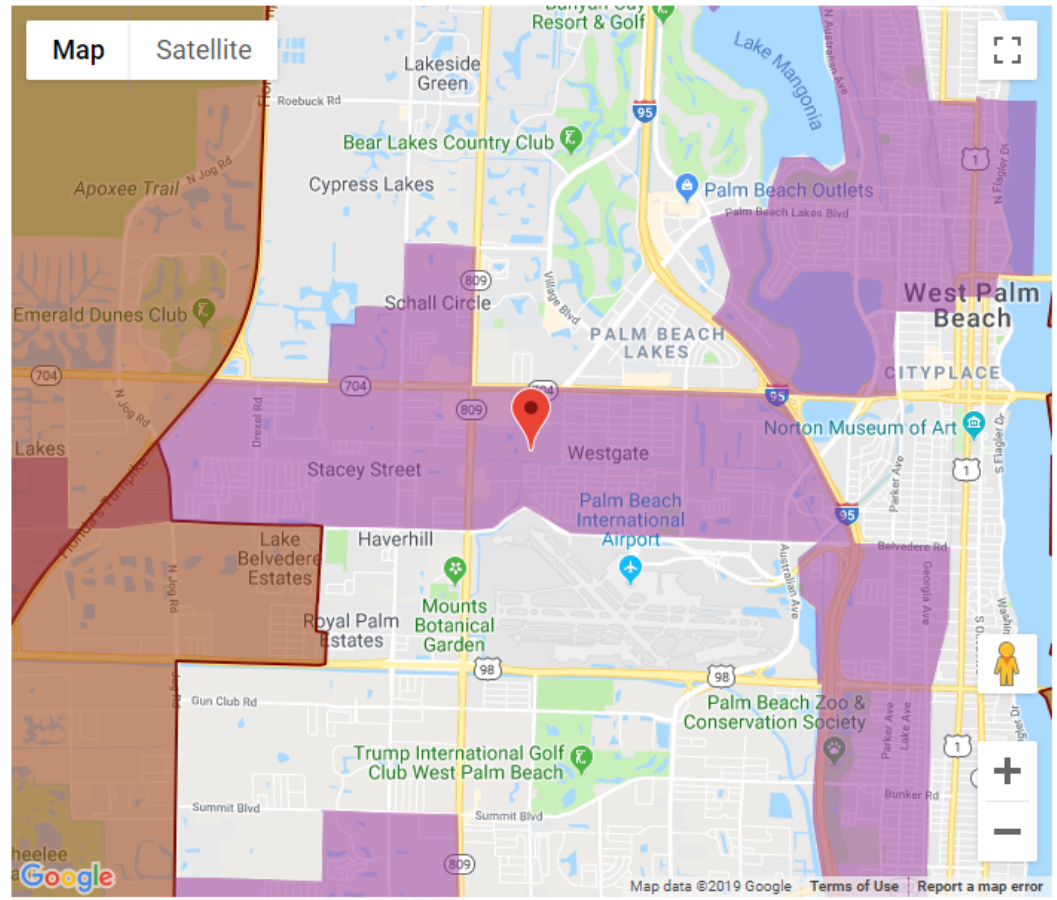
**Map Options**

- 13 Current Zoom Level
- Show Difficult Development Areas (Zoom 7+)
  - Color QCT Qualified Tracts (Zoom 7+)
  - Show Tracts Outline (Zoom 11+)
  - Show FMR Outlines (Zoom 4+)
  - Show LIHTC Projects (Zoom 11+)

[Click here for full screen map](#)

**Select Year**

- 2019
- 2018



# Exhibit 5



625 W. College Street,  
Grapevine, TX 76051  
tel +1 817 310 5800 fax +1 817 310 3817

May 17, 2019

Mr. J. David Page  
Southport Financial Services, Inc.  
5403 West Gray Street  
Tampa, FL 33609

**RE: Freddie Mac Immediate Moderate Rehabilitation Tax Exempt Loan**

Project: Mallards Landing (the "Property")  
Location: West Palm Beach, FL

Dear Mr. Page:

Jones Lange LaSalle Multifamily, LLC ("JLL") is pleased to provide you with this proposal for permanent acquisition and rehabilitation financing for the Property. It is our understanding that the Property has received an award of tax-exempt bonds and 4% low income housing tax credits. JLL recommends financing the Property with a non-rated fixed rate tax-exempt loan through Freddie Mac. The terms of the proposed loan will be as follows:

**Permanent Loan**

Borrower: SP Mallards Landing LLC, a Single Asset Entity acceptable to Freddie Mac and JLL in their sole discretion.

Proposed Loan Amount: Up to \$19,100,000 fixed rate tax-exempt Loan (the "Loan") depending on the final locked Interest Rate.

Net Operating Income/Valuation: The Loan amount is based on a preliminary underwritten as-acquired/as-rehabilitated Net Operating Income ("NOI") of \$1,174,000 which excludes any section 8 voucher overhang (if any) and is based on annual replacement reserves in the amount of \$300 per unit per year, a contractual management fee of 3.75% of EGI per unit per month, and a minimum final as-rehabilitated as-stabilized appraised valuation of \$21,300,000. To the extent that any of these Loan sizing parameters change the Loan amount could change.

Loan Term: 16 years

Interest Only: Three (3) years (*a waiver will be requested to allow for five (5) years of interest only*)

Amortization: After the interest only period amortization will be on a 35-year schedule

Loan to Value Limitation: Not to exceed 90% of as-rehabilitated as-stabilized value as determined by an appraisal.

Minimum Loan DSCR: 1.15 DSCR which will be derived by an amortizing debt service constant calculated at the final locked rate, as noted below.

Current Estimated Interest Rate: The current estimated all-in note rate on the Loan as of the date herein would be approximately **4.03%** built-up as follows:

10-year treasury:	2.37%
Freddie Mac Spread:	1.66%
<b>All-in Rate:</b>	<b>4.03%</b>

*Rate excludes Issuer and Trustee Fees. Issuer and Trustee Fees will be included as an operating expenses in the calculation of the final underwritten NOI.*

*Add 6 bps to the spread for 5 years of interest only.*

Prepayment: The Loan will be under lockout for 10 years, followed by yield maintenance until six (6) months prior to maturity. Thereafter, the loan is prepayable at 1% for months six (6) to three (3), and open at par the last 90 days of the loan term.

Subordinate Financing: Subordinate financing will be permitted and must be subordinated to the first mortgage using a standard Freddie Mac Subordination Agreement which includes a standstill provision whereby the subordinate lender cannot foreclose without the consent of Freddie Mac. Unsecured subordinate financing shall be permitted which is not secured by any interest in the Property or any of the members' interest in the borrowing entity. Notwithstanding the foregoing, any secondary financing is subject to prior written approval by Freddie Mac. Freddie Mac requires that payments on any Subordinate financing must be made out of not more than 75% of available cash flow and that the term of any Subordinate Loan must be at least 16 years plus 180 days. Additionally, Subordinate Financing which has interest accrual features can only accrue on a simple basis as interest compounding is not allowed. Subordinate financing which has a "hard pay" requirement cannot exceed an amount which would generate a combined DSCR of 1.10x or a combined LTV of 95% (when combining the DSCR and LTV of the first mortgage and Subordinate financing).

Replacement Reserves: To be determined prior to rate lock based on JLL's Property Condition Report and Plan & Cost Engineering Review (estimated to be \$300/unit per year). In no event will the Replacement Reserve amount be less than what is required by the Limited Partnership Agreement, JLL's Property Condition Report, or the Regulatory Agreement.

Repair Escrow: Any immediate repairs pertaining to life safety identified in JLL's Property Condition Report engineering report must be escrowed with the JLL at 125% of the estimated cost.

Insurance Requirements: The terms and conditions outlined herein assume that the Borrower will be able to comply with the insurance requirements of Freddie Mac and provide insurance coverage accordingly. The Borrower will be required to provide a written insurance quote for permanent



coverage as a component of JLL's underwriting and permanent Loan sizing.

Third Party Reports:

The following reports will be required and must be commissioned by JLL: Appraisal, Phase I Environmental Site Assessment, Property Condition Report, and a Plan & Cost Engineering Review.

Permanent Loan Security:

The Permanent Loan will be evidenced by a promissory note executed by Borrower and secured by a first deed of trust, mortgage or deed to secure debt, as applicable, covering the land, improvements, fixtures, related personal property, and all leases of the Property.

Recourse:

Non-recourse Loan except for standard non-recourse carve-outs to be executed by J. David Page and any other controlling members of the general partner/managing member (the "Guarantor"). Additionally carve-outs will apply if the property contains aluminum wiring or polybutylene piping.

JLL acknowledges that the tax credit syndicator is not required to execute the non-recourse carveouts.

Assumption:

The Loan is assumable or transferable at the sole discretion of Freddie Mac with payment of 1% transfer fee and a non-refundable \$15,000 transfer processing fee.

Real Estate Tax /  
Insurance Escrow:

The Borrower shall make monthly deposits into escrow accounts established for annual real estate taxes and insurance costs to insure adequate accrual of funds to pay tax and insurance obligations one month prior to their respective due dates provided that all taxes, special assessments, and insurance premiums must be paid current prior to closing. The tax and insurance escrows will be held in a federally insured depository designated by JLL.

Completion Repair Escrow and  
Security Agreement:

At closing, Freddie Mac will require that the Borrower will execute a Completion Repair Escrow and Security Agreement (the "Completion Agreement"). The Completion Agreement will require that the Borrower fund into escrow with JLL, to the extent that excess funds are available, all excess first mortgage proceeds and tax credit equity proceeds at closing after payment of acquisition and closing transaction costs. Additionally, the Completion Agreement will require that all equity payments funded post-closing will be escrowed and administered by JLL. The Completion Agreement will outline the requisition process whereby rehabilitation and soft cost draws may be requested on a monthly basis and must comply with the policies and procedures of JLL and Freddie Mac. Monthly inspections will be made by a third party consultant engaged by JLL at Borrower's expense.

JLL will make best efforts to coordinate with the tax credit limited partners on the terms and conditions of the Completion Agreement.

**Completion/Operating Deficit/  
Transition Reserve Guarantees:**

JLL will require that the Guarantor provide an unconditional guarantee of completion of improvements and an operating deficit funding guaranty that is in effect until the Property has achieved a 1.15 DSCR for 90 consecutive days, and the scheduled rehabilitated improvements have been completed. Upon achievement of a 1.15 DSCR for 90 consecutive days, and completion of improvements, the above referenced guarantees will be canceled, and the Loan will convert to a non-recourse Loan.

**Exclusive Right:**

JLL is hereby granted the exclusive right to procure a written Loan commitment for the Property for a period of thirty (30) days from the date of execution of this financing proposal by the Borrower. Borrower shall not apply for or accept such a Loan from any other lender during such period. By signing this financing proposal, borrower acknowledges that JLL will be registering the proposed transaction with Freddie Mac. Borrower acknowledges further that, subject to agreement between JLL and Borrower on the terms of the Commitment, it has made a choice of JLL for a Freddie Mac Loan for this transaction.

**Special Conditions:**

- 1) Freddie Mac approval of current financial statements and financial condition of the Guarantor(s).
- 2) JLL must receive an acceptable Title Commitment and any title encumbrances such as Regulatory Agreements or Deed Restrictions must be in a form(s) that are acceptable to JLL and Freddie Mac in their sole discretion.
- 3) Final underwritten NOI must satisfy the minimum DSCR and maximum LTV ratios outlined herein which are based on the final locked Interest Rate.
- 4) The terms and conditions quoted herein are subject to a satisfactory site inspection by JLL and/or Freddie Mac.
- 5) The underwritten replacement reserves of \$300 per unit per year must be supported by the Property Condition Report and the Plan & Cost Engineering Review
- 6) Freddie Mac approval of the proposed LIHTC investor and equity pay-in schedule with a requirement that 20% of the tax credit equity must be paid in at loan closing.

**Other Fees and Deposits**

**Fees paid and returned upon acceptance of this term sheet:**

**Due Diligence Costs:**

\$22,500, applied to the Appraisal, Phase I Environmental Site Assessment, Property Condition Report, Plan & Cost Engineering Review, and underwriting/Loan processing/site inspection costs. Any costs for due diligence in excess of the collected deposit are the responsibility of the Borrower and will be collected at initial Loan closing and any cost savings will be credited to the Borrower at closing. Third party reports will be shared with other transaction financing participants. Fees for the JLL inspecting engineer will be charged separately during the construction period and collected upfront at closing.

JLL Legal Fee Deposit: \$5,000, required to be paid at acceptance of a loan application because counsel will need to be involved in conference calls and preparing legal documents, etc. The legal fee deposit will be applied toward and credited against the total legal fees due at closing. *This fee is waived and will be paid at Loan closing.*

**Fees paid prior to submission to Freddie Mac:**

Freddie Mac Application Fee: 0.10% of the permanent Loan amount payable prior to submitting the Loan underwriting to Freddie Mac.

**Fees paid prior to Rate Lock:**

Freddie Mac Refundable Rate Lock Deposit: 2.0% of the maximum permanent mortgage amount. The fee is required to rate lock and is fully refundable and reimbursed at closing.

**Fees paid at Loan Closing:**

Construction and Permanent Loan Commitment Fee: 1.00% of the final Loan amount.

The Commitment Fee constitutes (in part) the consideration for JLL to issue a Commitment to Borrower. Borrower agrees to pay JLL the Construction and Permanent Loan Commitment Fee, which is fully earned upon acceptance of the Permanent Loan Commitment or if JLL issues a Permanent Loan Commitment substantially conforming to the terms and conditions outlined in this application and payable at closing.

Construction Monitoring Fee: \$20,000 estimated payable at closing to cover costs associated with construction monitoring site visits and reports. Any costs in excess of the above estimate will be the responsibility of the Borrower and paid upon request by JLL.

JLL and Freddie Mac Legal Counsel: \$65,000 plus costs, estimated, at initial closing. The foregoing estimate for legal costs assumes that the JLL and Freddie Mac form loan documents are accepted without substantial negotiation and that JLL's due diligence will not reveal conditions warranting additional legal work.

The Borrower agrees and acknowledges that JLL's and Freddie Mac's counsel will be involved in preparing documentation, reviewing diligence items, and attending conference calls prior to Loan closing. Legal fees will be payable regardless of whether or not the Loan closes and upon acceptance of this commitment the Borrower acknowledges that its obligation to pay all reasonable legal fees incurred by JLL and Freddie Mac counsel is unconditional.

Mallards Landing  
May 17, 2019

The above are the general terms and conditions of the proposed transaction. The Borrower and JLL hereby agree and acknowledge that proceeding with a closing of the proposed transaction is subject in all respects to the sole discretion of Freddie Mac and JLL's Loan committee approval after thorough review of the proposed financing and all applicable documentation and the above referenced summary of terms do not in any way constitute a commitment to provide financing on the part of JLL or Freddie Mac. Loans made in California are pursuant to a California Finance Lenders Law license.

If the terms and conditions outlined here are acceptable to you please indicate your acceptance in the area provided below and return it to me.

Please do not hesitate to contact me should you have any questions. We look forward to working with you on this transaction.

Sincerely,

*Timothy R Leonhard*

Timothy R. Leonhard  
International Director  
JLL Capital Markets

AGREED & ACCEPTED:

By: *[Signature]*

Its: *Vice President*

Date: *5/20/19*

# Exhibit 6

## SOURCES AND USES OF FUNDS

**Mallards Landing**  
**West Palm Beach, FL 33409**

### SOURCES OF FUNDS

	CONSTRUCTION PERIOD		PERMANENT PERIOD
Freddie TEL	\$19,100,000		\$19,100,000
Construction MMRB	19,100,000		
LIHTC Equity	9,050,204		10,055,782
Seller Note	1,000,000		1,000,000
Deferred Fee	2,903,014	61%	2,147,436
<b>TOTAL SOURCES</b>	<b><u>\$51,153,218</u></b>		<b><u>\$32,303,218</u></b>

### USES OF FUNDS

Acquisition Costs	\$21,000,000		\$21,000,000
Construction Costs	4,900,877		4,900,877
Financial Costs	516,100		516,100
General Development Costs	535,518		535,518
Legal Costs	172,500		172,500
Agency Fees	191,292		191,292
Reserves	0		250,000
50% Bond Paydown	19,100,000		
Developer Fee	4,736,932		4,736,932
<b>TOTAL USES OF FUNDS</b>	<b><u>\$51,153,218</u></b>		<b><u>\$32,303,218</u></b>

## DEBT ASSUMPTIONS

**Mallards Landing  
West Palm Beach, FL 33409**

<b>PERMANENT DEBT</b>	
Permanent 1st Mortgage	
Lender Name - Existing First	Freddie TEL
TPA First Mortgage as of Sept 2019	\$19,100,000
Loan Amount/Unit	\$117,178
Interest Rate	4.03%
Amortizing (Yes/No)	Yes
Amortization Period (Yrs)	35
Term (Yrs)	16
Actual DSCR	1.16
Origination Fee	1.00%
Monthly Payment	\$85,625
Funds at?	Closing
<b>Payment</b>	<b>\$1,027,499</b>
Permanent 2nd Mortgage	
Lender Name	TBD
Loan Amount	\$0
Loan Amount/Unit	\$0
Interest Rate (Incl Servicing)	4.80%
Amortizing (Yes/No)	Yes
Amortization Period (Yrs)	33
Term (Yrs)	33
DSCR Required	1.20
Actual DSCR	1.16
Origination Fee	1.00%
Monthly Payment	\$0
Funds at?	Closing
<b>Annual Payment</b>	<b>\$0</b>
Permanent 3rd Mortgage	
Lender Name	Seller Note
Loan Amount	\$1,000,000
Loan Amount/Unit	\$6,135
Interest Rate (Incl Servicing)	8.00%
Amortizing (Yes/No)	No
Amortization Period (Yrs)	30
Term (Yrs)	18
DSCR Required	1.20
Actual DSCR	1.07
Origination Fee	1.00%
Monthly Payment	\$6,667
Funds at?	Closing
<b>Annual Payment</b>	<b>\$80,000</b>

<b>CONSTRUCTION DEBT</b>	
Construction Loan	
Lender Name	TBD
Loan Amount	\$19,100,000
Loan Amount/Unit	\$117,177.91
Interest Rate	1.25%
Amortizing (Yes/No)	No
Amortization Period (Yrs)	-
Term (Yrs)	24
Actual DSCR	
Origination Fee	2.00%
Monthly Payment	\$19,896
Annual Payment	\$238,750
Perm 2nd Mortgage	
Lender Name	
Loan Amount	\$0
Loan Amount/Unit	\$0
Interest Rate	4.40%
Amortizing (Yes/No)	Yes
Amortization Period (Yrs)	35
Term (Yrs)	18
DSCR Required	1.20
Actual DSCR	1.16
Origination Fee	1.00%
Monthly Payment	\$0
Annual Payment	\$0

<b>RATE STACK</b>	
Loan Type	Tax-Exempt Bond
Bond Rate	1.70%
Treasury Spread	0.06%
Enhancement	0.35%
Servicing	0.20%
Trustee	0.12%
Issuer	0.40%
Remarketing	0.20%
All-In Rate	3.03%

**DETAILED DEVELOPMENT BUDGET**

Mallards Landing  
West Palm Beach, FL 33409

	TOTAL	PER UNIT	AMOUNT ELIGIBLE	% of costs	PER SF
<b>CONSTRUCTION COSTS</b>					
Hard Costs					
New Const Costs	0	0	0	0.00%	0.00
Rehab Costs	3,952,320	24,247	3,952,320	7.69%	25.52
Demolition	0	0	0	0.00%	0.00
Accessory Buildings	0	0	0	0.00%	0.00
Site Work	0	0	0	0.00%	0.00
LC/PP Bond	0	0	0	0.00%	0.00
Total Hard Costs	3,952,320	24,247	3,952,320	7.69%	25.52
Contractor Fees 14%	553,325	3,395	553,325	1.08%	3.57
Construction Contract Amount	<b>4,505,645</b>	<b>27,642</b>	<b>4,505,645</b>	<b>8.77%</b>	<b>29.09</b>
Hard Cost Contingency 10%	395,232	2,425	395,232	0.77%	2.55
Other	0	0	0	0.00%	0.00
<b>TOTAL CONSTRUCTION COSTS</b>	<b>4,900,877</b>	<b>30,067</b>	<b>4,900,877</b>	<b>9.53%</b>	<b>31.64</b>
<b>FINANCIAL COSTS</b>					
Financing Fees					
Perm Loan Orig - TPA Fee	191,000	1,172		0.37%	1.23
Const/Supplemental Loan Orig	0	0	0	0.00%	0.00
Bond COI	220,000	1,350		0.43%	1.42
Application Fee	19,100	117	19,100	0.04%	0.12
Const Monitoring	20,000	123	20,000	0.04%	0.13
Miscellaneous FHA Costs	5,000	31	1,250	0.01%	0.03
Other - Placement Agent	35,000	215		0.07%	0.23
Closing Costs					
One Mo Payment	15,000	92	0	0.03%	0.10
One Mo Reserves	1,000	6	0	0.00%	0.01
Perm Loan Closing Costs	5,000	31	0	0.01%	0.03
Cons Loan Closing Costs	5,000	31	5,000	0.01%	0.03
Capitalized Interest - MMRB	0	0	0	0.00%	0.00
Other - MISC FHFC Costs	0	0	0	0.00%	0.00
<b>TOTAL FINANCIAL COSTS</b>	<b>516,100</b>	<b>3,166</b>	<b>45,350</b>	<b>1.00%</b>	<b>#DIV/0!</b>
<b>GENERAL DEVELOPMENT COSTS</b>					
General					
Accounting	30,000	184	30,000	0.06%	0.19
Architect - Design	80,000	491	80,000	0.16%	0.52
Architect - CA	20,000	123	20,000	0.04%	0.13
Architect - Landscape	0	0	0	0.00%	0.00
Appraisal	5,000	31	5,000	0.01%	0.03
Brokerage Fees	0	0	0	0.00%	0.00
Building Permits	49,009	301	49,009	0.10%	0.32
Building Permit Expeditor	0	0	0	0.00%	0.00
Engineering Fees	25,000	153	25,000	0.05%	0.16
Environ Report - Phase 1	2,500	15	2,500	0.00%	0.02
Environ -Other (LBP/Asbest/Etc)	12,500	77	12,500	0.02%	0.08
Impact Fees	0	0	0	0.00%	0.00
Inspection Fees	12,500	77	12,500	0.02%	0.08
Insurance - Builders Risk	0	0	0	0.00%	0.00
Insurance - Prop/Liab	50,000	307	25,000	0.10%	0.32
Insurance - Escrow	10,000	61	0	0.02%	0.06
Market Study/RCS	0	0	0	0.00%	0.00
Misc Costs	5,000	31	5,000	0.01%	0.03
Payment and Performance Bond	49,009	301	49,009	0.10%	0.32
PCR - Const Consultant	5,000	31	5,000	0.01%	0.03
Pre Dev Loan Interest	0	0	0	0.00%	0.00
Plan Review Fees	5,000	31	5,000	0.01%	0.03
Survey	10,000	61	10,000	0.02%	0.06
Taxes	25,000	153	12,500	0.05%	0.16
Taxes - Escrow	25,000	153	0	0.05%	0.16
Title/Recording Fees	65,000	399	65,000	0.13%	0.42
Utility Connection Fees	0	0	0	0.00%	0.00
Soft Cost Contingency	50,000	307	50,000	0.10%	0.32
Other - Contractor Bid Costs	0	0	0	0.00%	0.00
Legal					
Borrowers Council	65,000	399	48,750	0.13%	0.42
Borrowers HUD Council	30,000	184	30,000	0.06%	0.19
Borrower Bond Council	25,000	153	12,500	0.05%	0.16
Lender Legal	27,500	169	13,750	0.05%	0.18
Syndicator Legal	25,000	153	12,500	0.05%	0.16
Agency Legal	0	0	0	0.00%	0.00
Other - Local GA Counsel	0	0	0	0.00%	0.00
Agency Fees					
FHFC Application Fee	3,000	18	0	0.01%	0.02
FHFC Pre-Compliance	1,000	6	0	0.00%	0.01
FHFC Compliance Monitoring	125,000	767	0	0.24%	0.81
FHFC Admin Fee 8%	40,000	245	0	0.08%	0.26
FHFC Credit UW Fee	22,292	137	22,292	0.04%	0.14
Reserves					
Reserves - ODR	250,000	1,534	0	0.49%	1.61
Reserves - Bond Paydown	19,100,000	117,178		37.16%	123.31
<b>TOTAL GENERAL DEVELOPMENT COSTS</b>	<b>20,249,310</b>	<b>124,229</b>	<b>602,810</b>	<b>39.39%</b>	<b>130.73</b>
<b>ACQUISITION COSTS</b>					
Building Acquisition (Enter Full Price)	21,000,000	128,834	20,000,000	40.85%	135.57
Brokerage Fee	0	0	0	0.00%	0.00
Land Value - New Construction	0	0	0	0.00%	0.00
Land Value - Acquisition/Rehab	1,000,000	0	0	0.00%	0.00
Other	0	0	0	0.00%	0.00
<b>TOTAL ACQUISITION COSTS</b>	<b>21,000,000</b>	<b>128,834</b>	<b>20,000,000</b>	<b>40.85%</b>	<b>135.57</b>
<b>DEVELOPER FEE</b>					
Developer Fee 18%	1,136,932	6,975	1,136,932	2.21%	7.34
Developer Fee - Acqu 18%	3,600,000	22,086	3,600,000	7.00%	23.24
Consulting Fee	0	0	0	0.00%	0.00
Other	0	0	0	0.00%	0.00
<b>TOTAL DEVELOPMENT FEE</b>	<b>4,736,932</b>	<b>29,061</b>	<b>4,736,932</b>	<b>9.22%</b>	<b>30.58</b>
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$51,403,218</b>	<b>\$315,357</b>	<b>\$30,285,968</b>	<b>100.00%</b>	<b>#DIV/0!</b>

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## OPERATING BUDGET PROJECTIONS - AS-STABILIZED

**Mallards Landing**  
**West Palm Beach, FL 33409**

INCOME

		PUPA
Potential Rental Income	1,947,025	11,945
Less: Vacancy/Collection Loss 5.00%	-97,351	-597
Effective Rental Income	<u>1,849,674</u>	<u>11,348</u>

Utility Reimbursement	0	0
Interest Income	0	0
Laundry Income	21,197	130
Tenant Charges	0	0
Other Income	60,310	370
Total Other Income	<u>81,507</u>	<u>500</u>

TOTAL EFFECTIVE INCOME	<u>1,931,180</u>	<u>11,848</u>
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Variable Expenses

Payroll (Incl Mait, Tx, Benefits)	185,000	1,135	estimate
Maintenance Costs	80,000	491	estimate
Other Operating/Administrative	30,000	184	estimate
Audit Expense	10,000	61	estimate
Legal Professional Fees	10,000	61	estimate
Misc Taxes Licenses	0	0	estimate
Security	30,000	184	
Bad Debt	0	0	
SUBTOTAL VARIABLE EXPENSES	<u>345,000</u>	<u>2,117</u>	

Fixed Expenses

Management Fee	96,559	592	
Real Estate Taxes	128,200	787	estimate after 50% tax abatement
Utilities - Electric	20,086	123	consistent with historicals
Utilities - Water/Sewer	3,071	19	consistent with historicals
Utilities - Trash	4,519	28	consistent with historicals
Insurance (Property/Liability)	95,000	583	estimate
SUBTOTAL FIXED EXPENSES	<u>347,435</u>	<u>2,132</u>	

TOTAL OPERATING EXPENSES	692,435	4,248
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NET OPERATING INCOME	\$1,238,746	7,600
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R/R Contribution	48,900	300
Adusted Net Operating Income	1,189,846	7,300

Debt Service - Must Pay	1,027,499	1.16	1st Mtg DSCR
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Cash Available for Supplemental	162,347	
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Supplemental Debt Service	0	1.16	DSCR to SAIL
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Cash Flow for Distribution	162,347	
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Mallards Landing will also provide the following on-site tenant programs;

- On-site health care (regularly scheduled visits, not less often than once each quarter, at a minimum, health screening, flu shots, vision and hearing tests, provided at no cost to tenants)
- Resident activities
- First time home buyer seminar
- Swimming lessons
- Life safety training
- Health and nutrition classes

# Exhibit 7

## PURCHASE AND SALE AGREEMENT

### (Mallards Landing Apartments)

This Purchase and Sale Agreement ("**Agreement**") is entered into by and between SP Mallards Landing LLC, a Florida limited liability company ("**Purchaser**"), and FF Mallards Landing LLC, a Florida limited liability company ("**Seller**").

1. **Definitions.** The following capitalized terms in this Agreement shall have the following definitions:

1.1. "**Real Property**" or "**Land**" means that certain real property located at 1598 Quail Drive, West Palm Beach, Palm Beach County, Florida, legally described on Exhibit A, on which is located an 163-unit apartment complex, together with any and all rights, easements, and appurtenances pertaining thereto, including any right, title and interest of Seller in and to adjacent streets, alleys, or rights-of-way.

1.2. "**Property**" means the "**Land**", as well as the "**Improvements**", "**Personal Property**", and "**Intangible Property**" defined and described on Exhibit B.

1.3. "**Purchase Price**" means US Twenty One Million Dollars (\$21,000,000.00).

1.4. "**Effective Date**" means the date that a copy of this Agreement, fully executed by Purchaser and Seller, is delivered to both Purchaser and Seller.

1.5. "**Closing Agent**" and "**Title Company**" means Pepple Cantu Schmidt PLLC, 2430 Estancia Boulevard, Suite 114, Clearwater, Florida 33761, Attn: Amber Williams, Esq. Direct 727.724.0100 Email [awilliams@pcslegal.com](mailto:awilliams@pcslegal.com), as agent for First American Title Insurance Company.

1.6. "**Escrow Agent**" means First American Title Insurance Company 13450 W. Sunrise Blvd Suite #300, Sunrise, FL 33323, Attn: Lucy Crawford, Direct Dial: 954-839-2944, Email: [lcrawford@firstam.com](mailto:lcrawford@firstam.com).

1.7. "**Deposit**" or "**Deposits**" means an initial amount of \$100,000.00, plus, when paid, any other amounts designated as a Deposit or Deposits in this Agreement.

1.8. "**Contingency Review Period**" means the period commencing on the Effective Date and ending on September 1, 2019.

1.9. "**Closing Date**" means September 30, 2019.

1.10. "**State Agency**" or "**FHFC**" means Florida Housing Finance Corporation.

1.11. "**Transaction**" means the purchase and sale of the Property pursuant to this Agreement.

2. **Purchase and Sale.** Purchaser hereby agrees to buy, and Seller hereby agrees to sell, the Property on the terms of this Agreement, and subject to the conditions in this Agreement.

3. **Purchase Price.** The Purchase Price shall be payable in full at Closing. All payments from Purchaser shall be via wire transfer of collected federal funds.

4. **Deposit.** Purchaser shall deposit with Seller the Deposit. The Deposit shall be in the form of a promissory note due at Closing. The Deposits paid shall be applied towards the Purchase Price at Closing.

5. **Property Documents.** Commencing on the Effective Date, Seller agrees to provide to Purchaser copies of the documents and information ("**Property Documents**") relating to the Property in the possession or control of Seller and/or Seller's agents, including, but not limited to, those matters described on Exhibit C attached hereto (but only to the extent in the possession or control of Seller and/or Seller's agents). Updated Property Documents will be provided by Seller to Purchaser as updates become available. Seller may provide the Property Documents by: (a) delivery (including but not limited to delivery via email), (b) making available to Purchaser at Seller's office at the address in Section 26.2, (c) making available at the management office at the Property, and/or (d) making available for download via the internet. (Notwithstanding the foregoing, in no event shall Seller be required to disclose or provide to Purchaser the following information: attorney-client privileged information, proprietary information, confidential information, or private employee information, financial and tax information other than that listed on Exhibit C, previous agreements or proposals related to the sale of the Property, or appraisals or other valuation information.)

6. **Title Policy.**

6.1. Within two (2) business days after the Effective Date, Seller shall order from the Title Company a commitment ("**Title Commitment**") for the issuance of an ALTA Owner's Title Policy ("**Title Policy**") at Closing to Purchaser. The Title Company shall be instructed to deliver a copy of the Title Commitment and copies of exceptions to Purchaser, Seller, and their counsel. Purchaser shall give Seller written notice ("**Purchaser's Title Notice**") on or before the expiration of the Contingency Review Period as to whether the condition of title as set forth in the Title Commitment and/or any survey is or is not satisfactory, in Purchaser's sole discretion. In the event that the condition of title is not acceptable, Purchaser shall specify and set forth each of such objections ("**Objections**") in the Purchaser's Title Notice. Seller shall notify Purchaser in writing ("**Seller's Title Response**") within ten (10) days of receipt of Purchaser's Title Notice as to which Objections that Seller will not remove as of the Closing Date ("**Remaining Objections**"). If there are any Remaining Objections, Purchaser may, at its option by written notice within five (5) days after Seller's Title Response: (i) accept title subject to the Remaining Objections, in which event the Remaining Objections shall be deemed to be waived for all purposes, or (ii) terminate this Agreement, in which event any Deposits paid shall be immediately refunded to Purchaser and the Agreement Consideration shall be immediately disbursed by Escrow Agent to Seller. (In the event that Purchaser does not so notify Seller in writing within five (5) days after Seller's Title Response, Purchaser shall be deemed to have accepted title subject to the Remaining Objections and the Remaining Objections shall be deemed to be waived for all purposes.) Any exceptions permitted on the Title Policy pursuant to this Section 6.1 are referred to herein as "**Permitted Exceptions**". If the Title Company subsequently updates the Title Commitment with additional exceptions to title, the provisions for Purchaser's Title Notice and Seller's Title Response shall be reinstated with respect to the additional exceptions, with the Purchaser's Title Notice regarding the additional exceptions being due five (5) business days after the date that Purchaser receives the updated Title Commitment. Notwithstanding any of the provisions of this Section 6.1 to the contrary, if Purchaser fails to notify Seller that the condition of title as set forth in the Title Commitment and/or any survey is or is not acceptable within the times set forth herein, the parties hereby agree that the condition of title shall be deemed acceptable.

6.2. In the event that the issuance of the Title Policy requires a new or updated ALTA Survey ("**Survey**") of the Property, Purchaser shall obtain such Survey and provide it to the Title Company at least ten (10) business days prior to the initial Closing Date.

6.3. Purchaser's obligations hereunder are contingent upon the Title Company, at Closing, being irrevocably and unconditionally committed to issue to Purchaser the Title Policy in accordance with the title requirements listed in this Section 6 (subject only to payment of the premiums for the Title Policy), unless this contingency is not met due to Purchaser's failure to obtain the Survey as required in Section 6.2 or otherwise fail to meet the Title Company's requirements imposed on Purchaser for issuance of the Title Policy. If this contingency is not met on the Closing Date, this Agreement shall automatically terminate, in which event the Deposits paid shall be immediately refunded to Purchaser.

7. **Contingency Review Period.** Purchaser shall have until the expiration of the Contingency Review Period to review all aspects of the Property and the Transaction. In the event that Purchaser approves such review, Purchaser shall so notify Seller in writing ("**Purchaser's Approval Notice**") on or before expiration of the Contingency Review Period, and the Deposit shall become non-refundable except as specifically provided otherwise in this Agreement. In the event that Purchaser, on or before the time required by this Section 7, either: (a) does not provide the Purchaser's Approval Notice to Seller, or (b) notifies Seller in writing of Purchaser's disapproval of the Property and the Transaction, this Agreement shall automatically terminate as of the expiration of the Contingency Review Period, in which event the Deposits paid shall be immediately refunded to Purchaser.

8. **Inspections.** Purchaser and its agents shall be entitled to inspect the Property and conduct tests on the Improvements and the Land at any time or times prior to the Closing, upon at least one (1) business day's notice to Seller, in order to conduct the evaluations described in this Agreement (including without limitation, engineering studies, environmental site assessments, risk assessments, inspections for the presence of lead based paint and lead based paint hazards, evaluation of drainage and flood plain, borings and soil tests). The right granted to Purchaser to conduct the inspections is subject to the rights of any tenants of the Property with respect to any such inspection, and compliance with tenant leases and applicable laws, and to the inspections being conducted at reasonable times and accompanied by representatives of Seller. Any invasive testing shall be subject to Seller's prior written approval of a testing plan. No physical alteration of the Property is permitted, but if any physical alteration occurs, any physical alteration of the Property in connection with Purchaser's study shall be restored by Purchaser immediately upon demand by Seller, at Purchaser's sole expense. Purchaser shall indemnify Seller against any loss, damage or claim resulting from Purchaser's inspections and tests, except any arising from the discovery of preexisting conditions (so long as Purchaser does not exacerbate any such condition). Purchaser shall not act as Seller's agent in connection with such activities and has no authority to allow any liens to encumber the Property. Purchaser shall not allow any liens to encumber the Property arising out of such activities, and shall indemnify and hold Seller harmless from and against any liens, costs, expenses (including attorney fees), claims, liabilities, and obligations arising in any way out of such activities by Purchaser, as well as Purchaser's employees and agents. Notwithstanding anything to the contrary contained in this Agreement or in any addenda, amendments or modifications to this Agreement, Purchaser's obligations under this Section 8 shall survive the termination of this Agreement and/or Closing, and shall remain in full force and effect without time limitation until all of such obligations have been fully performed by Purchaser, and all amounts to be paid by Purchaser have been paid.

9. **Regulatory Agreement.** The Property is subject to one or more use agreements, regulatory agreements, and/or covenants (each a "**Regulatory Agreement**" and together the "**Regulatory Agreements**") recorded as an encumbrance or encumbrances against the Property in connection with FHFC requirements related to low income housing covenants and restrictions. The Regulatory Agreements shall be Permitted Exceptions, and shall be assumed by Purchaser at the Closing. Purchaser shall obtain any consent of FHFC required pursuant to the Regulatory Agreements, at Purchaser's sole expense. Purchaser shall submit applications for any required consents. Seller shall cooperate and join in such applications. Purchaser shall pay all costs, fees and charges incurred in connection with obtaining such consents, whether or not consent is obtained, and/or whether or not the Transaction closes, and this obligation shall survive the termination of this Agreement and/or Closing. At Closing, Purchaser shall assume in writing all obligations of the owner of the Property under the Regulatory Agreements.

10. **Contracts.** Subsequent to delivery of Purchaser's Approval Notice, Seller shall, upon written request from Purchaser, give appropriate notices of termination of any service, supply, security, maintenance, employment or other contracts or arrangements ("**Contracts**") with respect to the Property (other than the Permitted Exceptions), terminating such Contracts as of the Closing Date (or if a Contract cannot be terminated as of the Closing Date, such later date which is the earliest date that such Contract can be terminated in accordance with its terms without a termination fee or charge). In addition, effective as of the Closing Date, Seller shall terminate all property management agreements with respect to the Property. Any Contracts which are not terminated as of the Closing Date in accordance with this Section 10 shall be assigned to, and assumed by, Purchaser at the Closing.

11. **The Closing and the Closing Date.** The sale and purchase of the Property shall be consummated at a Closing to be held on the Closing Date at the offices of the Closing Agent. Purchaser may select an earlier Closing Date upon at least five (5) business days' written notice to Seller. Neither party need be physically present at the Closing. As used in this Agreement, the term "**Closing**" shall mean the date all of the documents necessary to transfer title to Purchaser are sent for recording with the appropriate County Clerk and the sales proceeds are available to Seller. Title to and possession of the Property shall transfer to Purchaser at Closing.

12. **Seller's Obligations at the Closing.** At the Closing, Seller shall do the following, through Closing Agent:

12.1. Execute and deliver to Purchaser and the Title Company:

12.1.1. A special warranty deed (the "**Deed**") conveying to Purchaser fee simple title to the Real Property and Improvements on the form attached hereto as Exhibit D.

12.1.2. A Bill of Sale, Assignment, and Assumption Agreement on the form attached hereto as Exhibit E.

12.1.3. A completed Agreement for the Transfer of Advertising & Online listings in the form attached hereto as Exhibit F.

12.1.4. A FIRPTA Affidavit.

12.1.5. All other agreements to be executed by Seller as specified herein.

12.2. Execute and deliver to the Title Company: (i) such affidavits and other evidence as the Title Company may require so as to enable the Title Company to issue the Title Policy in accordance with this Agreement; and (ii) satisfactory evidence that all necessary corporate, partnership, or other action on the part of Seller has been taken with respect to the execution and delivery of this Agreement and the consummation of the Transaction so that all of said documents are or will be validly executed and delivered and will be binding upon the Seller.

12.3. Deliver to Purchaser all tenant leases affecting the Property which are in effect as of the Closing Date, and a Certified Rent Roll certified by Seller (or the property management company managing the Property) to be correct no earlier than five (5) business days prior to the Closing Date.

12.4. Deliver to Purchaser all documents, records, plans, keys, permits and other items related to the Property which are in Seller's possession or control.

12.5. Deliver to Purchaser a letter from Seller's management company addressed to all tenants directing the tenants to make all future payments to Purchaser's management company, and otherwise complying with any legal requirements regarding the transfer of tenant deposits.

12.6. Execute and deliver to Purchaser a certificate, dated as of the date of Closing and executed by Seller, stating that the representations and warranties of Seller contained in this Agreement are accurate in all material respects as of the date of Closing, subject to any updated information as provided in accordance with Section 14.12.

12.7. Execute a settlement statement ("**Seller Settlement Statement**") setting forth any debits and credits payable in connection with the Closing. Seller hereby authorizes Closing Agent, to provide FHFC and/or any servicer of FHFC a copy of Seller's Settlement Statement, upon FHFC's or FHFC's servicer's request.

12.8. Execute any documents required by FHFC in connection with the transfer of the Property and the assignment and assumption of the Extended Low-Income Housing Agreement entered into with FHFC with respect to the Property.

12.9. Execute and deliver to Purchaser such additional documents as are necessary to carry out the provisions of this Agreement.

13. **Purchaser's Obligations at the Closing.** At the Closing, Purchaser shall do the following, through Escrow Agent:

13.1. Deliver to Seller the Purchase Price.

13.2. Execute and deliver to Seller executed counterparts of the Bill of Sale, Assignment, and Assumption Agreement.

13.3. Execute a settlement statement ("***Purchaser Settlement Statement***") setting forth any debits and credits payable in connection with the Closing. Purchaser hereby authorizes Closing Agent, to provide FHFC and/or any servicer of FHFC a copy of Purchaser's Settlement Statement, upon FHFC's or FHFC's servicer's request.

13.4. Execute any documents required by FHFC in connection with the transfer of the Property and the assignment and assumption of the Extended Low-Income Housing Agreement entered into with FHFC with respect to the Property.

13.5. Execute and deliver to Seller such additional documents as are necessary to carry out the provisions of this Agreement.

14. **Representations and Warranties of Seller.** Seller represents and warrants to Purchaser the following:

14.1. Seller is duly formed, validly existing and in good standing under the laws of the State of its formation and has all requisite powers and all material governmental licenses, authorizations, consents and approvals to enter into and perform its obligations hereunder and under any document or instrument required to be executed and delivered on behalf of Seller hereunder.

14.2. This Agreement has been duly authorized by all necessary action on the part of Seller, has been duly executed and delivered by Seller, constitutes the valid and binding agreement of Seller and is enforceable in accordance with its terms. The person executing this Agreement on behalf of Seller has the authority to do so.

14.3. The execution and delivery of, and the performance by Seller of its obligations under this Agreement will not contravene, or constitute a default under, any provision of applicable law or regulation or any agreement, judgment, injunction, order, decree or other instrument binding upon Seller or to which the Property is subject.

14.4. Seller has not received any written notice of any threatened or actual cancellation or suspension of any certificate of occupancy or other certificate, license or permit for any portion of the Improvements.

14.5. To Seller's knowledge, except as may be contained in the Property Documents and other documents provided to Purchaser, no Hazardous Materials (as hereinafter defined) exist on or under the Property in violation of law. Hazardous Materials means: (a) substances defined as "hazardous substances," "hazardous materials," or "toxic substances" under federal, state or local law; (b) asbestos and any form of urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid or other fluids containing levels of polychlorinated biphenyls; (c) petroleum and/or petroleum products or by-products; and (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Property or the owners and/or occupants of the properties adjacent to the Property.



14.6. To Seller's knowledge, except as may be contained in the Property Documents and other documents provided to Purchaser, there currently are no underground storage tanks on the Property.

14.7. Except as may be contained in the Property Documents and other documents provided to Purchaser, Seller has not received any written notice of any pending judicial, municipal or administrative proceedings affecting the Property, including, without limitation, proceedings for or involving collections, condemnation, eminent domain, or alleged building code or environmental or zoning violations.

14.8. All real estate taxes and assessments affecting the Property are paid current and not delinquent as of the Effective Date.

14.9. Any Contracts disclosed as part of the Property Documents and other documents provided to Purchaser, and/or shown as exceptions on the Title Commitment, constitute all of the Contracts affecting the Property. Seller has not received any written notice of uncured default and Seller has no knowledge of any existing uncured defaults under the Contracts.

14.10. Each certified rent roll ("**Certified Rent Roll**") to be provided pursuant to this Agreement shall be certified by Seller (or the property management company managing the Property) to be true, correct, and complete to its knowledge, and shall contain for each tenant and each tenant's lease the following information: commencement date of the lease; termination date of the lease; monthly rent; monthly additional rent; security deposits (any amounts previously applied to charges shall also be shown); prepaid rents; any other payments or credits applicable to that lease.

14.11. At all times prior to closing contemplated by this Agreement, Seller: (i) shall not be a Prohibited Person; and (ii) shall be in full compliance with all applicable orders, rules, regulations and recommendations promulgated under or in connection with United States Presidential Executive Order 13224 ("**Executive Order**"), the Annex to that Executive Order ("**Annex**"), and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("**Patriot Act**"). The term "**Prohibited Person**" shall mean any person or entity which meets any of the following criteria:

14.11.1. A person or entity listed in the Annex to, or otherwise subject to the provisions of, the Executive Order.

14.11.2. A person or entity owned or controlled by, or acting for or on behalf of, any person or entity that is listed to the Annex to, or is otherwise subject to the provisions of, the Executive Order.

14.11.3. A person or entity with whom a party is prohibited from dealing or otherwise engaging in any transaction by any terrorism or money laundering law, including the Executive Order.

14.11.4. A person or entity that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order.

14.11.5. A person or entity that is named as a "specially designated national and blocked person" on the most current list ("**List**") published by the U.S. Department of the Treasury, Office of Foreign Assets Control at its official website ([www.ustreas.gov/ofac](http://www.ustreas.gov/ofac)) or at any replacement website or other replacement official publication of such list.

14.11.6. A person or entity who is an Affiliate of a person or entity listed in this Section 14.11.

14.12. If, after the Effective Date, any event occurs or condition arises that renders any of the Seller's representations and warranties in Section 14 untrue or misleading in any material respect, and Seller has actual knowledge of the same, Seller shall promptly notify Purchaser in writing of such

event or condition. In no event shall Seller be liable to Purchaser for, or be deemed to be in default hereunder by reason of, any breach of representation or warranty which results from any change that (i) occurs between the Effective Date and the date of Closing and (ii) is expressly permitted under the terms of this Agreement or is beyond the reasonable control of Seller to prevent. If a notice from Seller pursuant to this Section 14.12 indicates any material adverse change in the representations and warranties made by Seller, Purchaser shall have the right to terminate this Agreement by written notice to Seller within ten (10) days after Seller's notice, in which event the Deposits paid shall be immediately refunded to Purchaser. If Purchaser does not terminate this Agreement within such time period, Purchaser's termination right in this Section 14.12 shall lapse.

15. **Representations and Warranties of Purchaser.** Purchaser represents and warrants to Seller the following:

15.1. Purchaser is duly formed, validly existing and in good standing under the laws of the State of its formation and has all requisite powers and all material governmental licenses, authorizations, consents and approvals to enter into and perform its obligations hereunder and under any document or instrument required to be executed and delivered on behalf of Purchaser hereunder.

15.2. This Agreement has been duly authorized by all necessary action on the part of Purchaser, has been duly executed and delivered by Purchaser, constitutes the valid and binding agreement of Purchaser and is enforceable in accordance with its terms. The person executing this Agreement on behalf of Purchaser has the authority to do so.

15.3. The execution and delivery of, and the performance by Purchaser of its obligations under this Agreement will not contravene, or constitute a default under, any provision of applicable law or regulation or any agreement, judgment, injunction, order, decree or other instrument binding upon Purchaser.

15.4. At all times prior to Closing contemplated by this Agreement, Purchaser: (i) shall not be a Prohibited Person; and (ii) shall be in full compliance with all applicable orders, rules, regulations and recommendations promulgated under or in connection with the Executive Order and the Patriot Act.

16. **Seller Covenants.** Seller hereby covenants as follows:

16.1. Until the Closing Date, Seller shall maintain the Property in substantially the same condition and quality as such was in at the time of the physical inspection of the Property by Purchaser, except for normal wear and tear, and subject to Section 26.5.

16.2. Seller shall pay all real estate taxes and assessments affecting the Property current up to the Closing Date.

16.3. Seller shall continue to operate the Improvements in the ordinary course of business between the Effective Date and the Closing Date, such operation to include the continuation of maintenance and repair programs.

16.4. Seller shall cause all apartment units on the Property which become vacant more than five (5) days prior to Closing to be in a "rent ready" condition, and to the extent that any such units are not in rent ready condition on the Closing Date, Purchaser shall receive a credit at Closing equal to \$1,000.00 for each such unit not in "rent ready" condition. One business day prior to Closing, Seller and Purchaser (or their designated representatives) shall inspect the Property and agree upon the number of non "rent ready" units. The term "rent ready" shall mean cleaned and prepared for occupancy for a new tenant consistent with Seller's current standards for units available for rent.

16.5. If Seller is aware of any bed bug infestation of any of the buildings and/or apartment units, Seller shall complete a bed bug removal treatment for such buildings and units prior to the Closing, in accordance with customary and reasonable industry practices. Seller shall provide to Purchaser

documentation evidencing the treatment. Purchaser shall receive a credit at Closing equal to \$1,000.00 for each and every building and apartment unit for which such treatment is not completed prior to Closing.

17. **Survival.**

17.1. Any claim for a breach of such representations and warranties shall survive for one year after the Closing Date. Any claim for a breach of representation or warranty set forth in Sections 14 and 15 of this Agreement shall be barred and shall lapse unless a claim is made in writing, with a description of the claim made, on or before the first anniversary of the Closing Date.

17.2. All other provisions of this Agreement shall be deemed merged into or waived by the instruments of Closing, except for those provisions that specifically state that they survive Closing or termination (each a "***Surviving Provision***"). If a Surviving Provision states that it survives for a limited period of time, that Surviving Provision shall survive only for the limited time specified. Any claim made in connection with a Surviving Provision shall be barred and shall lapse unless a claim is made in writing, with a description of the claim made, on or before the limited time specified in such Surviving Provision.

18. **Purchaser's Defaults; Seller's Remedies.** In the event of a breach by Purchaser of this Agreement, which breach is not cured within ten (10) days after written notice of default from Seller specifying the breach (provided, however, that no such cure period shall apply for a breach of the obligation to close by the Closing Date), Seller's sole remedy shall be to terminate this Agreement and retain all Deposits paid, and any earnings thereon, as liquidated damages but not as a penalty. **PURCHASER AND SELLER AGREE THAT IT WOULD BE EXTREMELY DIFFICULT OR IMPRACTICAL TO QUANTIFY THE ACTUAL DAMAGES TO SELLER IN THE EVENT OF A BREACH BY PURCHASER, THAT THE AMOUNT OF ALL DEPOSITS PAID IS A REASONABLE ESTIMATE OF SUCH ACTUAL DAMAGES, AND THAT SELLER'S REMEDY IN THE EVENT OF A BREACH BY PURCHASER SHALL BE TO RETAIN ALL DEPOSITS PAID AND ANY EARNINGS THEREON AS LIQUIDATED DAMAGES.** Notwithstanding the foregoing, this liquidated damages provision does not limit Purchaser's obligations under the Surviving Provisions, or under Section 8.

19. **Seller's Defaults; Purchaser's Remedies.** In the event of a breach by Seller of this Agreement, which breach is not cured within ten (10) days after written notice of default from Purchaser specifying the breach (provided, however, that no such cure period shall apply for a breach of the obligation to close by the Closing Date), Purchaser may elect only one of the following two remedies: (a) terminate this Agreement, in which event the Deposits paid shall be immediately refunded to Purchaser; or (b) enforce specific performance of this Agreement against Seller. Notwithstanding the foregoing, the limitation of remedies provision does not limit Seller's obligations under the Surviving Provisions.

20. **Closing Costs.** Costs of closing the Transaction shall be allocated between Seller and Purchaser as follows:

20.1. Seller shall pay: (i) the premium for the owner's Title Policy in the amount of the Purchase Price; (ii) one-half of any escrow fees of the Escrow Agent; (iii) documentary stamps on the deed; and (iv) all other costs and expenses allocated to Seller pursuant to the terms of this Agreement.

20.2. Purchaser shall pay: (i) the additional premium for the portion of the owner's Title Policy in excess of the Purchase Price, and any endorsements; (ii) the cost of recording the Deed; (iii) one-half of any escrow fees of the Escrow Agent; and (iv) all other costs and expenses allocated to Purchaser pursuant to the terms of this Agreement.

21. **Proration of Income and Expenses.** At Closing, the following items shall be paid or adjusted or prorated between Seller and Purchaser as specified, as of the Closing Date, with the day of Closing being for Purchaser's account:

21.1. *Ad valorem* and similar taxes, and assessments, for the then current tax year relating to the Property shall be prorated as of the Closing Date, assuming the maximum available discount.

If the Closing shall occur before the tax rate is fixed for the then current year, the proration of taxes shall be upon the basis of the tax rate of the preceding year applied to the latest assessed valuation. Subsequent to the Closing, when the tax rate is fixed for the year in which the Closing occurs, Seller and Purchaser agree to adjust the proration of taxes and, if necessary, to refund or pay, as the case may be, on or before January 1 of the year following the Closing, an amount necessary to effect such adjustments.

21.2. On the Closing Date, Seller shall cause its property management company to transfer to Purchaser's property management company the amount of any of the following for which Purchaser will be responsible after the Closing: (i) refundable deposits made by tenants of the Property; and (ii) non-refundable deposits made by tenants of the Property that have not been applied to costs incurred. At the Closing, Purchaser shall assume Seller's obligations related to the deposits actually transferred to Purchaser.

21.3. All collected rents or other income and all operating expenses for or pertaining to the Property, including but not limited to maintenance, security, management service and similar contractual charges with respect to the Property shall be prorated between Purchaser and Seller as of the Closing Date.

21.4. Water, sewer, fuel, electricity, gas and other utilities and services shall be paid by Seller based upon current readings by the utilities to be obtained by Seller contemporaneously with Closing. Seller shall arrange for utility services to Seller to be cancelled, in which event, Purchaser shall establish a new account with the utility, and Seller shall be entitled to any deposits on account paid by Seller. If a utility will not cancel Seller's account and replace it with a new Purchaser account, Seller shall at Closing transfer the utility account to Purchaser, in which event: (i) Purchaser shall reimburse Seller at Closing for any utility deposit transferred to Purchaser; and (ii) utility charges for such account shall be prorated between Purchaser and Seller as of the Closing Date.

21.5. Purchaser shall pay to Seller at Closing the amount of any prepaid compliance monitoring or other fees attributable to the period of time from and after the Closing Date.

22. **Post-Closing Adjustments.** Seller and Purchaser agree that, to the extent items are prorated or adjusted at Closing on the basis of estimates, or are not prorated or adjusted at Closing pending actual receipt of funds or compilation of information upon which such prorations or adjustments are to be based, each of them will pay to the other such amounts as may be necessary such that Seller will receive the benefit of all income collected for the period prior to the Closing Date and will pay all expenses of the Property attributable to the period prior to the Closing Date, both on an accrual basis, and Purchaser will receive all income collected for the period from and after the Closing Date and will pay all expenses of the Property attributable to the period from and after the Closing Date, both on an accrual basis. The provisions of this Section 22 shall survive the Closing for ninety (90) days; any claim under this Section 22 shall be barred and shall lapse unless a claim is made in writing, with a description of the claim made, on or before ninety (90) days after Closing.

23. **Delinquent Rents.** With respect to any monies collected by Purchaser from tenants or other persons owing delinquent rents or other amounts as of the Closing Date, such money shall first be applied to the current rents or obligations of such person and retained by Purchaser and the balance (if any) shall then be delivered to Seller. After the Closing Date, Seller shall be entitled to institute legal actions to recover delinquent rents from tenants; provided, however, that Seller acknowledges that Seller shall have no right to terminate any tenant lease, and Seller shall not have the right to evict any tenant.

24. **Property Matters.** AS A MATERIAL PART OF THE CONSIDERATION TO SELLER FOR THE SALE OF THE PROPERTY, PURCHASER, ON BEHALF OF ITSELF, AND ITS SUCCESSORS AND ASSIGNS, HEREBY IRREVOCABLY WAIVES, AND RELEASES SELLER, ITS MEMBERS, PARTNERS, OFFICERS, DIRECTORS, PRINCIPALS, AGENTS, REPRESENTATIVES, ATTORNEYS AND EMPLOYEES (THE "**SELLER PARTIES**") FROM ANY AND ALL CLAIMS, DEMANDS, OBLIGATIONS, DAMAGES, CAUSES OF ACTION AND LIABILITY, WHETHER KNOWN OR UNKNOWN, OTHER THAN THOSE FOR BREACH OF SELLER'S REPRESENTATIONS AND WARRANTIES SET FORTH HEREIN,

THAT ARE BASED DIRECTLY OR INDIRECTLY ON, ARISE FROM OR IN CONNECTION WITH, OR ARE RELATED TO THE FOLLOWING (THE **"PROPERTY MATTERS"**): (A) ANY AND ALL STATEMENTS, REPRESENTATIONS, WARRANTIES, DETERMINATIONS, CONCLUSIONS, ASSESSMENTS, ASSERTIONS OR ANY OTHER INFORMATION CONTAINED IN ANY OF THE DOCUMENTS DELIVERED TO PURCHASER IN CONNECTION HERewith, (B) ANY PAST, PRESENT, OR FUTURE CONDITION OF THE PROPERTY HOWEVER AND WHENEVER OCCURRING, INCLUDING, WITHOUT LIMITATION, THE PROPERTY'S PROXIMITY TO ANY GEOLOGICAL HAZARD, OR THE PRESENCE OF HAZARDOUS MATERIALS AT THE PROPERTY (INCLUDING, WITHOUT LIMITATION, THE CONTAMINATION OR POLLUTION OF ANY SURFACE OR SUBSURFACE SOILS, SUBSURFACE MEDIA, SURFACE WATERS OR GROUND WATERS AT THE PROPERTY), THE VIOLATION OF ANY ENVIRONMENTAL LAW, WHETHER IN COMMON LAW OR UNDER ANY EXISTING OR HEREINAFTER ENACTED FEDERAL, STATE OR LOCAL LAW, REGULATION, OR ORDINANCE, AND (C) EXCEPT AS OTHERWISE PROVIDED IN THE DEED, ANY DEFECT, INACCURACY OR INADEQUACY IN THE CONDITION OF TITLE TO THE PROPERTY, LEGAL DESCRIPTION OF THE PROPERTY, OR COVENANTS, RESTRICTIONS, ENCUMBRANCES OR ENCROACHMENTS WHICH AFFECT THE PROPERTY. PURCHASER HEREBY ACKNOWLEDGES AND AGREES THAT PURCHASER MAY HEREAFTER DISCOVER FACTS DIFFERENT FROM OR IN ADDITION TO THOSE NOW (OR AS OF THE CLOSING) KNOWN OR BELIEVED TO BE TRUE REGARDING THE PROPERTY MATTERS, AND PURCHASER'S AGREEMENT TO RELEASE, ACQUIT AND DISCHARGE SELLER AND EACH OF THE OTHER SELLER PARTIES AS SET FORTH HEREIN SHALL REMAIN IN FULL FORCE AND EFFECT NOTWITHSTANDING THE EXISTENCE OR DISCOVERY OF ANY SUCH DIFFERENT OR ADDITIONAL FACTS. PURCHASER KNOWINGLY AND VOLUNTARILY WAIVES ANY AND ALL RIGHTS, BENEFITS AND PRIVILEGES TO THE FULLEST EXTENT PERMISSIBLE UNDER ANY FEDERAL, STATE, LOCAL, OR OTHER LAWS WHICH DO OR WOULD NEGATIVELY AFFECT VALIDITY OR ENFORCEABILITY OF ALL OR PART OF THE RELEASES SET FORTH IN THIS AGREEMENT. THE PROVISIONS OF THIS SECTION 24 SHALL SURVIVE THE CLOSING WITHOUT TIME LIMITATION.

#### **25. Tax Deferred Exchange.**

25.1. If Purchaser wishes to structure the Transaction as part of a 1031 tax deferred exchange, Seller agrees to cooperate in such efforts, and to sign documents to accomplish such purposes; provided, however, that there shall be no material change in the Transaction from what would result if there was no tax deferred exchange, and provided that Seller incurs no additional cost, expense, obligation or liability as a result of such tax deferred exchange. Purchaser acknowledges that Seller shall have no obligation of any kind for the qualification of the Transaction for a 1031 tax deferred exchange.

25.2. If Seller wishes to structure the Transaction as part of a 1031 tax deferred exchange, Purchaser agrees to cooperate in such efforts, and to sign documents to accomplish such purposes; provided, however, that there shall be no material change in the Transaction from what would result if there was no tax deferred exchange, and provided that Purchaser incurs no additional cost, expense, obligation or liability as a result of such tax deferred exchange. Seller further acknowledges that Purchaser shall have no obligation of any kind for the qualification of the Transaction for a 1031 tax deferred exchange.

#### **26. Miscellaneous.**

26.1. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. This Agreement embodies and constitutes the entire understanding between the parties with respect to the Transaction. No provision hereof may be waived, modified, or amended except by an instrument in writing signed by Purchaser and Seller. This Agreement may be executed in several counterparts and all so executed shall constitute one Agreement, binding on all the parties hereto even though all the parties are not signatories to the original or the same counterpart. A facsimile, scanned, or other copy of a signed version of this Agreement has the same effect as an original. Delivery by electronic transmission such as email, download or facsimile shall be deemed effective delivery.

26.2. Any notice, request, demand, instruction or other document required or permitted to be given or served hereunder or under any document or instrument executed pursuant hereto shall be in writing and shall be delivered personally, or by overnight express courier, or by email, or by facsimile transmission, and addressed to the parties at their respective addresses set forth below, and the same shall be effective upon receipt if delivered personally, or by email, or by confirmed facsimile, or via overnight express courier. (If a fax number listed below is inaccurate or is not working, then the date that a notice is required to be delivered shall be extended by one day.) Notwithstanding the foregoing, any written communication (including email or fax) sent to a party, which is actually received by such party, shall constitute notice for all purposes of this Agreement. A party may change its address for receipt of notices by service of a notice of such change in accordance herewith.

If to Purchaser: SP Mallards Landing LLC  
5403 West Gray Street  
Tampa, FL 33609  
ATTN: Scott Seckinger  
Email: [sseckinger@sphome.com](mailto:sseckinger@sphome.com)  
Office: (813) 288-6988  
Fax: (813) 288-1511

With a copy to: Pepple Cantu Schmidt PLLC  
2430 Estancia Boulevard, Suite 114  
Clearwater, Florida 33761  
ATTN: David O. Cantu  
Email: [dcantu@pcslegal.com](mailto:dcantu@pcslegal.com)  
Office: (727) 724-3222  
Fax. No. (727) 726-9272

If to Seller: FF Mallards Landing LLC  
5403 West Gray Street  
Tampa, FL 33609  
ATTN: Scott Seckinger  
Email: [sseckinger@sphome.com](mailto:sseckinger@sphome.com)  
Office: (813) 288-6988  
Fax: (813) 288-1511

With a copy to: Pepple Cantu Schmidt PLLC  
2430 Estancia Boulevard, Suite 114  
Clearwater, Florida 33761  
ATTN: David O. Cantu  
Email: [dcantu@pcslegal.com](mailto:dcantu@pcslegal.com)  
Office: (727) 724-3222  
Fax. No. (727) 726-9272

If to Escrow Agent: As in Section 1.5

26.3. In any legal proceeding arising in connection with this Agreement (including without limitation any arbitration and appellate proceedings as well as any bankruptcy, reorganization, liquidation, receivership or similar proceeding) the substantially non-prevailing party agrees to pay to the substantially prevailing party all reasonable costs and expenses, including attorneys' fees and other legal costs, expended or incurred by the substantially prevailing party in connection therewith (whether incurred before, during, or subsequent to any such action or proceeding).

26.4. Risk of loss or damage to the Property by condemnation, eminent domain, or similar proceedings (or deed in lieu thereof), or by fire or any other casualty, from the Effective Date until the Closing will be on Seller, and thereafter will be on Purchaser.

26.5. **Casualty Loss.**

26.5.1. If at any time prior to the Closing Date, any portion of the Property is destroyed or damaged as a result of fire or any other casualty whatsoever, Seller shall give written notice thereof to Purchaser as soon as possible and in any event within five (5) business days after Seller learns of such destruction or damage, and, within thirty (30) days thereafter, shall provide Purchaser with an estimate of the cost of restoring the Property to the condition it was in immediately before such damage or destruction from an independent consultant acceptable to Purchaser and Seller. The Closing Date shall be postponed, as required, in order for Seller to have the stipulated time to provide such notice and obtain and provide such estimate to Purchaser. If the cost of restoring and repairing the portion of the Property so damaged to substantially its present condition is not more than One Hundred Fifty Thousand Dollars (\$150,000.00), as reasonably estimated by such independent consultant, then Purchaser shall have no right to terminate this Agreement and shall purchase the Property in its damaged condition and be fully responsible for repair thereto, and at the Closing, Seller shall assign to Purchaser all rights of Seller in and to the property insurance (including rent loss coverage) currently maintained by Seller, and Purchaser shall receive a credit against the Purchase Price in the amount of any deductible under such property insurance policy, but without any other claim or offset resulting from such destruction or damage; provided, however, that if the rights of Seller in and to such property insurance are not assignable to Purchaser, then Purchaser shall receive at Closing a credit against the Purchase Price in the amount of such insurance proceeds which would have been assigned.

26.5.2. If the cost of restoring and repairing the portion of the Property so damaged to substantially its present condition is more than One Hundred Fifty Thousand Dollars (\$150,000.00), as reasonably estimated by such independent consultant acceptable to Purchaser and Seller, then Purchaser shall have the option, to be exercised within twenty (20) business days from the date of Purchaser's receipt of such estimate, to terminate this Agreement, in which event the Deposits paid shall be immediately refunded to Purchaser, and neither party hereto shall have any further duties, obligations or liabilities to the other, except as specifically provided herein. The Closing Date shall be postponed, as required, in order for Seller to have the stipulated time to provide such notice and obtain and provide such estimate to Purchaser, and for Purchaser to have the stipulated time to exercise its option to terminate. If Purchaser shall not elect to terminate this Agreement as provided in this Section 26.5.2, then this Agreement shall remain in full force and effect, and Purchaser shall purchase the Property in its damaged condition and be fully responsible for repair thereto, and at the Closing, Seller shall assign to Purchaser all rights of Seller in and to the property insurance (including rent loss coverage) currently maintained by Seller, and Purchaser shall receive a credit against the Purchase Price in the amount of any deductible under such property insurance policy, but without any other claim or offset resulting from such destruction or damage; provided, however, that if the rights of Seller in and to such property insurance are not assignable to Purchaser, then Purchaser shall receive at Closing a credit against the Purchase Price in the amount of such insurance proceeds which would have been assigned. Seller shall not negotiate for or agree to an award or settlement without the approval of Purchaser.

26.5.3. Notwithstanding the foregoing, this Section 26.5 shall not apply to any destruction or damage that is restored by Seller to its present condition on or before the Closing Date.

26.6. If at any time prior to the Closing Date, there shall be a taking by eminent domain proceedings or the commencement of any such proceedings, with respect to the Property, Seller shall promptly give written notice thereof to Purchaser, and, if such taking by eminent domain proceedings would result in a Material Change, Purchaser shall have the right, at Purchaser's sole option, to terminate this Agreement by giving written notice to Seller within thirty (30) days after Purchaser receives written notice of such proceedings, in which event the Deposits paid shall be immediately refunded to Purchaser, and neither party hereto shall have any further duties, obligations or liabilities to the other, except as specifically provided herein. A "**Material Change**" means a taking that would result in (a) the Property not being in compliance with all laws, rules, and regulations, (b) a diminution in value of the Property or a cost to restore the Property of more than five percent (5%) of the Purchase Price of the Property as estimated by an independent consultant acceptable to Purchaser and Seller. If Purchaser does not so terminate this Agreement, the Purchase Price for the Property shall be reduced by the total of any awards

or other proceeds received by Seller (directly or indirectly) with respect to any such taking, and at the Closing Seller shall assign to Purchaser all rights of Seller in and to any awards or other proceeds payable by reason of any taking. Seller shall not negotiate for or agree to an award or settlement without the approval of Purchaser. The Closing Date shall be postponed, as required, in order for the parties to obtain an estimate of the diminution in value or cost to restore and for Purchaser to have the stipulated time to exercise its option to terminate.

26.7. Purchaser shall have the right to assign this Agreement to an Affiliate of Purchaser or the principals of Purchaser, upon written notice to Seller at least five (5) days prior to the Closing Date; provided, however, that any such assignment shall not release the original Purchaser from any obligation or liability under this Agreement arising before or after Closing, including without limitation Surviving Provisions. No other assignment of this Agreement by Purchaser is permitted.

26.8. Seller and Purchaser agree to execute and deliver any instrument, affidavit and statement, and to perform any acts reasonably necessary to carry out the provisions of the Foreign Investment in Real Property Tax Act (FIRPTA), IRC Section 1445 and regulations promulgated thereunder.

26.9. This Agreement has been submitted to the scrutiny of all parties hereto and their counsel, if desired, and shall be given a fair and reasonable interpretation in accordance with the words hereof, without consideration or weight being given to its having been drafted by any party hereto or its counsel.

26.10. The parties acknowledge that time is of the essence for each time and date specifically set forth in this Agreement. In computing any period of time pursuant to this Agreement, if the final day of a period, act or event falls on a day which is not a business day, then such final day shall be postponed until the next business day, but the commencement date of the time periods based on such final day shall not be postponed. A business day shall mean Monday through Friday, excluding days designated as a postal holiday by the United States Postal Service.

26.11. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without regard to its conflict or choice of laws rules.

26.12. EVERY PURCHASER OF ANY INTEREST IN RESIDENTIAL REAL PROPERTY ON WHICH A RESIDENTIAL DWELLING WAS BUILT PRIOR TO 1978 IS NOTIFIED THAT SUCH PROPERTY MAY PRESENT EXPOSURE TO LEAD FROM LEAD-BASED PAINT THAT MAY PLACE YOUNG CHILDREN AT RISK OF DEVELOPING LEAD POISONING. LEAD POISONING IN YOUNG CHILDREN MAY PRODUCE PERMANENT NEUROLOGICAL DAMAGE, INCLUDING LEARNING DISABILITIES, REDUCED INTELLIGENCE QUOTIENT, BEHAVIORAL PROBLEMS, AND IMPAIRED MEMORY. LEAD POISONING ALSO POSES A PARTICULAR RISK TO PREGNANT WOMEN. THE SELLER OF ANY INTEREST IN RESIDENTIAL REAL PROPERTY IS REQUIRED TO PROVIDE THE PURCHASER WITH ANY INFORMATION ON LEAD-BASED PAINT HAZARDS FROM RISK ASSESSMENTS OR INSPECTIONS IN THE SELLER'S POSSESSION OR CONTROL, IF ANY, AND NOTIFY THE PURCHASER OF ANY KNOWN LEAD-BASED PAINT HAZARDS. A RISK ASSESSMENT OR INSPECTION FOR POSSIBLE LEAD-BASED PAINT HAZARDS IS RECOMMENDED PRIOR TO PURCHASE.

26.13. Radon Gas Disclosure. The following language is required by law in any contract involving the sale or lease of any building within the State of Florida:

"RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."



26.14. Energy Efficiency. Purchaser acknowledges receipt of the Florida Building Energy-Efficiency Rating System Brochure.

26.15. As used in this Agreement, "**Affiliate**" means, as to any person or entity: (a) any other person or entity that, directly or indirectly, is in control of, is controlled by or is under common control with such person or entity; or (b) is a director, officer, shareholder, partner, member or associate of such person or entity, or of an Affiliate of such person or entity. "**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of management, policies or activities of a person or entity, whether through ownership of voting securities, by contract or otherwise.

26.16. Neither this Agreement, nor any part thereof, nor any memorandum thereof may be recorded. Recording of any such document by, or at the direction of Purchaser, shall be a material default by Purchaser under this Agreement.


27. **Termination of Offer**. Submission of this Agreement by one party to the other shall constitute an offer to purchase or sell the Property on the terms and conditions set forth herein. This offer shall expire if the other party has not returned a fully executed copy hereof to the other party by 5:00 P.M. Eastern time on the second business day after receipt.

[Signatures on following page]

**PURCHASER:**

SP Mallards Landing LLC

By: SP Mallards Landing Manager LLC, its  
Manager

By:   
Stephen W. Page, Manager

Date: April 3, 2019

**SELLER:**

FF Mallards Landing LLC

By: Mallards Landing Manager LLC, its Manager

By:   
J. David Page, Manager

Date: April 3, 2019

**EXHIBIT A**

**Legal Description of Land**

All of MALLARDS LANDING P.U.D, according to the Plat thereof as recorded in Plat Book 98, Page(s) 191, of the Public Records of Palm Beach County, Florida.

## EXHIBIT B

**"Personal Property"** means Seller's interest in all of the furniture, fixtures, fittings, apparatus, equipment, machinery, trade names, and other items of tangible and intangible personal property and replacements thereof, if any, affixed or attached to or used in connection with the operation, maintenance, or management of the Improvements, including but not limited to, all permits, warranties, licenses, sweepers, cleaning supplies, tools, office furniture and equipment, stationery, office supplies, and janitorial supplies.

**"Intangible Property"** means all right, title and interest of Seller in and to all intangible property owned or held for use in connection with the Property or any business or businesses conducted thereon or with the use thereof, to the extent assignable, including but not limited to, air rights, water rights, permits, development rights, approvals, building and trade names (including but not limited to the name "Mallards Landing Apartments"), licenses, warranties, telephone numbers assigned to telephones in the Improvements (other than telephones of tenants), domain names and websites exclusively dedicated to the Improvements, advertising and online listings such as Apartments.com, ForRent.com, RentPath, Zillow, Facebook, Google My Business, Yelp, and plans and specifications.

**"Improvements"** means the apartment building constructed upon the Land, known as Mallards Landing Apartments, together with Seller's interest in all machinery, air conditioners, fixtures, and equipment used in the general operation of such buildings and improvements, and/or affixed to or located upon the Land on the Effective Date, along with all accessions and additions thereto, and together with the lessor's or landlord's interest in any tenant leases or occupancy agreements covering all or any portion of such buildings and improvements.

## EXHIBIT C

- Trailing 12 months of operations by month in excel format (updated monthly through closing)
- Current Rent Roll in excel format (updated monthly through closing)
- Last 2 years of Rent Rolls by month in excel format
- Trailing 3 years of annual operating statements in excel format (by month)
- Trailing 3 years audits (if unaudited, prior 12 months of bank statements)
- Last 3 years of annual Property Tax Bills
- Current Budget
- Existing Payroll Schedule (list of current employees, start dates and salary/wage information)
- 3 years of Capital Expenditures
- Last 12 months of Utility Bills (water, sewer, electricity, gas)
- 5 years of loss runs for property and general liability insurance
- Any service contracts and list of vendors (laundry, copier, trash, etc.)
- Pest Contract/Termite Contract/Termite Bond
- Any 3<sup>rd</sup> party reports (Appraisal, LBP, Phase 1, RCS, termites, etc.)
- Existing Survey
- Current Title Policy
- All building addresses & parcel numbers (for zoning report)
- Any CO's and business/occupancy licenses
- Any existing building plans/site plans/zoning resolutions/drawings
- Any outstanding code violations
- Existing Mortgage Note/ Promissory Notes\*
- Affordable Fair Housing Marketing Plan\*
- Any Regulatory/Use agreements encumbering the property (LURA, EUA)\*
  - 8609s\*
  - Current HUD rent schedule\*
  - Current Utility Allowances\*
  - Original HAP contract\*
  - All HAP Renewals\*
  - Current HAP renewal\*
  - Most recent HAP voucher request\*
  - Current REAC and score\*
  - Current MOR and score\*
  - Current AFHMP (Affirmative Fair Housing Marketing Plan)\*

*\*if applicable*

- Please keep in mind as transaction continues updated monthly operating statements and rent rolls will be needed. Often times they will need to be certified as well. -

**EXHIBIT D**

**Prepared by and return to:**

Amber F. Williams  
Pepple Cantu Schmidt PLLC  
2430 Estancia Blvd., Suite 114  
Clearwater, FL 33761

**SPECIAL WARRANTY DEED**

THIS INDENTURE is made effective on \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, a \_\_\_\_\_ ("**Grantor**"), whose mailing address is \_\_\_\_\_, and \_\_\_\_\_, a \_\_\_\_\_ ("**Grantee**"), whose mailing address is \_\_\_\_\_.

**WITNESSETH:**

Grantor, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other valuable consideration to it in hand paid, the receipt whereof is hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, and convey unto Grantee and its successors and assigns forever, that certain real property together with all the tenements, hereditaments and appurtenances, with every privilege, right, title, interest, estate, reversion, remainder and easement thereto belonging or in anywise appertaining (the "**Property**") in \_\_\_\_\_ County, Florida, as more particularly described in **Exhibit A** attached hereto and made a part hereof,

Tax Parcel ID No. \_\_\_\_\_.

To have and to hold in fee simple forever.

SUBJECT to, applicable land use and zoning restrictions and to easements, reservations and restrictions of record, which are specifically not reimposed or extended hereby, and to taxes for the year 20\_\_\_\_ and subsequent years.

Grantor will warrant the title to the Property and will defend the same, against the lawful claims of all persons claiming by, through or under Grantor, but against none other.

*[Signatures on following page]*

IN WITNESS WHEREOF, Grantor has executed this deed the day and year above written.

Signed in the presence of:

**GRANTOR:**

\_\_\_\_\_  
Signature

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

This foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, as \_\_\_\_\_ of \_\_\_\_\_, on behalf of the company. He/She [is personally known to me] [has produced \_\_\_\_\_ as identification].

Notary Public: \_\_\_\_\_

Printed Name: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

[NOTARY SEAL]

**EXHIBIT A  
to  
SPECIAL WARRANTY DEED**

**Legal Description**

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## EXHIBIT E

### BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT

(\_\_\_\_\_ Apartments)

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned, \_\_\_\_\_ ("**Assignor**") and \_\_\_\_\_ ("**Assignee**") hereby agree as follows:

1. This Bill of Sale, Assignment and Assumption Agreement is given pursuant to that certain Purchase and Sale Agreement ("**PSA**") dated as of \_\_\_\_\_, 20\_\_\_\_, between Assignor and Assignee (or its predecessor), as amended, providing for, among other things, the conveyance of the Personal Property, the Tenant Leases, the Contracts, and the Intangible Property described herein.

2. Assignor hereby sells, transfers, assigns and conveys to Assignee:

2.1 All right, title and interest of Assignor in and to all furniture, fixtures, fittings, apparatus, equipment, machinery, and other items of tangible personal property and replacements thereof, if any, affixed or attached to or used in connection with the operation, maintenance, or management of the Improvements, including but not limited to appliances, sweepers, cleaning supplies, tools, office furniture and equipment, stationery, office supplies, and janitorial supplies ("**Personal Property**") located on, and used in connection with the management, maintenance, ownership or operation of that certain land and improvements ("**Real Property**") legally described on Exhibit A, but excluding tangible personal property owned by the tenants of the Real Property under the Tenant Leases (as defined below).

2.2 All right, title and interest of Assignor as lessor in and to any leases ("**Tenant Leases**") relating to the leasing of space or units in the Real Property and all of the rights, interests, benefits and privileges of the lessor thereunder, subject to all terms, conditions, reservations and limitations set forth in the Tenant Leases and the PSA.

2.3 To the extent assignable, all right, title and interest of Assignor in and to all intangible property ("**Intangible Property**") owned or held for use in connection with the Real Property and/or the Personal Property or any business or businesses conducted thereon or with the use thereof, to the extent assignable, including but not limited to, air rights, water rights, permits, development rights, approvals, building and trade names (including but not limited to the name "\_\_\_\_\_"), licenses, warranties, telephone numbers assigned to telephones in the Improvements (other than telephones of tenants), domain names and websites exclusively dedicated to the Improvements, advertising and online listings such as Apartments.com, ForRent.com, RentPath, Zillow, Facebook, Google My Business, Yelp, and plans and specifications.

2.4 To the extent assignable, all right, title and interest of Assignor in and to all leases (other than the Tenant Leases), contract rights and agreements ("**Contracts**") related to the Real Property and/or the Personal Property or any business or businesses conducted thereon or with the use thereof, including but not limited to those identified on Exhibit B.

3. Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all liabilities, losses, claims, damages, costs or expenses, including, without limitation, reasonable attorneys' fees and costs (collectively, the "**Claims**"), originating prior to the Conveyance Date and arising out of the lessor's obligations under the Tenant Leases, and/or Assignor's obligations under the Contracts, first arising prior to the Conveyance Date, and to the extent accruing through the last day prior to the Conveyance Date.

4. As of the Conveyance Date, Assignee hereby assumes all of Assignor's obligations under the Tenant Leases and the Contracts first arising and accruing on and after the Conveyance Date and agrees to indemnify Assignor against and hold Assignor harmless from any and all Claims originating on or subsequent to the Conveyance Date and arising out of the lessor's obligations under the Tenant Leases, and/or Assignor's obligations under the Contracts, first arising and accruing on and after the Conveyance Date.

5. Assignor hereby represents and warrants that the property conveyed hereunder is free and clear of all liens, leases and encumbrances (except those expressly approved by Purchaser pursuant to the PSA). Except as provided in the immediately preceding sentence and except for the representations and warranties set forth in the PSA with respect to the property conveyed hereunder (which are hereby incorporated herein by this reference as if herein set out in full and shall inure to the benefit of and shall be binding upon Assignee and Assignor and their respective successors and assigns), the property conveyed hereunder is so conveyed in an "as is" condition.

6. This Bill of Sale, Assignment and Assumption is made subject to the title exceptions approved or deemed approved by Assignee pursuant to the PSA.

7. In the event any action be instituted by a party to enforce this Agreement, the prevailing party in such action shall be entitled to such reasonable attorneys' fees, costs and expenses as may be fixed by the court. In addition to the foregoing award of such reasonable attorneys' fees to the prevailing party, the prevailing party in any lawsuit on this Agreement shall be entitled to its reasonable attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment.

8. This Bill of Sale, Assignment and Assumption Agreement may be executed in several counterparts and all so executed shall constitute one Bill of Sale, Assignment and Assumption Agreement, binding on all the parties hereto even though all the parties are not signatories to the original or the same counterpart. Delivery by electronic transmission such as a facsimile, scanned, or other copy of a signed version of this Bill of Sale, Assignment and Assumption Agreement has the same effect as delivery of an original.

9. As of the date above written, Assignee hereby accepts the foregoing Bill of Sale, Assignment and Assumption Agreement and hereby agrees to assume and discharge, in accordance with the terms thereof, all of the burdens and obligations of Assignor relating to the Tenant Leases, Contracts, and Intangible Property first arising and accruing on and after the Conveyance Date.

[Signatures on following page]

Dated effective as of \_\_\_\_\_, 20\_\_\_\_ (the "**Conveyance Date**").

**ASSIGNEE:**

**ASSIGNOR:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A  
TO  
BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT**

**Description of Real Property**

**EXHIBIT B  
TO  
BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT**

**List of Contracts**

**EXHIBIT F**

**Agreement for the Transfer of Advertising & Online Listings**

( \_\_\_\_\_ Apartments)

Identify any advertising sources the property has paid for in the last six months:

- Apartments.com (ApartmentFinder.com, ApartmentHomeLiving)
- ForRent.com
- RentPath (ApartmentGuide.com, Rent.com, Rentals.com, Lovely)
- Zillow (Trulia, Hotpads)
- Zumper (Padmapper)
- RentBits
- RapidSoft Solutions
- Local Advertising: \_\_\_\_\_
- Other: \_\_\_\_\_
- Other: \_\_\_\_\_
- Other: \_\_\_\_\_

The Seller agrees to provide copies of all contracts and cancellations for paid advertising sources used within the last six months.

Identify any online directories and social media accounts the property has set up:

- Facebook Page**  
Facebook Page Administrator Phone: \_\_\_\_\_  
Facebook Page Administrator email: \_\_\_\_\_  
*Seller agrees to transfer ownership of account to [marketing@cmiweb.net](mailto:marketing@cmiweb.net).*
  
- Google My Business listing**  
Google My Business Administrator Phone: \_\_\_\_\_  
Google My Business email: \_\_\_\_\_  
*Seller agrees to transfer ownership of listing to [cambridgemarketingpr@gmail.com](mailto:cambridgemarketingpr@gmail.com)*
  
- Yelp.com**  
Yelp Administrator Phone: \_\_\_\_\_  
Yelp Administrator email: \_\_\_\_\_  
*Seller agrees to transfer ownership of listing to [marketing@cmiweb.net](mailto:marketing@cmiweb.net).*
  
- Other:** \_\_\_\_\_  
Administrator Phone: \_\_\_\_\_  
Administrator email: \_\_\_\_\_
  
- Other:** \_\_\_\_\_  
Administrator Phone: \_\_\_\_\_  
Administrator email: \_\_\_\_\_

The Seller agrees to transfer any and all online directory and social media accounts to Cambridge Management, Inc. as the Buyer’s designee.

**Does the property own any domain names?**

- No
  - Yes, List all: \_\_\_\_\_  
\_\_\_\_\_
- Domain Host (i.e. GoDaddy): \_\_\_\_\_  
Domain Administrator Phone: \_\_\_\_\_  
Domain Administrator email: \_\_\_\_\_

The Seller agrees to transfer the above domain(s) to Cambridge Management, Inc. as the Buyer's designee.

**PURCHASE AND SALE AGREEMENT**  
**DEPOSIT PROMISSORY NOTE**

\$100,000.00


April 3, 2019

FOR VALUE RECEIVED, the undersigned, SP Mallards Landing LLC ("Maker") does hereby promise to pay to the order of FF Mallards Landing LLC, a Florida limited liability company ("Payee"), the sum of One Hundred Thousand Dollars (\$100,000.00). This Note is given as a Deposit pursuant to that certain Purchase and Sale Agreement dated on or about the same date as this Note, between Maker and Payee. The amount of this Note shall not bear interest, and shall be due and payable upon expiration of the Contingency Review Period if and when Maker provides Purchaser's Approval Notice in accordance with the Purchase and Sale Agreement. If payment of this Note is not made when due, the Purchase and Sale Agreement shall terminate.

**MAKER:**

SP Mallards Landing LLC

By: SP Mallards Landing Manager LLC, its Manager

By:   
Stephen W. Page, Manager

**RESOLUTION NO. R-2019-03**

**A RESOLUTION OF THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY (THE “AUTHORITY”) DECLARING THE AUTHORITY’S PRELIMINARY INTENT TO ISSUE ITS NOT TO EXCEED \$19,100,000 MULTIFAMILY HOUSING REVENUE BONDS, NOTES OR OTHER EVIDENCES OF INDEBTEDNESS (IN ANY EVENT REFERRED TO HEREIN AS THE “BONDS”) WHICH MAY BE ISSUED IN ONE OR MORE SERIES TO OBTAIN FUNDS TO BE LOANED TO SP MALLARDS LANDING LLC OR ITS SUCCESSORS OR ASSIGNS (THE “BORROWER”), FOR THE FINANCING OF THE ACQUISITION, REHABILITATION AND/OR EQUIPPING OF A QUALIFYING HOUSING DEVELOPMENT IN THE CITY OF WEST PALM BEACH, FLORIDA, KNOWN AS MALLARDS LANDING; INDICATING THE AUTHORITY’S OFFICIAL INTENT TO USE A PORTION OF THE PROCEEDS OF SUCH BONDS TO REIMBURSE CERTAIN EXPENDITURES PAID OR INCURRED PRIOR TO THE DATE OF ISSUANCE THEREOF; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF AGREEMENT; AUTHORIZING VALIDATION OF THE BONDS; PROVIDING CERTAIN OTHER DETAILS WITH RESPECT THERETO; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, pursuant to the provisions of the Florida Constitution, Part IV of Chapter 159, Florida Statutes, as amended and supplemented, and other applicable provisions of law (the “Act”) and the policies of the Housing Finance Authority of Palm Beach County, Florida (the “Authority”), SP Mallards Landing LLC, a Florida limited liability company (the “Borrower”), has submitted a request to the Authority requesting that the Authority issue, pursuant to the provisions of the Act, multifamily housing revenue bonds, notes or other evidences of indebtedness to finance the costs of the acquisition, rehabilitation and/or equipping of an approximately 164 unit multifamily rental housing facility known as Mallards Landing, located at 1598 Quail Drive in unincorporated Palm Beach County, Florida (the “Project”), to be rented to qualified persons and families as required by the Act and the Internal Revenue Code of 1986, as amended (the “Code”) in Palm Beach County, Florida; and

**WHEREAS**, the Authority desires, as requested by the Borrower, to declare its preliminary intent to issue, in one or more series, its Multifamily Housing Revenue Bonds in the initial aggregate principal amount of not exceeding \$19,100,000 (the “Bonds”) (or such other debt instrument as may be allowed by the Act and approved by Bond Counsel and the Authority’s counsel) pursuant to the limitations and conditions set forth in this Resolution and in subsequent resolutions and other instruments of the Authority, which amount the Borrower has represented will, together with available funds of the Borrower, be sufficient to finance the Project; and

**WHEREAS**, the Bonds will be secured by amounts payable under the terms of a loan or financing agreement between the Authority and the Borrower providing for payments in amounts or other collateral sufficient to pay the principal of and interest on the Bonds as the same become due and payable, and/or such other security as shall be acceptable to the Authority; and

**WHEREAS**, it is intended by the Authority that the interest on a majority of the Bonds will be excludable from gross income for federal income tax purposes; and

**WHEREAS**, the action taken by this Resolution does not constitute final approval of the financing of the costs of the Project or of the issuance of the Bonds and is not an absolute commitment by the Authority to issue the Bonds; and

**WHEREAS**, the Authority's approval of the financing of the costs of the Project will be effected in accordance with applicable law and regulations and the financial terms, security for the repayment of the Bonds, restrictions on transferability, if applicable, and other matters will be determined and/or approved by subsequent proceedings of the Authority and by other appropriate regulatory bodies as may be required by applicable law and regulations, including but not limited to, approval by the Board of County Commissioners of Palm Beach County, Florida of certain matters relating thereto; and

**WHEREAS**, the Authority has been informed by the Borrower that it has and anticipates that it has and will incur certain capital expenditures relating to the Project prior to the issuance of the Bonds by the Authority; and

**WHEREAS**, such capital expenditures will be paid from the Borrower's own money or from the proceeds of a taxable financing; and

**WHEREAS**, the Code and applicable regulations (the "Regulations") require the Authority to declare its official intent to allow the Borrower to be reimbursed for certain capital expenditures incurred by the Borrower in connection with the Project prior to the issuance of the Bonds from a portion of the proceeds of the Bonds, when and if the Bonds are issued; and

**WHEREAS**, it is intended by the Authority that this Resolution constitutes such official intent with respect to the reimbursement, from proceeds of the Bonds, of those certain capital expenditures the Borrower has and will incur prior to the issuance of the Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA, AS FOLLOWS:**

**SECTION 1.** The recitals set forth above are adopted by the Authority as the findings of the Authority and are incorporated herein.

**SECTION 2.** The Authority is authorized and empowered by the Act and Article V, Division 3, Sections 2-181 et seq., Palm Beach County Code of Ordinances (the "Ordinance") to adopt this Resolution and to enter into transactions such as those contemplated by the Borrower in connection with the financing of the costs of the Project through the issuance of the Bonds, notes or other evidences of indebtedness, and to fully perform the obligations of the Authority to be undertaken in connection with the financing of the costs of the Project through the issuance of

the Bonds in order to assist in alleviating the shortage of housing and of capital to finance the construction of affordable housing in Palm Beach County, Florida, and this Resolution is adopted and such actions are to be taken pursuant to the provisions of the Act and the Ordinance.

**SECTION 3.** The statements contained in this Resolution with respect to the reimbursement of the capital expenditures referred to in this Resolution are intended to be the Authority's statements of official intent as required by, and in conformance with, the provisions of Section 1.150-2(e) of the Regulations. The expression of official intent set forth herein is made in reliance upon the representation of the Borrower that it reasonably expects to pay with its own funds or incur expenses in connection with the Project prior to the issuance of the Bonds and to be reimbursed for those expenses from the proceeds of the Bonds.

**SECTION 4.** All of the capital expenditures to be reimbursed in connection with the Project pursuant to this Resolution from proceeds of the Bonds that are issued as tax exempt obligations, will be for costs that (a) are properly chargeable to the capital account of the Borrower under general income tax principles, (b) constitute non-recurring working capital expenditures (of a type not customarily payable from current revenues), or (c) are costs of issuing the Bonds and will meet the requirements of the Code in that such capital expenditures have been or will be incurred after the date that is sixty (60) days before the date of adoption of this Resolution.

**SECTION 5.** The Authority reasonably expects to use a portion of the proceeds of the Bonds, when and if issued, to reimburse the Borrower for the capital expenditures contemplated under this Resolution made prior to not earlier than sixty (60) days prior to the adoption of this Resolution, and no funds from sources other than the "reimbursement bond issue" (as such term has the meaning assigned to it under the Regulations) portion of the bonds are, or are reasonably expected to be, reserved, allocated on a long term basis, or otherwise set aside by the Authority pursuant to the Authority's policies to pay for such capital expenditures.

**SECTION 6.** The Authority will direct the Borrower, upon receipt of the proceeds of the Bonds (or within thirty (30) days thereafter), to allocate in writing the amount of proceeds of the Bonds (i.e., the reimbursement bond issue) used to reimburse the costs of the Project (herein, the "Prior Expenditures"). Such allocation will be accomplished within the later of (a) eighteen months from the earliest date such Prior Expenditures were incurred or (b) the date the rehabilitation of Mallards Landing is substantially completed (but in no event later than three (3) years after the first Prior Expenditure was made).

**SECTION 7.** The maximum principal amount of Bonds expected to be issued for the financing of the costs of the acquisition, rehabilitation and/or equipping of the Project through the issuance of the Bonds is \$19,100,000.

**SECTION 8.** The adoption of this Resolution does not in any way entitle or create any rights in or for Borrower other than as set forth herein and the terms of this Resolution shall not constitute final approval of the financing of the costs of the Project or authorization for the Authority to issue the Bonds; such approval and authorization shall be considered by the Authority by other appropriate regulatory bodies in subsequent proceedings as required by applicable law and regulations and shall be contingent upon, among other things:



(A) The execution by the Borrower of a loan or financing agreement with the Authority in a form and substance and on terms acceptable to the Authority, including adequate provision being made for the operation, repair and maintenance of Mallards Landing at the expense of the Borrower and for the payment of the principal of, premium, if any, and interest on the Bonds and reserves, if any, therefor;

(B) The Authority's final determination that the proposal of the Borrower otherwise complies with all of the provisions of the Act; and

(C) Unless waived by the Authority, in compliance with the Authority's policies and guidelines, either (i) the provision by the Borrower of credit enhancement to secure the Bonds and a rating acceptable to the Authority from rating agencies acceptable to the Authority, obtained by the Borrower with respect to the Bonds, or (ii) the private placement of the Bonds with an institutional investor acceptable to the Authority.

**SECTION 9.** Attached hereto as Exhibit A is the form of Memorandum of Agreement to be entered into by and between the Authority and the Borrower (the "Agreement"). The Borrower's agreement to enter into and perform under the Agreement shall be a condition precedent for the General Counsel to the Authority, Bond Counsel and the Executive Director of the Authority to take any actions with respect to the preparation of any documents to be used in connection with the financing of the costs of the Project through the issuance of the Bonds. The Agreement, in the form attached hereto as Exhibit A, is hereby approved. The Chairperson or, in the Chairperson's absence, any other member of the Authority, is hereby authorized to execute and deliver the Agreement, the execution thereof by the Authority being conclusive evidence of the approval of the form of such Agreement.

**SECTION 10. IT IS EXPRESSLY STATED AND AGREED THAT THE ADOPTION OF THIS RESOLUTION IS NOT A GUARANTY, EXPRESS OR IMPLIED, THAT THE AUTHORITY SHALL APPROVE THE CLOSING AND ISSUE THE BONDS FOR THE FINANCING OF THE COSTS OF THE PROJECT. THIS RESOLUTION IS QUALIFIED IN ITS ENTIRETY BY THE PROVISIONS OF THE ACT, OR ANY SUBSEQUENTLY ENACTED OR EFFECTIVE LEGISLATION CONCERNING A STATE VOLUME CEILING ON MULTIFAMILY HOUSING BONDS. THE BORROWER SHALL HOLD THE AUTHORITY AND ITS PAST, PRESENT AND FUTURE MEMBERS, OFFICERS, STAFF, ATTORNEYS, FINANCIAL ADVISORS, AND EMPLOYEES HARMLESS FROM ANY LIABILITY OR CLAIM BASED UPON THE FAILURE OF THE AUTHORITY TO CLOSE THE TRANSACTION AND ISSUE THE BONDS OR FROM ANY OTHER CAUSE OF ACTION ARISING FROM THE ADOPTION OF THIS RESOLUTION, THE PROCESSING OF THE FINANCING OF THE COSTS OF THE PROJECT THROUGH THE ISSUANCE OF THE BONDS EXCEPT FOR THE GROSS NEGLIGENCE OR WILLFUL AND WANTON MISCONDUCT OF THE AUTHORITY.**

**SECTION 11.** To the extent deemed necessary by Bond Counsel to the Authority or by General Counsel to the Authority, General Counsel and/or Bond Counsel to the Authority are authorized to institute appropriate proceedings for the validation of the Bonds pursuant to Chapter 75, Florida Statutes.

**SECTION 12.** The Authority has no jurisdiction regarding zoning and land use matters and the adoption of the Resolution is not intended to express any opinion regarding same.

**SECTION 13.** All resolutions or parts thereof, of the Authority in conflict herewith are, to the extent of such conflict, hereby modified to the extent of such conflict.

**SECTION 14.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** this 14th day of June, 2019.

**HOUSING FINANCE AUTHORITY OF PALM  
BEACH COUNTY, FLORIDA**

By: \_\_\_\_\_  
Chairperson

ATTEST:

\_\_\_\_\_  
Secretary

**EXHIBIT A**  
**FORM OF MEMORANDUM OF AGREEMENT**

**MEMORANDUM OF AGREEMENT**  
**(MALLARDS LANDING)**

This Memorandum of Agreement is dated as of the \_\_\_\_ day of June, 2019, between the Housing Finance Authority of Palm Beach County, Florida, a public body corporate and politic under the laws of the State of Florida (the “Authority”), and SP Mallards Landing LLC, a Florida limited liability company (together with its respective successors or assigns, the “Borrower”).

WHEREAS, the Authority is authorized and empowered by the provisions of the Constitution and laws of the State of Florida (the “State”) to issue bonds, notes or other evidences of indebtedness for the purposes of providing funds to finance the acquisition, construction, rehabilitation and equipping of “qualifying housing developments” as defined in the Florida Housing Finance Authority Law, Part IV of Chapter 159, Florida Statutes (the “Act”), and to loan the proceeds from the sale of such bonds, notes or other evidences of indebtedness to others to finance the acquisition, construction, rehabilitation and equipping of such qualifying housing developments; and

WHEREAS, the Borrower desires to finance the costs of acquisition, rehabilitation and/or equipping of an approximately 164 unit multifamily rental housing facility known as Mallards Landing, located at 1598 Quail Drive in unincorporated Palm Beach County, Florida (the “Project”), to be rented to qualified persons and families as required by the Act and the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Borrower has requested that the Authority issue its multifamily housing revenue bonds or similar evidence of indebtedness in an aggregate principal amount of not to exceed \$19,100,000 (in either case referred to herein generically as the “Bonds”) and to loan the proceeds thereof to the Borrower to finance the costs of the Project; and

WHEREAS, based on the request of the Borrower, the Authority has preliminarily determined to issue the Bonds; and

WHEREAS, based upon preliminary information made available to it and subject to further review and analysis, the Authority believes that the issuance of the Bonds will result in the assistance in alleviating the shortage of rental housing for eligible persons and families of moderate, middle and lesser income and will assist in alleviating the shortage of capital available for investment in such rental housing, and thereby increase the health, safety, morals, welfare, and tax base of the State and in Palm Beach County (the “County”); and

WHEREAS, the Borrower desires the Authority to continue its review and analysis of the Borrower’s request to provide financing of the costs of the Project through the issuance of the Bonds; and

WHEREAS, the Authority, by its adoption on June 14, 2019 of its Resolution No. R-2019-03 (the “Initial Resolution”), has indicated its willingness to proceed with its consideration of the Borrower’s request for such financing; and

WHEREAS, the Authority wishes to enter into certain agreements with the Borrower with respect to its consideration of the Borrower's request to provide financing of the costs of the Project through the issuance of the Bonds.

NOW, THEREFORE, for good and valuable consideration, the parties hereto agree as follows:

1. The Authority agrees:

(a) That, if the Authority determines that the Borrower and the Project meet all prerequisites for the issuance of the Bonds established by the Authority, it will make all reasonable efforts to authorize the issuance and sale of the Bonds pursuant to the terms of the Constitution of the State, the Act, the Initial Resolution, applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and this Memorandum of Agreement; and

(b) That, if the Bonds are issued, the Authority will make a loan to the Borrower to finance the costs of the Project through the issuance of the Bonds, with installment payments due under a loan or financing agreement between the Authority and the Borrower or the provision of collateral to be at least sufficient to pay the principal of, interest on and redemption premiums, if any, with respect to the Bonds as and when the same shall become due and payable, together with all other costs and expenses connected with such financing; and

(c) That, in the event the Authority acquires an interest in or a mortgage on Mallards Landing, it will convey or release any such interest it retains in Mallards Landing to the Borrower upon the retirement of the outstanding Bonds, and the payment by the Borrower of all other costs connected with such financing.

2. The Borrower agrees:

(a) That the Borrower will provide to the Authority, at the Borrower's expense, a credit underwriting report addressed to the Authority by a credit underwriter approved by the Authority relating to the Project; and

(b) That the Borrower will use all reasonable efforts to find one or more purchasers for the Bonds; and

(c) That the Borrower will enter into a loan or financing agreement with the Authority, under the terms of which the Borrower will be obligated to pay to the Authority sums sufficient to pay the principal of, interest on and redemption premiums, if any, or the provision of collateral with respect to the Bonds when the same shall become due and payable, to operate, maintain and repair Mallards Landing at its own expense, to report annually to the Authority the annual bond indebtedness outstanding and any other information necessary to comply with Section 218.32, Florida Statutes, and to pay all costs and expenses incurred by the Authority in connection with the financing of the costs of the Project, except as may be paid out of Bond proceeds or otherwise; and

(d) That all risk of loss to Mallards Landing will be borne by the Borrower.

3. All commitments of the Authority under Paragraph 1 hereof and of the Borrower under Paragraph 2 hereof are subject to the mutual agreement of the Authority and the Borrower as to the terms and conditions of the above-referenced loan or financing agreement and of the Bonds and the other instruments and proceedings relating to the Bonds, and to the sale of the Bonds pursuant to such terms and conditions. It is the intent of the parties hereto that the Bonds shall be prepared in such form and shall be issued, underwritten, if applicable, and sold and the proceeds thereof used, all as may be mutually agreed upon by the parties in accordance with the requirements and provisions of the Constitution of the State and the Act.

4. The Borrower acknowledges and agrees that, prior to or simultaneously with the issuance and delivery of the Bonds, it will enter into a regulatory or land use restriction agreement (the "Regulatory Agreement") with respect to Mallards Landing, in form and substance acceptable to the Authority and its counsel and the Borrower. The Borrower further acknowledges that the Regulatory Agreement will obligate the Borrower to pay the Authority an annual fee based on the original principal amount of Bonds (as described in the Regulatory Agreement) for the Qualified Project Period (as defined in the Regulatory Agreement) notwithstanding that the Bonds may no longer be outstanding.

5. The ability of the Authority to issue the Bonds contemplated hereby or pursuant to the Initial Resolution, shall be subject to the approval by the Board of County Commissioners (the "County Commission") of Palm Beach County, Florida of the issuance of the Bonds to finance the Project and of the purchaser of the Bonds within the meaning of the Authority's enabling ordinance.

6. The Borrower agrees to indemnify, defend and hold harmless the Authority, its members and its agents against any and all liability, loss, costs (including any credit underwriting), expenses, charges, claims, damages and attorney's fees of whatever kind or nature, which the Authority, its members or its agents may incur or sustain by reason or in consequence of the relationship existing between the Authority and the Borrower with respect to the execution and delivery of this Memorandum of Agreement, the consideration of the Borrower's request to issue the Bonds to finance the costs of the Project or the issuance and sale of the Bonds, except for the gross negligence or willful and wanton misconduct of the Authority or its members and agents. The Borrower hereby releases the Authority, the members and officers of the Authority, and the agents, attorneys and employees of the Authority from any liability, loss, cost, expenses, charges, claims, damages and reasonable attorneys fees of whatever kind or nature which may result from the failure of the Authority to issue the Bonds regardless of the reason therefor.

7. This Agreement will terminate nine (9) months from the date of adoption of the Initial Resolution (the "Initial Inducement Period") unless the final documents have been executed and the Bonds have been issued. The Authority may (but shall not be required to) consider extending this Agreement upon the submission by the Borrower of a status report providing tangible evidence that the Borrower continues to make progress towards the issuance of the Bonds. In the event this Agreement is terminated Borrower agrees that it will reimburse the parties named below for all fees and out-of-pocket expenses which the Authority, and the Authority's Bond Counsel, Disclosure Counsel, if any, General Counsel, and Financial Advisor, if any, may have incurred in connection with the execution of this Memorandum of Agreement

or anything related thereto or in connection with the request of the Borrower to issue the Bonds and the performance by the Authority or its professional staff described herein of their obligations described hereunder; and upon such reimbursement this Memorandum of Agreement shall thereupon terminate.

8. The Authority acknowledges that the Borrower has delivered to the Authority a completed application for financing meeting the requirements of and containing the information required by the Authority, and has delivered to the Authority the non refundable application fee in the amount of \$1,500 (the "Application Fee"). The Borrower will, no later than thirty (30) days prior to the date the Borrower requests the Authority to hold the public hearing with respect to the Bonds required by Section 147(f) of the Code (the "TEFRA Hearing"), deliver to the Authority a non-refundable fee in the amount of \$6,000 (the "Public Hearing Fee"). Upon receipt of the Public Hearing Fee, the Authority will (a) schedule and hold the TEFRA Hearing, and (b) request the approval of the Bonds by the County Commission for purposes of Section 147(f) of the Code. The Authority makes no assurance or representation that the County Commission will approve the issuance of the Bonds.

9. The Authority currently anticipates having "carry forward" private activity bond allocation in an amount sufficient for the issuance of the Bonds. If for any reason that is not the case, the Authority will use its best efforts to, at the request of the Borrower (assuming the County Commission has approved the issuance of the Bonds), apply for private activity bond allocation for the Bonds from the State of Florida Division of Bond Finance. The Authority makes no assurance or representation that private activity bond allocation will be available at the times or in the amount requested.

10. The Borrower will, prior to the Authority authorizing Bond Counsel to commence the drafting of bond documents, deliver to the Authority a good faith deposit payable to the Authority in the amount of \$55,000 (the "Good Faith Deposit"). The Good Faith Deposit will be held by the Authority until either (i) the Bonds have been issued or (ii) this Agreement is terminated prior to the issuance of the Bonds. If the financing of the Project as contemplated hereunder is completed as provided in clause (i) of this Section 10, the Borrower shall have the option of having the Good Faith Deposit returned in whole or applied against its costs at the time of closing. If the event in clause (ii) of this Section 10 shall occur, the Authority shall be entitled to the Good Faith Deposit hereunder to the extent necessary to pay the expenses incurred by the Authority, its Bond Counsel, General Counsel, Disclosure Counsel, if any, and Financial Advisor, if any, related to this financing and the amount of the Good Faith Deposit so applied shall be credited against the Borrower's obligation to pay such amounts and any remaining amount shall be promptly returned to Borrower.

11. The sale of the Bonds shall also be subject to approval by the County Commission, as required, and no assurance can be given by the Authority as to the outcome of such review. Further, no assurance can be given by the Authority as to the result of any action or inaction by a governmental agency, whether local, state, or federal, nor as to the result of any judicial action, which may affect in any way the issuance of the Bonds; and the Authority shall not be responsible or held liable for any costs or damages incurred by any party as a result thereof.

12. If the Authority abandons its efforts to issue the Bonds in its discretion, or if the Borrower shall terminate this Memorandum of Agreement by written notice to the Authority, this Memorandum of Agreement shall terminate. Nothing contained herein, however, shall release the Borrower from its obligations to indemnify the Authority or its obligations to pay the expenses incurred by the Authority, its Bond Counsel, General Counsel, Disclosure Counsel, if any, and Financial Advisor, if any, related to this financing in accordance with the terms of this Memorandum of Agreement.

13. This Memorandum of Agreement may be supplemented and amended from time to time by written agreement signed by both parties, and shall be superseded by the loan agreement to be executed by the Authority and the Borrower, upon the execution thereof, to the extent the terms thereof conflict with the terms contained herein.

14. Notwithstanding any other provision of this Memorandum of Agreement, as a matter of general assurance by the Borrower to the Authority, the Borrower hereby covenants and agrees that it will pay the fees of the Authority, and that it will indemnify the Authority for all reasonable expenses, costs and obligations incurred by the Authority, including but not limited to any printing costs, any rating agency fees, verification agent fees, the fees and expenses of Bond Counsel, General Counsel to the Authority, Disclosure Counsel, if any, and Financial Advisor to the Authority, if any, under the provisions of this Memorandum of Agreement to the end that the Authority will not suffer any out-of-pocket losses as a result of the carrying out of any of its undertakings herein contained. The only obligation the Authority shall have in connection with this Memorandum of Agreement shall be the payment of the Bonds, if and when issued, but such payment shall be limited solely to the revenues derived from the financing, sale, operation or leasing of Mallards Landing or posted collateral, and nothing contained in this Memorandum of Agreement shall ever be construed to constitute a personal or pecuniary liability or charge against the Authority or any member or officer or employee of the Authority, and in the event of a breach of any undertaking on the part of the Authority contained in this Memorandum of Agreement, no personal or pecuniary liability or charge payable directly or indirectly from the general funds of the Authority shall arise therefrom.

15. If the Bonds to be issued hereunder are to be underwritten by a public offering, they shall be underwritten by investment banking firms acceptable to the Authority selected in accordance with the Authority's policies and guidelines.

16. The Borrower acknowledges and agrees to the terms of the Initial Resolution.

17. Nothing herein shall be deemed to require that the Authority agree to submit itself to the jurisdiction of the courts of any state other than the State of Florida or the venue of any Florida court other than Palm Beach County.

IN WITNESS WHEREOF, the parties hereto have set their hands and seal to the Memorandum of Agreement as of the day and year first above written.



**HOUSING FINANCE AUTHORITY OF PALM  
BEACH COUNTY, FLORIDA**

By: \_\_\_\_\_  
Chairperson

(SEAL)

ATTEST:

\_\_\_\_\_  
Secretary

**SP MALLARDS LANDING LLC, a Florida limited liability company**

SP Mallards Landing Manager LLC, its Manager

By: \_\_\_\_\_  
Stephen W. Page, Manager - Member

The obligations of the Borrower under the within Memorandum of Agreement are guaranteed by the undersigned co-developer of the Project, as of the day and year first above written.

**SOUTHPORT DEVELOPMENT INC.**

By: \_\_\_\_\_  
Brienne Heffner, Vice President

**OFFICERS:**

Hazel Lucas  
President  
Florida Rural Legal  
Services

Dorothy Ellington  
Vice President  
Delray Beach  
Housing Authority

Andrew F. Zeeman  
Treasurer  
Peninsular Electric

Silvia Ricketts  
Secretary  
CLT Lessee Member

**DIRECTORS:**

Shaquala Glasco  
CLT Lessee Member

Tangenica Henry  
CLT Lessee Member

Tammy McDonald  
Urban League of  
Palm Beach County

Carolyn Pelicieux  
CLT Lessee Member

Derrick Penn  
CLT Lessee Member

Shannon Ricketts  
CLT Lessee Member

Semantha  
Santangelo  
CLT General  
Member

Timothy P Wheat  
Development/Real  
Estate Sector  
Representative

Randy S. Wertepny,  
P.E.  
Kesahavarz and  
Associates



June 5, 2019

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

Re: Community Land Trust of Palm Beach County  
Davis Landings West

Dear Mr. Brandt:

I would again like to take this opportunity to express my sincere gratitude to you and the Housing Finance Authority Board for the strong and continued support of the Community Land Trust of Palm Beach County. I am very pleased to report that we have 21 of the 24 units sold at Davis Landings West with the last 80% AMI unit scheduled to close later this month. Unfortunately, we have had difficulty marketing the 120% AMI units in part due to the County's Workforce Housing Program producing a good deal of 120% AMI townhomes that have purchase assistance to go along with them but also, buyers are finding the prospect of purchasing the townhomes for \$250k when an identical unit is currently being sold for \$155k. We anticipate this particular challenge easing after we sell the lower priced unit later this month.

The HFAPBC Davis Landings West Loan is scheduled to mature June 30, 2019. We are requesting a 6-month extension on the loan. We don't anticipate needing the entire 6-month period, however, knowing that our buyers must be income certified by Palm Beach County, we would like to request the full 6 months to be safe.

We respectfully request your kind consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cindee", is written over a light blue circular stamp.

Cindee LaCourse-Blum, Executive Director

**RESOLUTION NO. R-2019-04**

**A RESOLUTION OF THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA; APPROVING THE FORM OF AND AUTHORIZING ENTERING INTO A FIFTH ALLONGE TO NOTE WITH THE COMMUNITY LAND TRUST OF PALM BEACH COUNTY, INC.; AUTHORIZING THE PROPER OFFICERS OF THE AUTHORITY TO DO ALL THINGS NECESSARY OR ADVISABLE IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION.**

**WHEREAS**, the Board of County Commissioners of Palm Beach County, Florida (the “Board”), has heretofore enacted an ordinance, as amended, creating the Housing Finance Authority of Palm Beach County, Florida (the “**Authority**”), pursuant to the provisions of Part IV of Chapter 159, Florida Statutes, as amended and supplemented (the “**Act**”); and

**WHEREAS**, the Board has heretofore adopted a resolution declaring a need for the Authority to function in order to alleviate the shortage of housing and capital for investment in housing within Palm Beach County, Florida (the “**County**”); and

**WHEREAS**, the Authority previously made a \$3,400,000 loan (the “**Loan**”) to the Community Land Trust of Palm Beach County, Inc. (the “**Borrower**”) for the Davis Landings West project pursuant to that certain Construction Loan Agreement between the Borrower and the Authority dated March 31, 2016, as amended by that certain First Amendment to Construction Loan Agreement between the Borrower and the Authority dated May 16, 2016, that certain Second Amendment to Construction Loan Agreement between the Borrower and the Authority dated December 8, 2017 and that certain Third Amendment to Construction Loan Agreement between the Borrower and the Authority dated April 13, 2018 (collectively, the “**Loan Agreement**”); and

**WHEREAS**, the Loan is evidenced by a Revolving Mortgage Note dated March 31, 2016, an Allonge to Note dated May 16, 2016, a Second Allonge to Note dated December 8, 2017, a Third Allonge to Note dated April 13, 2018 and a Fourth Allonge to Note dated November 9, 2018 (collectively, the “**Note**”); and

**WHEREAS**, the Borrower has requested that the Authority extend the maturity date of the Note from June 30, 2019 to December 30, 2019; and

**WHEREAS**, the Authority wishes to approve said request.

**NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA:**

**Section 1: Recitals.** The foregoing recitals stated above are hereby found by the Authority to be true and correct and incorporated into this Resolution.

**Section 2: Approval and Execution of Fifth Allonge to Note.** The Authority is hereby authorized to approve the Fifth Allonge to Note in substantially the form attached as Exhibit "A" hereto (the "**Fifth Allonge**"). The Chairperson or, in the Chairperson's absence, any other member of the Authority, is hereby authorized to execute and deliver the Fifth Allonge, the execution thereof by the Authority being conclusive evidence of the approval of the form of such Fifth Allonge.

**Section 3: Authority to Enter into Other Loan Documents.** The Authority is authorized to enter into such other loan documents with the Applicant as are usual and customary for a loan of this type, so long as such documents are consistent with the provisions of the Fifth Allonge. Such documents shall be in such form as may be approved by the Chairperson or other member of the Authority executing such documents, with the advice of the Executive Director and of the Authority and general counsel to the Authority, such execution and delivery to be conclusive evidence of the approval and authorization thereof by the Authority.

**Section 4: No Other Rights Conferred.** Except as herein otherwise expressly provided, nothing in this Resolution or in the agreements approved hereby, expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation other than the Authority or the Borrower, any right, remedy or claim, legal or equitable, under and by reason of this Resolution or such agreements, or any other agreements to which the Authority is a party

and which have been approved by the Authority or any provision thereof; this Resolution, such agreements and all of their respective provisions being intended to be and being for the sole and exclusive benefit of the Authority and the Borrower.

**Section 5: Severability.** In case any one or more of the provisions of this Resolution, or of agreements approved hereby or any other agreements to which the Authority is a party and which have been approved by the Authority, shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any of the other provisions of this Resolution or of such agreements.

**Section 6: Further Actions; Effectiveness of Approval.** The Chairperson, the Vice Chairperson, the Secretary of the Authority and the other members of the Authority, the Executive Director of the Authority, the Authority's general counsel, are hereby authorized and directed to do all acts and things required of them by the provisions of this Resolution, the agreements herein approved or any other agreements to which the Authority is a party and which have been approved by the Authority.

**Section 7: Headings Not Part of this Resolution.** Any headings preceding the texts of the several sections of this Resolution shall be solely for convenience of reference and shall not form a part of this Resolution, nor shall they affect its meaning, construction or effect.

**Section 8: Resolution Effective.** This Resolution shall take effect immediately upon its adoption.

**ADOPTED** this 14th day of June, 2019.

(SEAL)

**HOUSING FINANCE AUTHORITY OF  
PALM BEACH COUNTY, FLORIDA**

ATTEST:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Chairperson

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Secretary

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY

By: \_\_\_\_\_  
Name: Morris G. (Skip) Miller, Esq.  
Title: Attorney

EXHIBIT "A"

FIFTH ALLONGE TO NOTE



FIFTH ALLONGE TO REVOLVING MORTGAGE NOTE

The Revolving Mortgage Note (the "Note") issued by COMMUNITY LAND TRUST OF PALM BEACH COUNTY, INC., (the "Borrower") on March 29, 2016, in favor of HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA (the "Lender") in the principal amount not to exceed \$3,400,000 is modified in the following respects, effective June 14, 2019:

1. The Maturity Date of the Note is extended from June 30, 2019 to December 30, 2019.

IN WITNESS WHEREOF, COMMUNITY LAND TRUST OF PALM BEACH COUNTY, INC. has issued this Fifth Allonge to Revolving Mortgage Note and has caused the same to be executed by its duly authorized officer(s), all as of the day and year first above written.

**COMMUNITY LAND TRUST OF PALM BEACH  
COUNTY, INC., a Florida Non Profit  
corporation**

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

Agreed to this 14th day of June, 2019.

**HOUSING FINANCE AUTHORITY OF PALM  
BEACH COUNTY, FLORIDA**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Tab 5**

**VIII. Other Matters - attachments**

- a. Matters of Executive Director - none