Housing Finance Authority of Manatee County

Credit Underwriting Report

River Trace Apartments and

Manatee Pond Rental Homes (“Manatee Pond”)

Tax-Exempt Multifamily Mortgage Revenue Notes (“MMRN”)

Section A: Report Summary

Section B: MMRN loan Conditions

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

May 26, 2017

River Trace Apartments and Manatee Pond

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Section A

Report Summary

Recommendation

First Housing Development Corporation ("First Housing") recommends Tax-exempt Multifamily Mortgage Revenue Note in the amount of $26,374,500, which includes $3,000,000 in Taxable Note and $3,124,500 in Tax-exempt Seller Note during construction, and $15,490,000 Tax-exempt Note during permanent financing, but no more than the loan amount approved by Jones Lang LaSalle Multifamily, LLC ("JLL"), to finance the acquisition/rehabilitation and permanent financing of River Trace Apartments and Manatee Pond (together "Subject" or "Development").

DEVELOPMENT & SET-ASIDES

Development Name: River Trace Apartments

Address: 2710 River Trace Circle/1449 17th St. Circle E
City: Brandenton
Zip Code: 34208

County: Manatee County
County Size: Medium

Development Category: Rehab
Development Type: Garden/single family homes

Demographic Commitment: Elderly: ____ Homeless: ____ ELI: 9 Units @ 30% AMI
Farmwork or Commercial Fish Worker: ____ Family: Yes Link: ____ Units

North Port – Bradenton - Sarasota MSA / Manatee County

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	1	750	30%	$368			$60		$308	$308	$308	$308	$3,696
1	1.0	43	750	60%	$737			$60		$677	$672	$677	$677	$349,332
2	2.0	7	861	30%	$442			$73		$369	$368	$368	$368	$30,912
2	2.0	87	861	60%	$885			$73		$812	$806	$812	$812	$847,728
3	2.0	1	1,065	30%	$511			$90		$421	$420	$420	$420	$5,040
3	2.0	39	1,065	60%	$1,022			$90		$932	$924	$932	$932	$436,176
4	2.0	40	1,334	60%	$1,140			$230		$910	$895	$910	$910	$436,800
		218	**209,894**											**$2,109,684**

Buildings: Residential - 57 Non-Residential - 1

Parking: Parking Spaces - 292/80 Accessible Spaces - 22

Set Asides:

Program	% of Units	# of Units	% AMI	Term (Years)
River Trace HC	4.0%	9	30%	14 years remaining
River Trace Notes	100.0%	178	60%	30 Years
Manatee Pond Notes	100.0%	40	60%	30 Years

Occupancy Rate at Stabilization: Physical Occupancy 95.00% Economic Occupancy 94.00%

Site Acreage: 19.03 / 10.575 (8.403 net)
Density: 9.35 / 3.78
Flood Zone Designation: AE/X / X

Zoning: Pland Development Project/R-2 (single-and two-family dwellings)
Flood Insurance Required?: No

DEVELOPMENT TEAM

Applicant/Borrower:	Bradenton Leased Housing Associates III, LLLP	
General Partner 1:	Bradenton Leased Housing Associates III, LLC	0.005%
Limited Partner 1:	RBC Tax Credit Equity, LLC	99.980%
Limited Partner 2:	Bradenton Leased Housing Associates LP III, LLC	0.005%
Special Limited Partner:	RBC Tax Manager II, Inc.	0.010%
Guarantor(s):	Bradenton Leased Housing Associates III, LLLP	
	Bradenton Leased Housing Associates III, LLC	
	Bradenton Leased Housing Development III, LLC	
	Mark Moorhouse	
	Christopher Barnes	
	Dominium Holdings I, LLC	
	Dominium Holdings II, LLC	
	Polaris Holdings I, LLC	
Developer:	Bradeton Leased Housing Development III, LLC	
Member	Polaris Holdings I, LLC	
Principal 1	Armand Brachman	
Principal 2	Paul Sween	
Principal 3	Mark Moorhouse	
General Contractor 1:	ZMG Construction, Inc. ("ZMG")	
Management Company:	Dominium Florida Management Services, LLC	
Syndicator:	RBC Tax Credit Equity, LLC	
Architect:	Ebersoldt + Associates Architecture	
Market Study Provider:	Vogt Strategic Insights ("VSI")	
Appraiser:	Novogradac & Company, LLP ("Novogradac")	

Note: Mark Moorhouse and Christopher Barnes will only provide Construction Completion guarantees. In lieu of ongoing personal guarantees, the Housing Finance Authority of Manatee County ("HFAMC") will require a 5-year reserve to be set up at closing for all ongoing fees (Compliance, Fiscal Agent, Issuer, and Financial Monitoring Fees), estimated at $226,096.

PERMANENT FINANCING INFORMATION		
	1st Source	2nd Source
Lien Position	First	Second
Lender/Grantor	JLL	River Oaks Housing Partners, Ltd.
Amount	$15,490,000	$ 3,124,500
Underwritten Interest Rate	4.82%	4.82%
All In Interest Rate	4.82%	0.00%
Loan Term	15	35
Amortization	35	0
Market Rate/Market Financing LTV	46.80%	9.44%
Restricted/Market Financing LTV	80.26%	16.19%
Loan to Cost	60%	55%
Debt Service Coverage	1.11	0.96
Operating Reserve	$468,060	
Period of Operating Expenses/Operating Reserve in Months	5	

*Note the Second Mortgage is based on available cash flow, therefore debt service coverage would not fall below 1.0.

Deferred Developer Fee	$4,110,442
Land Value	$1,900,000
Appraised Rest/Fav Financing "As Proposed"	$19,300,000
Market Rent/Market Financing Stabilized Value	$33,100,000
Rent Restricted Market Value "As Is"	$18,900,000
Projected Net Operating Income (NOI) - Year 1	$1,070,619
Projected Net Operating Income (NOI) - 15 Year	$1,257,618
Year 15 Pro Forma Income Escalation Rate	2.00%
Year 15 Pro Forma Expense Escalation Rate	3.00%
Bond Structure	Private Placement
Housing Credit Syndication Price	$0.973
Housing Credit Annual Allocation	$964,758

CONSTRUCTION/PERMANENT SOURCES:				
Source	Lender	Construction	Permanent	Perm Loan/Unit
Tax Exempt Notes	JPMorgan Chase/JLL	$20,250,000	$15,490,000	$71,055
Taxable Notes	JPMorgan Chase/JLL	$3,000,000	$0	$0
Tax Exempt Seller Note	River Oaks Housing Partners, Ltd.	$3,124,500	$3,124,500	$14,333
Housing Credit Equity	RBC	$938,086	$9,380,861	$43,031
Deferred Developer Fee	Bradeton Leased Housing Development III, LLC	$4,325,157	$4,110,442	$18,855
Deferred ODR	RBC	$468,060	$0	$0
NOI During Construction	Bradenton Leased Housing Associates III, LLLP	$1,712,990	$1,712,990	$7,858
TOTAL		$33,818,793	$33,818,793	$155,132

Strengths:

1. The Principals, Developer, General Contractor and Management Company are experienced in affordable multifamily housing.

2. The Principals have substantial financial resources to renovate and operate the proposed Development.

3. The scope of renovations will enhance the subject property to continue to compete with new and/or existing affordable housing rental in the primary market area.

Other Considerations:

1. The Developer is acquiring two separate properties, Manatee Pond with 40 single family homes, and River trace with 178 apartment units, and intends to operate them as one property. River Trace Apartments and Manatee Pond are located within 1.1 miles of each other on the eastern side of Bradenton.

2. The Developer indicated that Manatee Pond will have a name change and become River Trace Homes. The two properties will share the amenities located at River Trace Apartments.

3. River Trace Apartments was built in 2001 and features one- and two-story garden walk-up buildings. The community amenities at River Trace Apartments include on-site management, a swimming pool, gazebo, clubhouse, business center, fitness center, security gate, picnic area and playground.

4. Manatee Pond was built in 1996 and is comprised of forty scattered four-bedroom two-bathroom single-family homes. Community amenities at Manatee Pond are limited but include a picnic area and a playground; however, this is typical for a single-family home development and the design of these units will continue to be appealing. Both projects offer ample unit amenities that will also continue to be competitive with the existing housing market.

Waiver Requests/Special Conditions:

1. HFAMC approved a waiver allowing the set-aside term to change from 50 year, as required in the application, to a set-aside term of 30 years. Additionally, it was requested and approved to remove the extending of the 30% AMI set-aside requirements beyond the existing LURA term.

2. The Borrower is requesting a waiver of the required energy-conservation standards of appliances/fixtures at time of future replacement versus initial scope; and a waiver of the energy-star rated roofing material requirement. Approval of the two waiver requests or compliance with the requirements is a condition to closing.

Additional Information:

1. The Buyer has applied to JLL Capital Markets to provide first mortgage funding for the permanent financing of the Development pursuant to the Federal Home Loan Mortgage Corporation ("Freddie Mac") Multifamily Direct Purchase of Tax-Exempt Loan Program (the "TEL Program"). The Funding Loan is requested pursuant to any Federal, State or Local requirements concerning the proposed tax exempt private activity allocation and/or the Low Income Housing Tax Credit requirements. The Funding Loan will be originated by JLL on behalf of the HFAMC. The proceeds of the Funding Loan will be used by HFAMC to fund a mortgage loan with matching economic terms ("Project Loan") to the Borrower to finance the acquisition/rehabilitation and permanent financing of the Subject. The Construction Lender will be responsible for administering the Funding Loan during the construction phase of the development. The Funding Loan will be a nonrecourse obligation of HFAMC secured solely by receipts and revenues from the Project Loan and the collateral pledged therefor (including a first mortgage lien with respect to the property).

The date the Construction Lender originates the Funding Loan is referred to herein as the "Origination Date".

Upon the satisfaction of the Conditions to Conversion which are to be described in the Loan Commitment and the Construction Phase Financing Agreement and to be delivered on the Origination Date by and among Freddie Mac, JLL, JPMorgan Chase and the Borrower, the Project Loan will convert to the permanent phase and the Funding Lender will purchase the Funding Loan from the Construction Lender. Thereafter, the Funding Lender will deliver the Funding Loan to Freddie Mac for purchase pursuant to the TEL Program.

2. GLE Associates, Inc. ("GLE") performed a 20 year replacement reserve estimate, using an inflation factor of 2.5%, which resulted in a replacement reserve in year 12 of $1,394 per unit per year. Additionally, JLL ordered a separate report from Partner Engineering and Science, Inc., dated May 15, 2017, which concluded replacement reserve requirement over 12 years with a 3% inflation rate is $323 per unit per year. The underwriter used Replacement Reserves of $400 per unit per year, which is based on past experience with similar developments in the area, and is within the range of the two reports referred above.

3. First Housing reviewed a First Amendment to Construction Contract, dated May 19, 2017, which adds $997,724 in additional scope to the rehabilitation, which is identified below:

River Trace Apartments scope of rehabilitation:

Exterior/Site:

- Reconfigure trash and recycling enclosure
- Add two playground areas and picnic pavilion
- Remove existing gazebos and picnic tables
- Bus stop at site entrance
- Add concrete walking path throughout front lawn
- Remove and replace mail kiosk
- Repair entrance gates
- Remove/replace clubhouse kitchenette cabinets
- Remove/replace clubhouse bathroom cabinets
- Remove/replace clubhouse counters (bath/kitchen)
- Reconfigure/addition to maintenance building
- Install access control system
- Fire extinguishers at all buildings
- Remove/replace signage
- Remove/replace existing emergency lighting
- Up-lighting throughout landscaped areas (photocell controlled)

- Replace all wall pack/building lights with photocell controlled lights
- Clean/hydrojet all site drainage
- Landscaping throughout
- Upgrade site FF&E
- Siding repairs as needed
- Gutters throughout
- Seal and re-stripe parking lot
- Sidewalk repairs as needed
- Attic insulation to all buildings as needed
- Site drainage as needed
- Fire stopping as needed
- E-deadbolts on all unit entry doors

Unit Interiors:

- Clean and caulk all tubs
- Convert/update ADA units
- Vision and hearing impaired unit conversions/upgrades
- Kitchen/vanity cabinet door fronts 100% replaced
- Install Kitchen base protectors throughout
- Remove/replace shower valves and trim kits

Additional Scope per Contract Amendment:

- Replace 90 A/C units
- Install smoke-detectors in 100% of the units
- Replace 70% of range hoods
- Replace 70% of refrigerators
- Replace 70% of Range/ovens
- Replace 70% of garbage disposals
- Replace 60% of dishwashers

Manatee Pond scope of rehabilitation:

Exterior/Site

- Remove/replace existing exterior lighting with photocell controlled lights
- Power wash all exteriors
- E-deadbolts on all unit entry doors
- Playground and picnic pavilion
- Sidewalk and driveway repairs as needed
- Attic insulation to all buildings as needed
- Site drainage as needed
- Fire stopping as needed

- E-deadbolts on all unit entry doors
- Repair/paint existing stucco on all buildings
- Install pre-fab maintenance shed
- Window repairs as needed
- Landscaping throughout
- Clean/hydrojet all site drainage
- Remove/replace signage

Unit Interiors

- Clean and caulk all tubs
- Convert/update ADA units
- Vision and hearing impaired unit conversions/upgrades
- Kitchen/vanity cabinet door fronts 100% replaced
- Install Kitchen base protectors throughout

Additional Scope per Contract Amendment:

- Replace 100% of A/C units
- Remove and replace 100% of garage doors
- Remove and replace patio wood decks
- Install new aluminum gutters and downspouts at 100% of the units
- Install 100% heavy duty pre-cast splash blocks
- Install smoke-detectors in 100% of the units
- Install combo co/smoke detectors in 100% of the rooms adjacent to the garage
- Remove and replace 100% of the carpet
- Replace 70% of range hoods
- Replace 70% of refrigerators
- Replace 70% of Range/ovens
- Replace 70% of garbage disposals
- Replace 60% of dishwashers
- Paint 100% of the units exterior walls

Note: For a detailed scope of work, please refer to Exhibit 4.

4. The underwriter recommendation is contingent upon confirmation by GLE that all security items will be addressed during the rehabilitation, such as, but not limited to, replace 100% of all smoke detectors in both sites, replace all wood decks in Manatee Pond, replace portions of chain link fence at both properties, and replace wood bridge. Additionally, the Developer will be required to install gutters and downspouts at Manatee Pond and repair/repaint exterior of homes at Manatee Pond.

Issues and Concerns:

1. The HFAMC Application requires the Developer to provide some mandatory features and amenities, which are listed below. The Developer intends to provide some features at the time of rehab, and some will be provided on an as needed basis using the replacement reserves. The underwriter indicated below the items that were Not Provided (“NP”). Additionally, the underwriter identified below the Additional Scope (“ADS”) that was included in the Amendment to the GC Contract.

   Mandatory Features:

   - ❖ Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
   - ❖ Energy Star qualified refrigerator (NP);
   - ❖ Energy Star qualified dishwasher (NP);
   - ❖ Energy Star qualified washing machine, if provided by applicant (NP);
   - ❖ Minimum SEER of 14 for unit air conditioners (excluding buildings with a central chiller system) (NP);
   - ❖ Low-flow water fixtures in bathrooms—Water Sense labeled products or the following specifications (NP):
     - Toilets: 1.6 gallons/flush or less
     - Faucets: 1.5 gallons/minute or less
     - Showerheads: 2.2 gallons/minute or less.

2. The Plan and Cost Review identified the following committed Features and Amenities are not being provided and the Developer does not have plans to provide during this rehab. The underwriter indicated below the items that were Not Provided (“NP”).

   - Laundry hook-ups and space for washer/dryer.
   - Window Treatments (mini-blinds, curtains, vertical blinds) inside each unit.
   - Marble Window Sills.
   - Dishwasher. (ADS)
   - Garbage disposal. (ADS)
   - Non-smoking units.
   - Non-smoking buildings.
   - Laundry hook-ups and space for washer/dryer inside each unit.
   - Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (NP).
   - Programmable Thermostats in all units (NP).

- Energy Star rated roofing (NP).
- Energy Star exhaust fans in all bathrooms (NP).
- FL Yards and Neighborhoods certification on all landscaping (NP).
- Steel entry door frames (NP).

3. The Capital Needs Assessment prepared by GLE, dated January 30, 2017 and updated on April 27, 2017, identified the following items as immediate needs, which the underwriter marked Not Provided (“NP”) next to all the items that are not being addressed in the rehab. Please note, the Capital Needs Assessment prepared by GLE Associates, Inc. has identified many of the following items as an immediate need due to reaching end of useful life.

- Reseal and restripe asphalt paving
- Replace cracked and damaged concrete sidewalks and driveways
- Fill eroded areas and sod at both properties
- Trim trees at Manatee Pond
- Replace entrance/exit gates
- Modify partially accessible apartment units to achieve compliance
- Modify one apartment unit to accessible unit
- Provide upgrades to 5 units for 2% Audio/Visual requirement
- Relocate thermostats at units on an accessible route
- Provide levers on the common area doors
- Relocate thermostats to a maximum of 48" AFF to center
- Replace playground equipment
- Replace wall mounted lights
- Repair cracks and repaint
- Replace public restroom light switches with compliant switches
- Replace deteriorating wood decks at Manatee Pond (ADS)
- Replace wood fence along west property line at Manatee Pond (NP)
- Replace portions of chain link fence at both properties (NP)
- Replace wood bridge (NP)
- Replace wood decking and stairs, also repair concrete structure (NP)
- Repair cracks and repaint (ADS)
- Replace mail kiosk at Manatee Pond (NP)
- Install gutters and downspouts at Manatee Pond (ADS)
- Roofs are beyond the useful life and should be replaced- Manatee Pond (NP)
- Replace damaged or corroding exterior doors (NP)
- Replace damaged garage doors (ADS)
- Replace sliding glass doors (NP)

- Repaint exterior of homes at Manatee Pond (ADS)
- Interior painting in 25% of units with low VOC paint
- Replace carpet (NP) (ADS in Manatee Pond)
- Replace vinyl flooring (NP)
- Repair replace vinyl flooring at 2nd floor restrooms and wood decking as required (NP)
- Replace 95% of the kitchen/bath cabinets and countertops (NP)
- Replace 70% of the refrigerators (ADS)
- Replace 70% of the ranges (ADS)
- Replace 60% of the dishwashers (ADS)
- Replace 70% of the range hoods (ADS)
- Replace 70% of garbage disposals (ADS)
- Replace smoke detectors at both sites (ADS)
- Replace 60% of the HVAC systems (NP) (ADS to replace 100% at Manatee Pond and 90 units at River Trace Apartments)
- Replace 90% of exhaust fans (NP)
- Replace 75% of hot water heaters (NP)
- Replace 20% of bathtubs which are corroding (NP)
- Replace 100% of faucets (NP)

4. GLE has identified the a few major issues that are not compliant with the UFAS standards for accessible design, Fair Housing Act or ADA/FAC, as follows:

    - A few of the sidewalks at breezeways did not meet requirements for accessible routes due to changes in surface height at greater than ½" and should be replaced.
    - Per the Section 504 of the Rehabilitation Act the mailboxes located at Manatee Pond are non-compliant.
    - To achieve five percent (5%) Accessible units per Section 504 of the Rehabilitation Act, this facility is required to have eleven accessible units. The facility currently has ten, and it appears that these units are only partially compliant; grab bars, door knob height, cabinet height above finished floor, clear floor space at showers, lever hardware, toilet height, accessible route clear width, threshold at sliding glass doors and other items will need to be addressed in order for these units to be fully accessible. Additionally, one unit will need to be converted to an accessible unit.
    - Section 504 of the Rehabilitation Act requires that at least two percent (2%) of all public housing facilities be outfitted with audio/visual units. Reportedly there are no audio/visual units. Five units should be provided with audio/visual components.
    - All multifamily dwelling units on an accessible route are required to have light switches, electrical outlets, thermostats, and other environmental controls in

accessible locations. Not all thermostat mounting heights are compliant at the first floor apartments and should be relocated as necessary.

- It should be noted that visual observation did not allow for confirmation of concealed components such as reinforced walls for grab bars
- A few doorknobs in the clubhouse were observed to be non-compliant. Compliant door levers need to be installed.
- The pressure to open the doors exceeded the required allowable pressure in the clubhouse restrooms. These should be adjusted as part of an ongoing maintenance program.
- Thermostats are mounted higher than 48 inches. Lower thermostats as part of the required programmable thermostat replacement.
- The light switches in the public restrooms were not compliant. Light switches should be replaced with compliant switches.
- The clear width on the pull side of the clubhouse restroom doors was less than 18 inches. That said, it is not feasible to provide the required 18 inches.

5. Please, refer to the Plan and Cost Review and Capital Needs Assessment summary on Section C for additional scope of work limitations.

6. The underwriter recommends all non-compliant items with the UFAS standards for accessible design, Fair Housing Act or ADA/FAC to be addressed during the rehabilitation.

Mitigating Factors:

1. Even though the Developer is not addressing, as part of this rehabilitation, all the Physical Needs Assessment recommended immediate needs, the Developer is spending a projected cost of $21,073 per unit for River Trace Apartments, and a projected cost of $42,476 per unit for Manatee Pond. Given the limited resources, the rehab appears to be addressing a significant portion of the deferred maintenance at both properties.

2. The property is committing to set aside the units for another 30 years.

3. The Developer is replacing 100% of the cabinets' fronts in lieu of replacing 95% of the kitchen/bath cabinets and countertops in both properties.

4. The Developer has a Landscaping allowance of $125,000 for River Trace Apartments, and $50,000 for Manatee Pond. Based on correspondence from the Developer, this allowance will cover fencing, wood bridge replacement, and removal of concrete structure.

Recommendation:

First Housing recommends MMRN in the amount of $26,374,500, which includes $3,000,000 in Taxable Note and $3,124,500 in Tax-exempt Seller Note during construction, and $15,490,000 Tax-exempt Note during permanent financing, but no more than the loan amount approved by JLL, to finance the acquisition/rehabilitation and permanent financing of the Development.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the MMRN loan Conditions (Section B).

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

The reader is cautioned to refer to these sections for complete information.

Prepared by:	Reviewed by:
Thais Pepe	Ed Busansky
Thais Pepe	Ed Busansky
Senior Credit Underwriter	Senior Vice President

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
Tax Exempt Notes	JPMorgan Chase	$26,071,613	$26,693,114	$20,250,000	3.09%	$625,725
Taxable Notes	JPMorgan Chase	$0	$0	$3,000,000	3.49%	$104,700
Tax Exempt Seller Note	River Oaks Housing Partners, Ltd.	$0	$0	$3,124,500	4.82%	$150,601
Housing Credit Equity	RBC	$1,066,773	$1,022,189	$938,086	N/A	N/A
Deferred Developer Fee	Bradeton Leased Housing Development III, LLC	$601,787	$0	$4,325,157	N/A	N/A
Deferred ODR	RBC	$0	$0	$468,060	N/A	N/A
NOI During Construction	Bradenton Leased Housing Associates III, LLLP	$0	$1,844,077	$1,712,990	N/A	N/A
Total		$27,740,173	$29,559,380	$33,818,793		$881,026

First Mortgage:

First Housing reviewed a letter of proposal from JPMorgan Chase Bank, N.A. ("JPMorgan Chase"), dated April 20, 2017, indicating JPMorgan Chase will purchase up to $20,250,000 in Tax-exempt Note and up to $3,000,000 in Taxable Note, for a total Note amount of up to $23,250,000, the proceeds of which will fund the construction loan. This proposal is based on the assumption that upon construction completion and stabilization the construction loan will be repaid in full by a permanent loan from JLL in the amount of $15,490,000, and the balance will be repaid with LIHTC Equity.

The term of the loan will be eighteen (18) months, with two 6-month extension option for a fee of 0.15% each. The interest rate on the Tax-exempt Note will be variable and paid monthly, based on one-month LIBOR plus 1.85%. For underwriting purposes, a rate of 3.09% was used, based on April 18, 2017 rate of 0.99%, plus 1.85% spread, plus and underwriting cushion of 25 basis points. The interest rate on the Taxable Note will be variable and paid monthly, based on one-month LIBOR plus 2.25%. For underwriting purposes, a rate of 3.49% was used, based on April 18, 2017 rate of 0.99%, plus 2.25% spread, plus and underwriting cushion of 25 basis points.

Tax-Exempt Seller Note:

First Housing reviewed the executed Purchase Agreement for the Development, dated September 28, 2016, between the River Oaks Housing Partners, Ltd. ("Seller") and Bradenton Leased Housing Associates III, LLLP ("Buyer"). Based on this document, $3,124,500 of the total purchase price will be payable in the form of a Seller Note, which shall bear interest at a fixed rate equal to the long-term tax-exempt Applicable Federal Rate and shall have a maturity date of thirty-five (35) years from the Closing Date. The Seller Note shall be subordinate to all existing and future debt secured by the Property and will be repaid from available cash flow.

Housing Credit Equity:

First Housing has reviewed a letter of interest, dated March 6, 2017, indicating RBC Tax Credit Equity, LLC, its successor or assigns ("RBC") will acquire a 99.98% ownership interest in the Applicant, and RBC Tax Credit Manager II, Inc. ("RBC Manager") will acquire a 0.005% interest. Based on the letter, the annual HC allocation is estimated to be in the amount of $964,806, and a syndication rate of $0.9725 per dollar, RBC anticipates a net capital contribution of $9,380,861 and has committed to make available $938,086 or 10% of the total net equity during the construction period. Please note Florida Housing Finance Corporation ("FHFC") will require that proposed equity amount to be paid prior to or simultaneous with the closing of construction financing is at least 15 percent of the total proposed equity to be provided (the "15 Percent Criteria"). The recommendation contained in this report is conditioned upon an updated Syndication agreement from RBC that meets the 15 percent criteria.

The amount of LIHTC to be allocated to RBC during the credit period ("Certified LIHTC") will be determined following receipt of cost certification from the accountant and Form 8609. If the Certified LIHTC is less than Projected LIHTC, RBC's capital contributions will be reduced by an amount (the "Downward Capital Adjustment") equal to the product of (i) $0.9725 multiplied by (ii) the difference between Projected LIHTC and Certified LIHTC.

Deferred Developer Fee:

In order to balance the sources and uses of funds during construction, the Developer will be required to defer 94.3% of the total Developer Fee or $4,325,157.

Deferred Operating Deficit Reserve:

An Operating Deficit Reserve ("ODR") in an amount estimated to be $468,060 is required by RBC. The ODR will be funded after construction completion with the Syndicator's third capital contribution.

Net Operating Income ("NOI") during Construction:

The underwriter calculated a NOI for 24 months of construction period, based on 80% occupancy, due to units needing to be vacant for renovations.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Tax Exempt Notes	JLL	$14,840,000	$15,740,000	$15,490,000	15	35	4.82%	$916,884
Tax Exempt Seller Note	River Oaks Housing Partners, Ltd.	$3,124,500	$3,124,594	$3,124,500	35	0	4.82%	$150,601
Housing Credit Equity	RBC	$10,667,725	$10,170,780	$9,380,861	N/A	N/A	N/A	N/A
Deferred Developer Fee	Bradeton Leased Housing Development III, LLC	$1,787,644	$3,043,864	$4,110,442	N/A	N/A	N/A	N/A
NOI During Construction	Bradenton Leased Housing Associates III, LLLP	$601,787	$1,844,077	$1,712,990	N/A	N/A	N/A	N/A
Total		$31,021,656	$33,923,315	$33,818,793				$1,067,484

First Mortgage:

The Buyer has applied to JLL to provide first mortgage funding for the acquisition/rehabilitation and permanent financing of the Development pursuant to the Freddie Mac Multifamily Direct Purchase of the TEL Program. The Funding Loan is requested pursuant to applicable Federal, State or Local requirements concerning the proposed tax exempt private activity allocation and/or the Low Income Housing Tax Credit requirements. The Funding Loan will be originated by JLL on behalf of HFAMC. Subordination of the LURA and ELIHA, as applicable to the first mortgage.

First Housing reviewed a letter of proposal from JLL, dated September 16, 2016, and revised on May 24, 2017, indicating an estimated loan amount of $15,490,000, based on 85% loan to value of the as-rehabilitated as-stabilized value. The terms of this loan will be for 15 years, amortized over 35 years. Interest rate will be based on the Freddie Spread of 2.32% over the 10 Year Treasury. The estimated note rate (excluding loan servicing fee, financial monitoring fee, Issuer and Fiscal Agent fees) is 4.75%, which is based on 10 Year Treasury, as of May 24, 2017, of 2.25%, plus the spread of 2.32%, plus an underwriting spread of 25 basis points.

The Note fees will include Issuer Fee estimated at 0.20%, Fiscal Agent Fee estimated at the higher of 0.02% or $1,800, loan servicing fee of 0.023%, compliance monitoring fee of 0.04%, and financial monitoring fee of 0.015%.

Seller Note:

First Housing reviewed the executed Purchase Agreement for the Development, dated September 28, 2016, between the River Oaks Housing Partners, Ltd. (“Seller”) and Bradenton Leased Housing Associates III, LLLP (“Buyer”). Based on this document, $3,124,500 of the total purchase price will be payable in the form of a Seller Note, which shall bear interest at a fixed rate equal to the long-term tax-exempt Applicable Federal Rate and shall have a maturity date of thirty-five (35) years from the Closing Date. The Seller Note shall be subordinate to all existing and future debt secured by the Property and will be repaid as based on available cash flow.

Housing Credit Equity:

First Housing has reviewed a letter of interest, dated March 6, 2017, indicating RBC Tax Credit Equity, LLC, its successor or assigns (“RBC”) will acquire a 99.98% ownership interest in the Applicant, and RBC Tax Credit Manager II, Inc. (“RBC Manager”) will acquire a 0.005% interest. Based on the letter, the annual HC allocation is estimated to be in the amount of $964,806, and a syndication rate of $0.9725 per dollar, RBC anticipates a net capital contribution of $9,380,086 and has committed to make available $1,607,188 or 10% of the total net equity during the construction period.

The amount of LIHTC to be allocated to RBC during the credit period ("Certified LIHTC") will be determined following receipt of cost certification from the accountant and Form 8609. If the Certified LIHTC is less than Projected LIHTC, RBC's capital contributions will be reduced by an amount (the "Downward Capital Adjustment") equal to the product of (i) $0.9725 multiplied by (ii) the difference between Projected LIHTC and Certified LIHTC.

Based on a letter of interest, RBC will provide HC equity as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	$938,086	10.00%	Initial Construction Loan closing.
2nd Installment	$469,043	5.00%	Later of receipt of final Certificates of Occupancy; certificate of substantial completion; December 1, 2017.
3rd Installment	$938,086	10.00%	Janualry 1, 2018
4th Installment	$6,801,124	72.50%	Later of final cost certification; 100% qualified occupancy; permanent loan conversion; 1.15 DSC for 3 months; April 1, 2019.
5th Installment	$234,522	2.50%	Later of IRS Form 8609; April 1, 2019.
Total	$9,380,861	100.00%	

Annual Credit Per Syndication Agreement	$964,758
Calculated HC Exchange Rate	$0.9725
Limited Partner Ownership Percentage	99.985%
Proceeds Available During Construction	$938,086

Please note FHFC will require that proposed equity amount to be paid prior to or simultaneous with the closing of construction financing is at least 15 percent of the total proposed equity to be provided (the "15 Percent Criteria"). The recommendation contained in this report is conditioned upon an updated Syndication agreement from RBC that meets the 15 Percent Criteria.

Deferred Developer Fee:

In order to balance the sources and uses of funds during the permanent phase, the Developer is required to defer 89.6% of the Developer Fee or $4,110,442.

Uses of Funds

CONSTRUCTION COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR
Rehab of Existing Rental Units	$3,389,505	$4,865,151	$4,643,783	$21,302
Site Work	$545,000	$545,000	$0	$0
General Conditions	$0	$0	$278,627	$1,278
Overhead	$0	$0	$92,875	$426
Profit	$481,895	$667,344	$278,627	$1,278
Permit Allowance	$0	$0	$70,000	$321
Payment and Performance Bond	$0	$0	$86,201	$395
Total Construction Contract/Costs	$4,416,400	$6,077,495	$5,450,113	$25,001
Hard Cost Contingency	$50,000	$50,000	$545,011	$2,500
Total Construction Costs:	**$4,466,400**	**$6,127,495**	**$5,995,124**	**$27,501**

Note to the Total Construction Costs:

1. The Applicant has provided an executed construction contract dated March 1, 2017, in the aggregate amount of $4,405,664.29. This is a Standard Form of Agreement between Bradenton Leased Housing Associates III, LLLP ("Owner") and ZMG Construction, Inc. ("Contractor") where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price. Per the contract, substantial completion is to be achieved by no later than December 1, 2017, provided the Date of Commencement would be May 18, 2017. The Owner will make monthly progress payments to the Contractor, based upon Applications for Payment approved by the Architect. The contract calls for a minimum of 10% retainage holdback on all construction draws.

2. Additionally, the Applicant provided a First Amendment to Construction Contract, dated May 19, 2017, which amends the contract amount to $5,450,112.91. This increase of approximately $1,044,449 is due to addition to the scope of the rehabilitation.

3. Hard Cost Contingency was included at 10% of the construction contract, which is recommended by the underwriter.

4. The General Contractor fee is within the maximum 14% of hard costs allowed. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process.

GENERAL DEVELOPMENT COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR
Accounting Fees	$10,000	$10,000	$10,000	$46
Appraisal	$15,000	$15,000	$15,000	$69
Architect's and Planning Fees	$171,960	$171,960	$171,960	$789
Architect's Fee - Supervision	$39,240	$39,240	$39,240	$180
Capital Needs Assessment/Rehabilitation	$10,000	$10,000	$10,000	$46
Environmental Report	$12,500	$17,150	$17,150	$79
FHFC Administrative Fees	$88,100	$94,617	$94,617	$434
FHFC Application Fee	$15,000	$18,000	$3,000	$14
Credit Underwriting Fee	$20,000	$45,000	$11,696	$54
FHFC HC Compliance Fee (HC)	$134,515	$134,515	$134,515	$617
Lender Inspection Fees / Const Admin	$43,000	$53,000	$53,000	$243
Insurance	$96,792	$96,792	$96,792	$444
Legal Fees	$397,100	$418,921	$418,921	$1,922
Market Study	$7,500	$7,500	$7,500	$34
Property Taxes	$98,100	$98,100	$98,100	$450
Start-Up/Lease-up Expenses	$271,525	$0	$0	$0
Survey	$12,500	$12,500	$12,500	$57
Tenant Relocation Costs	$109,000	$0	$0	$0
Title Insurance and Recording Fees	$152,388	$171,240	$171,240	$786
Soft Cost Contingency	$6,195	$0	$68,261	$313
Other: Syndicator Due Diligence Fee	$0	$25,000	$25,000	$115
Other: Exchange Account Fees	$0	$6,195	$6,195	$28
Total General Development Costs:	**$1,710,415**	**$1,444,730**	**$1,464,687**	**$6,719**

Note to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.

2. First Housing adjusted the Soft Cost Contingency to be 5% of the General Development Costs less the contingency.

FINANCIAL COSTS:	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR
Construction Loan Commitment Fee	$185,500	$196,750	$151,875	$697
Construction Loan Interest	$400,680	$1,293,752	$1,293,752	$5,935
Permanent Loan Origination Fee	$185,500	$196,750	$100,685	$462
Loan Closing Costs	$259,800	$280,927	$280,927	$1,289
Local HFA Governmental Lender Fee	$0	$0	$46,500	$213
Local HFA Notes Underwriting Fee	$0	$0	$13,970	$64
Local HFA Notes Issuer Fee	$0	$0	$58,125	$267
Reserves - Operating Deficit	$474,147	$500,672	$468,060	$2,147
Reserves - 5 Years Pre-paid Fees	$0	$391,112	$226,139	$1,037
Financial Advisor Fee	$0	$0	$37,375	$171
Other: Closing Costs	$0	$18,500	$18,500	$85
Total Financial Costs:	**$1,505,627**	**$2,878,463**	**$2,695,908**	**$12,367**

Note to the Financial Costs:

1. Construction Loan Commitment Fee is based on 0.75% of the loan amount.

2. The Permanent Loan Origination Fee is based on 0.65% of the loan amount.

3. The underwriter calculated the Construction Loan Interest based on a term of 18 months, and interest of 3.09% on the Tax-exempt Note, and 3.49% on the Taxable Note, for a total of $1,095,637. However, the underwriter used the Revised Applicant's estimate, which was more conservative.

4. An Operating Deficit Reserve in an amount estimated to be $468,060 is required by RBC. The ODR represents approximately five months of expenses.

5. The HFAMC will required a 5-year reserve to be set up at closing for all ongoing fees (Compliance, Fiscal Agent, Issuer, and Financial Monitoring Fees), in lieu of the personal guarantees after construction completion. This reserve is estimated at $226,096.

NON-LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR
Building Acquisition Cost	$18,154,741	$17,175,093	$17,000,000	$77,982
Total Non-Land Acquisition Costs:	**$18,154,741**	**$17,175,093**	**$17,000,000**	**$77,982**

Note to the Non-Land Acquisition Costs:

1. First Housing reviewed the executed Purchase Agreement for River Trace Apartments, dated September 28, 2016, between the River Oaks Housing Partners, Ltd. ("Seller") and Bradenton Leased Housing Associates III, LLLP ("Buyer"), for a total purchase price of $16,124,500.

2. First Housing reviewed the executed Purchase Agreement for Manatee Pond, dated September 28, 2016, between the Manatee Pond, Ltd. ("Seller") and Bradenton Leased Housing Associates III, LLLP ("Buyer"), for a total purchase price of $2,950,500.

3. The total purchase price for both properties totals $19,075,000. First Housing reviewed a draft appraisal of River Trace Apartments and Manatee Pond, dated May 25, 2017 (Report Date), prepared by Novogradac. The Subject's market value "as is" with rent restrictions, on December 15, 2016, was estimated at $18,900,000. Any excess purchase price is taken out of developer fee.

4. The draft Appraisal estimated the land value at $1,900,000. The underwriter estimated the Building Acquisition Cost by deducting the purchase price of $19,075,000 by the land value of $1,900,000, for a total Building Acquisition cost of $17,175,000.

OTHER DEVELOPMENT COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR
Development Cost Before Developer Fee	**$25,837,183**	**$27,625,781**	**$27,155,719**	**$124,568**
Developer Fee on Acquisition of Buildings	$0	$0	$3,060,000	$14,037
Developer Fee	$4,264,214	$4,397,532	$1,528,074	$7,009
Other: Excess Acquisition Costs	$0	$0	$175,000	$803
Total Other Development Costs:	**$4,264,214**	**$4,397,532**	**$4,763,074**	**$21,848**

Note to the Other Development Costs:

1. The recommended Developer's Fee does not exceed 18% of total development cost before developer fee, operating deficit reserves and escrows.

LAND ACQUISITION COSTS	Applicant Costs	Revised Applicant Costs	Underwriters Total Costs - CUR	Underwriters Total Costs Per Unit - CUR
Land	$920,259	$1,900,001	$1,900,000	$8,716
Total Acquisition Costs:	**$920,259**	**$1,900,001**	**$1,900,000**	**$8,716**
TOTAL DEVELOPMENT COSTS:	**$31,021,656**	**$33,923,314**	**$33,818,793**	**$155,132**

Note to Acquisition Costs:

1. First Housing reviewed a draft appraisal of River Trace Apartments and Manatee Pond, dated May 25, 2017 (Report Date), prepared by Novogradac which estimated the land value at $1,900,000.

Note to Total Development Costs:

1. The total development costs of $33,818,793 or $155,132 per unit appears adequate for the acquisition and rehabilitation of the subject development.

Operating Pro Forma – Combined

	FINANCIAL COSTS:			Year 1	Year 1 Per Unit
	OPERATING PRO FORMA				
INCOME:	Gross Potential Rental Income			$2,109,684	$9,677
	Other Income				$0
	Ancillary Income			$8,302	$38
	Miscellaneous			$32,720	$150
	Washer/Dryer Rentals			$78,480	$360
	Gross Potential Income			$2,229,186	$10,226
	Less:				
	Physical Vac. Loss	Percentage:	4.00%	$89,167	$409
	Collection Loss	Percentage:	1.00%	$22,292	$102
	Total Effective Gross Income			$2,117,727	$9,714
EXPENSES:	Fixed:				
	Real Estate Taxes			$193,809	$889
	Insurance			$94,830	$435
	Variable:				
	Management Fee	Percentage:	4.00%	$84,709	$389
	General and Administrative			$70,850	$325
	Payroll Expenses			$226,860	$1,041
	Utilities			$119,900	$550
	Marketing and Advertising			$16,350	$75
	Maintenance and Repairs/Pest Control			$152,600	$700
	Reserve for Replacements			$87,200	$400
	Total Expenses			$1,047,108	$4,803
	Net Operating Income			$1,070,619	$4,911
	Debt Service Payments				
	First Mortgage - JPMorgan Chase/JLL			$916,884	$4,206
	Second Mortgage - Seller Note			$150,601	$691
	First Mortgage Fees			$45,973	$211
	Total Debt Service Payments			$1,113,457	$5,108
	Cash Flow after Debt Service			-$42,839	-$197
				Annual	
	Debt Service Coverage Ratios				
	DSC - First Mortgage with Fees			1.11	
	DSC - First & Second Mortgage with Fees			0.96	
	Financial Ratios				
	Operating Expense Ratio			49.44%	
	Break-even Economic Occupancy Ratio (all debt)			96.92%	

*Note the Second Mortgage is based on available cash flow, therefore debt service coverage would not fall below 1.0.

Note to the Operating Pro Forma and Ratios:

1. Under the HFAMC Bond Program, the Applicant has committed to set aside 100% of the units for tenants earning 60% of the Area Medium Income ("AMI") for 30 years. However,

the existing ELIHA, which expires in 2031, requires that 9 units be set aside at 30% of the AMI.

2. The underwriter used the LIHTC 2017 maximum allowable rents, as summarized below. Additionally, the 2017 rents no longer have the HERA rents for the Manatee County. Below is the rent roll for the subject property:

North Port – Bradenton - Sarasota MSA / Manatee County

Bed Rooms	Bath Rooms	Units	Square Feet	AMI%	Gross HC Rent	Low HOME Rents	High HOME Rents	Utility Allow	RD/HUD Cont Rents	Net HC Rent	Applicant Rents	Appraiser Rents	CU Rents	Annual Rental Income
1	1.0	1	750	30%	$368			$60		$308	$308	$308	$308	$3,696
1	1.0	43	750	60%	$737			$60		$677	$672	$677	$677	$349,332
2	2.0	7	861	30%	$442			$73		$369	$368	$368	$368	$30,912
2	2.0	87	861	60%	$885			$73		$812	$806	$812	$812	$847,728
3	2.0	1	1,065	30%	$511			$90		$421	$420	$420	$420	$5,040
3	2.0	39	1,065	60%	$1,022			$90		$932	$924	$932	$932	$436,176
4	2.0	40	1,334	60%	$1,140			$230		$910	$895	$910	$910	$436,800
		218	**209,894**											**$2,109,684**

3. The Vacancy and Collection loss rate of 5% is standard for this market and is based on the underwriter's experience with similar properties.

4. Other Income is typically comprised of revenue from interest income, late charges, special service fees, vending machines, community laundry facilities, etc.

5. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and the First Housing's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

6. The Applicant has submitted a draft Management Agreement which reflects a management fee of 4.5% of the gross monthly collections (rental and non-housing income), of which 0.5% will be from available net cash flow, which is supported by the appraisal.

7. The landlord is responsible for water, sewer, and trash expenses at the River Trace site, but the tenant is responsible for all utilities at the Manatee Pond property.

8. GLE performed a 20 year replacement reserve estimate, using an inflation factor of 2.5%, which resulted in a replacement reserve in year 12 of $1,394 per unit per year. Additionally, JLL ordered a separate report from Partner Engineering and Science, Inc., dated May 15,

2017, which concluded replacement reserve requirement over 12 years with a 3% inflation rate is $323 per unit per year. The underwriter used Replacement Reserves of $400 per unit per year, which is based on past experience with similar developments in the area, and is within the range of the two reports referred above.

Refer to Exhibit I, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses are increasing at an annual rate of 3%.

Section B

MMRN loan Conditions

Special Conditions

This recommendation is contingent upon the review and approval of the following items by HFAMC, its Counsel, and First Housing **at least 30 days prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the Note pricing date and/or closing date. For competitive Note sales, these items must be reviewed and approved prior to issuance of the notice of Note sale:

1. Satisfactory receipt and review of updated financials within 90 days of closing, or audited financials for the last fiscal year end for the Guarantors and the Developer.

2. Receipt of an updated Syndication agreement from RBC that meets the 15 Percent Criteria.

3. Receipt of satisfactory finalized Phase I Environmental Site Assessment.

4. Receipt of finalized appraisal report, which supports the assumptions in this underwriting report, and is satisfactory to First Housing.

5. All mandatory features will be required upon replacement of items.

6. The Borrower is also requesting in this meeting a waiver of the required energy-conservation standards of appliances/fixtures at time of future replacement versus initial scope; and a waiver of the energy-star rated roofing material requirement. Approval of the two waiver requests or compliance with the requirements is a condition to closing.

5. The underwriter recommendation is contingent upon confirmation by GLE that all non-compliant items with the UFAS standards for accessible design, Fair Housing Act or ADA/FAC will be addressed during the rehabilitation.

6. The underwriter recommendation is contingent upon confirmation by GLE that all security items will be addressed during the rehabilitation, such as, but not limited to, replace 100% of all smoke detectors in both sites, replace all wood decks in Manatee Pond, replace portions of chain link fence at both properties, and replace wood bridge. Additionally, the Developer will be required to install gutters and downspouts at Manatee Pond and repair/repaint exterior of homes at Manatee Pond.

7. Receipt of satisfactory asbestos management plan.

8. Receipt of a final Management Agreement satisfactory to First Housing.

9. Receipt of trade reference form for ZMG Construction, Inc.

10. Receipt of the final Plan and Cost Review and Physical Needs Assessment, as prepared by GLE, and satisfactory to First Housing.

11. Receipt of satisfactory Moisture Management Plan (MMP), as required by Freddie Mac guidelines.

12. Receipt and satisfactory review of final signed, sealed "approved for construction" plans and specifications by the construction consultant and the Servicer.

13. Firm loan commitments from JLL and Fannie Mae which indicate first mortgage loan terms that are consistent with this report.

14. After final uses are confirmed during closing, if developer equity is still required to balance the sources and uses, then the full amount of the equity required must be deposited with the Fiscal Agent.

15. Confirmation that the ODR will be funded after construction.

16. Any other reasonable requirements of the Servicer, HFAMC, or its legal counsel.

General Conditions

This recommendation is contingent upon the review and approval of the following items by HFAMC, its Counsel, and First Housing **at least 30 days prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the closing date:

1. Payment of any outstanding arrearages to HFAMC, its legal counsel, or the Servicer.

2. GLE is to act as construction inspector during the construction phase.

3. At all times there will be undisbursed loan funds (collectively held by Fiscal Agent, the first mortgage lender and any other source) sufficient to complete the Development. If at

any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development Costs or to deposit additional equity with HFAMC which is sufficient (in HFAMC's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to HFAMC in its sole discretion.

4. During construction/ rehabilitation, the Developer is only allowed to draw a maximum of 50% of the total Developer fee but in no case more than the payable Developer fee during construction/rehabilitation, which is determined to be "Developer's overhead". No more than 35% of "Developer's overhead" will be funded at closing. The remainder of the "Developer's overhead" will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by HFAMC and the Servicer. The remaining unpaid Developer fee (if applicable) shall be considered attributable to "Developer's profit", and may not be funded until the development has achieved 100% lien free completion, and only after retainage has been released.

5. Signed and sealed survey, dated within 90 days of loan closing, unless otherwise approved by HFAMC, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to HFAMC, Florida Housing, and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of HFAMC.

6. Building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, Department of Transportation, etc.) or a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

7. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications, if applicable.

8. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction loan

interest based upon the final draw schedule, documentation of the closing costs, and draft loan closing statement must also be provided.

9. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. The closing draw must include appropriate backup and ACH wiring instructions.

10. Evidence of general liability, flood (if applicable), builder's risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting HFAMC as Loss Payee/Mortgagee, with coverage, deductibles, and amounts satisfactory to HFAMC.

11. A 100% Payment and Performance Bond or a Letter of Credit (LOC) in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the GC and the Borrower. In either case, HFAMC must be listed as co-obligee. The P&P bonds must be from a company rated at least "A-" by A.M. Best & Co with a financial size category of at least FSC VI. FHFC, and/or legal counsel must approve the source, amount(s) and all terms of the P&P bonds, or LOC. If the LOC option is utilized, the LOC must include "evergreen" language and be in a form satisfactory to FHFAMC, its Servicer and its Legal Counsel.

12. Architect, Construction Consultant, and Developer Certifications will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.

13. At the end of the compliance period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay HFAMC debt; if there is no HFAMC loan debt on the Development at the end of the compliance period, any remaining balance shall be used to pay any outstanding HFAMC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amount to the Applicant or the Developer from the Reserve account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations. Any and all terms and conditions of the ODR must be acceptable to HFAMC, its Servicer, and its legal counsel.

This recommendation is contingent upon the review and approval by HFAMC, and its legal counsel, and Servicer **at least 30 days prior to Real Estate Loan Closing**. Failure to receive approval of these items, along with all other items listed on Florida Housing counsel's due diligence, within this time frame may result in postponement of the loan closing date.

1. Award of HC and purchase of HC by RBC or an affiliate under terms consistent with the assumptions of this report.

2. An acceptable updated Environmental Audit Report, together with a reliance letter to HFAMC and FHFC, prepared within 90 days of closing, unless otherwise approved by HFAMC, and legal counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations and remediation restrictions noted in the Environmental Assessment(s) and Updates and the Environmental Review, if applicable.

3. HFAMC and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. HFAMC shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.

4. UCC Searches for the Borrower, its partnerships, as requested by counsel.

Additional Conditions

This recommendation is also contingent upon satisfaction of the following additional conditions:

1. The operating agreement from RBC or an affiliate shall be in a form and of financial substance satisfactory to HFAMC, HFAMC's Counsel and FHDC.

2. All amounts necessary to complete construction must be deposited with the Fiscal Agent prior to closing, or any phased HC Equity pay-in amount necessary to complete construction shall be contingent upon an obligation of the entity providing payments, regardless of any default under any documents relating to the HC's, as long as the First Mortgage continues to be funded. Notwithstanding the foregoing, at least 15% of all HC Equity (but not less than provided for in the Syndication Agreement or such higher amount as recommended by the Credit Underwriter) shall be deposited with the Fiscal Agent at the MMRN loan closing unless a lesser amount is approved by HFAMC prior to closing. If bridge loan proceeds are used in lieu of HC equity funding during construction, said loan must close simultaneously or prior to the MMRN loan, and sufficient amounts will be drawn from the bridge loan at MMRN loan closing in order to satisfy the 15% requirement.

3. Guarantors to provide the standard HFAMC Construction Completion Guarantee, to be released upon lien-free completion, as approved by the Servicer.

4. For the MMRN, Guarantors are to provide the standard HFAMC Operating Deficit Guarantee. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guarantee if all conditions are met, including achievement of a 1.15x debt service coverage ratio on the MMRN loan as determined by the Corporation or its agent and 90 percent occupancy and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all certified by an independent Certified Public Accountant, and verified by the Credit Underwriter. The calculation of the debt service coverage ratio shall be made by the Corporation or its agent. Notwithstanding the above, the operating deficit guarantee shall not terminate earlier than three (3) years following the final certificate of occupancy.

5. Guarantors to provide the Standard HFAMC Environmental Indemnity.

6. Guarantors to provide the Standard HFAMC Guaranty of Recourse Obligations.

7. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender, Fiscal Agent, or the Servicer. In the event the reserve account is held by HFAMC's Loan(s) servicing agent, the release of funds shall be at HFAMC's sole discretion.

8. Replacement Reserves in the amount of $400 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or HFAMC's Loan(s) servicing agent.

9. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. The GC contract indicates a 10% retainage holdback through 50% completion then no further retainage holdback thereafter, which satisfies the minimum requirement.

10. Closing of all funding sources prior to or simultaneous with the MMRN loan.

11. Any other reasonable requirements of the Servicer, HFAMC, or its legal counsel.

Section C

Supporting Information & Schedules

Additional Development & Third Party Supplemental Information

Site Inspection:	First Housing conducted a site visit on April 19, 2017. At the time of the inspection, the property was 100% occupied. The property is located in a residential neighborhood, which is mainly surrounded by single family homes. Within three miles from the site there is retail shopping.
	First housing observed that River Trace Apartments was in general good condition and showed little deferred maintenance. Manatee Pond is an older property and seems to have been neglected over the years; therefore it has a lot of deferred maintenance
Appraised Value:	First Housing reviewed an appraisal of River Trace Apartments and Manatee Pond, dated May 25, 2017 (Report Date), prepared by Novogradac & Company, LLP. The estimated land value is $1,900,000. The Subject's leased fee interest market value "as is" with rent restrictions, assuming conversion to market rate operations in Year 15, as of May 12, 2017, is $18,900,000. The Subject's hypothetical leased fee market value of the real estate assuming Section 42 encumbrances and achievable LIHTC rents "As Proposed", as of May 12, 2017, is $19,300,000. The Subject's hypothetical leased fee market value of the real estate assuming achievable market rents "As Proposed", as of May 12, 2017, is $33,100,000.
	The Market Valuation was signed and certified by John Cole, MAI, vice partner of Novogradac, Florida State Certified General Real Estate Appraiser license number is RZ3595.
Market Study:	VSI prepared a market study for River Trace Apartments and Manatee Pond, dated December 29, 2016 (effective date). The two properties are located within 1.1 miles of each other on the eastern side of Bradenton. Currently, both developments operate under the Low Income Housing Tax Credit ("LIHTC") program. Based on VSI's analysis of the unit sizes (square footage), amenities, location, quality and occupancy rates of the existing LIHTC properties within the region, it is our opinion that the subject developments will remain competitive. The historically high occupancy rates indicate the subject projects are marketable in their

current configuration. Marketability will only be enhanced with the proposed renovations.

Both subjects' sites are convenient to public transit stops and to Interstate 75. Jobs may be available in the site neighborhood, and schools are provided near the subject for students at all grade levels. Medical care is easily accessed from the site, and public safety services are stationed nearby. The number of grocery stores, restaurants and retail stores in the subject neighborhood is acceptable, and the area offers opportunities for entertainment and cultural enrichment.

The River Trace Apartments property features one- and two-story garden walk-up buildings and the Manatee Pond is a scattered single-family home development. According to management at the subject projects, the properties have a combined occupancy rate of 100% with a 60-household waiting list at River Trace Apartments. Manatee Pond currently does not have any households on its waiting list. Currently, the subject sites have a combined total of 55 households with Housing Choice Vouchers. The community amenities at River Trace Apartments include on-site management, a swimming pool, gazebo, clubhouse, business center, fitness center, security gate, picnic area and playground. Community amenities at Manatee Pond are limited but include a picnic area and a playground; however, this is typical for a single-family home development and the design of these units will continue to be appealing. Both projects offer ample unit amenities that will also continue to be competitive with the existing housing market.

The Primary Market Area (PMA) is the geographical area from which most of the support for the subject development will continue to originate. This Bradenton Site PMA consists of nearly all of Bradenton, Samoset and the eastern portion of central Manatee County. VSI identified 24 conventional housing projects containing a total of 4,866 units within the Site PMA. These rentals have a combined occupancy rate of 98.4%.

VSI identified eight LIHTC properties within the Bradenton Site PMA, of which three are considered most comparable to the Subject Properties. Due to the limited number of comparable properties in the Site PMA, VSI selected two out-of-market properties for this comparable analysis. These out-of-market properties are located in the

Greater Bradenton area within neighborhoods considered socioeconomically similar to the subject market.

The five selected LIHTC properties and the subject developments as proposed are Eden Pointe Apartments, Mira Lagos, Sabal Cove, La Mirada Gardens, and Village at Cortez. The five LIHTC projects have a combined occupancy rate of 99.5%, indicating very strong demand for affordable housing in the market. Four of these projects have waiting lists. Currently, the subject sites have no vacancies and will continue to experience very high demand, especially when considering the current market conditions and anticipated improved quality following the proposed rehabilitations.

Households increased by 1,048, or 5.0%, between 2010 and 2016. In 2021, 23,257 households will reside in the Site PMA, which represents an increase of 1,436 (6.6%) above 2016 levels. This growth of approximately 287 households annually over the next five years reflects the need for new housing.

Business and industry in Manatee County include retail, manufacturing, education medical and other services. Education and healthcare represents a significant share of the overall employment in the Bradenton area.

Based on the Rent Comparability, it was determined that the present-day achievable market rents for units similar to the subject developments as proposed are $1,050 for a one-bedroom unit, $1,200 for a two-bedroom unit, $1,375 for a three-bedroom unit and $1,400 for a four-bedroom unit.

All residents currently in place at the properties are expected to remain income-eligible to occupy the subject projects following the completion of renovations. Furthermore, the proposed renovations will not necessitate the displacement of current residents. Therefore, the realistic absorption period to 95% stabilized occupancy for the projects will be less than one month.

According to First Housing’s calculation, the Subject’s achievable average market rents will be at least 151% greater than the Subject’s average highest proposed LIHTC rents.

Environmental Report: First Housing reviewed a draft Phase I Environmental Site Assessment ("ESA") dated January 13, 2017, prepared by Real Estate Advisory, LLC ("REA") and prepared in conformance with the scope and limitations of ASTM Practice E 1527-13 and the requirements of Freddie Mac. As required by Freddie Mac, this assessment was supplemented by a screening for asbestos containing building materials (ACBM), lead-based paint (LBP), radon and mold.

The Properties are located approximately one mile from each other south of US 64 in Bradenton, Florida. River trace consists of 17.65 acres irregular shaped parcel of land with improved in 2001 with 17 two story residential buildings with 178 units, one leasing office/clubhouse, and one maintenance building. Manatee Pond consists of 40 individual lots (approximately 0.2-0.25 acres each) that contain 40 single story residential homes built in 1996.

REA's discoveries revealed the properties were undeveloped woodlands prior to current improvements. Review of the historic use of the area did not suggest any environmental concerns to the properties.

REA's assessment has revealed no evidence of recognized environmental conditions (RECs) in connection with the Properties.

REA screen of the Properties for ACBM, LBP, radon, and mold did not find lead-based paint to be a concern to the Property. The following was noted for ACBM, radon and mold:

- Visual inspection of the improvements on the Property did not locate significant applications of suspect materials. REA did not observe friable suspect asbestos containing building materials (ACBM). While it is possible that non-friable asbestos containing building materials (ACBM) were used (e.g., floor tile or mastic), it is unlikely that these materials contain significant amounts of asbestos. In addition, these suspect materials were observed to be in good condition and can continue to be managed in place with the existing O & M Plan.
- Based REA performed radon testing in accordance to Freddie Mac guidelines (one test per apartment building/home). Based

on the completed short term radon testing, radon was not found to be a concern at the Property.

- Visual inspection of the interior and exterior of the Properties did not locate any evidence of water infiltration or conditions that would suggest the potential for mold growths. Mold was not noted from a visual or olfactory inspection of the properties; however, Freddie Mac guidelines require a Moisture Management Plan (MMP) be implemented for the Properties.

Plan and Cost Review:

First Housing reviewed a Plan and Cost Review ("PCR") of River Trace Apartments and Manatee Pond, dated April 5, 2017 and revised April 27, 2017, prepared by GLE Associates, Inc.

The total cost of the project is $4,405,664.29, which consists of $3,317,489.63 for River Trace Apartments, which yields a projected cost of $18,637.58 per unit, and $1,088,174.66 for Manatee Pond, which yields a projected cost of $27,204.37 per unit, for a combined $20,209 per unit for both properties. It is GLE's opinion that these costs are within an acceptable range of costs for similar type projects.

The architectural plans and Scope of Work Outline revealed that many items noted in the Capital Needs Assessment prepared by GLE, dated January 30, 2017, were not provided in the plans. Please refer to the CNA section for further detail.

No specifications were provided for the following non-compliant ADA items for the clubhouse in the Capital Needs Assessment prepared by GLE, dated January 30, 2017:

a. Provide lever hardware on the common area doors
b. Relocate thermostats to a maximum of 48" AFF to center
c. Replace public restroom light switches with compliant switches

GLE identified the following committed Features and Amenities are not being provided:

- Steel entry door frames.
- Minimum SEER of 14 for unit air conditioners
- Programmable thermostat in all units

- ❖ Energy Star rated roofing material or coating (Roof is being done at River Trace Apartments, but not Energy Star roofing)
- ❖ Energy star rated exhaust fans in bathrooms
- ❖ Daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- ❖ Florida Yards and Neighborhoods certification on landscaping

GLE identified the following committed Features and Amenities are being provided in River Trace Apartment site only. The Developer stated that the two properties will share the amenities located at River Trace Apartments:

- ❖ Exercise room with appropriate equipment.
- ❖ Community center or clubhouse
- ❖ Swimming pool
- ❖ Outside recreation are for older children: Picnic Shelter

GLE identified the following committed Features and Amenities are being provided in the renovated 9 apartments and two homes only:

- ❖ Energy efficient appliances
- ❖ Low or No-VOC paint for all interior walls
- ❖ Low-flow water fixtures in bathrooms

Capital Needs Assessment:

First Housing reviewed a Capital Needs Assessment ("CNA") of River Trace Apartments and Manatee Pond, dated January 30, 2017 (Assessment Date) and updated April 27, 2017, prepared by GLE.

The River Trace Apartment complex is located at 2701 River Trace Circle in Bradenton, Florida. The property was reported to have been constructed in 2001. The complex includes 19 buildings consisting of 17 two-story apartment buildings, one one-story clubhouse and one one-story maintenance building on 19.03 acres. There are 178 rental units, including 44 one-bedroom units, 94 two-bedroom units and 40 three-bedroom units. Asphalt paved parking and roadways are located throughout the site. The pool is adjacent to the clubhouse and enclosed by a six foot aluminum picket fence with secure access. There are 294 parking spaces onsite, including 21 handicap accessible spaces. Concrete sidewalks generally provide access from the asphalt paved parking areas to the buildings, as well as between buildings and at the clubhouse.

GLE observed River Trace Apartments overall conditions was fair. The asphalt paving was observed to have spalling and cracking throughout the parking areas; there is erosion at the foundations along the apartment buildings and under the condensing units; tree roots encroaching on the first floor patios and building foundations; the chain link fence is being encroached upon by vegetation, which is causing the fence to become damaged; one security gate should be replaced; four of the picnic tables are in poor condition with corrosion taking place; the pool deck finish is beyond its useful life, with some deck cracking observed; the wood deck and stairs need to be replaced and the concrete beams reinforced.

The Manatee Pond single family development is located at 1449 17th Street Circle East in Bradenton, Florida which includes multiple addresses. According to the Manatee County Property Appraiser's office the buildings were constructed in 1995. The complex includes 40 four bedroom single family homes on 10.575 acres. Asphalt paved roadways and concrete sidewalks are located throughout the site. Each home has a concrete driveway and sidewalks connecting the driveway to the front entrance of the home. A small playground is located on site. A vinyl sign with wood posts is located at the site entrance. There is also a mail kiosk on a concrete pad located onsite.

GLE observed Manatee Pond overall conditions was fair. Erosion is taking place adjacent to some buildings. Also, soils under several condensing units, throughout the property, have also eroded causing the units to lean over. The landscaped areas were varied from poor to satisfactory condition. The sod in several front laws was in poor condition and should be replaced; tree roots are encroaching on the patios and building foundations. Approximately 25 trees were observed to be hanging over roof surfaces. The wood decks varied from good to poor condition. Several sections of chain link fence were warped or leaning, also several wood fence sections were leaning or appear to be at the end of their useful life. The playground equipment appeared to be in poor condition.

GLE estimates a total of $3,884,312 of immediate costs, which is comprised of $2,889,608 in immediate needs, plus $994,704 in Features and Amenities.

Below summarizes the immediate needs for the properties, which the underwriter identified the items that are Not Provided ("NP"). Additionally, the underwriter identified below the Additional Scope ("ADS") that was included in the Amendment to the GC Contract:

$81,592	Reseal and restripe asphalt paving
$13,200	Replace cracked and damaged concrete sidewalks and driveways
$14,625	Fill eroded areas and sod at both properties
$22,500	Trim trees at Manatee Pond
$4,750	Replace entrance/exit gates
$800	Replace corroded picnic tables
$900	Replace deteriorating wood decks at Manatee Pond (ADS)
$7,200	Replace wood fence along west property line at Manatee Pond (NP)
$1,000	Replace portions of chain link fence at both properties (NP)
$5,184	Replace wood bridge (NP)
$4,320	Replace wood decking and stairs, also repair concrete structure (NP)
$4,469	Repair cracks and repaint (NP)
$3,900	Replace mail kiosk at Manatee Pond (NP)
$75,000	Replace playground equipment
$28,000	Install gutters and downspouts at Manatee Pond (ADS)
$1,700	Replace wall mounted lights
$2,210	Repair cracks and repaint
$230,321	Roofs are beyond the useful life and should be replaced-Manatee Pond (NP)
$39,600	Replace damaged or corroding exterior doors (NP)
$38,950	Replace damaged garage doors (ADS)
$38,000	Replace sliding glass doors (NP)
$33,280	Repaint exterior of homes at Manatee Pond (ADS)
$43,583	Interior painting in 25% of units with low VOC paint
$480,000	Replace carpet (NP) (ADS in Manatee Pond)
$65,000	Replace vinyl flooring (NP)
$5,600	Repair replace vinyl flooring at 2nd floor restrooms and wood decking as required (NP)
$520,000	Replace 95% of the kitchen/bath cabinets and countertops (NP)
$99,450	Replace 70% of the refrigerators (ADS)
$65,025	Replace 70% of the ranges (ADS)
$39,300	Replace 60% of the dishwashers (ADS)
$15,300	Replace 70% of the range hoods (ADS)

$18,360	Replace 70% of garbage disposals (ADS)
$6,540	Replace smoke detectors at both sites (ADS)
$497,800	Replace 60% of the HVAC systems (NP) (ADS to replace 100% of the HVAC systems at Manatee Pond and 90 units at River Trace Apartments)
$35,280	Replace 90% of exhaust fans (NP)
$104,140	Replace 75% of hot water heaters (NP)
$26,400	Replace 20% of bathtubs which are corroding (NP)
$120,240	Replace 100% of faucets (NP)
$48,000	Modify partially accessible apartment units to achieve compliance
$23,500	Modify one apartment unit to accessible unit
$13,250	Provide upgrades to 5 units for 2% Audio/Visual requirement
$10,500	Relocate thermostats at units on an accessible route
$240	Provide levers on the common area doors
$300	Relocate thermostats to a maximum of 48" AFF to center
$300	Replace public restroom light switches with compliant switches
$2,889,608	TOTAL

GLE has identified the following major issues that are not compliant with the UFAS standards for accessible design, Fair Housing Act or ADA/FAC:

Site

- A few of the sidewalks at breezeways did not meet requirements for accessible routes due to changes in surface height at greater than ½”. These sidewalks should be replaced.
- Per the Section 504 of the Rehabilitation Act the mailboxes located at Manatee Pond are non-compliant and replaced.

Apartment Units/Homes

Per the Section 504 of the Rehabilitation Act the following items are non-compliant:

- To achieve five percent (5%) Accessible units per Section 504 of the Rehabilitation Act, this facility is required to have eleven accessible units. The facility currently has ten, and it appears that these units are only partially compliant; grab bars, door knob height, cabinet height above finished floor, clear floor space at showers, lever hardware, toilet height, accessible route clear width, threshold at sliding glass doors and other items will need to be addressed in

order for these units to be fully accessible. Additionally, one unit will need to be converted to an accessible unit.
- Section 504 of the Rehabilitation Act requires that at least two percent (2%) of all public housing facilities be outfitted with audio/visual units. Reportedly there are no audio/visual units. Five units should be provided with audio/visual components.

Per Fair Housing Act the following items are non-compliant:
- All multifamily dwelling units on an accessible route are required to have light switches, electrical outlets, thermostats, and other environmental controls in accessible locations. Not all thermostat mounting heights are compliant at the first floor apartments and should be relocated as necessary.
- It should be noted that visual observation did not allow for confirmation of concealed components such as reinforced walls for grab bars

Clubhouse

Per Section 504 of the Rehabilitation Act and the Fair Housing Act the following items are non-compliant:
- A few doorknobs in the clubhouse were observed to be non-compliant. Compliant door levers need to be installed.
- The pressure to open the doors exceeded the required allowable pressure in the clubhouse restrooms. These should be adjusted as part of an ongoing maintenance program.
- Thermostats are mounted higher than 48 inches. Lower thermostats as part of the required programmable thermostat replacement.
- The light switches in the public restrooms were not compliant. Light switches should be replaced with compliant switches.
- The clear width on the pull side of the clubhouse restroom doors was less than 18 inches. That said, it is not feasible to provide the required 18 inches.

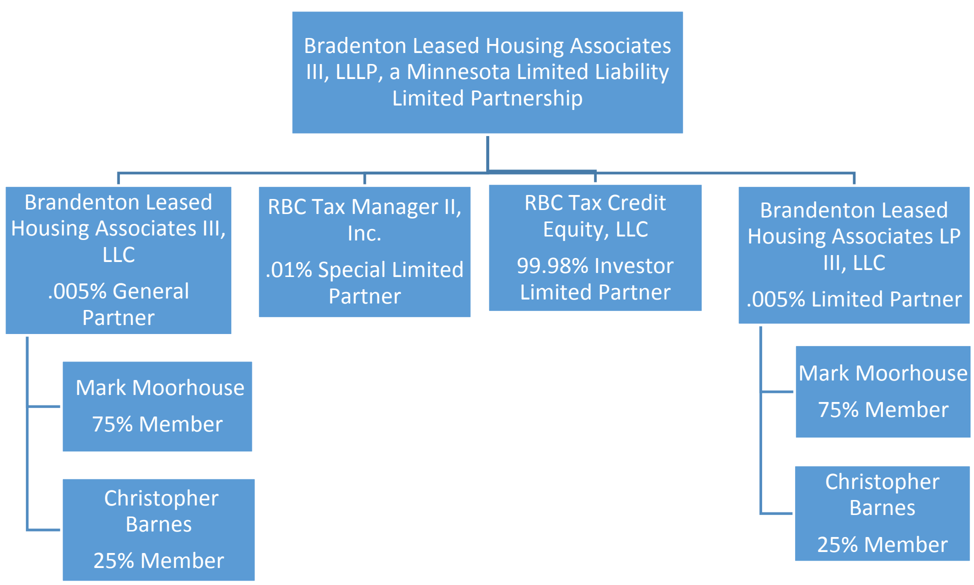
GLE performed a 20 year replacement reserve estimate, using an inflation factor of 2.5%, which resulted in a replacement reserve in year 12 of $1,394 per unit per year.

Applicant Information

Applicant: Bradenton Leased Housing Associates III, LLLP

Type: A Minnesota Limited Liability Limited Partnership

Ownership Structure: The Applicant was formed on September 9, 2016; the General Partner, with 0.005% interest in the Applicant is Bradenton Leased Housing Associates III, LLC which was formed on August 09, 2016. The Developer is Bradenton Leased Housing Development III, LLC, which has Polaris Holdings I, LLC as the sole member. Polaris Holdings I, LLC members are Armand Brachman (28.6875%), Paul Sween (28.6875%), Christopher Barns (25%), and Mark S. Moorhouse (17.6250%).



Contact Person: Claire VanderEyk
2905 Northwest Blvd, number 150
Plymouth, MN 55441
(763) 354-5500 Telephone
Claire.vandereyk@dominiuminc.com

Experience: The Applicant, Developer and General Partner are newly formed single purpose entities, all filed in 2016; therefore, they do not have a history of real estate owned, audited financial statements or tax returns. Mark Moorhouse and Christopher Barnes have substantial experience in affordable housing; therefore, First Housing relied on the Principals of the General Partner to verify their real estate experience.

Mr. Barnes joined Dominium in 1999, and since then has developed or acquired more than 60 assets; placing over $350,000,000 in project debt and raising over $130,000,000 in equity while working on a variety of different project types in 11 states. Mr. Barnes has worked on several new construction and rehabilitation projects, including historic, Section 8, and conventional properties, as well as numerous financings and sales. Mr. Barnes has also worked on nearly 40 workout transactions for their financial partners totaling over 3,000 units and $150,000,000 of new debt and equity financing.

Since joining Dominium in 1996, Mr. Moorhouse has worked on the acquisition of several portfolios, new project development, and the acquisition of several existing apartment projects. Mr. Moorhouse has also played an integral role in the financing of over $600,000,000 of apartments and has helped raise in excess of $350,000,000 in equity.

The Officers of the General Partner and Class B Limited Partner for the Development, Mark Moorehouse and Christopher Barnes, are also Principals of Dominium Development and Acquisitions.

Credit Evaluation: The Applicant and General Partner are newly formed single purpose entities; therefore, a Dun and Bradstreet Report is not available.

First Housing has reviewed a Sarma/MAF Mortgage Services report, dated April 11, 2017, for Christopher P. Barnes. This report revealed no derogatory trades, a total of 24 trades with a balance in the low 5 figures.

First Housing has reviewed a Sarma/MAF Mortgage Services report, dated March 21, 2017, for Mark S. Moorhouse. This report revealed no derogatory trades, a total of 24 trades with a balance in the high 6 figures.

First Housing has reviewed a Dun & Bradstreet Business Information Report, dated March 20, 2017, for Dominium Holdings I, LLC. This report revealed no bankruptcy, no suits, two UCCs, and low to moderate risk of severe financial stress.

First Housing has reviewed a Dun & Bradstreet Business Information Report, dated March 21, 2017 for Dominium Holdings II, LLC. This report revealed no bankruptcy, and low to moderate risk of severe financial stress.

Bank/Trade References: Satisfactory Bank Statements were provided for Mark Moorhouse, Christopher Barnes, Dominium Holdings I, LLC, and Dominium Holdings II, LLC. First Housing received a statement indicating the Applicant and General Partner entities have no deposit or trade accounts.

Financial Statements: The Applicant and General Partner are newly formed single purpose entities; therefore, financial statements and tax returns are not available. First Housing reviewed the following financial statements:

Mark S. Moorhouse Personal Financial Statement December 31, 2016	
Cash in the Bank	$104,854
Total Assets	$40,231,651
Total Liabilities	$4,538,607
Total Equity	$35,693,044

Approximately 73% of Mr. Moorhouse's ownership interests in real estate investment properties are owned through Polaris, including Dominium Holdings I, LLC and Dominium Holdings II, LLC. First Housing has also reviewed 2014 and 2015 Tax Returns for Mr. Moorhouse.

Christopher P. Barnes Personal Financial Statement December 31, 2016	
Cash in the Bank	$1,705,140
Total Assets	$16,782,733
Total Liabilities	$0
Total Equity	$16,782,733

First Housing has also reviewed 2014 and 2015 Tax Returns for Mr. Barnes.

Dominium Holdings I, LLC Un-audited Balance Sheet December 31, 2016	
Total Assets	$103,535,369
Total Liabilities	$0
Total Equity	$103,535,369

Dominium Holdings I, LLC is a Minnesota limited liability company. It was organized to provide guarantees on projects owned by affiliates of Dominium Development & Acquisition. It is governed and managed by Paul Sween, Armand Brachman and Mark Moorhouse, and it is wholly owned by Polaris Holdings I, LLC. I is a disregarded entity for income tax purposes. First Housing received a letter, dated April 6, 2017, indicating that this entity is formed as a pass-through entity and therefore does not file annual Tax Returns.

Dominium Holdings II, LLC Un-audited Balance Sheet December 31, 2016	
Total Assets	$26,934,169
Total Liabilities	$0
Total Equity	$26,934,169

Dominium Holdings II, LLC is a Minnesota limited liability company. It was organized to provide guarantees on projects owned by affiliates of Dominium Development & Acquisition. It is governed and managed by Paul Sween, Armand Brachman and Mark Moorhouse, and it is wholly owned by Dominium Holdings I, LLC, which in turn is wholly owned by Polaris Holdings I, LLC. I is a disregarded entity for income tax purposes. First Housing received a letter, dated April 6, 2017, indicating that this entity is formed as a pass-through entity and therefore does not file annual Tax Returns.

The underwriter reviewed a letter dated April 18, 2017, stating that Polaris Holdings I, LLC does not have Financial Statements and has not yet filed 2016 Tax Returns.

Contingent Liabilities: First Housing reviewed a satisfactory Statement of Financial/Credit Affairs executed by Mr. Christopher P. Barnes on March 6, 2017.

First Housing reviewed a satisfactory Statement of Financial/Credit Affairs executed by Mr. Mark S. Moorhouse on March 1, 2017.

First Housing reviewed a satisfactory Statement of Financial/Credit Affairs for Dominium Holdings I, LLC and executed by Mr. Armand Brachman on March 1, 2017.

First Housing reviewed a satisfactory Statement of Financial/Credit Affairs for Dominium Holdings II, LLC and executed by Mr. Armand Brachman on March 1, 2017.

Mr. Christopher P. Barnes provided a schedule of contingent liabilities which included approximately $25,220,575 in guarantees, with a balance of $597,400. Mr. Mark S. Moorhouse provided a schedule of contingent liabilities which included approximately $401,544,972 in guarantees, with a balance of $82,449,475.

Dominium Holdings I, LLC provided a schedule of contingent liabilities which included approximately $531,948,986 in guarantees.

Dominium Holdings II, LLC provided a schedule of contingent liabilities which included approximately $519,614,583 in guarantees.

Summary: Based upon its review of the Financial Statements and the Schedule of Contingent Liabilities, First Housing concludes that the Developer team has the requisite financial strength and experience to complete the rehabilitation and to operate the development.

Guarantor Information

Guarantor Name:	Bradenton Leased Housing Associates III, LLLP, Bradenton Leased Housing Associates III, LLC, Bradenton Leased Housing Development III, LLC, Dominium Holdings I, LLC, Dominium Holdings II, LLC, Polaris Holdings I, LLC, Mark Moorhouse, and Christopher Barnes.
Nature of the Guarantees:	All the Guarantors will sign standard HFAMC Construction Completion Guarantees. The Construction Completion Guarantee will be released upon 100% lien free completion as approved by the Servicer. All Guarantors, except Mark Moorhouse and Christopher Barnes, will provide Environmental Indemnity, Recourse Obligation, and Operating Deficit Guarantees. In lieu of the ongoing personal guarantees, HFAMC will require a reserve to be set up at closing, to cover for 5 years of Compliance Monitoring Fee, Fiscal Agent Fee, Issuer Fee, and Financial Monitoring Fee. This reserve is estimated at approximately $226,096. For the MMRN, Guarantors are to provide the standard HFAMC Operating Deficit Guarantee. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guarantee if all conditions are met, including achievement of a 1.15x debt service coverage ratio on the MMRN loan as determined by the Corporation or its agent and 90 percent occupancy and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all certified by an independent Certified Public Accountant, and verified by the Credit Underwriter. The calculation of the debt service coverage ratio shall be made by the Corporation or its agent. Notwithstanding the above, the operating deficit guarantee shall not terminate earlier than three (3) years following the final certificate of occupancy.
Financial Statements:	Financial Statements for the Guarantors were summarized in the “Applicant Information” section of this credit underwriting report.
Contingent Liabilities:	Contingent Liabilities for the Guarantors were summarized in the “Applicant Information” section of this credit underwriting report.

Summary: Based upon review of the financial statements and contingent liabilities, First Housing concludes that the above referenced Guarantors have sufficient net worth for the purpose of collateralizing the HFAMC Guarantees.

General Contractor Information

General Contractor:	ZMG Construction, Inc.
Type:	A Florida Profit Corporation
Contact:	Jonas Fredrik Brugge, General Contractor (Florida Certified General Contractor License Number CGC1519148 is valid through August 31, 2018) 477 Commerce Way, Suite 115 Longwood, Florida 32750
Experience:	ZMG was formed in October 9, 2006 by Mark C. Filburn as the President. ZMG specializes in the design, construction, and restoration of multifamily and master planned development projects throughout the United States for more than 24 years. ZMG has formerly operated under Hersh, Inc. With headquarters in Longwood, Florida it also has other Regional Operating Centers throughout the United States. Currently it has over $48 million dollars of work in progress and over $96 million of work under contract.
Credit Evaluation:	First Housing has reviewed a Dun & Bradstreet Business Information Report, dated April 13, 2017 for ZMG Construction, Inc. This report revealed no bankruptcy, 5 law suits, and 4 UCCs. Additionally, the report revealed high risk of financial stress.
References:	First Housing did not received bank and trade reference forms for ZMG.
Financial Statements:	The General Contractor provided an unaudited statement for ZMG, dated December 31, 2016, which is summarized below:

ZMG Construction Inc. Unaudited Balance Sheet December 31, 2016	
Cash and Equivalents	$3,786,057
Total Assets	$41,129,897
Total Liabilities	$32,454,247
Total Equity	$8,675,650

Summary: First Housing recommends that ZMG be accepted as the contractor for the rehabilitation of this development. A 100% Payment and Performance Bond will be required.

Syndication Information

Syndicator Name:	RBC Tax Credit Equity, LLC and RBC Tax Credit Manger II, Inc. (collectively "RBC")
Contact Person:	Craig Wagner, Managing Director Tax Credit Equity Group RBC Capital Markets 10 West Broad Street, Suite 1550 Columbus, Ohio 43215 (980) 233-6459 Telephone Craig.wagner@rbc.com
Experience:	RBC Capital Markets is a premier global investment bank providing expertise in banking, finance and capital markets to corporations, institutional investors, asset managers and governments around the world. It serves clients from 70 offices in 15 countries across North America, the UK, Europe and the Asia-Pacific region. With more than 7,400 professionals, it delivers the experience and insights required to raise capital, access markets, mitigate risk and acquire or dispose of assets for clients worldwide. RBC Capital Markets is part of a leading, diversified provider of financial services, Royal Bank of Canada. Operating since 1869, it is one of the largest banks in the world and the fifth largest in North America, as measured by market capitalization. With a strong capital base and consistent financial performance, Royal Bank of Canada is among a small group of highly rated global banks. The Tax Credit Equity Group (TCEG) provides equity capital by utilizing the Low Income Housing Tax Credit (LIHTC), Historic Tax Credit, New Markets Tax Credit, and various state Tax Credit programs. TCEG's team of over 90 professionals has raised over $7.3 billion of equity, with 867 affordable housing assets under administration and 11 new markets developments nationwide.

Financial Statements: The Royal Bank of Canada is publicly traded on the New York Stock Exchange under RY.

Royal Bank of Canada Annual Financial Statement December 31, 2016 Condensed Balance Sheet (in Millions of Canadian dollars)	
Cash and Cash Equivalents	$14,929
Total Assets	$1,180,258
Total Liabilities	$1,108,646
Equity	$71,612

Summary: RBC has demonstrated that it has the experience and financial strength to serve as the syndicator for this development.

Property Management Information

Management Company:	Dominium Florida Management Services, LLC
FEI:	45-3479570
Contact:	Jack Sipes, CPM Senior Vice President Dominium Florida Management Services 2905 Northwest Blvd. Ste.150, Plymouth, MN 55441 Phone 763-354-5620 jsipes@Dominiuminc.com
Experience:	Dominium Florida Management Services, LLC was formed on September 13, 2011, and is an affiliate of Dominium Management Services, LLC, which has over 40 years of experience in managing affordable housing projects. Founded in 1972 by David Brierton and Jack Safar, Dominium is now the second largest affordable apartment development and management company in the nation. Created as a family of companies (Dominium Development and Acquisition, LLC / Dominium Management Services, LLC), Dominium utilizes a variety of real estate disciplines throughout the development and acquisition process. Dominium has grown substantially over the past several years by becoming a leader in the real estate industry. Since 1991, Dominium has grown from a company with 3,000 apartment units to a company that now owns over 25,000 apartment units.
Management Agreement:	First Housing reviewed a Draft Management Agreement between the Buyer and Dominium Florida Management Services, LLC. The agreement indicates a management fee of 4.5% of the gross monthly collections (rental and non-housing income), of which 0.5% will be from available net cash flow.
Management Plan:	The applicant has submitted a Preliminary Management Plan, which outlines the various policies and procedures to be implemented in managing the subject development.

Summary:	The management company has an acceptable amount of experience in the management of affordable multifamily housing. First Housing recommends Dominium Florida Management Services, LLC as the management entity in the subject development.

FINANCIAL COSTS:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
OPERATING PRO FORMA															
INCOME:															
Gross Potential Rental Income	$2,109,684	$2,151,878	$2,194,915	$2,238,814	$2,283,590	$2,329,262	$2,375,847	$2,423,364	$2,471,831	$2,521,268	$2,571,693	$2,623,127	$2,675,589	$2,729,101	$2,783,683
Ancillary Income	$8,302	$8,468	$8,637	$8,810	$8,986	$9,166	$9,349	$9,536	$9,727	$9,922	$10,120	$10,322	$10,529	$10,740	$10,954
Miscellaneous	$32,720	$33,374	$34,042	$34,723	$35,417	$36,126	$36,848	$37,585	$38,337	$39,103	$39,885	$40,683	$41,497	$42,327	$43,173
Washer/Dryer Rentals	$78,480	$80,050	$81,651	$83,284	$84,949	$86,648	$88,381	$90,149	$91,952	$93,791	$95,667	$97,580	$99,532	$101,522	$103,553
Gross Potential Income	**$2,229,186**	**$2,273,770**	**$2,319,245**	**$2,365,630**	**$2,412,943**	**$2,461,201**	**$2,510,425**	**$2,560,634**	**$2,611,847**	**$2,664,084**	**$2,717,365**	**$2,771,713**	**$2,827,147**	**$2,883,690**	**$2,941,364**
Less:															
Physical Vac. Loss Percentage: 4.00%	$89,167	$90,951	$92,770	$94,625	$96,518	$98,448	$100,417	$102,425	$104,474	$106,563	$108,695	$110,869	$113,086	$115,348	$117,655
Collection Loss Percentage: 1.00%	$22,292	$22,738	$23,192	$23,656	$24,129	$24,612	$25,104	$25,606	$26,118	$26,641	$27,174	$27,717	$28,271	$28,837	$29,414
Total Effective Gross Income	**$2,117,727**	**$2,160,081**	**$2,203,283**	**$2,247,349**	**$2,292,295**	**$2,338,141**	**$2,384,904**	**$2,432,602**	**$2,481,254**	**$2,530,879**	**$2,581,497**	**$2,633,127**	**$2,685,790**	**$2,739,505**	**$2,794,295**
EXPENSES:															
Fixed:															
Real Estate Taxes	$193,809	$199,623	$205,612	$211,780	$218,134	$224,678	$231,418	$238,361	$245,511	$252,877	$260,463	$268,277	$276,325	$284,615	$293,154
Insurance	$94,830	$97,675	$100,605	$103,623	$106,732	$109,934	$113,232	$116,629	$120,128	$123,732	$127,444	$131,267	$135,205	$139,261	$143,439
Variable:															
Management Fee Percentage: 5.00%	$84,709	$86,403	$88,131	$89,894	$91,692	$93,526	$95,396	$97,304	$99,250	$101,235	$103,260	$105,325	$107,432	$109,580	$111,772
General and Administrative	$70,850	$72,976	$75,165	$77,420	$79,742	$82,135	$84,599	$87,137	$89,751	$92,443	$95,216	$98,073	$101,015	$104,046	$107,167
Payroll Expenses	$226,860	$233,666	$240,676	$247,896	$255,333	$262,993	$270,883	$279,009	$287,379	$296,001	$304,881	$314,027	$323,448	$333,152	$343,146
Utilities	$119,900	$123,497	$127,202	$131,018	$134,949	$138,997	$143,167	$147,462	$151,886	$156,442	$161,136	$165,970	$170,949	$176,077	$181,360
Marketing and Advertising	$16,350	$16,841	$17,346	$17,866	$18,402	$18,954	$19,523	$20,108	$20,712	$21,333	$21,973	$22,632	$23,311	$24,011	$24,731
Maintenance and Repairs/Pest Control	$152,600	$157,178	$161,893	$166,750	$171,753	$176,905	$182,212	$187,679	$193,309	$199,108	$205,082	$211,234	$217,571	$224,098	$230,821
Reserve for Replacements	$87,200	$87,200	$87,200	$87,200	$87,200	$87,200	$87,200	$87,200	$87,200	$87,200	$89,816	$92,510	$95,286	$98,144	$101,089
Total Expenses	**$1,047,108**	**$1,075,058**	**$1,103,830**	**$1,133,448**	**$1,163,936**	**$1,195,321**	**$1,227,630**	**$1,260,888**	**$1,295,126**	**$1,330,371**	**$1,369,270**	**$1,409,316**	**$1,450,542**	**$1,492,984**	**$1,536,678**
Net Operating Income	**$1,070,619**	**$1,085,023**	**$1,099,453**	**$1,113,901**	**$1,128,359**	**$1,142,820**	**$1,157,275**	**$1,171,714**	**$1,186,128**	**$1,200,508**	**$1,212,227**	**$1,223,811**	**$1,235,248**	**$1,246,521**	**$1,257,618**
Debt Service Payments															
First Mortgage - JPMorgan Chase/JLL	$916,884	$916,884	$916,884	$916,884	$916,884	$916,884	$916,884	$916,884	$916,884	$916,884	$916,884	$916,884	$916,884	$916,884	$916,884
Second Mortgage - Seller Note	$150,601	$150,601	$150,601	$150,601	$150,601	$150,601	$150,601	$150,601	$150,601	$150,601	$150,601	$150,601	$150,601	$150,601	$150,601
First Mortgage Fees	$45,973	$45,616	$45,241	$44,848	$44,461	$44,461	$44,461	$44,461	$44,461	$44,461	$44,461	$44,461	$44,461	$44,461	$44,461
Total Debt Service Payments	**$1,113,457**	**$1,113,100**	**$1,112,726**	**$1,112,333**	**$1,111,945**	**$1,111,945**	**$1,111,945**	**$1,111,945**	**$1,111,945**	**$1,111,945**	**$1,111,945**	**$1,111,945**	**$1,111,945**	**$1,111,945**	**$1,111,945**
Cash Flow after Debt Service	**-$42,839**	**-$28,077**	**-$13,273**	**$1,568**	**$16,414**	**$30,875**	**$45,330**	**$59,769**	**$74,183**	**$88,563**	**$100,282**	**$111,866**	**$123,303**	**$134,576**	**$145,673**
	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
Debt Service Coverage Ratios															
DSC - First Mortgage with Fees	**1.11**	**1.13**	**1.14**	**1.16**	**1.17**	**1.19**	**1.20**	**1.22**	**1.23**	**1.25**	**1.26**	**1.27**	**1.28**	**1.29**	**1.31**
DSC - First & Second Mortgage with Fees	**0.96**	**0.97**	**0.99**	**1.00**	**1.01**	**1.03**	**1.04**	**1.05**	**1.07**	**1.08**	**1.09**	**1.10**	**1.11**	**1.12**	**1.13**
Financial Ratios															
Operating Expense Ratio	**49.44%**	**49.77%**	**50.10%**	**50.43%**	**50.78%**	**51.12%**	**51.48%**	**51.83%**	**52.20%**	**52.57%**	**53.04%**	**53.52%**	**54.01%**	**54.50%**	**54.99%**
Break-even Economic Occupancy Ratio (all deb	**96.92%**	**96.23%**	**95.57%**	**94.93%**	**94.32%**	**93.75%**	**93.19%**	**92.67%**	**92.16%**	**91.68%**	**91.31%**	**90.96%**	**90.64%**	**90.33%**	**90.05%**

Note: The Second Mortgage debt service payments are based on available cash flow, therefore the debt service coverage would not fall below 1.0.

50% Test

Tax-Exempt Bond Amount	$19,510,000
Less: Debt Service Reserve Funded with Tax Exempt Bond Proceeds	$0
Less Proceeds Used for Cost of Issuance	$0
Other:	$0
Equals Net Tax-Exempt Bond Amount	$19,510,000
Total Depreciable Cost	$10,013,491
Plus Building/Land Cost	$16,700,000
Aggregate Basis	$26,713,491
Net Tax-Exempt Bond to Aggregate Basis Ratio	73.03%

1. Based on the development budget, the development appears to meet the 50% test for 4% Housing Credits.

Features and Amenities – River Trace Apartments and Manatee Pond

In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act requirement, the following are also required amenities:

- Air conditioning in all units
- Cable TV hook-up
- Full sized appliances in all units

For Rehabilitation of Existing Development, the applicant selected the following items, which must total 25 points:

- Laundry hook-ups and space for washer/dryer
- Window Treatments (mini-blinds, curtains, vertical blinds) inside each unit
- Marble Window Sills
- Dishwasher
- Garbage disposal
- Steel entry door frames
- Non-smoking units
- Non-smoking buildings
- Laundry hook-ups and space for washer/dryer inside each unit

For Non-Elderly Developments, the applicant selected the following items. The selected items must be on-site and total 16 points:

- Exercise room with appropriate equipment
- Community center
- Swimming pool
- Playground/tot lot
- Childcare facility located within three miles of the property
- Public transportation located within one-half mile of property
- Outside recreation area for older children: <u>Picnic Shelter</u>

Mandatory Energy Conservation features:

- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;
- Minimum SEER of 14 for unit air conditioners (excluding buildings with a central chiller system);

- Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
  - Toilets: 1.6 gallons/flush or less
  - Faucets: 1.5 gallons/minute or less
  - Showerheads: 2.2 gallons/minute or less.

The Applicant selected the following Optional Green Building Features:

- Programmable Thermostats in all units
- Energy Star rated roofing
- Energy Star exhaust fans in all bathrooms
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- FL Yards and Neighborhoods certification on all landscaping

The Applicant selected the following resident programs:

- Health Care – Mandatory - Regularly scheduled visits by health care professionals such as nurses, doctors, or other licensed care providers. At a minimum, the following services must be provided at no cost to the resident: health screening, flu shots, vision and hearing tests. Regularly scheduled is defined as not less often than once each quarter. On-site space must be provided.
- Resident Activities – Mandatory - Regularly scheduled, specified activities, planned, arranged, managed, and paid for by the Applicant or its management agent as an integral part of the management plan. The Applicant must develop and execute a comprehensive plan of varied activities such as holiday or special occasion parties, community picnics or cookouts, newsletters, children's special functions, etc., to bring the resident together, foster a sense of community, and encourage community pride.
- On Site Voter Registration – Mandatory – The Applicant or its Management Agent shall work with the County Supervisor of Elections to arrange on-site voter registration. The registration shall be at least quarterly, and shall be during weekend and other traditionally non-work times.
- Financial Counseling – Mandatory – This service must be provided by the Applicant or its Management Agent at no cost to the resident. Financial counseling must include the following components; must be regularly scheduled, not less often than once each quarter; must be free of charge to the residents; must include tax preparation assistance by qualified professionals; must include educational workshops on such topics as "Learning to Budget", "Handling Personal Finances", or "Comparison Shopping for the Consumer".

- Computer Training – Mandatory - This training is made in conjunction with the requirement that the Applicant commit one computer for every 50 units, with software and internet access. The applicant must provide quarterly, on-site training classes, OR access to training software on basic computer skills such as word processing and spreadsheets to the residents.
- Health and Nutrition Classes – Optional – The Applicant or its Management Agent shall provide on-site classes, at no cost to the resident, at least 8 hours per year.

The Applicant selected the following resident Programs for Non-Elderly Developments:

- Homeownership Opportunity Program – Mandatory – Applicant must provide a homeownership opportunity program available to all residents in compliance with their current lease. The program must set aside 5% of the resident's gross rent toward a down payment for that resident when the resident moves from the development into homeownership. The resident may be suspended from the program during the period of a lease if the resident violates any provision of the lease. Upon renewal of the lease, the resident must be reinstated into the program for the period of that renewal, with suspension permitted under the same terms as discussed above. The homeownership opportunity program must also include financial counseling for all residents, with emphasis on credit counseling and other items necessary for successful purchase of, and maintenance of a home.
- First Time Homebuyer Seminars – Mandatory – Applicant must arrange for and provide at no cost to the resident, in conjunction with local realtors or lending institutions, semiannual on-site seminars for residents interested in becoming homeowners.
- Welfare to Work or Self-Sufficiency Programs – Mandatory – Applicant must participate in welfare to work or self-sufficiency programs by implementing marketing strategies that actively seek residents who are participating in or who have successfully completed the training provided by these types of programs.
- Job Training – Optional – Applicant must provide, at no cost to the resident, regularly scheduled classes in typing, computer literacy, secretarial skills or other useful job skills. Regularly scheduled means not less often than once each quarter.

Scope of Work:

Below is an outline of the scope of each property site:

River Trace Apartments scope of rehabilitation:

- Reconfigure trash and recycling enclosure
- Add two playground areas and picnic pavilion
- Remove existing gazebos and picnic tables
- Bus stop at site entrance
- Add concrete walking path throughout front lawn
- Remove and replace mail kiosk
- Repair entrance gates
- Remove/replace clubhouse kitchenette cabinets
- Remove/replace clubhouse bathroom cabinets
- Remove/replace clubhouse counters (bath/kitchen)
- Reconfigure/addition to maintenance building
- Install access control system
- Fire extinguishers at all buildings
- Remove/replace signage
- Remove/replace existing emergency lighting
- Up-lighting throughout landscaped areas (photocell controlled)
- Replace all wall pack/building lights with photocell controlled lights
- Clean/hydrojet all site drainage
- Landscaping throughout
- Upgrade site FF&E
- Siding repairs as needed
- Gutters throughout
- Seal and re-stripe parking lot
- Sidewalk repairs as needed
- Attic insulation to all buildings as needed
- Site drainage as needed
- Fire stopping as needed
- E-deadbolts on all unit entry doors
- Clean and caulk all tubs
- Convert/update ADA units
- Vision and hearing impaired unit conversions/upgrades
- Kitchen/vanity cabinet door fronts 100% replaced
- Install Kitchen base protectors throughout
- Remove/replace shower valves and trim kits
- Replace 90 A/C units

- Install smoke-detectors in 100% of the units
- Replace 70% of range hoods
- Replace 70% of refrigerators
- Replace 70% of Range/ovens
- Replace 70% of garbage disposals
- Replace 60% of dishwashers

Manatee Pond scope of rehabilitation:

- Remove/replace existing exterior lighting with photocell controlled lights
- Power wash all exteriors
- E-deadbolts on all unit entry doors
- Playground and picnic pavilion
- Sidewalk and driveway repairs as needed
- Attic insulation to all buildings as needed
- Site drainage as needed
- Fire stopping as needed
- E-deadbolts on all unit entry doors
- Repair/paint existing stucco on all buildings
- Install pre-fab maintenance shed
- Window repairs as needed
- Landscaping throughout
- Clean/hydrojet all site drainage
- Remove/replace signage
- Clean and caulk all tubs
- Convert/update ADA units
- Vision and hearing impaired unit conversions/upgrades
- Kitchen/vanity cabinet door fronts 100% replaced
- Install Kitchen base protectors throughout
- Replace 100% of A/C units
- Remove and replace 100% of garage doors
- Remove and replace patio wood decks
- Install new aluminum gutters and downspouts at 100% of the units
- Install 100% heavy duty pre-cast splash blocks
- Install smoke-detectors in 100% of the units
- Install combo co/smoke detectors in 100% of the rooms adjacent to the garage
- Remove and replace 100% of the carpet
- Replace 70% of range hoods
- Replace 70% of refrigerators
- Replace 70% of Range/ovens
- Replace 70% of garbage disposals

- Replace 60% of dishwashers
- Paint 100% of the units exterior walls

Additionally, the Developer provided correspondence indicating they will provide the following items, which could not be verified by GLE or the underwriter at this time:

- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings.
- FL Yards and Neighborhoods certification on all landscaping.
- Replace wood fence along west property line at Manatee Pond.
- Replace portions of chain link fence at both properties.
- Replace wood bridge.