# MEMORANDUM

Agenda Item No. 11(A)(24)

| | | | |
|---|---|---|---|
| **TO:** | Honorable Chairwoman Rebeca Sosa and Members, Board of County Commissioners | **DATE:** | December 2, 2014 |
| **FROM:** | R. A. Cuevas, Jr. County Attorney | **SUBJECT:** | Resolution approving agreements related to grant from Building Better Communities General Obligation Bond Program Project No. 249 - "Preservation of Affordable Housing Units and Expansion of Home Ownership" in amount of $2,000,000.00 to SBC Community Development Corporation of Richmond Heights, Inc. for development of affordable housing in District 9 |

The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Commissioner Dennis C. Moss.

R. A. Cuevas, Jr.
County Attorney

RAC/cp

# MEMORANDUM
(Revised)

**TO:** Honorable Chairwoman Rebeca Sosa and Members, Board of County Commissioners

**DATE:** December 2, 2014

**FROM:** R. A. Cuevas, Jr. County Attorney

**SUBJECT:** Agenda Item No. 11(A)(24)

**Please note any items checked.**

| | |
|---|---|
| _______ | **"3-Day Rule" for committees applicable if raised** |
| _______ | **6 weeks required between first reading and public hearing** |
| _______ | **4 weeks notification to municipal officials required prior to public hearing** |
| _______ | **Decreases revenues or increases expenditures without balancing budget** |
| _______ | **Budget required** |
| _______ | **Statement of fiscal impact required** |
| _______ | **Ordinance creating a new board requires detailed County Mayor's report for public hearing** |
| ✓ | **No committee review** |
| _______ | **Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous _____ ) to approve** |
| _______ | **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required** |

Approved ______________________ Mayor

Veto __________

Override __________

Agenda Item No. 11(A)(24)
12-2-14

RESOLUTION NO. ______________________

RESOLUTION APPROVING AGREEMENTS RELATED TO GRANT FROM BUILDING BETTER COMMUNITIES GENERAL OBLIGATION BOND PROGRAM PROJECT NO. 249 – "PRESERVATION OF AFFORDABLE HOUSING UNITS AND EXPANSION OF HOME OWNERSHIP" IN AMOUNT OF $2,000,000.00 TO SBC COMMUNITY DEVELOPMENT CORPORATION OF RICHMOND HEIGHTS, INC. RATHER THAN SBC SENIOR HOUSING LLC AS PREVIOUSLY APPROVED FOR DEVELOPMENT OF AFFORDABLE HOUSING IN DISTRICT 9; AND AUTHORIZING COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO EXECUTE AND DELIVER SUCH AGREEMENTS ON BEHALF OF COUNTY AND EXERCISE ANY TERMINATION OR OTHER PROVISIONS CONTAINED THEREIN; AND REQUIRING EXPENDITURE FOR AFFORDABLE HOUSING IN DISTRICT 9 OF ANY GRANT FUNDS REIMBURSED TO COUNTY PURSUANT TO SUCH AGREEMENTS

**WHEREAS,** pursuant to Resolution No. R-55-11 adopted on February 1, 2011, as amended by Resolution No. R-231-12 adopted on March 6, 2012 (collectively, "Allocation Resolution"), this Board approved a District 9 grant/allocation of $1,000,000.00 and $1,000,000.00, respectively, for a total of $2,000,000.00 from Project No. 249 - "Preservation of Affordable Housing Units and Expansion of Home Ownership" ("Total Funding Allocation") of the Building Better Communities General Obligation Bond Program ("Bond Program") to SBC Senior Housing LLC for the development of seventy-nine (79) affordable multi-family housing rental units to be known as the John and Anita Ferguson Residences ("Project") on real property located at 11111 Pinkston Drive, Miami, Florida 33176; and

**WHEREAS,** this Board wishes to allocate the Total Funding Allocation to SBC Community Development Corporation of Richmond Heights, Inc. as grantee ("Grantee") for development of a site located at 11001 Pinkston Drive, Miami, Florida 33176; and

**WHEREAS,** there is a need to provide affordable multi-family housing rental units in District 9 as soon as it is practicable; and

**WHEREAS**, pursuant to the County's capital plan for Fiscal Year 2014-15, it is anticipated that the County shall have sufficient Bond Program note/bond proceeds ("Bond Proceeds") available to fund the Total Funding Allocation, as needed; and

**WHEREAS,** this Board wishes to approve (i) the owner of the Project; and (ii) the forms of the Grant Agreement ("Grant Agreement") and Rental Regulatory Agreement ("Rental Regulatory Agreement") between the County and the Grantee; and

**WHEREAS,** this Board wishes to accept the final underwriting report presented with this resolution for the funding of the Project as required by Resolution No. R-138-14 adopted by this Board on February 4, 2014,

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA,** that:

**Section 1.** The foregoing recitals are incorporated in this Resolution and are approved.

**Section 2.** The Board approves SBC Community Development Corporation of Richmond Heights, Inc. as grantee rather than SBC Senior Housing, Inc. as previously approved, and Altera Associates, Ltd., a Florida limited partnership in which a wholly owned affiliate of Brookstone Partners, LLC will be the managing general partner, as the owner of the Project.

**Section 3.** The final underwriting report is attached as Exhibit "A" to this Resolution.

**Section 4.** The Board approves the Grant Agreement in substantially the form attached as Exhibit "B" to this Resolution for the Total Funding Amount and the County Mayor or County Mayor's designee is authorized to execute and deliver the Grant Agreement on behalf of the County, with such changes or amendments consistent with this Resolution and the underwriting report after consultation with the Miami-Dade County Attorney's office and to exercise any termination and other provisions contained in such agreement.

**Section 5.** The Board approves the Rental Regulatory Agreement to be delivered by the Grantee and recorded in the public records in substantially the form attached as Exhibit "C" to this Resolution and the County Mayor or County Mayor's designee is authorized to execute the Rental Regulatory Agreement on behalf of the County with any revisions that may be necessary to assure the Project is affordable and any changes or amendments consistent with this Resolution and the underwriting report after consultation with the Miami-Dade County Attorney's Office and to exercise any termination and other provisions contained in such agreement.

**Section 6.** Any grant proceeds that are reimbursed to the County pursuant to the Grant Agreement and/or the Regulatory Agreement shall be used solely for affordable housing in District 9.

The Prime Sponsor of the foregoing resolution is Commissioner Dennis C. Moss.

It was offered by Commissioner , who moved its adoption.

The motion was seconded by Commissioner and upon being put to a vote,

the vote was as follows:

Rebeca Sosa, Chairwoman

| | |
|---|---|
| Bruno A. Barreiro | Esteban L. Bovo, Jr. |
| Daniella Levine Cava | Jose "Pepe" Diaz |
| Audrey M. Edmonson | Sally A. Heyman |
| Barbara J. Jordan | Jean Monestime |
| Dennis C. Moss | Sen. Javier D. Souto |
| Xavier L. Suarez | Juan C. Zapata |

The Chairperson thereupon declared the resolution duly passed and adopted this 2nd day of December, 2014. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By:________________________

Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Gerald T. Heffernan

Exhibit A
Final Underwriting Report

# Miami-Dade County

*Credit Underwriting Report*

*John and Anita Ferguson Senior Residences*

**Miami-Dade County General Obligation Bonds**

**Miami-Dade County Housing Finance Authority Tax-Exempt Bonds**

**Section A Report Summary**

**Section B Loan Conditions**

**Section C Supporting Information and Schedules**

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*Prepared by*

*Seltzer Management Group, Inc.*

*Final Report*

*November 12, 2014*

# JOHN AND ANITA FERGUSON RESIDENCES

## TABLE OF CONTENTS

# Section A

## Report Summary

## Recommendation

Seltzer Management Group, Inc. ("SMG" or "Seltzer") recommends a Building Better Communities General Obligation Bond ("GOB") Program grant in the amount of $2,000,000 for the construction and permanent financing of the subject development. Seltzer also recommends a Multifamily Mortgage Revenue Bond ("MMRB") Program construction loan be awarded to the subject development in the amount of $8,000,000 paid down to $1,280,000 prior to or concurrent with the conversion to the permanent period.

**DEVELOPMENT & SET-ASIDES**

Development Name: John and Anita Ferguson Residences

Program Numbers:

Address: 11001 Pinkston Drive City: Miami Zip Code: 33133

County: Miami-Dade County Size: Large

Development Category: New Construction Development Type: Midrise

Construction Type: Concrete block with stucco finish and composition roof

Demographic Commitment: Elderly: Yes Homeless: No ELI: ____ Units @ ____ AMI
Farmworker or Commercial Fish Worker: No Family: No Link: ____ Units @ ____ AMI

| Bed Rooms | Bath Rooms | Units | Net Square Feet | AMI% | Gross HC Rent | Low HOME Rents | High HOME Rents | Utility Allow | RD/HUD Cont Rents | Net HC Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1.0 | 1.0 | 6 | 728 | 30% | $383 | | | $68 | $0 | $315 | $314 | $315 | $314 | $22,608 |
| 1.0 | 1.0 | 36 | 728 | 60% | $765 | | | $68 | $0 | $697 | $697 | $697 | $697 | $301,104 |
| 2.0 | 2.0 | 6 | 1,022 | 30% | $459 | | | $85 | $0 | $374 | $374 | $374 | $374 | $26,928 |
| 2.0 | 2.0 | 31 | 1,022 | 60% | $918 | | | $85 | $0 | $833 | $833 | $833 | $833 | $309,876 |
| | | 79 | 68,390 | | | | | | | | | | | $660,516 |

Buildings: Residential - 3 Non-Residential - 0
Parking: Parking Spaces - 206 Accessible Spaces - 8

Set Asides:

| Program | % of Units | # of Units | % AMI | Term (Years) |
|---|---|---|---|---|
| | 15.00% | 12 | 30% | 30 |
| | 85.00% | 67 | 60% | 30 |

It should be noted that the Set Asides reflected above satisfy set aside requirements of the HFA of Miami Dade County Bond, Miami Dade County GOB, Miami Dade County Surtax, and Florida Housing Finance Corporation 4% HC programs.

Absorption Rate: 15 units per month for 5 months.

Occupancy Rate at Stabilization: Physical Occupancy 96.00% Economic Occupancy 84.79%

Occupancy Comments

DDA?: Yes QCT?: Yes

Site Acreage: 4.00 Density: 19.7500 Flood Zone Designation: X

Zoning: RU-1, Single Family General (non-conforming use) Flood Insurance Required?: No

## DEVELOPMENT TEAM

| | | % Ownership |
|---|---|---|
| Applicant/Borrower: | Altera Associates, Ltd. | |
| General Partner 1: | JML Altera, LLC | 0.0049% |
| General Partner 2: | JF Pinkston Drive, L.L.C. | 0.0051% |
| General Partner 3: | | |
| General Partner 4: | | |
| General Partner 5: | | |
| Limited Partner 1: | JL Holding Corp. | 99.9900% |
| Limited Partner 2: | M3 Assets, L.L.C. | |
| Limited Partner 3: | M.S. Mades Family Limited Partnership | |
| Special Limited Partner: | | |
| Construction Completion | | |
| Guarantor(s): | Altera Associates, Ltd. | |
| | JML Altera, LLC | |
| | JF Pinkston Drive, L.L.C. | |
| | Brookstone Partners, L.L.C. | |
| | SBC Community Development Corporation of Richmond Heights, Inc. | |
| | Jorge Lopez | |
| | Leon J. Wolfe | |
| | Mara S. Mades | |
| | | |
| Operating Deficit | Altera Associates, Ltd. | |
| Guarantor(s): | JML Altera, L.L.C. | |
| | JF Pinkston Drive, L.L.C. | |
| | Brookstone Partners, L.L.C. | |
| | SBC Community Development Corporation of Richmond Heights, Inc. | |
| | Jorge Lopez | |
| | Leon J. Wolfe | |
| | Mara S. Mades | |
| | | |
| | | |
| Pvt Placement Purchaser: | Citi Community Capital ("Citi") | |
| Developer: | Brookstone Partners, L.L.C. | |
| Principal 1 | Jorge Lopez | |
| Principal 2 | M3 Assets, L.L.C. | |
| Principal 3 | M.S. Mades Family Limited Partnership | |
| Principal 4 | | |
| Co-Developer: | SBC Community Development Corp. of Richmond Heights, Inc. | |

## DEVELOPMENT TEAM (cont)

| | |
|---|---|
| General Contractor 1: | Brookstone Construction, L.L.C. ("BGC") |
| General Contractor 2: | |
| Management Company: | Brookstone Management Services, L.L.C. ("BMS") |
| Const. Credit Enhancer: | |
| Perm. Credit Enhancer: | |
| Syndicator: | Boston Financial Investment Management, LP ("BFIM") |
| Bond Issuer: | Housing Finance Authority of Miami-Dade County |
| Architect: | Burgos Lanza |
| Market Study Provider: | Clobus, McLemore & Duke, Inc. |
| Appraiser: | Clobus, McLemore & Duke, Inc. |

| PERMANENT FINANCING INFORMATION | | | | | | |
|---|---|---|---|---|---|---|
| | 1st Source | 2nd Source | 3rd Source | 4th Source | 5th Source | Other |
| Lien Position | First | Second | Third | Fourth | | |
| Lender/Grantor | Citi Community Capital | Miami Dade County | Miami Dade County | | Co-Developers | |
| Amount | $1,280,000 | $2,000,000 | $6,600,000 | $5,416,000 | $577,505 | |
| Underwritten Interest Rate | 5.97% | 0.00% | 0.00% | | | |
| All In Interest Rate | 0.00% | 0.00% | | | | |
| Loan Term | 15.00 | 30.00 | | | | |
| Amortization | 35.00 | | | | | |
| Market Rate/Market Financing LTV | 12.7% | | | | | |
| Restricted Market Financing LTV | 43.5% | | | | | |
| Loan to Cost | 7.8% | 40.4% | | | | |
| Debt Service Coverage | 1.74 | 1.74 | 1.74 | | | |
| Operating/Deficit Service Reserve | $151,000 | | | | | |
| Period of Operating Expenses/Deficit Reserve in Months | 3.50 | | | | | |

| | |
|---|---|
| Deferred Developer Fee | $577,505 |
| Leasehold Interest Value | $2,055,000 |
| As-Is Value (Rehabilitation) | $0.00 |
| Market Rent/Market Financing Stabilized Value | $10,050,000 |
| Rent Restricted Market Financing Stablized Value | $2,940,000 |
| Rent Restricted Favorable Financing Stablized Value | $2,000,000 |
| Projected Net Operating Income (NOI) - Year 1 | $152,273 |
| Projected Net Operating Income (NOI) - 15 Year | $108,575 |
| Year 15 Pro Forma Income Escalation Rate | 3.00% |
| Year 15 Pro Forma Expense Escalation Rate | 4.00% |
| Bond Structure | Private Placement - Citi |
| Housing Credit Syndication Price | $0.95 |
| Housing Credit Annual Allocation | $578,344 |

| CONSTRUCTION/PERMANENT SOURCES: | | | | |
|---|---|---|---|---|
| **Source** | **Lender** | **Construction** | **Permanent** | **Perm Loan/Unit** |
| Miami Dade County Bonds | Citi Community Capital | $8,000,000 | $1,280,000 | $16,203 |
| GOB | Miami Dade County | $2,000,000 | $2,000,000 | $25,316 |
| Surtax | Miami Dade County | $5,526,312 | $6,600,000 | $83,544 |
| HC Equity | BFIM | $812,400 | $5,416,000 | $68,557 |
| Deferred Developer Fee | Co-Developers | $0 | $577,505 | $7,310 |
| Impact Fee Refund | Miami-Dade County | $0 | $465,207 | $5,889 |
| **TOTAL** | | **$16,338,712** | **$16,338,712** | **$206,819** |

Changes from the Application:

| COMPARISON CRITERIA | YES | NO |
|---|---|---|
| Does the level of experience of the current team equal or exceed that of the team described in the application? | X | |
| Are all funding sources the same as shown in the Application? | X | |
| Are all local government recommendations/contributions still in place at the level described in the Application? | X | |
| Is the Development feasible with all amenities/features listed in the Application? | X | |
| Do the site plans/architectural drawings account for all amenities/features listed in the Application? | | 1 |
| Does the Applicant have site control at or above the level indicated in the Application? | X | |
| Does the Applicant have adequate zoning as indicated in the Application? | X | |
| Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application? | X | |
| Have the Development costs remained equal to or less than those listed in the Application? | | 2 |
| Is the Development feasible using the set-asides committed to in the Application? | X | |
| If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation? | X | |
| HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application? | N/A | |
| HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application? | X | |

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

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

1. The Plan and Cost Analysis received from zumBrunnen, Inc. identified three required Features that were not included in the Plans and Specifications: low VOC paint for all interior walls, water sense toilet and plumbing fixtures, and two peepholes for all unit entry doors. It is a condition of this report that all required features be included in the Plans and Specifications prior to loan closing.

2. The Application identified total development costs of $15,933,888. Since submission of the Application total development costs have risen to $16,345,712, an increase of $411,824. Construction costs have increased by $376,350 primarily the result of material cost increases since the date of Application submission. General development costs have increased by $316,668 primarily due to additional FHFC fees, Applicant legal fees, title insurance and recording fees, and soft cost contingency. The requested developer fee increased by $13,306 as a result of the aforementioned increases. These development cost increases were offset by a $294,500 decrease in financial costs. This offset is related to the decrease in the required operating deficit reserve and more accurate reporting of cost of issuance fees.

Other Considerations: None

Mitigating Factors: None

Waiver Requests/Special Conditions: None

Additional Information:

1. GOB funds have been awarded to the subject development from Project No. 249 – Preservation of Affordable Housing Units and Expansion of Home Ownership of the Building Better Communities General Obligation Bond Program. Per the Applicant, the County will disburse GOB funds to SBS Community Development Corporation of Richmond Heights, Inc. a Florida non-profit 501 (c)(3) corporation and co-developer of the subject property. The GOB funds will then be subsequently loaned to the Applicant entity; Altera Associates, Ltd. Terms of the re-loaned funds include a 0.00% interest rate, non-amortizing, 50-year term, with principal payment(s) deferred until maturity.
2. Brookstone Partners, L.L.C. is a newly formed entity (October 12, 2012) and is the successor to CSG Development Services II, L.L.C. The principals of Brookstone Partners, L.L.C., and the former CSG Development Services II, L.L.C., Mr. Jorge Lopez, Mr. Leon Wolfe and Ms. Mara Mades, collectively, have considerable experience in the affordable housing industry and financial capacity to develop and construct the Subject Development.

3. Impact fees include an estimated $465,207 impact fee refund amount. Per a representative of the Applicant, the Applicant will apply for this refund post 100% construction completion. SMG is unable to determine if the Applicant will qualify or

receive the stated refund. SMG has included this amount as a permanent period source of funds. In the event the refund is not received a sufficient amount of developer fee exists to allow additional deferral to cover this amount.

Issues and Concerns:

1) Request for Application ("RFA") requirements differ between Fiscal Year ("FY") 2009, FY 2013, and FY 2014 Surtax allocations. Differences include interest rate, deferred developer fee, and allowable maximum and minimum debt service coverage ("DSC") ratio requirements. FY 2009 requires a 0.5% accrual in years 3-30 subject to development cash flow, no developer fee deferral, and no minimum or maximum DSC requirements. The FY 2013 RFA requires 0.5% accrual in years 3-30 subject to development cash flow; a minimum 20% deferral of developer fee, and an overall maximum DSC ratio of 1.25 in year 1 of operations. FY 2014 RFA requirements include a 0% to 3% accrual in years 3-30 subject to development cash flow, a minimum 20% deferral of developer fee repaid within the first 12 years of operation, and per Addendum No. 1 of the RFA an overall maximum DSC ratio of 1.30 in year 1 with a minimum requirement of 1.15 in year 15 of operations. All allocation years allow a 0% interest rate during the initial construction period of up to 2 years.

   Per correspondence with Miami-Dade County staff, the subject development will be underwritten utilizing a 0.3156% interest rate across all allocation years. The County will waive all DSC requirements and will allow the Applicant to recoup deferred developer fee from available cash flow prior to the payment of interest on the Surtax loan(s).

Recommendation:

Seltzer recommends a Multifamily Mortgage Revenue Bond ("MMRB") Program construction loan be awarded to the subject development in the amount of $8,000,000 paid down to $1,280,000 prior to or concurrent with the conversion to the permanent period. Seltzer also recommends a General Obligation Bond ("GOB") Program grant/loan in the amount of $2,000,000 for the construction and permanent financing of the subject development. This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is further subject to the Loan Conditions (Section B). The reader is advised to refer to these sections for complete information.

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

| Prepared by: | Reviewed by: |
|---|---|
| Richard Crogan | Cindy Highsmith |
| Credit Underwriter | Credit Underwriting Manager |

# Overview

## Construction Financing Sources

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Construction Debt Service |
|---|---|---|---|---|---|---|
| First Mortgage - Bonds | Citi Community Capital | $8,000,000 | $8,000,000 | $8,000,000 | 3.56% | $218,283 |
| GOB | Miami Dade County | $2,000,000 | $2,000,000 | $2,000,000 | 0.00% | $0 |
| Surtax | Miami Dade County | $5,121,488 | $5,482,540 | $5,526,312 | 0.00% | $0 |
| HC Equity | BFIM | $812,400 | $812,400 | $812,400 | | |
| Deferred Developer Fee | Co-Developers | $0 | $0 | $0 | | |
| **Total** | | **$15,933,888** | **$16,294,940** | **$16,338,712** | | **$218,283** |

Tax-Exempt Bond Loan:

The Applicant has applied for Tax-Exempt Bonds to be issued by the Housing Finance Authority of Miami Dade County ("HFAMDC") for construction financing of the subject development in an amount up to $8,000,000. Based on other funding sources available to the Applicant during the construction period, Seltzer estimates the full amount of tax-exempt bonds will be necessary to complete construction of the subject development. MMRB Loan will require payments of interest only during the construction/stabilization period. The interest rate is equal to the variable Securities Industry and Financial Markets Association ("SIFMA") rate plus a spread of 2.50%, and a 100 b.p. underwriting margin. The current "all-in" interest rate is estimated at 3.56%. The construction loan has a 1.0% ($80,000) origination fee. Pricing is based on current market conditions at time of closing and is, therefore, subject to change. It is expected that the outstanding construction bonds will be redeemed prior to or concurrent with permanent loan conversion.

MMRB Private Placement/ Purchase:

Per a May 15, 2014 term sheet, the MMRB are anticipated to be privately placed or purchased by Citi.

GOB

The Applicant provided Resolution No. R-55-11 from the Miami-Dade Board of County Commissioners approving the allocation of $1,000,000 in Building Better Communities General Obligation Bond funds for the subject development. The GOB award was amended by Resolution No. R-231-12 increasing the award by $1,000,000 for a revised total allocation of $2,000,000. As long as the Applicant entity conforms to the Administrative Rules of the GOB program no principal and/or interest payments are due for the 30-year term of the award. Per the Building Better Communities General Obligation Bond Program Administrative Rules 83% of the GOB award must be utilized for hard construction costs. Based on this and other financing sources available to the Applicant during the construction period SMG calculates GOB funds required during the construction period to be $2,000,000.

Other Construction Period Sources of Funds:

Additional sources of funds during the construction period include Surtax funds and Housing Credit equity. See the Permanent Financing section below for details.

In order to balance the sources and uses of funds and after all loan proceeds and capital contributions payable under the syndication agreement have been received during the construction period, the developer will have to defer $0 of its developer fee during the construction period.

Construction/Stabilization Period:

The Appraiser has projected stabilized occupancy to be achieved within five months of construction completion or approximately May 2016, for a total construction/stabilization period of 17 months. The Applicant, in its analysis, believes stabilized occupancy will be achieved within seven months of construction completion or approximately July 2016. The Applicant estimation appears reasonable and consistent with the Appraisal and has been used by Seltzer for credit underwriting purposes.

## Permanent Financing Sources

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Amort. Yrs. | Term Yrs. | Annual Debt |
|---|---|---|---|---|---|---|---|---|
| First Mortgage - Bonds | Citi Community Capital | $1,280,000 | $1,280,000 | $1,280,000 | 5.97% | 35 | 15 | $87,272 |
| GOB | Miami Dade County | $2,000,000 | $2,000,000 | $2,000,000 | 0.00% | 0 | 30 | $0 |
| Surtax | Miami Dade County | $6,600,000 | $6,600,000 | $6,600,000 | 0.3156% | 0 | 30 | $20,826 |
| HC Equity | BFIM | $5,416,000 | $5,416,000 | $5,416,000 | | | | |
| Def. Developer Fee | Co-Developers | $637,888 | $533,733 | $577,505 | | | | |
| Impact Fee Refund | Miami Dade County | $0 | $465,207 | $465,207 | | | | |
| **Total** | | **$15,933,888** | **$16,294,940** | **$16,338,712** | | | | **$108,098** |

Tax-Exempt Bonds

Upon construction completion (and confirmation that the 50% test has been met), $6,720,000 of the outstanding construction bonds will be redeemed prior to conversion to the permanent period. Terms of the loan include a 35 year amortization schedule, 15 year term, and an interest rate based on the 18 year maturity "AAA" bond rates published by Thompson Municipal Market Monitor ("MMD") plus a spread of 2.00%. Currently, the MMD is 2.91% for a current estimated rate of 4.91%. 1.04% has been added to the estimated rate to cover Issuer, Trustee, and miscellaneous fees for an estimated "all-in" rate of 5.95%. Conversion requirements include completion of construction and 90% physical occupancy for three consecutive calendar months. The loan has a mandatory 1.20x minimum debt service coverage ratio.

GOB

The Applicant provided Resolution No. R-55-11 from the Miami-Dade Board of County Commissioners approving the allocation of $1,000,000 in Building Better Communities General Obligation Bond funds for the subject development. The GOB award was amended by Resolution No. R-231-12 increasing the award by $1,000,000 for a revised total allocation of $2,000,000. As long as the Applicant entity conforms to the Administrative Rules of the GOB program no principal and/or interest payments are due for the 30-year term of the award. Per the Building Better Communities General Obligation Bond Program Administrative Rules 83% of the GOB award must be utilized for hard construction costs. Based on this and other financing sources available to the Applicant during the construction period SMG calculates GOB funds required during the construction period to be $2,000,000. A portion of the proceeds of the GOB Program will be used at conversion to the permanent period to redeem a portion of the outstanding construction bond amount. Based on the known parameters of the Miami-Dade County tax-exempt Bond program, Miami-Dade County Surtax program, Florida Housing 4% Housing Credit program and the absence of any additional GOB parameters the identified financing structure does not appear to overfund the subject development.

Surtax:

The Applicant has been awarded FY 2009, FY 2013, and FY 2014 allocations of Miami-Dade County Surtax funds in the amounts of $2,000,000, $2,400,000, and $2,200,000, respectively, for the construction and permanent financing of the subject development, for a total Surtax allocation of $6,600,000. The total Surtax allocation will be underwritten utilizing a 0.3156% interest rate, 30-year term, with interest payments subject to available cash flow. The County will allow the Applicant to recoup deferred developer fee from available cash flow prior to the payment of Surtax loan interest.

Housing Credits ("HC") Equity Investment:

The Applicant has applied to Florida Housing to receive 4% Housing Credits directly from the United States Treasury in conjunction with tax-exempt bond financing.

A May 15, 2014 term sheet from Boston Financial Investment Management, L.P. ("BFIM") is summarized as follows:

| Capital Contributions | Amount | Percent of Total | When Due |
|---|---|---|---|
| 1st Installment | $812,400 | 15.0% | Later of Admission or Construction Start |
| 2nd Installment | $3,520,400 | 65.0% | Later of 100% Construction Completion and October 1, 2015 |
| 3rd Installment | $541,600 | 10.0% | Later of Stabilization Date and April 1, 2016 |
| 4th Installment | $541,600 | 10.0% | Later of Receipt of 8609s and October 1, 2016 |
| Total | $5,416,000 | 100% | |

| | |
|---|---|
| Annual Tax Credits per Syndication Agreement: | $570,000 |
| Total HC Syndication: | $5,416,000 |
| Syndication Percentage (limited partner interest): | 99.99% |
| Calculated HC Exchange Rate (per dollar): | $0.950 |
| Proceeds Available During Construction: | $812,400 |

Impact Fee Refund

Impact fees include an estimated $465,207 impact fee refund amount. Per a representative of the Applicant, the Applicant will apply for this refund post 100% construction completion. SMG is unable to determine if the Applicant will qualify or receive the stated refund. SMG has included this amount as a permanent period source of funds. In the event the refund is not received a sufficient amount of developer fee exists to allow additional deferral to cover this amount.

Other Permanent Sources of Funds:

In order to balance the sources and uses of funds and after all loan proceeds and capital contributions payable under the syndication agreement have been received, the developer will have to defer $577,505 of its developer fee during the permanent period.

## Uses of Funds

| CONSTRUCTION COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accessory Buildings | | $203,500 | $203,500 | $2,576 | |
| New Rental Units | $9,084,000 | $6,478,677 | $6,478,677 | $82,009 | |
| Recreational Amenities | | $203,000 | $203,000 | $2,570 | |
| Site Work | | $1,335,000 | $1,335,000 | $16,899 | |
| General Conditions | | $493,210 | $493,210 | $6,243 | |
| Overhead | | $164,403 | $164,403 | $2,081 | |
| Profit | | $493,210 | $493,210 | $6,243 | |
| Builder's Risk Insurance | | | | | |
| General Liability Insurance | | | | | |
| Total Construction Contract/Costs | $9,084,000 | $9,371,000 | $9,371,000 | $118,620 | |
| Hard Cost Contingency | $454,200 | $468,550 | $468,550 | $5,931 | |
| Fees for LOC used as Construction Surety | | | | | |
| Other: P&P Bond | | $75,000 | $75,000 | $949 | |
| **Total Construction Costs:** | **$9,538,200** | **$9,914,550** | **$9,914,550** | **$125,501** | **$0** |

*Notes to the Actual Construction Costs:*

1. The Applicant has provided a construction contract between the Applicant and BGC dated May 7, 2014 in the amount of $9,371,000. The contract is a Standard Form of Agreement between Owner and Contractor where the basis of payment is a Stipulated Sum and includes a Schedule of Values. This contract includes all construction hard costs and contractor's fees. The contract provides for retainage of 10% until 50% completion at which time retainage is reduced to 0%. Final payment will be made when the contract has been fully performed and within 30 days of the Architect's final Certificate for Payment. The contract requires substantial completion of the entire work not later than 365 days from the date of commencement. The date of commencement is not before the later to occur 1) 10 days from the issuance of a Notice to Proceed or 2) receipt of all Building Permits.
2. The General Contractor's Fee is 14.00% of hard construction costs. The hard cost contingency is not included in the construction contract amount. No general contractor fee is calculated on the hard cost contingency as appropriate.
3. Builders Risk Insurance cost is included in general development costs.
4. Liability Insurance costs are included in the general conditions fee line item.
5. Hard Cost Contingency is equal to 5% of the construction contract as appropriate.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accounting Fees | $35,000 | $40,000 | $40,000 | $506 | |
| Appraisal | $12,500 | $12,500 | $5,500 | $70 | |
| Architect's Fee - Site/Building Design | $142,200 | $127,980 | $127,980 | $1,620 | |
| Architect's Fee - Supervision | | $14,220 | $14,220 | $180 | |
| Building Permits | $138,250 | $138,250 | $138,250 | $1,750 | |
| Builder's Risk Insurance | $79,000 | $71,100 | $71,100 | $900 | |
| Engineering Fees | $59,250 | $63,200 | $63,200 | $800 | |
| Environmental Report | $35,000 | $35,000 | $35,000 | $443 | |
| FF&E paid outside Construction Contract | $100,000 | $85,000 | $85,000 | $1,076 | $85,000 |
| FHFC Administrative Fees | | | $28,932 | $366 | $28,932 |
| FHFC Application Fee | | | $3,000 | $38 | $3,000 |
| FHFC Credit Underwriting Fee | | | $17,845 | $226 | |
| FHFC HC Compliance Fee (HC) | | $183,408 | $193,120 | $2,445 | $193,120 |
| Impact Fee | $595,513 | $595,651 | $595,651 | $7,540 | $465,207 |
| Lender Inspection Fees / Const Admin | $24,000 | $40,000 | $40,000 | $506 | |
| Insurance | $39,500 | $43,450 | $43,450 | $550 | $43,450 |
| Legal Fees | $140,000 | $165,000 | $165,000 | $2,089 | $82,500 |
| Market Study | $5,000 | $5,000 | $5,000 | $63 | |
| Marketing and Advertising | $120,000 | $125,000 | $125,000 | $1,582 | $125,000 |
| Plan and Cost Review Analysis | | | $2,500 | $32 | |
| Property Taxes | $80,000 | $50,000 | $50,000 | $633 | $37,500 |
| Soil Test | | | | | |
| Survey | $30,000 | $30,000 | $30,000 | $380 | |
| Title Insurance and Recording Fees | $125,000 | $145,000 | $145,000 | $1,835 | $97,150 |
| Utility Connection Fees | $158,000 | $130,350 | $130,350 | $1,650 | |
| Soft Cost Contingency | $40,000 | $125,000 | $112,783 | $1,428 | |
| **Total General Development Costs:** | **$1,958,213** | **$2,225,109** | **$2,267,881** | **$28,707** | **$1,160,859** |

*Notes to the General Development Costs:*

1. The Appraisal line item reflects the actual cost of the Appraisal engaged by SMG.
2. Building Permits. The Applicant has provided a letter from the Miami Dade County Department of Regulatory and Economic Resources indicating that permits are available upon payment of all required fees.
3. FHFC Administrative Fee is based on the annual HC recommendation multiplied by non-profit administrative fee of 5%.
4. The Credit Underwriting Fees reflect actual costs for this report.
5. Impact Fees reflect the full amount of fees due however; the Applicant expects to apply for a partial refund of impact fee post construction completion.
6. The Market Study line item reflects actual costs for the Market Study engaged by SMG.
7. The Pre-Construction/ Plan and Cost Analysis line item reflects the actual cost of the analysis engaged by SMG.
8. Survey costs are included in the Environmental Report line item.

9. Title Insurance and Recording Fees are per Applicant estimates.
10. Soft Cost Contingency was reduced to $112,783 to meet the 5% maximum requirement of General Development Costs.
11. Other General Development Costs are based on the Applicant's estimates, which appear reasonable.

| FINANCIAL COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Construction Loan Origination Fee | | $80,000 | $80,000 | $1,013 | |
| Construction Loan Interest | $360,000 | $352,000 | $352,000 | $4,456 | $88,000 |
| Permanent Loan Origination Fee | | $12,800 | $12,800 | $162 | $12,800 |
| Local HFA Bond Underwriting Fee | | $20,000 | $20,000 | $253 | |
| Local HFA Bond Origination Fee | | $37,000 | $37,000 | $468 | $37,000 |
| Local HFA Bond Trustee Fee | | $10,200 | $10,200 | $129 | $10,200 |
| Local HFA Bond Closing Costs | | $55,000 | $55,000 | $696 | $55,000 |
| Misc Loan Underwriting Fee | | $12,500 | $12,500 | $158 | |
| Reserves - Operating Deficit | | $150,000 | $151,000 | $1,911 | $151,000 |
| Reserves - Required by Syndicator | $295,500 | | $0 | | |
| Legal Fees - Bond Counsel | | $65,000 | $65,000 | $823 | $65,000 |
| Legal Fees - Issuer's Counsel | | $10,000 | $10,000 | $127 | $10,000 |
| Legal Fees - Lender's Counsel | | $65,000 | $65,000 | $823 | |
| TEFRA Fee | | $1,000 | $1,000 | $13 | |
| Other: Lemder Due Dilligence | $385,000 | $12,500 | $12,500 | $158 | |
| Other: Conversion Expenses | $171,000 | $15,000 | $15,000 | $190 | |
| Other: Cost of Issuance Contingency | | $18,000 | $18,000 | $228 | $18,000 |
| **Total Financial Costs:** | **$1,211,500** | **$916,000** | **$917,000** | **$11,608** | **$447,000** |

*Notes to the Financial Costs:*

1. Construction Loan Origination fees are based on 1% of the construction loan amount due at loan closing per the Citi Term Sheet.
2. Construction Loan Interest is calculated on an estimated $8,000,000 of HFA Bonds and is based on the Applicant's projected draw schedule and projection of stabilized occupancy to be achieved within seven months of construction completion or approximately July 2016.
3. Reserves – Operating Deficit is based on the May 15, 2014 Letter of Intent ("LOI") provided by BFIM. The LOI indicates that the reserve will be set at $151,000 and based on 3-months of estimated operating expenses, replacement reserves, and required debt service. The reserve will be funded from the second equity contribution and held by the Partnership in a tax-exempt account.
4. Other Financial Costs are per estimates provided by the Applicant, which appear reasonable.

| NON-LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Brokerage Fees - Building | | | | | |
| Building Acquisition Cost | $0 | $0 | $0 | | |
| Other: | | | | | |
| Other: | | | | | |
| Other: | | | | | |
| **Total Non-Land Acquisition Costs:** | **$0** | **$0** | **$0** | **$0** | **$0** |

*Notes to the Non-Land Acquisition Costs: None*

| OTHER DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Development Cost Before Developer Fee and Land Costs | $12,707,913 | $13,055,659 | $13,099,431 | $165,816 | $1,607,859 |
| Developer Fee on Acquisition of Buildings | | | | | |
| Developer Fee | $2,225,975 | $2,239,281 | $2,239,281 | $28,345 | |
| Other: | | | | | |
| **Total Other Development Costs:** | **$2,225,975** | **$2,239,281** | **$2,239,281** | **$28,345** | **$0** |

*Notes to the Other Development Costs:*

1. Developer Fee is equal to of development costs less the capitalized ground lease payment, reserves, and developer fee and is within the 18% allowed per Rule.

| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Brokerage Fees - Land | | | | | |
| Land Acquisition Costs | | | | | |
| Land | | | | | |
| Land Lease Payment | $1,000,000 | $1,000,000 | $1,000,000 | $12,658 | $1,000,000 |
| Land Carrying Costs | | | | | |
| Other: | | | | | |
| Other: | | | | | |
| Other: | | | | | |
| **Total Acquisition Costs:** | **$1,000,000** | **$1,000,000** | **$1,000,000** | **$12,658** | **$1,000,000** |

*Notes to the Land Acquisition Costs:*

1. The Applicant provided a Sublease dated October 10, 2012 between SBC Community Development Corporation of Richmond Heights, Inc. ("Sub-landlord") and Altera Associates, Ltd. ("Subtenant") as evidence of required site control. The Sublease requires the Subtenant to pay the Sub-landlord the sum of $1,000,000 as the full amount of the rent for the term of the lease period due within 30-days of the construction commencement date. Included as Exhibit B to the Sublease is a Commercial Property Lease dated October 11, 2012 between Second Baptist Church of Richmond Heights, Inc. ("Lessor" or "Owner") and SBC Community Development Corporation of Richmond Heights, Inc. ("Lessee" or "Sub-landlord").
2. The Applicant also provided an Amendment to the Commercial Property Lease, dated October 11, 2012, between Second Baptist Church of Richmond Heights, Inc. ("Lessor") and

SBC Community Development Corporation of Richmond Heights, Inc. ("Lessee") approving the sublet of the property to Altera Associates, Ltd. ("Subtenant").

3. The appraisal completed by Clobus, McLemore & Duke, Inc. ("CMD") estimated the market value of the ground leasehold interest in the subject property "as-is" as of the date of evaluation on June 14, 2014 as $2,055,000, supporting the lease payment.

| | | | | | |
|---|---|---|---|---|---|
| TOTAL DEVELOPMENT COSTS: | $15,933,888 | $16,294,940 | $16,338,712 | $206,819 | $2,607,859 |

# Operating Pro forma

| | OPERATING PRO FORMA | | ANNUAL | PER UNIT |
|---|---|---|---|---|
| INCOME | Gross Potential Rental Income | | $660,516 | $8,361 |
| | Rent Subsidy (ODR) | | $0 | $0 |
| | Other Income: | | | |
| | Ancillary Income | | $0 | $0 |
| | Miscellaneous | | $11,376 | $144 |
| | Washer/Dryer Rentals | | $34,128 | $432 |
| | Cable/Satellite Income | | $0 | $0 |
| | Rent Concessions | | $0 | $0 |
| | Alarm Income | | $0 | $0 |
| | Gross Potential Income | | $706,020 | $8,937 |
| | Less: | | | |
| | Economic Loss - Percentage: | | | $0 |
| | Physical Vacancy Loss - Percentage: | 5.0% | ($35,301) | ($447) |
| | Collection Loss - Percentage: | 1.0% | ($7,060) | ($89) |
| **Total Effective Gross Revenue** | | | $663,659 | $8,401 |
| EXPENSES | Fixed: | | | |
| | Ground Lease | | $0 | $0 |
| | Sub-Ground Lease | | $0 | $0 |
| | Real Estate Taxes | | $51,998 | $658 |
| | Insurance | | $47,400 | $600 |
| | Other | | $0 | $0 |
| | Variable: | | | |
| | Management Fee - 5% | 5.0% | $33,183 | $420 |
| | General and Administrative | | $35,550 | $450 |
| | Payroll Expenses | | $122,450 | $1,550 |
| | Utilities | | $69,125 | $875 |
| | Marketing and Advertising | | $9,875 | $125 |
| | Maintenance and Repairs | | $23,700 | $300 |
| | Grounds Maintenance and Landscaping | | $23,700 | $300 |
| | Resident Programs | | $0 | $0 |
| | Contract Services | | $28,835 | $365 |
| | Security | | $27,650 | $350 |
| | Other-Pest Control | | $4,345 | $55 |
| | Reserve for Replacements | | $23,700 | $300 |
| **Total Expenses** | | | $501,511 | $6,348 |
| **Net Operating Income** | | | $162,148 | $2,053 |
| **Debt Service Payments** | | | | |
| DEBT SERVICE | First Mortgage - Miami-Dade Bonds | | $87,272 | $1,105 |
| | Second Mortgage - GOB | | $0 | $0 |
| | Third Mortgage - Surtax | | $20,826 | $264 |
| | Fourth Mortgage | | $0 | $0 |
| | Fifth Mortgage | | $0 | $0 |
| | All Other Mortgages | | $0 | $0 |
| | Other Fees - Administrative | | $0 | $0 |
| | Other Fees - | | $0 | $0 |
| **Total Debt Service Payments** | | | $108,098 | $1,368 |
| **Cash Flow After Debt Service** | | | $54,050 | $684 |

| Debt Service Coverage Ratios | |
|---|---|
| DSC - First Only (incl. Negative Arbitrage) | 1.858 |
| DSC - First and Second | 1.858 |
| DSC - First, Second and Third | 1.500 |
| DSC - First, Second, Third, and Fourth | 1.500 |
| DSC - First, Second, Third, Fourth, and Fifth | 1.500 |
| DSC - All Other Mortgages | 1.500 |
| DSC - All Mortgages and Fees | 1.500 |

| Financial Ratios | |
|---|---|
| Operating Expense Ratio | 75.6% |
| Break-Even Ratio | 86.3% |

*Notes to the Operating Pro forma and Ratios:*

1. Rents are based upon the 2014 HC restricted rents published by HUD less applicable utility allowances as required by the HC Program. Utility allowances are based on a letter provided by Florida Power and Light dated February 18, 2014 indicating utility cost estimates based on size of the units. Applicant will provide water, sewer, trash removal, common area electricity, and pest control.

**HMFA/County: Miami-Miami Beach-Kendall / Miami-Dade**

| Bed Rooms | Bath Rooms | Units | Net Square Feet | AMI% | Gross HC Rent | Low HOME Rents | High HOME Rents | Utility Allow | RD/HUD Cont Rents | Net HC Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1.0 | 1.0 | 6 | 728 | 30% | $383 | | | $68 | $0 | $315 | $314 | $315 | $314 | $22,608 |
| 1.0 | 1.0 | 36 | 728 | 60% | $765 | | | $68 | $0 | $697 | $697 | $697 | $697 | $301,104 |
| 2.0 | 2.0 | 6 | 1,022 | 30% | $459 | | | $85 | $0 | $374 | $374 | $374 | $374 | $26,928 |
| 2.0 | 2.0 | 31 | 1,022 | 60% | $918 | | | $85 | $0 | $833 | $833 | $833 | $833 | $309,876 |
| | | 79 | 68,390 | | | | | | | | | | | $660,516 |

2. Miscellaneous Income reflects late fees, forfeited security deposits, vending income, and coin laundry income.
3. Vacancy Loss and Collection Loss are based on the Appraiser's estimate.
4. Washer/Dryer Rental income is based on Applicant estimates of an 85% penetration rate at $42.00 per unit/month.
5. Management fees are based on the management agreement, which stipulates compensation of 5% of gross revenue. This percentage is within the range of reasonableness for comparable properties.
6. Other operating expense estimates are based on estimates provided by the Applicant or Appraisal. All expenses are within a range of reasonableness detailed in the Appraisal.
7. The Applicant estimated Replacement Reserves of $300 per unit per year. This is in agreement with the minimum industry standard currently used for credit underwriting purposes of $300 per unit per year with an inflation factor based on the Consumer Price Index applied to the Replacement Reserve deposit beginning in Year 7, unless waived or

reduced in the event Obligor provides a Physical Needs Study prepared by an independent third party that evidences an increase in the deposit is excessive or unnecessary. SMG believes this estimate to be reasonable and recommends a $300 per unit per year replacement reserve account be established.

8. The cost of Resident Programs is included in other line items.
9. A 15-year income and expense projection reflects decreasing debt service coverage through year 15 of operations. This projection is attached to this report as Exhibit 1.

# Section B

# Loan Conditions

## Special Conditions

This recommendation is contingent upon the review and approval of the following items by SMG, HFAMDC and MDCISD at least two weeks prior to construction. Failure to receive approval of these items within this time frame may result in postponement of the first post closing draw.

1. The Plan and Cost Analysis received from zumBrunnen, Inc. identified three required Features that were not included in the Plans and Specifications: low VOC paint for all interior walls, water sense toilet and plumbing fixtures, and two peepholes for all unit entry doors. It is a condition of this report that all required features be included in the Plans and Specifications prior to loan closing.

2. The execution of a liquidity maintenance agreement requiring the Principals of the Borrower to maintain an aggregate net worth of $10.0 million and liquidity of not less than $1.0 million.

## General Conditions

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

1. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by HFAMDC, MDCISD and their legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to HFAMDC, MDCISD 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 HFAMDC and MDCISD.
2. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). Acceptable alternatives to this requirement are receipt and satisfactory review of a letter from the local permitting and approval authority that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
3. The final "as permitted" (signed and sealed) site plans, building plans, and specifications showing all features and amenities committed to in the application. The Geotechnical Report (if available) must be bound within the final plans and specifications.
4. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.
5. A final construction draw schedule showing itemized sources and uses of funds for each

monthly draw. The closing draw shall include appropriate backup and ACH wiring instructions.

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

7. If the development is not 100% lien-free completed, 100% Payment and Performance ("P&P") Bonds or a Letter of Credit ("LOC") in an amount not less than 10% of the construction contract is required in order to secure the construction contract between the general contractor and the Borrower. 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. HFAMDC and MDCISD and/or legal counsel must approve the source, amount(s) and all terms of the P&P bonds or LOC.

8. Architect, Construction Consultant, and Borrower certifications on forms provided by HFAMDC and MDCISD will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, the Americans with Disabilities Act, and Federal Fair Housing Act requirements, as applicable.

This recommendation is contingent upon the review and approval of the following items by HFAMDC, MDCISD and its legal counsel at least two weeks before closing. Failure to receive approval of these items, along with all other items listed on counsels due diligence list, within this time frame may result in postponement of the closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/manager(s) of the Applicant, the guarantors, and any limited partners of the Applicant.

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

3. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan naming HFAMDC as the insured.

4. Receipt of a legal opinion from the Applicant's legal counsel acceptable to HFAMDC and MDCISD addressing the following matters:
    a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager.
    b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
    c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;

d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement and;
e. Such other matters as HFAMDC, MDCISD or their legal counsel may require.

5. Evidence of compliance with local concurrency laws.
6. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by HFAMDC, MDCISD or their legal counsel in form and substance acceptable to HFAMDC, MDCISD or its legal counsel, in connection with the GOB Loan.
7. UCC Searches for the Borrower, its partnerships, as requested by counsel.
8. Any other reasonable conditions established by HFAMDC, MDCISD and their legal counsel.

## Additional Conditions

This recommendation is also contingent upon the following additional conditions:

1. Acceptance by the Applicant and execution of all documents evidencing and securing the MMRB, GOB and SURTAX Loans in form and substance satisfactory to HFAMDC and MDCISD, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), and the Land Use Restriction Agreement(s).
2. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.
3. Guarantors are to provide the standard HFAMDC and MDCISD Construction Completion Guarantee, to be released upon lien free completion as approved by the Servicer.
4. A mortgagee title insurance policy naming MDCISD as the insured in the amount of the GOB, and SURTAX Program Loans is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to MDCISD or its legal counsel.
5. Property tax and hazard insurance escrows are to be established and maintained by the First Lender or the Servicer. In the event the reserve account is held by HFAMDC's loan servicing agent, the release of funds shall be at HFAMDC's sole discretion.
6. Replacement Reserves in the amount of $300 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 MDCISD's loan servicing agent per the requirements of the executed loan documents. An inflation factor of 3% based on the Consumer Price Index will be applied to the Replacement Reserve deposit beginning in Year 7, unless waived or reduced in the event Obligor provides a Physical Needs Study prepared by an independent third party acceptable that evidences an increase in the deposit is excessive or unnecessary.
7. Any other reasonable requirements of HFAMDC or MDCISD or their legal counsel.

# Section C

# Supporting Information and Schedules

## Additional Development and Third Party Information

| | |
|---|---|
| Appraised Value: | Seltzer is in receipt of an appraisal dated July 1, 2014, (valuation date June 14, 2014) performed by Clobus, McLemore & Duke, Inc. ("CMD") of Fort Lauderdale, Florida. Walter Duke of CMD is a State Certified General Appraiser, Florida License Number RZ375. Lori Spencer is a State Certified General Appraiser, Florida License Number RZ2559. The appraisal was engaged by Seltzer Management Group, Inc.<br><br>The appraisal estimated a market value of the subject property based on a leasehold interest of the property of $10,050,000. The loan-to-value on the 1st mortgage bond loan during the permanent period based on this value is 12.7%.<br><br>The combined loan-to-value ratio for all debt during the permanent period based on this value is 98.31%.<br><br>The appraiser estimated an "as is" leasehold value of the subject property of $2,055,000 which supports the one-time capital lease payment of $1,000,000. |
| Market Analysis: | SMG reviewed a separate market study of the subject development performed by CMD dated July 1, 2014. The subject site is located at 11001 Pinkston Drive in unincorporated Miami-Dade County, Florida. The subject property is located in the Miami/Miami Beach/Kendall HUD Metro FMR Area (HMFA). This HMFA includes only Miami-Dade County.<br><br>The subject's Primary Market Area ("PMA") is defined as a 5-mile ring around the subject. The subject's Competitive Market Area ("CMA") is considered to be all of Miami-Dade County. Occupancy rates for senior developments within the five mile PMA have fluctuated over the past 18 months, but remain stable with a weighted occupancy of 98%. The number of senior developments within the CMA is nineteen.<br><br>Development and unit amenities are typical of other new and proposed restricted rental developments within the submarket and metropolitan area. The subject will be a senior restricted rental residence with one- and two bedroom units, which is a positive factor considering the demand for senior units in this market. The overall configuration of the site appears to be well suited to multifamily development accommodating senior residents. As of the appraisal date, the subject was vacant. Overall, access and exposure are considered good for multifamily purposes. The location of the site is convenient to neighborhood shopping, employment and educational facilities. All necessary utilities and services are available to the site to support the current |

development plan. The subject's highest and best use is considered to be suitable for multifamily development.

According to the Miami-Dade County Quarterly Housing Report for the first quarter of 2014 (the most recent study available), prepared by Reinhold P. Wolff Economic Research, Inc., the overall vacancy rate for apartments in mature rental apartment complexes (18+ months old) in the County stood at 3.7% in February 2014, up slightly from the 3.1% rate of November 2013. The vacancy rate in Miami-Dade County was found to be the highest in the North Miami Beach area at 6.7%. The subject property is located in Howard/Tamiami/W. Dade, which indicated a vacancy rate of 3.7%, the same as the County average of 3.7%. The compounded annual population growth rate within the Miami-Dade County MSA is projected at 5.73% through 2018. The number of households in the Miami-Dade County MSA is projected to increase 5.89% annually during the same time period, indicating that household size will increase over the next three years.

In addition to the overall metropolitan market, CMD also examined the subject's target market as well. The target market area for the subject property is generally considered to be within a five-mile radius of the subject property. Within this primary market area (PMA), the population is projected to increase slightly over the next five years by about 19,163 persons, or about 5.32%. The number of households in the subject's PMA is projected to increase by about 6,467, or about 5.42%. Median household income within Miami-Dade County is currently $40,095. The median household income within the subject's PMA (5-Mile Radius) is well above the county average, at $57,695 for 2013. The subject will need to capture a minimum of 0.75% of the income-qualified pool of renters within the primary market area to achieve stabilized occupancy at the projected rental rates. This figure includes units under construction and planned units within the subject 5-mile PMA.

Maximum restricted rents at the 60% AMI level are 41% below market rents in the Howard/Tamiami/W. Dade submarket and 39% below CMD's projected market rents for the immediate neighborhood submarket. Maximum restricted rents at the 30% AMI level are generally 73% below market rents in the Howard/Tamiami/W. Dade submarket and 72% below CMD's projected market rents for the immediate neighborhood submarket. The average market rent within this competitive market area is 110% greater than the maximum housing credit rent. The overall market rents are 362% above the LIHTC rent for units leased at 30% AMI and 163% above the LIHTC rents for units leased at 60% AMI.

Based on the demand analysis in the market study, and developer's projections, an absorption rate of 15 units per month has been projected for the subject property. Therefore, the subject's overall 79 units should be absorbed within an overall 5-month period. The Developer has projected a 7-month lease-up or 13 units per month, towards the lower end of the range. The 7-month preleasing is atypical. Most prospective residents search two to four months prior to relocating. Based on this information, an absorption rate approximating 15 units per month for the subject as a restricted rate project will be utilized.

Provided the subject does not start delivering units until April 2015, the subject will not have any negative impact on existing like-kind affordable housing developments and/or Guarantee Fund Developments within the County and/or 5-Mile PMA submarket. Historically, low-income properties are not significantly affected by new developments other than during the lease-up period. Occupancy is lower now primarily due to the current economic conditions, not over-improvement. There has always been a demand for low-income housing, and the impact on additional properties, including Guarantee Fund Developments, may be on occupancy during lease-up.

Environmental Report: EE&G Environmental Service, LLC ("EE&G") of Miami Lakes, Florida performed a Phase I Environmental Site Assessment ("ESA") of the subject August 12, 2013 in general accordance with ASTM Standard E-1527-05. The report indicates a viability date of January 28, 2014. It is a closing condition of this report that an ESA Phase I update or reliance letter be received on the subject property. The purpose of the site assessment was to assess current site conditions and render an opinion as to the presence of recognized environmental conditions ("REC") on the subject property.

The assessment performed by EE&G revealed no evidence of RECs in connection with the subject property. No further environmental assessment is recommended.

Soil Test Report: A Preliminary Geotechnical Engineering Study Report was prepared by tierra South Florida ("tierra") dated September 3, 2013. The work was performed in accordance with the procedures recommended in ASTM D-1586.

To explore the subsurface conditions at the subject site, tierra drilled seven Standard Penetration Test ("SPT") borings. The borings were drilled to depths of 25 feet below the ground surface for the proposed structures, five auger borings to a depth of six feet with the parking area, and three borehole permeability tests per South Florida Water Management District ("SFWMD") standards. The subsurface profile at the boring locations can be generally described as sandy limestone. Groundwater was observed between depths of three and seven feet from the existing grade. Fluctuations in the groundwater level on this site should be anticipated throughout the year due to seasonal variations in rainfall, drainage, and other factors.

tierra recommends the foundations for the proposed 3-story apartment buildings be supported on a shallow foundation system with a bearing resistance of 3,500 pounds per square foot ("psf"). Footings should bottom at least 18 inches below final grade. Footings supporting individual columns should have a minimum width of 36 inches and continuous footings a minimum width of 24 inches.

The upper 12 inches of foundation bottom soils should be compacted to achieve not less than 95 percent of the maximum dry density, as determined by ASTM D 1557, immediately prior to reinforcing and concrete placement. To help avoid potential problems with cracking because of differential loadings, the floors slabs should be liberally jointed and separated from columns and walls.

Following site preparation, building pad areas should be leveled, filled and compacted to subfloor elevation before placing concrete. It is recommended that the interior floor slab subgrade soils be covered with a 6 mil thick vapor barrier before constructing the slab-on-grade floor.

The ground floor slab elevation was not known at the time of the geotechnical survey so dewatering requirements can not be directly assessed. However, tierra recommends that if footing excavations extend below four feet from ground surface, dewatering should be expected.

To prepare the site for construction, tierra recommends that all vegetation, topsoil, and organic soils within the proposed construction area should be stripped and removed. Prior to the placement of fill, the structural footprint of the proposed buildings, driveways, and parking areas should be compacted until the sub-soils achieve a 95 percent of maximum dry density to a depth of at least 24 inches below the stripped grade. The soil densification should encompass the entire footprint of the structure plus a ten foot wide perimeter that extends beyond the maximum lines of the superstructure, driveway, and parking area.

Structural fill used to raise the bottom levels should consist of clean sand and/or sand and gravel, within a maximum of 12% passing the U.S. Standard No. 200 sieve. The structural fill should be placed in thin lifts (12 inch thick loose measure), near the optimum moisture content for compaction, and should be compacted to at least 95% of maximum dry density. Structural fill placed below the water table should consist of clean sand and/or sand and gravel, with a maximum of 5% passing the U.S. Standard No. 200 sieve.

For footings on or below existing grade, the footing subgrade shall be compacted with a vibratory compact to 95% of the material's maximum dry density as determined by the Modified Compaction Test to a depth of at least 12 inches below the footing subgrade. For footings located at a higher grade than existing, approved fill should be placed in no more than 12 inch thick loose lifts and compacted to the 95% criteria described above.

Parking areas and driveways should be prepared and densified as previously discussed. The driveways and parking area can be designed with a flexible pavement structure consisting of an asphaltic concrete wearing course, lime rock base course and a stabilized subgrade. Parking areas should be designed with a 1.5 inch thick asphaltic concrete surface with driveway areas designed with a two inch thick asphaltic surface. Base course and stabilized subgrade should be at a thickness of six and eight inches, respectively.

It is further recommended, that an onsite engineering technician should provide monitoring during excavation, compaction, and testing procedures to ensure compliance with stated recommendations and to confirm subsoil conditions on which tierra's recommendations were based.

Plan and Cost Analysis:

SMG has received a Preconstruction Plan and Cost Analysis ("PCA") from zumBrunnen, Inc. ("zumBrunnen") dated October 15, 2014. The plans submitted for review were considered suitable for pricing, permitting and construction and appear to be well coordinated and in compliance with applicable codes and standards (including the Americans with Disabilities Act of 1990, Section 504 of the Rehabilitation Act of 1973, and The Fair Housing Act).

zumBrunnen identified the following detail deficiencies within the plan notes:

- Recommend continuous through wall flashing (elastomeric or stainless steel) between concrete cap and masonry at site walls near parking entry to prevent water intrusion into wall and resulting efflorescence on surface of wall (Details 1, 2, 3 and 4 on Sheet A0.08)

- Similar through wall flashing recommended at tops of roof parapet walls (Detail 10 on Sheet A7.05)
- Drawings do not contain details for window installation/flashing and proper waterproofing.
- Drawings do not contain details for installation of exterior stone veneer with flashing and sealants for proper waterproofing.
- Confirmation that dryer units to be installed are rated for vent runs of over 25 feet and whether booster fans are required to be installed.

zumBrunnen also reviewed the construction plans to determine if all required Features and Amenities were properly included and identified the following exceptions:

- Low VOC paint for all interior walls
- Water sense toilets and plumbing fixtures
- Two peepholes on all unit entry doors

zumBrunnen reviewed the May 7, 2014 Standard Form of Agreement between Owner and Contractor, General Conditions, and schedule of values. zumBrunnen is in general agreement with the executed contract with the exception of the AIA A201-2007 General Conditions for Construction document. The contract references the AIA A201-2007, General Conditions, but the document is not included in the contract. zumBrunnen recommends that the AIA A201-2007 be included in the contract by reference. Based on zumBrunnen's experience with projects of similar type, size, and complexity, it is zumBrunnen's opinion that the hard cost construction budget is an accurate representation of the construction required by the Project Construction Documents and is sufficient to complete the work. Cost calculations do not include building permits, impact fees, and utility connection fees; however, these costs are included in Total Development Costs.

zumBrunnen calculates the cost per square foot of construction (excluding sitework of $1.4M) for the subject development at approximately $116/sf based on a net building area of 71,551 square feet. This falls within the range of mid-level high end and high level low end unit costs as published by Weitz Company in their June 2014 Summary of Senior Living Costs as adjusted based on Miami Dade County construction costs. Based on this analysis, zumBrunnen finds the proposed construction costs reasonable for the scope as defined by the construction documents. The overall hard cost unit price of $136/sf for the construction of this project also falls within the normal range of costs seen for this type of development.

zumBrunnen believes the construction schedule of 365 days is reasonable and can be achieved provided adequate supervision is exercised, no major changes are initiated by the Owner, or the occurrence of unforeseen circumstances.

The credit underwriting recommendation is subject to all recommendations of the PCA being adhered to, with plans and specifications updated to reflect all required features and amenities and noted exceptions.

## Borrower Information

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| Borrower Name: | Altera Associates, Ltd. |
| Borrower Type: | a Florida Limited Partnership |
| Ownership Structure: | Registered with the State of Florida October 9, 2012, Altera Associates, Ltd. ("Applicant") was created to own and operate John and Anita Ferguson Residences. Copies of Applicant's Limited Partnership Agreement, Certificate of Limited Partnership and a Florida Certificate of Status valid through December 31, 2014, were provided to SMG. |

The Co-General Partners of Applicant at a 0.01% ownership interest is JF Pinkston Drive, L.L.C. (.0051% ownership interest) and JML Altera, L.L.C. (.0049% ownership interest).

JF Pinkston Drive, L.L.C. ("JF Pinkston"), a Florida Limited Liability Company, registered with the State of Florida on January 31, 2014. The sole managing member is SBC Community Development Corporation of Richmond Heights, Inc. Rev. Alphonso Jackson, Sr. is President.

JML Altera, L.L.C. ("JML"), a Florida Limited Liability Company, registered with the State of Florida on October 8, 2012 and was reinstated October 14, 2013. Members of JML are Jorge and Awilda Lopez, tenants by entireties, at a 50.0% ownership interest, M3 Assets, L.L.C. at a 25% ownership interest and the M.S. Mades Family Limited Partnership at a 25% ownership interest. Copies of JML's Articles of Organization, its Operating Agreement and a Florida Certificate of Status valid through December 31, 2014, were provided to SMG.

The current Limited Partners with a combined ownership interest of 99.99% are JL Holding Corporation (50.0%), M3 Assets, L.L.C. (25%), and the M.S. Mades Family Limited Partnership (25%). Boston Financial Investment Management, LP ("BFIM"), Boston, Massachusetts, or an affiliate controlled by BFIM, will replace the current Limited Partners by purchasing the Limited Partner interests prior to or concurrent with the MMRB/GOB Loan closing. BFIM will assign a small interest to an affiliate to act as a Special Limited Partner.

The Co-Developers are Brookstone Partners, L.L.C. ("Brookstone"), Hollywood, Florida, which is owned by Jorge and Awilda Lopez, tenants by entireties (50.0%), M3 Acquisitions, L.L.C. (25.0%), and the M.S. Mades Family Limited Partnership (25.0%), and SBC Community Development Corporation of Richmond Heights, Inc.

| | |
|---|---|
| | The General Contractor will be Brookstone Construction, L.L.C. ("BGC") and the Property Manager will be Brookstone Management Services, L.L.C. ("BMS") both of which are related entities and share common owners with the Applicant, Co-General Partners JML Altera, L.L.C., and Co-Developer Brookstone Partners, L.L.C. |
| Contact Information: | Mara S. Mades<br>(305) 443-8288 Telephone<br>(305) 443-9339 Facsimile<br>Mara@brookstonellc.com E-Mail |
| Borrower Address: | 2100 Hollywood Blvd.<br>Hollywood, FL 33020 |
| Federal Employer ID: | #37-1703661 |
| Experience: | Applicant and the General Partner were created to finance, construct, own and operate the Subject Development. In and of themselves, they have no development experience. Brookstone is a newly formed entity with common principals of Cornerstone Group Development, L.L.C., and Cornerstone Group Development Corp. (collectively identified as "The Cornerstone Group").<br><br>With more than 40 years of collective multifamily residential development and property management experience to their credit, Mr. Lopez and Mr. Stuart Meyers founded The Cornerstone Group in 1993. Today, The Cornerstone Group is an integrated real estate firm with operating entities for multifamily residential development, construction, and property management. The Cornerstone Group constructs and/or rehabilitates high-rise, mid-rise and garden-style rental properties. It has developed family and retirement communities in a variety of urban, suburban and rural settings. It presently has a rental portfolio of 13,000 affordable housing units.<br><br>The other principals of The Cornerstone Group, Mr. Leon J. Wolfe and Ms. Mades, bring considerable experience to Cornerstone. Mr. Wolfe founded a law firm specializing in tax law and served as the managing partner. Ms. Mades has more than 25 years of experience in the field of real estate, acquisitions and finance. |
| Credit Evaluation: | An October 15, 2014, Experian Business Profile reflects Applicant as an active business, with no credit data in its file.<br><br>An October 15, 2014, Experian Business Profile reflects JML Altera, L.L.C. as an active business, with no credit data in its file. |

An October 15, 2014, Experian Business Profile reflects JF Pinkston Drive, L.L.C. as an active business, with no credit data in its file.

A May 12, 2014, Merged Credit Report for Mr. and Mrs. Lopez reflects satisfactory Experian and Trans Union scores, with some minor adverse items and no listings in the Public Records.

A May 12, 2014, Merged Credit Report for Mr. Wolfe reflects satisfactory Experian and Trans Union scores, with nothing adverse of significance and no listings in the Public Records.

A May 12, 2014, Merged Credit Report for Ms. Mades reflects satisfactory Experian and Trans Union scores, with no adverse items and no listings in the Public Records.

Business References: Business references for Applicant, JML Altera, L.L.C, and Brookstone Partners, L.L.C. Mr. and Mrs. Lopez, Mr. Wolfe, and Ms. Mades are satisfactory.

Applicant states it currently has no deposit accounts. It also states JML Altera, L.L.C. and JF Pinkston Drive, L.L.C. have no deposit accounts.

SMG has received checking account statements to evidence cash and equivalents in the low four figures in the name of Brookstone Partners, L.L.C.

SMG has received checking account statements to evidence cash and equivalents in the low four figures in the name of SBC Community Development Corporation of Richmond Heights, Inc.

SMG has received various brokerage and investment account statements to evidence cash and equivalents of slightly less than $1.0 million, in the names of Jorge Lopez and Awilda Lopez, Tenants by Entireties. Marketable securities totaled approximately $12.3 million.

SMG has received checking account statements to evidence cash and equivalents in the mid five figures in the name of Mara Mades.

Financial Statements: Altera Associates, Ltd.:

As a new entity, Applicant states Financial Statements and Federal Tax Returns have not yet been prepared in its name.

*Co-General Partner - JML Altera, L.L.C.:*

As a new entity, Applicant states Financial Statements and Federal Tax Returns have not yet been prepared in its name.

*Co-General Partner - JF Pinkston Drive, L.L.C.:*

As a new entity, Applicant states Financial Statements and Federal Tax Returns have not yet been prepared in its name.

*Co-Developer - Brookstone Partners, L.L.C.:*

| | |
|---|---|
| Cash and Equivalents: | $6,254 |
| Total Assets: | $46,444 |
| Total Liabilities: | $68,106 |
| Total Equity: | ($21,662) |

Financial information for the Co-Developer is based upon a management-prepared Balance Sheet dated September 30, 2014. Federal Tax Returns are not available.

*Co-Developer - SBC Community Development Corporation of Richmond Heights, Inc.:*

| | |
|---|---|
| Cash and Equivalents: | $6,852 |
| Total Assets: | $373,456 |
| Total Liabilities: | $421,029 |
| Net Worth/(Deficit): | ($47,431) |

Financial information for the Co-Developer is based upon Reviewed Financial Statements dated December 31, 2013. The statements were reviewed by Mylika Morton, CPA.

*Jorge and Awilda Lopez:*

| | |
|---|---|
| Cash and Equivalents: | $14,983,647 |
| Total Assets: | $20,920,733 |
| Total Liabilities: | $3,909,403 |
| Net Worth: | $17,011,330 |

Financial information for Mr. and Mrs. Lopez is based upon a Personal Financial Statement dated June 30, 2014. Major assets other than Cash and Equivalents include Partnership Interests of $2,979,582, and Interests in Other Entities of $850,000. Liabilities include a line of credit of $800,000 and a loan of $1,109,403. Mr. and Mrs. Lopez provided copies of their 2011 and 2012 Federal Tax Returns. A Form 4868 Application for Extension was submitted for Mr. and Mrs. Lopez's 2013 Income Tax Return, a copy of which was also provided to SMG.

*Leon J. Wolfe:*

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|---|---|
| Cash and Equivalents: | $1,000 |
| Total Assets: | $756,850 |
| Total Liabilities: | $15,000 |
| Net Worth: | $741,850 |

Financial information for Mr. Wolfe is based on his Personal Financial Statement dated March 31, 2014. Assets other than Cash and Equivalents are primarily in retirement accounts, a 401(k) and a SEP. Liabilities are solely credit card debt. Mr. Wolfe also provided SMG with his 2011 and 2012 Form 1040 Federal Tax Returns. A form was sent to SMG which purports to reflect the electronic submission of Form 4868 Application for Extension on Mr. Wolfe's 2013 Income Tax Return.

*Mara Mades:*

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|---|---|
| Cash and Equivalents: | $127,852 |
| Total Assets: | $1,715,791 |
| Total Liabilities: | $0 |
| Net Worth: | $1,715,791 |

Financial information for Ms. Mades is based upon a Personal Financial Statement dated as of March 31, 2014. Ms. Mades' Principal Asset other than Cash and Equivalents is her personal residence at $690,000. Ms. Mades provided SMG her 2011 and 2012 Form 1040 Federal Tax Returns. A form was sent SMG which purports to reflect the electronic submission of Form 4868 Application for Extension on Ms. Mades' 2013 Income Tax Return.

Contingent Liabilities: As new entities, Applicant reports it does not have any contingent Liabilities. Applicant also reports no Contingent Liabilities for Brookstone Partners, L.L.C, JML Altera, L.L.C., and JF Pinkston Drive, L.L.C.

Mr. Lopez provided SMG a copy of a Statement of Contingent Liabilities for $53,181,415 as of March 31, 2014. Mr. Wolfe provided SMG a copy of a Statement of Contingent Liabilities for $27,800,047 as of March 31, 2014. Ms. Mades provided SMG a copy of a Statement of Contingent Liabilities for $27,800,047 as of March 31, 2014.

Summary: Mr. Lopez, Mr. Wolfe and Ms. Mades, collectively, have prerequisite experience and financial capacity to develop and construct the Subject Development. While there is some uncertainty related to the ability of the Guarantors to meet required future payments due under various settlement agreements, SMG recommends approval of the ownership structure subject only to the following: execution of a liquidity maintenance agreement requiring that the Principals maintain an aggregate net worth of $10.0 million and liquidity of not less than $1.0 million.

## Guarantor Information

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| Guarantor Name: | Applicant, JML Altera, L.L.C., JF Pinkston Drive, L.L.C., Brookstone Partners, L.L.C., SBC Community Development Corporation of Richmond Heights, Inc. and Jorge and Awilda Lopez, Leon J. Wolfe, and Mara S. Mades, individually. |
| Guarantor Address: | Mara S. Mades<br>(305) 443-8288 Telephone<br>(305) 443-9339 Facsimile<br>Mara@brookstonellc.com E-Mail |
| Guarantor Address: | c/o 2100 Hollywood Blvd.<br>Hollywood, FL 33020 |
| Nature of the Guarantee: | Guarantors will sign standard Construction Completion Guarantees. Guarantors will sign standard Operating Deficit Guarantees related to the First Mortgage (MMRB Program Loan) and GOB Loans, said Guarantees to be released upon achievement of an combined average 1.15 Debt Service Coverage ("DSC"), 90% Occupancy and 90% of Gross Potential Rental Revenue, all for 12 consecutive months as certified by an independent Certified Public Accountant ("CPA") and verified by the Loan Servicer. Guarantors will also sign standard Environmental Indemnity and Recourse Obligations Guarantees. |
| Financial Statements: | Please refer to the Borrower Information section of this report. |
| Contingent Liabilities: | Please refer to the Borrower Information section of this report. |
| Summary: | Based upon the financial information provided, SMG recommends approval of the Guarantors subject only to the execution of the liquidity maintenance agreement discussed in the previous sections. |

## Private Placement Bond Purchaser Information

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|---|---|
| Name: | Citi Community Capital |
| Contact Person: | Barry B. Krinsky<br>Vice President<br>(561) 362-4124 — Telephone<br>barry.krinsky@citi.com — E-Mail |
| Address: | 998 S. Federal Highway, Suite 203<br>Boca Raton, FL 33432 |
| Experience: | Citi offers a variety of services and products for non-profit and for-profit affordable housing, senior housing charter schools and healthcare facilities throughout the United States. Citi is an experienced affordable housing lender with more than 11,500 units financed and completed during 2013, serving families, veterans, and senior citizens. |
| Financial Statements: | *Citigroup, Inc. and Subsidiaries: (In Billions of Dollars)* |

| | |
|---|---|
| Cash and Equivalents: | $198,890 |
| Total Assets: | $1,880,382 |
| Total Liabilities: | $1,674,249 |
| Total Equity: | $206,133 |

Financial information for Citigroup, Inc. and Subsidiaries is based on Form 10-K filed pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934 for the fiscal year ended December 31, 2013. Citi is a subsidiary of Citigroup, Inc.

Summary: Citi has extensive experience in Multifamily Affordable Housing financing and is expected to close on the subject transaction.

## Syndicator Information

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| Syndicator Name: | Boston Financial Investment Management, LP, or an affiliate. |
| Type: | The syndicator is a Limited Partnership and subsidiary of JEN Partners and Real Estate Capital Partners. |
| Contact Person: | Steven A Napolitano<br>Senior Vice President<br>(617) 488-3524 Telephone<br>steven.napolitano@bfim.com E-Mail |
| Address: | 101 Arch Street<br>Boston, MA 02110 |
| Experience: | BFIM was formed in 1969 as a private partnership established to connect individual investors to affordable housing real estate investments. Headquartered in Boston, MA the firm manages approximately $9.2 billion in LIHTC and historic tax credit equity investments, representing 1,500 properties and 169,000 housing units, for over 150 institutional clients from across the United States. Today, BFIM is ranked among the largest apartment owners in the National Affordable Housing market with a nation-wide portfolio of over 169,000 units. BFIM provides strategic investment opportunities, investment management, equity investment, asset management, market analysis, and corporate intelligence and investigative services. In 2009 BFIM was acquired by JEN Partners and Real Estate Capital Partners. |
| Financial Statements: | Boston Financial Investment Management, LP:<br>Cash and Equivalents: $15,983,768<br>Total Assets: $48,743,066<br>Total Liabilities: $47,672,043<br>Total Equity: $1,071,023<br>Financial information for BFIM is based on internally prepared and unaudited financial statements as of June 30, 2014. The financial statements are certified by Marie D. Reynolds Executive Vice President and Chief Financial Officer as presenting fairly the financial condition of BFIM as of the date indicated and prepared in accordance with Generally Accepted Accounting Principles. |
| Summary: | BFIM has demonstrated that it has the experience and financial strength to serve as the equity investor for the subject development. |

**General Contractor Information**

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|---|---|
| General Contractor Name: | Brookstone Construction, LLC |
| Type: | A Florida Limited Liability Company |
| Contact Person: | Carlos Gerardo ("Gery") Fernandez-Davila, Vice President |
| | (305) 443-2310 Telephone<br>(305) 443-0537 Facsimile |
| | Gery.Fernandez@CornerstoneGrp.com E-Mail |
| Mailing Address: | 160 South Dixie Highway, Suite C107<br>Hollywood, FL 33020 |
| Experience: | BGC is a newly formed entity as of April 23, 2013. Mr. Fernandez-Davila is responsible for overseeing construction operations for multifamily units (condominiums, apartments and townhomes) throughout the State of Florida. Prior to the formation of BGC, Mr. Fernandez was Vice-President of CSG Construction. The principals of BGC, through various other entities, have completed construction of over 15,000 units throughout the State of Florida.<br><br>BGC's Florida Certified General Contractor's License is held by Mr. Carlos Fernandez-Davila (No. CGC1515054). Its current expiration date is August 31, 2016. |
| Credit Evaluation: | An October 15, 2014, Experian Business Profile reflects BGC as an active business, with no credit data in its file. Dun and Bradstreet ("D&B") does not reflect any credit information on BGC. |
| Business References: | No business references for BGC are available. |
| Financial Statements: | *Brookstone Construction, L.L.C:*<br><br>Cash and Equivalents: $1,852<br>Total Assets: $11,237<br>Total Liabilities: $20,934<br>Stockholders Equity/(Deficit) ($9,697)<br><br>Financial information for BGC is based upon management-prepared Financial Statements dated September 30, 2014 and reflects minimal financial strength as expected with the formation of a new entity. |
| Summary: | BGC is a newly formed entity with common principals of CSG Construction, L.L.C. Through its principals Jorge Lopez, Leon Wolfe, and Mara S. Mades and its certified general contractor Mr. Fernandez-Davila, BGC has the prerequisite experience to construct the subject development. It is also anticipated that Payment and Performance Bonds will be issued by an entity with an A.M. Best rating of A++ and a Financial Size Company of XV. Therefore, SMG recommends approval of BGC as the General |

Contractor for the subject development and Construction Contract in the amount of $9,371,000, subject to the conditions in Section B hereof.

**Property Manager Information**

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| Property Manager Name: | Brookstone Management Services, L.L.C. |
| Type: | A Florida Limited Liability Company |
| Contact Person: | Mara S. Mades |
| | (305) 443-8288 Telephone<br>(305) 443-9339 Facsimile |
| | Mara@brookstonellc.com E-Mail |
| Address: | c/o 2100 Hollywood Blvd.<br>Hollywood, FL 33020 |
| Experience: | Formed in May 2014, BMS provides complete marketing, leasing, administrative/accounting and compliance services. The principals of BMS of vast management experience through Cornerstone Management Services, L.L.C., Cornerstone Management, Inc., and Cornerstone Residential Management, L.L.C. The principals currently manage a portfolio of 13,422 Affordable Housing units in the State of Florida. |
| Management Agreement: | Applicant submitted an April 14, 2014, Property Management Agreement with BMS. The Management Fee will be 5.0% of Gross Collections. Such fee shall be payable on the 1st day of the month upon issuance of the Certificate(s) of Occupancy. |
| Management Plan: | Applicant has submitted a Management Plan that appears satisfactory. |
| Summary: | BMS is not currently a FHFC-approved management company. Florida Housing approval is required prior to the commencement of lease-up activity. Per correspondence from the Applicant the approval process has been initiated. Continued approval is contingent upon ongoing satisfactory performance. |

# Exhibit 1
## John and Anita Ferguson Senior Residences
## 15 Year Income and Expense Projection

| FINANCIAL COSTS: | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **OPERATING PRO FORMA** | | | | | | | | | | | | | | | |
| **INCOME** | | | | | | | | | | | | | | | |
| Gross Potential Rental Income | $660,516 | $673,726 | $687,201 | $700,945 | $714,964 | $729,263 | $743,848 | $758,725 | $773,900 | $789,378 | $805,165 | $821,269 | $837,694 | $854,448 | $871,537 |
| Rent Subsidy (ODR) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Other Income: | | | | | | | | | | | | | | | |
| Ancillary Income-Parking | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Miscellaneous | $11,376 | $11,604 | $11,836 | $12,072 | $12,314 | $12,560 | $12,811 | $13,067 | $13,329 | $13,595 | $13,867 | $14,145 | $14,428 | $14,716 | $15,010 |
| Washer/Dryer Rentals | $34,128 | $34,811 | $35,507 | $36,217 | $36,941 | $37,680 | $38,434 | $39,202 | $39,986 | $40,786 | $41,602 | $42,434 | $43,283 | $44,148 | $45,031 |
| Cable/Satellite Income | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Rent Concessions | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Alarm Income | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Gross Potential Income | $706,020 | $720,140 | $734,543 | $749,234 | $764,219 | $779,503 | $795,093 | $810,995 | $827,215 | $843,759 | $860,634 | $877,847 | $895,404 | $913,312 | $931,578 |
| Less: | | | | | | | | | | | | | | | |
| Economic Loss - Percentage: | | | | | | | | | | | | | | | |
| Physical Vacancy Loss - Percentage: 5.0% | ($35,301) | ($36,007) | ($36,727) | ($37,462) | ($38,211) | ($38,975) | ($39,755) | ($40,550) | ($41,361) | ($42,188) | ($43,032) | ($43,892) | ($44,770) | ($45,666) | ($46,579) |
| Collection Loss - Percentage: 1.0% | ($7,060) | ($7,201) | ($7,345) | ($7,492) | ($7,642) | ($7,795) | ($7,951) | ($8,110) | ($8,272) | ($8,438) | ($8,606) | ($8,778) | ($8,954) | ($9,133) | ($9,316) |
| **Total Effective Gross Revenue** | $663,659 | $676,932 | $690,471 | $704,280 | $718,366 | $732,733 | $747,388 | $762,335 | $777,582 | $793,134 | $808,996 | $825,176 | $841,680 | $858,513 | $875,684 |
| **EXPENSES** | | | | | | | | | | | | | | | |
| Fixed: | | | | | | | | | | | | | | | |
| Ground Lease | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Sub-Ground Lease | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Real Estate Taxes | $51,998 | $53,558 | $55,165 | $56,820 | $58,524 | $60,280 | $62,088 | $63,951 | $65,870 | $67,846 | $69,881 | $71,977 | $74,137 | $76,361 | $78,652 |
| Insurance | $47,400 | $48,822 | $50,287 | $51,795 | $53,349 | $54,950 | $56,598 | $58,296 | $60,045 | $61,846 | $63,702 | $65,613 | $67,581 | $69,608 | $71,697 |
| Other | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Variable: | | | | | | | | | | | | | | | |
| Management Fee - Percentage: 5.0% | $33,183 | $33,847 | $34,524 | $35,214 | $35,918 | $36,637 | $37,369 | $38,117 | $38,879 | $39,657 | $40,450 | $41,259 | $42,084 | $42,926 | $43,784 |
| General and Administrative | $35,550 | $36,617 | $37,715 | $38,846 | $40,012 | $41,212 | $42,449 | $43,722 | $45,034 | $46,385 | $47,776 | $49,210 | $50,686 | $52,206 | $53,773 |
| Payroll Expenses | $122,450 | $126,124 | $129,907 | $133,804 | $137,819 | $141,953 | $146,212 | $150,598 | $155,116 | $159,769 | $164,563 | $169,499 | $174,584 | $179,822 | $185,217 |
| Utilities | $69,125 | $71,199 | $73,335 | $75,535 | $77,801 | $80,135 | $82,539 | $85,015 | $87,565 | $90,192 | $92,898 | $95,685 | $98,556 | $101,512 | $104,558 |
| Marketing and Advertising | $9,875 | $10,171 | $10,476 | $10,791 | $11,114 | $11,448 | $11,791 | $12,145 | $12,509 | $12,885 | $13,271 | $13,669 | $14,079 | $14,502 | $14,937 |
| Maintenance and Repairs | $23,700 | $24,411 | $25,143 | $25,898 | $26,675 | $27,475 | $28,299 | $29,148 | $30,022 | $30,923 | $31,851 | $32,806 | $33,791 | $34,804 | $35,848 |
| Grounds Maintenance and Landscaping | $23,700 | $24,411 | $25,143 | $25,898 | $26,675 | $27,475 | $28,299 | $29,148 | $30,022 | $30,923 | $31,851 | $32,806 | $33,791 | $34,804 | $35,848 |
| Resident Programs | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Contract Services | $28,835 | $29,700 | $30,591 | $31,509 | $32,454 | $33,428 | $34,430 | $35,463 | $36,527 | $37,623 | $38,752 | $39,914 | $41,112 | $42,345 | $43,616 |
| Security | $27,650 | $28,480 | $29,334 | $30,214 | $31,120 | $32,054 | $33,016 | $34,006 | $35,026 | $36,077 | $37,159 | $38,274 | $39,422 | $40,605 | $41,823 |
| Other-Pest Control | $4,345 | $4,475 | $4,610 | $4,748 | $4,890 | $5,037 | $5,188 | $5,344 | $5,504 | $5,669 | $5,839 | $6,014 | $6,195 | $6,381 | $6,572 |
| Reserve for Replacements | $23,700 | $24,411 | $25,143 | $25,898 | $26,675 | $27,475 | $28,299 | $29,148 | $30,022 | $30,923 | $31,851 | $32,806 | $33,791 | $34,804 | $35,848 |
| **Total Expenses** | $501,511 | $516,224 | $531,373 | $546,969 | $563,026 | $579,557 | $596,578 | $614,101 | $632,143 | $650,719 | $669,843 | $689,534 | $709,808 | $730,681 | $752,172 |
| **Net Operating Income** | $162,148 | $160,708 | $159,098 | $157,311 | $155,340 | $153,176 | $150,810 | $148,234 | $145,439 | $142,415 | $139,153 | $135,642 | $131,872 | $127,832 | $123,511 |
| **Debt Service Payments** | | | | | | | | | | | | | | | |
| **DEBT SERVICE** | | | | | | | | | | | | | | | |
| First Mortgage | $87,272 | $87,272 | $87,272 | $87,272 | $87,272 | $87,272 | $87,272 | $87,272 | $87,272 | $87,272 | $87,272 | $87,272 | $87,272 | $87,272 | $87,272 |
| Second Mortgage | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Third Mortgage | $20,826 | $20,826 | $20,826 | $20,826 | $20,826 | $20,826 | $20,826 | $20,826 | $20,826 | $20,826 | $20,826 | $20,826 | $20,826 | $20,826 | $20,826 |
| Fourth Mortgage | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Fifth Mortgage | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| All Other Mortgages | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Other Fees - | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Other Fees - Agency/Trustee/Servicer | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Debt Service Payments** | $108,098 | $108,098 | $108,098 | $108,098 | $108,098 | $108,098 | $108,098 | $108,098 | $108,098 | $108,098 | $108,098 | $108,098 | $108,098 | $108,098 | $108,098 |
| **Cash Flow After Debt Service** | $54,050 | $52,609 | $51,000 | $49,213 | $47,242 | $45,077 | $42,712 | $40,136 | $37,341 | $34,317 | $31,055 | $27,544 | $23,774 | $19,734 | $15,413 |
| | | | | | | | | | | | | | | | |
| **Debt Service Coverage Ratios** | | | | | | | | | | | | | | | |
| DSC - First Only (Incl. Negative Arbitrage) | 1.858 | 1.841 | 1.823 | 1.803 | 1.780 | 1.755 | 1.728 | 1.699 | 1.667 | 1.632 | 1.594 | 1.554 | 1.511 | 1.465 | 1.415 |
| DSC - First and Second | 1.858 | 1.841 | 1.823 | 1.803 | 1.780 | 1.755 | 1.728 | 1.699 | 1.667 | 1.632 | 1.594 | 1.554 | 1.511 | 1.465 | 1.415 |
| DSC - First, Second and Third | 1.500 | 1.487 | 1.472 | 1.455 | 1.437 | 1.417 | 1.395 | 1.371 | 1.345 | 1.317 | 1.287 | 1.255 | 1.220 | 1.183 | 1.143 |
| DSC - First, Second, Third, and Fourth | 1.500 | 1.487 | 1.472 | 1.455 | 1.437 | 1.417 | 1.395 | 1.371 | 1.345 | 1.317 | 1.287 | 1.255 | 1.220 | 1.183 | 1.143 |
| DSC - First, Second, Third, Fourth, and Fifth | 1.500 | 1.487 | 1.472 | 1.455 | 1.437 | 1.417 | 1.395 | 1.371 | 1.345 | 1.317 | 1.287 | 1.255 | 1.220 | 1.183 | 1.143 |
| DSC - All Other Mortgages | 1.500 | 1.487 | 1.472 | 1.455 | 1.437 | 1.417 | 1.395 | 1.371 | 1.345 | 1.317 | 1.287 | 1.255 | 1.220 | 1.183 | 1.143 |
| DSC - All Mortgages and Fees | 1.500 | 1.487 | 1.472 | 1.455 | 1.437 | 1.417 | 1.395 | 1.371 | 1.345 | 1.317 | 1.287 | 1.255 | 1.220 | 1.183 | 1.143 |
| | | | | | | | | | | | | | | | |
| **Financial Ratios** | | | | | | | | | | | | | | | |
| Operating Expense Ratio | 75.6% | 76.3% | 77.0% | 77.7% | 78.4% | 79.1% | 79.8% | 80.6% | 81.3% | 82.0% | 82.8% | 83.6% | 84.3% | 85.1% | 85.9% |
| Break-Even Ratio | 86.3% | 86.7% | 87.1% | 87.4% | 87.8% | 88.2% | 88.6% | 89.1% | 89.5% | 89.9% | 90.4% | 90.9% | 91.3% | 91.8% | 92.3% |

54

# COMPLETENESS AND ISSUES CHECKLIST

**DEVELOPMENT NAME:** John and Anita Ferguson Residences

**DATE:** November 12, 2014

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

| CREDIT UNDERWRITING REQUIRED ITEMS: | STATUS Satis. / Unsatis. | NOTE |
|---|---|---|
| 1. The development's final "as submitted for permitting" plans and specifications. | Satis. | |
| 2. Final site plan and/or status of site plan approval. | Satis. | |
| 3. Permit Status. | Satis. | |
| 4. Pre-construction analysis ("PCA"). | Satis. | |
| 5. Survey. | Satis. | |
| 6. Complete, thorough soil test reports. | Satis. | |
| 7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice. | Satis. | |
| 8. Market Study separate from the Appraisal. | Satis. | |
| 9. Environmental Site Assessment – Phase I and/or Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status. | Satis. | |
| 10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in the Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor. | Satis. | |
| 11. Resumes and experience of applicant, general contractor and management agent. | Satis. | |

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

NOTES AND APPLICANT'S RESPONSES: None

## HC Allocation Calculation

| Section I: Eligible/Qualified Basis Calculation | |
|---|---|
| | |
| Development Cost | $16,338,712 |
| Less Lease Payment | ($1,000,000) |
| Less Federal Funds | $0 |
| Less Other Ineligible Cost | ($1,607,859) |
| Less Disproportionate Standard | $0 |
| | |
| Total Eligible Basis | $13,730,853 |
| Applicable Fraction | 100.00% |
| DDA/QCT Basis Credit | 130.00% |
| Eligible/Qualified Basis | $17,850,109 |
| Housing Credit Percentage | 3.24% |
| Annual Housing Credit Allocation | $578,344 |

*Notes to the Qualified Basis Calculation:*

1. Other Ineligible Costs primarily include FHFC administrative fees, FHFC application fees, FHFC HC compliance fees, expected impact fee refund, insurance costs, legal fees, marketing and advertising costs, property taxes, construction loan closing costs, construction loan interest, bond issuance costs, and operating deficit reserve, as shown in the HC Ineligible Costs column of the Uses of Funds schedules within Section A of this credit underwriting report.
2. The development has an 100% set-aside; therefore, the Applicable Fraction is 100.00%.
3. This development is in a Qualified Census Tract ("QCT") and in a Difficult Development Area ("DDA"). Therefore, the 130% basis credit has been applied.
4. Per Florida Housing Rule, 15 basis points are added to the actual percentage (3.09%) reported as of the date of invitation to credit underwriting for 4% Housing Credits. For purposes of this report, a Housing Credit Percentage of 3.24% is applied.

| Section II: Gap Calculation | |
|---|---|
| | |
| Total Development Cost (Including Land and Ineligible Costs) | $16,338,712 |
| | |
| Less Mortgages | ($9,880,000) |
| Less Grants | $0 |
| Equity Gap | $6,458,712 |
| | |
| Percentage to Investment Partnership | 99.99% |
| HC Syndication Pricing | $0.95 |
| HC Required to Meet Gap | $6,799,324 |
| Annual HC Required | $679,932 |

*Notes to the Gap Calculation:*

1. Mortgages include the Citi tax-exempt bond loan, Miami Dade County GOB and Surtax loans in the amounts of $1,280,000, $2,000,000, and $6,600,000, respectively.
2. HC Syndication Pricing and Percentage to Investment Partnership are based upon a May 15, 2014 LOI from BFIM as described in the Permanent Financing Sources section in Section A of this credit underwriting report.

| Section III: Tax-Exempt Bond 50% Test | |
|---|---|
| | |
| Total Depreciable Cost | $13,730,853 |
| Plus Lease Cost | $1,000,000 |
| Aggregate Basis | $14,730,853 |
| | |
| Tax-Exempt Bond Amount | $8,000,000 |
| Less Debt Service Reserve | $0 |
| Less Proceeds Used for Costs of Issuance | ($414,000) |
| Plus Tax-exempt GIC earnings | $0 |
| Tax-Exempt Proceeds Used for Building and Land | $7,586,000 |
| | |
| Proceeds Divided by Aggregate Basis | 51.50% |

*Notes to 50% Test:*

1. SMG estimates the Tax-Exempt bond loan amount to be 51.50% of Depreciable Development Costs plus Land Acquisition Costs. If, at the time of Final Cost Certification, the Tax-Exempt Bond Amount is less than 50%, developer fees will have to be reduced by an amount to ensure compliance with the 50% Test. That may, in turn, result in a reduction to HC Equity.

| Section IV: Summary | |
|---|---|
| | |
| HC per Qualified Basis | $578,344 |
| HC per Gap Calculation | $679,932 |
| | |
| Annual HC Recommended | $578,344 |

*Notes to the Summary:*

1. The estimated Annual HC Recommendation is based on the Qualified Basis.

## EXHIBIT B

## GENERAL OBLIGATION BOND (GOB)
## BUILDING BETTER COMMUNITIES (BBC)
## AFFORDABLE HOUSING
## DEVELOPMENT AND GRANT AGREEMENT

**BETWEEN**
**MIAMI-DADE COUNTY**
**and**
**SBC COMMUNITY DEVELOPMENT CORPORATION OF RICHMOND HEIGHTS, INC.**

This Development/Grant Agreement ("Agreement"), by and between Miami-Dade County, a political subdivision of the State of Florida ("County" or "Miami-Dade County"), through its Board of County Commissioners ("Board") and SBC Community Development Corporation of Richmond Heights, Inc. ("Grantee"), a Florida not for profit corporation with offices at 11111 Pinkston Drive, Miami, Florida. 33176 , is entered into this day of , 2014.

WHEREAS, pursuant to Resolution No. R-55-11 adopted on February 1, 2011, as amended by Resolution No. R-231-12, adopted on March 6, 2012("Allocation Resolution"), this Board approved a District 9 grant/allocation of $ 2,000,000.00 ("Total Funding Allocation") from Project No. 249 –"Preservation of Affordable Housing Units and Expansion of Home Ownership" of the Building Better Communities General Obligation Bond Program ("BBC GOB Program") to the Grantee for the construction by Altera Associates, Ltd., a Florida Limited partnership, an affiliate of Brookstone Partners, LLC ("Developer") of seventy-nine (79) affordable rental apartment units ("Units") known as the John and Anita Ferguson Residences ("John and Anita Ferguson Residences Project" or "Project") on real property located at 11001 Pinkston Drive, Miami, Florida 33176 ("Property"); and

WHEREAS, the Units will be leased to certain Eligible Tenants (as that term is defined in Regulatory Agreement defined below) at certain rents based on a percentage of the annual area median income adjusted for family size ("AMI") established by the United States Department of Housing and Urban Development ("HUD") in accordance with Rental Regulatory Agreement attached to, and incorporated in, this Agreement as Exhibit 1 (the "Regulatory Agreement"); and

WHEREAS, the Project is estimated to cost $16,295,459 (the "Total Project Cost") and will be funded in accordance with the sources and uses and the budget (the "Budget"), both of which are set forth in Exhibit 2 to this Agreement; and

WHEREAS, pursuant to the terms of this Agreement, the County will fund the Total Funding Allocation by making available, as soon as it is practicable, $2,000,000 in Fiscal Year 2014-15 to the Grantee or the Developer as provided in Section 4 of this Agreement; provided, however, the disbursement of Total Funding Allocation is subject to the conditions set forth in this Agreement; and

WHEREAS, the County pursuant to the Allocation Resolution, as amended, and the Board of Directors of the Grantee through a corporate resolution, have authorized their respective representatives to enter into this Agreement and the related Regulatory Agreement,

NOW, therefore, in consideration of the mutual covenants recorded in this Agreement and in consideration of the mutual promises and covenants contained and the mutual benefits to be derived from this Agreement, the parties agree as follows:

**Section 1.** Parties; Effective Date; and Term. The parties to this Agreement are the Grantee and the County. It is agreed by the parties that the Project will be constructed by the Developer in accordance with the description in Section 2 and the Budget in Section 5. The County Mayor has delegated the responsibility of administering this Agreement to the Internal Services Department.

This Agreement shall take effect as of the date written above upon its execution by the authorized officers of the County and of the Grantee (such date the "Effective Date") or "Commencement Date") and shall terminate upon the completion and the issuance of a certificate of occupancy for the Project or thirty-six months from the date of the initial disbursement pursuant to this Agreement, whichever occurs first.

**Section 2.** Project Description; Timetable; and Revisions. The Project will consist of seventy-nine (79) affordable rental apartment residences of which forty-two (42) shall be one bedroom/one bath apartments and thirty-seven (37) shall be two bedroom/two bath apartments.

The Project will include certain "green" or sustainable features in each of the apartments, and such features shall include, but not be limited to, low VOC paint in all units and common areas, programmable thermostats, low-flow plumbing fixtures, 14 SEER HVAC and Energy Star rating for refrigerator and dishwashers.

Grantee agrees that the Project shall be completed within thirty-six (36) months from the date of the initial disbursement by the County pursuant to the terms of this Agreement unless such term is extended as provided in Section 6 below. If construction is not completed and the County Mayor has not extended the time for completion pursuant to the terms of this Agreement, it shall be an Event of Default under Section 15 of this Agreement.

The Grantee may only use the Total Funding Allocation for the purpose of loaning such Allocation to the Developer for the construction of the Project in the manner described in this Section 2. Any revisions to the description of the Project shall require approval of the County in writing.

**Section 3.** Rental Regulatory Agreement. The Units shall be set aside for a mix of Eligible Tenants as that term is defined in the Regulatory Agreement with incomes equal to or less than sixty percent (60%) of the area medium income adjusted for family size ("AMI") as established by the Department of Housing and Urban Development ("HUD"). Twelve (*12*) of Units will be leased to Eligible Tenants with incomes equal to or less than thirty percent(30%) of AMI; and the remaining sixty-seven (67) Units will be leased to Eligible Tenants with incomes equal to or less than sixty percent (60%) of AMI.

The initial monthly rates and rental terms are set forth in the Rental Regulatory Agreement. The Regulatory Agreement shall be recorded by the Grantee at its expense. County shall have no obligation to disburse any portion of the Total Funding Allocation pursuant to this Agreement until evidence of such recordation is delivered to the County. Any documents which are recorded in connection with the funding of the Total Funding Allocation, including without limitation the Regulatory Agreement, shall be specifically subordinate to any commercial mortgage financing obtained by the Grantee or the Developer to fund the Project so long as the Units remain affordable at the set asides set forth in the preceding paragraph above and in the Regulatory Agreement.

**Section 4.** Availability and Payment of Total Funding Allocation. Subject to availability of BBC GOB Program funds derived from the sale of bonds or notes ("GOB Program Funds") as set forth in this Section 4 and the terms of this Agreement, the County agrees to make disbursements to the Grantee or the Developer or any lender that advanced funds used by the Developer to pay such invoices, if designated by the Grantee, as soon as it's practical, from available GOB Program Funds for the Total Funding Allocation after receipt of invoices from the Grantee or from the Developer, with certification from the Grantee, for capital costs incurred in connection with the construction of the Project, however, such reimbursements shall be made not more than thirty (30) days after receipt of invoices when GOB Program Funds are available. With each request for reimbursement, the Grantee shall also provide a written statement that (a) the Grantee is not in default pursuant to the provisions of this Agreement and the Regulatory Agreement; (b) the budget has not been materially altered without the County's approval; (c) all reports required by this Agreement and the Regulatory Agreement have been submitted to the County; and (d) the reimbursement is in compliance with the IRC Reimbursement Rules defined below in this Section 4.

All available GOB Program Funds shall be disbursed on a reimbursement basis in accordance with the County's BBC GOB Administrative Rules which are attached as Attachment 1 ("Administrative Rules") and incorporated in this Agreement by this reference. By making the Total Funding Allocation pursuant to this Agreement, the County assumes no obligation to provide financial support of any type whatsoever in excess of the Total Funding Allocation. Cost overruns are the sole responsibility of the Grantee. Grantee understands and agrees that reimbursements to the Grantee shall be made in accordance with federal laws governing the BBC GOB Program, specifically the Internal Revenue Code of 1986 and the regulations promulgated under it. Any reimbursement request by the Grantee or Developer for eligible Project expenses shall be made no later than eighteen (18) months after the later of (a) the date the original expenditure is paid, or (b) the date the Units are placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid by the Grantee or the Developer.

The County shall only be obligated to reimburse the Grantee provided the Grantee is not in breach of this Agreement, is in compliance with the IRS Reimbursement Rules and the Grantee has demonstrated that it has adequate funds to complete the Project. The Total Funding Allocation shall be reduced by the amount of GOB Program Funds disbursed from time to time pursuant to this Agreement. The County shall administer, in accordance with the Administrative Rules, the funds available from the BBC GOB Program as authorized by Board Resolutions. Any and all reimbursement obligations of the County pursuant to this Agreement are limited to, and contingent upon, the availability of funding solely from GOB Program Funds appropriated to fund the Project.

**The Grantee and Developer may not require the County to use any other source of legally available revenues other than from GOB Program Funds to fund the Total Funding Allocation. This Agreement does not in any manner create a lien in favor of the Grantee or the Developer on any revenues of the County including the GOB Program Funds. The County agrees to respond in writing within fifteen (15) days of a request from the Grantee during the term of this Agreement as to the amount appropriated by the County for the Funding Plan for the current Fiscal Year.**

**Section 5.** Project Budget. The Grantee agrees to demonstrate fiscal stability and the ability to administer GOB Program Funds received pursuant to this Agreement responsibly and in accordance with standard accounting practices by adhering to a budget for the Project ("Budget") which is attached as Exhibit 2. The Grantee shall adjust the Budget to reflect actual costs and updated cost estimates and shall submit such adjustments to the County Mayor if they result in a material change in the Budget. A material change shall mean any change in a line item of the budget of more than 25% and a change of more than 10% in the total Budget.

The Grantee shall submit a Budget change to the County for Board approval if: (i) there is a material reallocation of expenses between acquisition and development activities; (ii) there is a proposed reduction or revision of the scope or objectives of the Project that substantially changes the original intent of the Project; and (iii) there is an increase in soft costs (as defined in the Administrative Rules) that would exceed seventeen percent (17%) of the total Project costs or twenty (20%) for green building design, commissioning and pre-certification services in accordance with the Sustainable Buildings Ordinance and Implementing Order 8-8 for which reimbursement is sought from GOB Program Funds. Grantee shall not proceed with the reduction or revision until the Board has approved such reduction or revision.

**Section 6.** Expenditure Deadline; Remaining Funds. The Grantee shall spend or commit all of the Total Funding Allocation on or before thirty-six months from the Commencement Date (the "Expenditure Deadline"). Any GOB Program Funds not spent or committed by the Expenditure Deadline or for which a Project extension has not been requested shall revert to the County and this Agreement shall be terminated in accordance with the provisions of this Agreement.

A Project extension may be requested in writing from the County Mayor at least thirty (30) days prior to the Expenditure Deadline. The County Mayor, at his or her discretion, may grant an extension of up to one (1) year from the Expenditure Deadline so long as such extension will not alter the Project including its quality, impact, or benefit to the County or its citizens. All extension requests may be authorized by the County Mayor and must include written justification for such an extension request to be warranted and a statement on the progress of the Project.

In any case, the three year period shall be extended for delays caused by casualty, war, terrorism, unavailability of labor or materials, civil uprising, governmental delays or other matters beyond Developer's control including, without limitations, delays caused by the County's failure to disburse the GOB Program Funds in accordance with the terms of this Grant Agreement.

**Section 7.** Reports; and Filing Deadlines. To demonstrate that GOB Program Funds disbursed pursuant to this Agreement have been used in accordance with the Project Description and Project Budget, the Grantee shall be asked to submit the following reports to the County Mayor:

Reports: The Grantee must submit to the County Mayor, a written report documenting that the Grantee is meeting, is fulfilling or has fulfilled all Project Description and Project Budget requirements. This report title, "draw request form Exhibit E" is to be received by the County Mayor, or his designee, along with each submission of a reimbursement request and will end upon Project completion.

Annual Statements: The Grantee shall also submit a written report to the County Mayor on or prior to September 30th of each year from the time of the execution of this Agreement through the termination of this Agreement demonstrating that the Grantee is fulfilling, or has fulfilled, its purpose, and has complied with all applicable municipal, County, state and federal requirements, and this Agreement, exhibits, and/or other substantive materials affecting this Agreement, whether by reference or as may be attached or included as a condition to the distribution of GOB Program Funds.

The County Mayor may also request a compilation statement or independent financial audit and accounting for the expenditure of GOB Program Funds disbursed pursuant to this Agreement. This audit will be prepared by the Owner's independent certified public accounting firm at the expense of the Grantee. If a dispute arises regarding the expenditure of the GOB Program Funds as shown in the compilation statement or independent financial audit, the County Mayor may request that an independent certified public accounting firm selected by the County perform an audit at the expense of the Grantee.

The County will notify the Grantee in writing if it does not receive a Report or Annual Statement timely. The Grantee shall have five (5) business days from the time it receives any such notice to respond and cure any reporting deficiency. The County may withhold the distribution of any additional GOB Program Funds pursuant to this Agreement only after (a) the

County notifies the Grantee of a report deficiency, and (b) the Grantee fails to cure the report deficiency within the prescribed timeframes above.

In the event that the Grantee fails to submit the required reports as required above, the County Mayor may terminate this Agreement in accordance with Section 15 or suspend any further disbursement of GOB Program Funds pursuant to this Agreement until all reports are current. Further, the County Mayor must approve these reports for the Grantee to be deemed to have met all conditions of the grant award.

**Section 8.** Project Monitoring and Evaluation. The County Mayor may monitor and conduct an evaluation of the Grantee's operations and the Project, which may include visits by County representatives to observe and discuss the progress of the Project with the Grantee's personnel. Upon request, the Grantee shall provide the County Mayor with notice of all meetings of its Board of Directors or governing board, and Project-related events. In the event the County Mayor concludes, as a result of such monitoring and/or evaluation, that the Grantee is not in compliance with the terms of this Agreement or the Administrative Rules or for other reasons, then the County Mayor must provide in writing to the Grantee, within thirty (30) days of the date of said monitoring/evaluation, notice of the inadequacy or deficiencies noted which may significantly impact on the Grantee's ability to complete the Project and fulfill the terms of this Agreement within a reasonable time frame. If Grantee refuses or is unable to address the areas of concern within thirty (30) days of receipt of such notice from the County Mayor, then the County Mayor, at his or her discretion, may withhold GOB Program Funds until such time as the Grantee can demonstrate that such issues have been corrected. Further, in the event that the Grantee does not expend the GOB Program Funds for the Project or uses any portion of the GOB Program Funds for costs not associated with the Project and the Grantee refuses or is unable to address the areas of concern, then the County Mayor may request the return of all or a portion of the GOB Program Funds disbursed to date pursuant to this Agreement. The County Mayor may also institute a moratorium on applications from the Grantee to County grants programs for a period of up to one (1) year or until the deficient areas have been addressed to the reasonable satisfaction of the County Mayor, whichever occurs first.

**Section 9.** Accounting, Financial Review and Access to Records and Audits. The Grantee shall keep accurate and complete books and records for all receipts and expenditures of the Total Funding Allocation in conformance with reasonable general accounting standards. These books and records, as well as all documents pertaining to payments received and made in conjunction with the Total Funding Allocation, such as vouchers, bills, invoices, receipts and canceled checks, shall be retained in the County in a secure place and in an orderly fashion in a location within the County by the Grantee for at least three (3) years after the later of the Expenditure Deadline specified in Section 6; the extended Expenditure Deadline, as approved by the County Mayor, if any; the completion of a County requested or mandated audit or compliance review; or the conclusion of a legal action involving the Total Funding Allocation award, the Grantee and/or Project for activities related to the Total Funding Allocation award.

The County Mayor may examine these books, records and documents at the Grantee's offices or other approved site under the direct control and supervision of the Grantee during regular business hours and upon reasonable notice. Furthermore, the County Mayor may, upon reasonable notice and at the County's expense, audit or have audited all financial records of the Grantee, whether or not purported to be related to this grant.

The Grantee agrees to cooperate with the Miami-Dade Office of Inspector General (IG) which has the authority to investigate County affairs and review past, present and proposed County programs, accounts, records, contracts and transactions. The OIG contract fee shall not apply to this Agreement and the Grantee shall not be responsible for any expense reimbursements or other amounts payable to the IG or its contractors. The IG may, on a random basis, perform audits on this Agreement throughout the duration of said Agreement (hereinafter "random audits"). This random audit is separate and distinct from any other audit by the County.

The IG shall have the power to retain and coordinate the services of an IPSIG who may be engaged to perform said random audits, as well as audit, investigate, monitor, oversee, inspect, and review the operations, activities and performance and procurement process including, but not limited to, project design, establishment of bid specifications, bid submittals, activities of the Grantee and contractor and their respective officers, agents and employees, lobbyists, subcontractors, materialmen, staff and elected officials in order to ensure compliance with contract specifications and detect corruption and fraud. The IG shall have the power to subpoena witnesses, administer oaths and require the production of records. Upon ten (10) days written notice to the Grantee (and any affected contractor and materialman) from IG, the Grantee (and any affected contractor and materialman) shall make all requested records and documents available to the IG for inspection and copying.

The IG shall have the power to report and/or recommend to the Board whether a particular project, program, contract or transaction is or was necessary and, if deemed necessary, whether the method used for implementing the project or program is or was efficient both financially and operationally. Monitoring of an existing project or program may include reporting whether the project is on time, within Budget and in conformity with plans, specifications, and applicable law. The IG shall have the power to analyze the need for, and reasonableness of, proposed change orders.

The IG is authorized to investigate any alleged violation by a contractor of its Code of Business Ethics, pursuant to County Code Section 2-8.1.

The provisions in this section shall apply to the Grantee, its contractors and their respective officers, agents and employees. The Grantee shall incorporate the provisions in this section in all contracts and all other agreements executed by its contractors in connection with the performance of this Agreement. Any rights that the County has under this Section shall not be the basis for any liability to accrue to the County from the Grantee, its contractors or third parties for monitoring or investigation or for the failure to have conducted such monitoring or investigation and the County shall have no obligation to exercise any of its rights for the benefit of the Grantee.

Grantee agrees to cooperate with the Commission auditor who has the right to access all financial and performance related records, property, and equipment purchased in whole or in part with governmental funds pursuant to Section 2-481 of the County Code.

**Section 10.** Publicity and Credits. The Grantee must include the following credit line in all promotional marketing materials related to this funding including web sites, news and press releases, public service announcements, broadcast media, programs, and publications: "THIS JOHN AND ANITA FERGUSON RESIDENCES PROJECT IS SUPPORTED BY THE BUILDING BETTER COMMUNITIES BOND PROGRAM AND THE MAYOR AND BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY."

**Section 11.** Naming Rights and Advertisements. It is understood and agreed between the parties that the Grantee is funded by Miami-Dade County. Further, by acceptance of the GOB Program Funds, the Grantee agrees that Project(s) funded by this Agreement shall recognize and adequately reference the County as a funding source through the BBC GOB Program. In the event that any naming rights or advertisement space is offered on a facility constructed or improved with GOB Program Funds, then Miami-Dade County's name, logo, and slogan shall appear on the facility not less than once and equal to half the number of times the most frequent sponsor or advertiser is named, whichever is greater. Lettering used for Miami-Dade County will be no less than 75% of the size of the largest lettering used for any sponsor or advertiser unless waived by the Board. Grantee shall ensure that all publicity, public relations, advertisements and signs recognize and reference the County for the support of all Project(s). This is to include, but is not limited to, all posted signs, pamphlets, wall plaques, cornerstones, dedications, notices, flyers, brochures, news releases, media packages, promotions and stationery. The use of the official County logo is permissible for the publicity purposes stated herein. The Grantee shall submit sample of mock-up of such publicity or materials to the County for review and approval. The Grantee shall ensure that all media representatives, when inquiring about the Project funded by the Agreement, are informed that the County is a funding source.

**Section 12.** Liability and Indemnification. It is expressly understood and intended that the Grantee, as the recipient of GOB Program Funds, is not an officer, employee or agent of the County, its Board of County Commissioners, its Mayor, nor the County department administering the Total Funding Allocation. Further, for purposes of this Agreement, the parties agree that the Grantee, its officers, agents and employees are independent contractors and solely responsible for the Project.

The Grantee shall take all actions as may be necessary to ensure that its officers, agents, employees, assignees and/or subcontractors shall not act as nor give the appearance of that of an agent, servant, joint venture partner, collaborator or partner of the department administering these grants, the County Mayor, the Miami-Dade County Board of County Commissioners, or its employees. No party or its officers, elected or appointed officials, employees, agents, independent contractors or consultants shall be considered employees or agents of any other party, nor to have been authorized to incur any expense on behalf of any other party, nor to act for or to bind any other party, nor shall an employee claim any right in or entitlement to any pension, workers' compensation benefit, unemployment compensation, civil service or other employee rights or privileges granted by operation of law or otherwise, except through and against the entity by whom they are employed.

The Grantee agrees to be responsible for all work performed and all expenses incurred in connection with the Project. The Grantee may subcontract as necessary to complete the Project, including entering into subcontracts with vendors for services and commodities, provided that it is understood by the Grantee that the County shall not be liable to the subcontractor for any expenses or liabilities incurred under the subcontract and that the Grantee shall be solely liable to the subcontractor for all expenses and liabilities incurred under the subcontract. It is expressly understood that the Grantee will be loaning the proceeds of the GOB Program Funds to the Developer who will be building the Project. The development of the Project will be overseen by, and be the responsibility of, the Developer

The Grantee shall indemnify and hold harmless the County and its officers, employees, agents and instrumentalities from any and all liability, losses or damages, including attorneys' fees and costs of defense, which the County or its officers, employees, agents or instrumentalities may incur as a result of claims, demands, suits, causes of actions or proceedings of any kind or nature arising out of, relating to or resulting from the performance of this Agreement and/or the development of the Project by the Grantee or its employees, agents, servants, partners, principals, subconsultants or subcontractors (collectively, "Adverse Proceedings"). Grantee shall pay all claims and losses in connection with such Adverse Proceedings and shall investigate and defend all Adverse Proceedings in the name of the County, where applicable, including appellate proceedings, and shall pay all costs, judgments, and attorneys' fees which may result from such Adverse Proceedings. Grantee expressly understands and agrees that any insurance protection required by this Agreement or otherwise provided by the Grantee shall in no way limit the responsibility to indemnify, keep and save harmless and defend the County or its officers, employees, agents and instrumentalities as provided in this Section 12.

**Section 13.** Assignment. Other than as provided in this Section, the Grantee is not permitted to assign this Agreement or any portion of it. Any purported assignment will render this Agreement null and void and subject to immediate rescission of the full amount of the Total Funding Allocation award and immediate reimbursement by the Grantee of the full amount of the Total Funding Allocation disbursed to the Grantee. The County acknowledges that the Grantee and/or the Developer will be obtaining additional financing for the Project and that such lender(s) will require an assignment of this Agreement and/or the GOB Program Funds to such lender(s) as additional security for their loans. The County acknowledges that the Grantee and/or the Developer will be obtaining additional financing for the Project and that such lender(s) will require an assignment of this Agreement and/or the GOB Program Funds to such lender(s) as additional security for their loans. Such assignment will be expressly conditioned on the lender's agreement to use such GOB Program Funds solely in fulfillment of the purposes set forth in this Agreement. Any such financing obtained by the Grantee and/or Developer for purposes of developing the Project will be senior in lien priority to the funding evidenced by this Grant Agreement.

**Section 14.** Compliance with Laws. The Grantee is obligated and agrees to abide by and be governed by all Applicable Laws necessary for the development and completion of the Project. "Applicable Law" means any applicable law (including, without limitation, any environmental law), enactment, statute, code, ordinance, administrative order, charter, tariff, resolution, order, rule, regulation, guideline, judgment, decree, writ, injunction, franchise, permit, certificate, license, authorization, or other direction or requirement of any governmental authority, political subdivision, or any division or department thereof, now existing or hereinafter enacted, adopted, promulgated, entered, or issued. Notwithstanding the foregoing, "Applicable Laws" and "applicable laws" shall expressly include, without limitation, all applicable zoning, land use, DRI and Florida Building Code requirements and regulations, all applicable impact fee requirements, all requirements of Florida Statutes, specifically including, but not limited to, Chapter 11-A of the County Code (nondiscrimination in employment, housing and public accommodations); all disclosure requirements imposed by Section 2-8.1 of the Miami-Dade County Code; County Resolution No R-754-93 (Insurance Affidavit); County Ordinance No. 92-15 (Drug-Free Workplace); County Ordinance No. 91-142 (Family Leave Affidavit); execution and delivery of public entity crimes disclosure statement, Miami-Dade County disability non-discrimination affidavit, and Miami-Dade County criminal record affidavit; all applicable requirements of Miami-Dade County Ordinance No. 90-90 as amended by Ordinance 90-133 (Fair Wage Ordinance); the requirements of Section 2-1701 of the Code and all other applicable requirements contained in this Agreement.

The Grantee shall comply with the Miami-Dade County Resolution No. R-385-98 which creates a policy of prohibiting contracts with firms violating the Americans with Disabilities Act of 1990 and other laws prohibiting discrimination on the basis of disability and shall execute a Miami-Dade County Disability Non-Discrimination Affidavit confirming such compliance.

The Grantee covenants and agrees with the County to comply with Miami-Dade County Ordinance No. 72-82 (conflict of Interest), Resolution No. R-1049-93 (Affirmative Action Plan Furtherance and Compliance), and Resolution No. R-185-00 (Domestic Leave Ordinance).

All records of the Grantee and its contractors pertaining to the Project shall be maintained in Miami-Dade County and, upon reasonable notice, shall be made available to representatives of the County. In addition, the Office of Inspector General of Miami-Dade County shall have access thereto for any of the purposes provided in Sec. 2-1076 of the Code of Miami-Dade County.

The Grantee shall submit to the department administering this Agreement, all affidavits required in this Section 14 prior to, or at the time, this Agreement is delivered by the Grantee to the County fully executed by an authorized officer.

**Section 15.** Default; Remedies and Termination.

(a) Each of the following shall constitute a default by the Grantee ("Grantee Default"):

(1) If the Grantee uses any portion of the Total Funding Allocation for costs not associated with the Project (i.e. ineligible costs), and the Grantee fails to cure its default within thirty (30) days after written notice of the default is given to the Grantee by the County; provided, however, that if not reasonably possible to cure such default within the thirty (30) day period, such cure period shall be extended for up to one hundred eighty (180) days following the date of the original notice if within thirty (30) days after such written notice the Grantee commences diligently and thereafter continues to cure.

(2) If the Grantee shall breach any of the other covenants or provisions in this Agreement other than as referred to in Section 15(a)(1) and the Grantee fails to cure its default within thirty (30) days after written notice of the default is given to the Grantee by the County; provided, however, that if not reasonably possible to cure such default within the thirty (30) day period, such cure period shall be extended for up to one hundred eighty (180) days following the date of the original notice if within thirty (30) days after such written notice the Grantee commences diligently and thereafter continues to cure.

(3) If the Grantee fails to complete the Project within three (3) years of the Commencement Date of this Agreement subject to extension as provided above.

(b) The following shall constitute a default by the County ("County Default"):

(1) If the County shall breach any of the covenants or provisions in this Agreement and the County fails to cure its default within thirty (30) days after written notice of the default is given to the County by the Grantee; provided, however, that if not reasonably possible to cure such default within the thirty (30) day period, such cure period shall be extended for up to one hundred eighty (180) days following the date of the original notice if within thirty (30) days after such written notice the County commences diligently and thereafter continues to cure.

(c) Remedies:

(1) Upon the occurrence of a default as provided in Section 15(a) and such default is not cured within the applicable grace period, in addition to all other remedies conferred by this Agreement, the Grantee shall reimburse the County, in whole or in part as the County shall determine, all GOB Program Funds provided to the Grantee by the County pursuant to the terms of this Agreement and this Agreement shall be terminated.

(2) Either party may institute litigation to recover damages for any default or to obtain any other remedy at law or in equity (including specific performance, permanent, preliminary or temporary injunctive relief, and any other kind of equitable remedy), provided, however, any damages

sought by the Grantee shall be limited solely to legally available BBC GOB Funds allocated to the Project and no other revenues of the County.

(3) Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by any party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default.

(4) Any failure of a party to exercise any right or remedy as provided in this Agreement shall not be deemed a waiver by that party of any claim for damages it may have by reason of the default.

(d) Termination:

(1) Notwithstanding anything herein to the contrary, either party shall have the right to terminate this Agreement, by giving written notice of termination to the other party, in the event that a Grantee Default or County Default, as the case may be, has occurred and is continuing beyond any grace or cure period with respect to the other party, provided, however, such termination shall not be effective until all payments are made by Grantee to the County pursuant to (c) (1) of this Section 15 above.

(2) Termination of this Agreement by any Party is not effective until five (5) business days following receipt of the written notice of termination.

(3) Upon termination of this Agreement pursuant to Section 15(d)(1) above, no party shall have any further liability or obligation to the other party except as expressly set forth in this Agreement; provided that no party shall be relieved of any liability for breach of this Agreement for events or obligations arising prior to such termination.

In the event the Total Funding Allocation is canceled or the Grantee is requested to repay all or a portion of the Total Funding Allocation because of a breach of this Agreement, the Grantee will not be eligible to apply to the County for another grant or contract with the County for a period of one (1) year, commencing on the date the Grantee receives the notice in writing of the breach of this Agreement. Further, the Grantee will be liable to reimburse Miami-Dade County for all unauthorized expenditures discovered after the expiration or termination of this Agreement. The Grantee will also be liable to reimburse the County for all lost or stolen GOB Program Funds.

Any funds, which are to be repaid to the County pursuant to this Section or other sections in this Agreement, are to be repaid by delivering to the County Mayor a certified check for the total amount due payable to Miami-Dade County Board of County Commissioners.

These provisions do not waive or preclude the County from pursuing any other remedy, which may be available to it under the law.

County shall give Developer, Citibank, N.A. ("CITI"), as lender to Developer, and Boston Financial Investment Management, LP (or its affiliated entity) (the "Investor Limited Partner"), as investor limited partner, written notice of any default by Grantee under the terms of this Agreement in accordance with Section 17. Developer, CITI and Investor Limited Partner shall each have the opportunity to cure any default of the Grantee within the time frame allotted to the Grantee under this Agreement.

**Section 16.** Waiver. There shall be no waiver of any right related to this Agreement unless in writing and signed by the party waiving such right. No delay or failure to exercise a right under this Agreement shall impair such right or shall be construed to be a waiver thereof. Any waiver shall be limited to the particular right so waived and shall not be deemed a waiver of the same right at a later time or of any other right under this Agreement. Waiver by any party of any breach of any provision of this Agreement shall not be considered as or constitute a continuing waiver or a waiver of any other breach of the same or any other provision of this Agreement.

**Section 17.** Written Notices. Any notice, consent or other communication required to be given under this Agreement shall be in writing, and shall be considered given when delivered in person or sent by facsimile or electronic mail (provided that any notice sent by facsimile or electronic mail shall simultaneously be sent personal delivery, overnight courier or certified mail as provided herein), one business day after being sent by reputable overnight carrier or 3 business days after being mailed by certified mail, return receipt requested, to the parties at the addresses set forth below (or at such other address as a party may specify by notice given pursuant to this Section to the other party):

The County:

County Executive Office
Miami-Dade County
111 N.W. 1st Street (29th Floor)
Miami, Florida 33133

Grantee:

Attention: Rev. Alphonso Jackson, Sr.
SBC Community Development Corp.
of Richmond Heights, Inc.
11111 Pinkston Drive
Miami, Florida 33176

Citi: Citi Community Capital
998 So. Federal Highway
Boca Raton, Fl. 33432

Boston Financial Investment Management:
Boston Financial Investment Management
101 Arch Street, Boston, MA 02110

**Section 18.** Captions. Captions as used in this Agreement are for convenience of reference only and do not constitute a part of this Agreement and shall not affect the meaning or interpretation of any provisions in this Agreement.

**Section 19.** Agreement Represents Total Agreement; Amendments. This Agreement, and its attachments, which are incorporated in this Agreement, incorporate and include all prior negotiations, correspondence, conversations, agreements, and understandings applicable to the matters contained in this Agreement. The parties agree that there are no commitments, agreements, or understandings concerning the subject matter of this Agreement that are not contained in this Agreement, and that this Agreement contains the entire agreement between the parties as to all matters pertaining to the partial funding of the Project by the County through the Total Funding Allocation and the construction of the Project by the Grantee. Accordingly, it is agreed that no deviation from the terms of this Agreement shall be predicated upon any prior representations or agreements, whether oral or written. It is further agreed that any oral modifications concerning this Agreement shall be of no force or effect.

This Agreement may be modified, altered or amended only by a written amendment duly executed by the County and the Grantee or their authorized representatives.

**Section 20.** Litigation Costs/Venue. In the event that the Grantee or the County institutes any action or suit to enforce the provisions of this Agreement, the prevailing party in such litigation shall be entitled to reasonable costs and attorney's fees at the trial, appellate and post-judgment levels. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida. The County and the Grantee agree to submit to service of process and jurisdiction of the State of Florida for any controversy or claim arising out of or relating to this Agreement or a breach of this Agreement. Venue for any court action between the parties for any such controversy arising from or related to this Agreement shall be in the Eleventh Judicial Circuit in and for Miami-Dade County, Florida, or in the United States District Court for the Southern District of Florida, in Miami-Dade County, Florida.

**Section 21.** Representations of the Grantee. The Grantee represents that this Agreement has been duly authorized by the governing body of the Grantee and that the governing body has granted Leon Wolfe or Mara Mades, (the "Authorized Officer"), the required power and authority to execute this Agreement on behalf of Grantee. The Grantee represents that it is a validly existing limited liability company in good standing under the laws of the State of Florida.

Once this Agreement is properly and legally executed by its Authorized Officer, the governing body of the Grantee agrees to a) comply with the terms of this Agreement; b) comply with the terms of the Developer's Restrictive Covenant, c) comply with all applicable laws, including, without limitation, the County's policy against discrimination; d) comply with the Administrative Rules; and e) submit all written documentation required by the Administrative Rules and this Agreement to the County Mayor.

**Section 22.** Representation of the County. The County represents that this Agreement has been duly approved by the Board, as the governing body of the County, and the Board has granted the County Mayor the required power and authority to execute this Agreement. The County agrees to provide the Total Funding Allocation to the Grantee for the purpose of developing and improving the Project in accordance with terms of this Agreement, including its incorporated Attachments and Exhibits. The County shall only disburse the Total Funding Allocation if the Grantee is not in breach of this Agreement. Any and all reimbursement obligations of the County shall be fully subject to and contingent upon the availability of the Total Funding Allocation within the time periods set forth in this Agreement.

**Section 23.** Invalidity of Provisions, Severability. Wherever possible, each provision of the Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Agreement shall be prohibited or invalid under Applicable Law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement, provided that the material purposes of this Agreement can be determined and effectuated.

**Section 24.** Insurance. The vendor must maintain and shall furnish, upon request, to the County Mayor, certificate(s) of insurance indicating that insurance has been obtained which meets the requirements as outlined below:

A. Worker's Compensation Insurance for all employees of the vendor as required Section 440 of the Florida Statutes.

B. Public Liability Insurance on a comprehensive basis in an amount not less than $300,000 combined single limit per occurrence for bodily injury and property damage. **Miami-Dade County must be shown as an additional insured with respect to this coverage.**

All insurance policies required above shall be issued by companies authorized to do business under the laws of the State of Florida, with the following qualifications:

The company must be rated no less than "B" as to management, and no less than "Class V" as to financial strength, by the latest edition of Best's Insurance Guide, published by A.M. Best Company, Oldwick, New Jersey, or its equivalent, subject to the approval of the County's General Services Administration Risk Management Division.

or

The company must hold a valid Florida Certificate of Authority as shown in the latest "List of All Insurance Companies Authorized or Approved to Do Business in Florida" issued by the State of Florida Department of Insurance and are members of the Florida Guaranty Fund.

Modification or waiver of any of the insurance requirements identified in this Section 24 is subject to the approval of the County's Internal Services Department Risk Management Division. The Grantee shall notify the County of any intended changes in insurance coverage, including any renewals of existing policies.

**Section 25.** Special Conditions. The Total Funding Allocation is awarded to the Grantee with the understanding that the Grantee is performing a public purpose by providing affordable multi-family rental units through the development of the Project. Use of the Total Funding Allocation for any purpose other than for the Project will be considered a material breach of the terms of this Agreement and will allow Miami-Dade County to seek remedies including, but not limited to, those outlined in Section 15 of this Agreement.

**Section 26.** Miami-Dade County's Rights As Sovereign. Notwithstanding any provision of this Development and Grant Agreement,

(a) Miami-Dade County retains all of its sovereign prerogatives and rights as a county under Florida laws (other than its contractual duties under this Agreement) and shall not be estopped by virtue of this Agreement from withholding or refusing to issue any zoning approvals and/or building permits; from exercising its planning or regulatory duties and authority; and from requiring the Project to comply with all development requirements under present or future laws and ordinances applicable to its design, construction and development; and

(b) Miami-Dade County shall not by virtue of this Agreement be obligated to grant the Grantee or the Project or any portion of it, any approvals of applications for building, zoning, planning or development under present or future laws and ordinances applicable to the design, construction and development of the Project .

WITNESS WHEREOF, the parties have executed this Agreement as of the date written above:

ATTEST:

By: ______________________________
Deputy Clerk

MIAMI-DADE COUNTY, FLORIDA

By: ______________________________
Miami-Dade County Mayor

Approved by County Attorney as
to form and legal sufficiency.

By:______________________________

(SEAL)

Attest:
By:______________________

**SBC COMMUNITY DEVELOPMENT CORPORATION OF RICHMOND HEIGHTS, INC.**

By______________________________

Reverend Alphonso Jackson, Sr.
President

# Exhibit 1

**Rental Regulatory Agreement**

**Exhibit 2**

**Budget**

**Metro South Senior Apartments** Last Update 25-Oct-13

City of South Miami, Dade County, Florida

TOTAL # UNITS: 91

AVERAGE SF: 863

| Description | Cost | Eligible Basis | Cost Per Unit | Cost Per Square Foot |
|---|---|---|---|---|
| Acquisition Cost | | | | |
| *Land Acquisition | 4,500,000 | 0 | 49,451 | 57.28 |
| Building | 0 | 0 | 0 | 0.00 |
| Interest Carry | 695,000 | 0 | 7,637 | 8.85 |
| Subtotal-Acquisition Cost | 5,195,000 | 0 | 57,088 | 66.13 |
| | | | | |
| Construction Cost | | | | |
| Hard Cost | 16,413,105 | 16,413,105 | 180,364 | 208.93 |
| Site Improvements | 671,075 | 571,075 | 7,374 | 8.54 |
| General Conditions | 1,025,051 | 1,025,051 | 11,264 | 13.05 |
| Contractor Profit | 1,025,051 | 1,025,051 | 11,264 | 13.05 |
| Contractor Overhead | 341,684 | 341,684 | 3,755 | 4.35 |
| Contingency | 973,798 | 973,798 | 10,701 | 12.40 |
| Subtotal-Construction | 20,449,763 | 20,349,763 | 224,723 | 260.32 |
| | | | | |
| Soft Cost | | | | |
| A&E | 1,289,405 | 1,289,405 | 14,169 | 16.41 |
| Approvals Fees | 1,303,521 | 1,303,521 | 14,324 | 16.59 |
| Marketing/FF&E | 348,866 | 306,000 | 3,834 | 4.44 |
| Taxes During Construction | 15,000 | 15,000 | 165 | 0.19 |
| Insurance | 12,000 | 12,000 | 132 | 0.15 |
| Legal & Accounting | 1,226,176 | 785,059 | 13,474 | 15.61 |
| Tax Credit Fees | 385,156 | 0 | 4,232 | 4.90 |
| Appraisal, Market Study & Reports | 30,300 | 30,300 | 333 | 0.39 |
| Soft Cost Contingency | 100,255 | 100,255 | 1,102 | 1.28 |
| Operating/Rent Up and Debt Serv.Res. | 426,819 | 0 | 4,690 | 5.43 |
| Subtotal-Soft Cost | 5,137,498 | 3,841,540 | 56,456 | 65.40 |
| | | | | |
| Financial & Closing Costs | | | | |
| Closing Fees and Expenses | 246,943 | 235,493 | 2,714 | 3.14 |
| Interest During Construction | 740,974 | 472,485 | 8,143 | 9.43 |
| Predevelopment Loan Int. | 217,094 | 217,094 | 2,386 | 2.76 |
| Developer (Fixed) Fees & Expenses | 30,000 | 0 | 330 | 0.38 |
| Title & Recording | 126,993 | 97,180 | 1,396 | 1.62 |
| Subtotal-Financial & Closing | 1,362,004 | 1,022,252 | 14,967 | 17.34 |
| | | | | |
| Overhead & Profit | | | | |
| Paid Portion | 2,905,852 | 2,905,852 | 31,932 | 36.99 |
| Deferred Portion | 654,050 | 654,050 | 7,187 | 8.33 |
| Subtotal-Overhead & Profit | 3,559,902 | 3,559,902 | 39,120 | 45.32 |
| | | | | |
| Totals | | | | |
| Acquisition | 5,195,000 | 0 | 57,088 | 66.13 |
| Construction | 20,449,763 | 20,349,763 | 224,723 | 260.32 |
| Soft Cost | 5,137,498 | 3,841,540 | 56,456 | 65.40 |
| Financial & Closing | 1,362,004 | 1,022,252 | 14,967 | 17.34 |
| Overhead & Profit | 3,559,902 | 3,559,902 | 39,120 | 45.32 |
| Total | 35,704,167 | 28,773,458 | 392,353 | 454.50 |

**Attachment 1**

**Administrative Rules**

**EXHIBIT C**

This instrument Was Prepared By:

Record and Return to:
Miami-Dade County
Public Housing and Community Development
701 NW 1st Court, 16th Floor
Miami, Florida 33136
Attention: Director

**MIAMI-DADE COUNTY**
**RENTAL REGULATORY AGREEMENT**

This Rental Regulatory Agreement ("Agreement"), by and among Miami-Dade County, a political subdivision of the State of Florida ("County" or "Miami-Dade County"), through its Board of County Commissioners ("Board"), SBC Community Development Corporation of Richmond Heights, Inc. ("Grantee"), a Florida not for profit corporation with offices at 11111 Pinkston Drive, Miami, Florida 33176 and Altera Associates, Ltd., a Florida limited partnership in which a wholly owned affiliate of Brookstone Partners, LLC will be the managing general partner ("Owner"), with offices at 160 South Dixie Highway, Suite C-107, Hollywood, Florida 33020., is entered into this ____ day of ____________, 2014.

**WHEREAS**, pursuant to Resolution No. R-55-11 adopted on February 1, 2011, as amended by Resolution No. R-231-12 adopted on March 6, 2012 ("Allocation Resolution"), by the Board of County Commissioners for the County ("Board") approved a District 9 Grant/Allocation of $2,000,000 ("Grant") from Project No. 249 – "Preservation of Affordable Housing Units and Expansion of Home Ownership" of the Building Better Communities General Obligation Bond Program ("BBC GOB Program") to the Grantee for the construction by the Owner of seventy-nine (79) affordable rental apartment units ("Units") known as the John and Anita Ferguson Residences ("John and Anita Ferguson Residences Project" or "Project") on real property located at 11001 Pinkston Drive, Miami, Florida, 33176 ("Property"); and

**WHEREAS**, in connection with receipt of the Grant, the Grantee agrees to lease the Units to Eligible Tenants (defined below) and to maintain rents at certain prescribed rates, as set forth in this Agreement; and

**NOW, THEREFORE**, for and in consideration of Ten dollars ($10.00), the promises and covenants contained in this Agreement and for other good and valuable consideration received and acknowledged, the Grantee, the Owner and the County through its Public Housing and Community Development ("PHCD") and any successor agencies or departments of PHCD, agree as follows:

**PROPERTY ADDRESS:** 11001 Pinkston Drive, Miami-Dade County, Florida

**LEGAL DESCRIPTION:** The legal description of the Property is attached as Exhibit A

**NAME OF PROJECT:** John and Anita Ferguson Residences

**DWELLING UNITS:** Forty-two 1 bedroom/1 bath units consisting of approximately 728 square feet of living space and thirty-seven 2 bedroom/2 bath units consisting of approximately 1,022 square feet of living space

**ELIGIBLE TENANTS:** Elderly eligible tenants ("Eligible Elderly Tenants") are elderly persons or elderly families with total annual household income that does not exceed 60% of the area median income for Miami-Dade County adjusted for family size ("AMI") established by the Department of Housing and Urban Development ("HUD")

**WITNESSETH:**

I. Grantee and the Owner agree with respect to the Property for the period beginning on the date of recordation of this Rental Regulatory Agreement, and ending on the last day of the thirtieth (30th) year after the year in which the Project is completed and a certificate of occupancy is issued that:

a) All of the Units shall be leased to Elderly Eligible Tenants as follows: Six (6) 1 bedroom/1 bath units, shall be set aside for Elderly Eligible Tenants with incomes equal to or less than 30% of AMI and Thirty-six (36) 1 bedroom/1 bath units shall be set aside for Elderly Eligible Tenants with incomes equal to or less than 60% of AMI. Six (6) 2 bedroom/2 bath units shall be set aside for Elderly Eligible Tenants with incomes equal to or less than 30% of AMI and Thirty-one (31) 2 bedroom/2 baths units shall be set aside for Elderly Eligible Tenants with incomes equal to or less than 60% of AMI. Accordingly, the maximum initial approved rental rates for this Property are set forth in the attached Exhibit B.

b) The parties agree that once recorded, this Agreement shall be a restrictive covenant on the Project that shall run with the Property since the subject matter of this Agreement and its covenants touch and concern the Property. This Agreement shall be binding on the Property, the Project, and all portions of each, and upon any purchaser, transferee, Grantee, Owner or lessee or any combination of each, and on their heirs, executors, administrators, devisees, successors and assigns and on any other person or entity having any right, title or interest in the Property, the Project, or any portion of each, for the length of time that this Agreement shall be in force. Grantee and Owner hereby make and declare these restrictive covenants which shall run with the title to said Property and be binding on the Grantee and the Owner and their successors in interest, if any, for the period stated in the preamble above, without regard to payment or satisfaction of any debt owed by Grantee and/ Owner to the County or the expiration of any agreement between the Grantee and/or Owner and the County regarding the Property, Project or both.

c) In addition to the seventy-nine (79) affordable rental units described above, the Project will feature a community center with a social room, business center and fitness center, as well as a community pool.

d) Grantee and Owner agree that upon any violation of the provisions of this Agreement, the County, through its agent, PHCD, may give written notice to the Grantee and Owner, by registered mail, at the address stated in this Agreement, or such other address or addresses as may subsequently be designated by the Grantee and Owner in writing to PHCD, and in the event Grantee or Owner does not cure such default (or take measures reasonably satisfactory to PHCD to cure such default), within thirty (30) days after the date of notice, or within such further time as PHCD may determine is necessary for correction, PHCD may, without further notice, declare a default under this Agreement, and effective upon the date of such default, PHCD may:

i) Declare the whole County Grant immediately due and payable and then proceed with legal proceedings to collect the County Grant;

ii) Apply to any court, County, State or Federal, for any specific performance of this Agreement; for an injunction against the violation of this Agreement; or for such relief as may be appropriate since the injury to PHCD arising from a default remaining uncured under any of the terms of this Agreement would be irreparable, and the amount of damage would be difficult to ascertain.

County shall give Citibank, N.A. ("CITI"), as lender to Owner, and Boston Financial Investment Management LP (or an affiliated entity) ("Boston Financial"), as investor limited partner of the Owner written notice of any default by Grantee and/or Owner under the terms of this Agreement and Citi and Boston Financial shall have the opportunity to cure any default of the Grantee and/or Owner within the time frame allotted to the Grantee and Owner under this Agreement.

Notwithstanding (i) and (ii) above, the only remedy available to the County with respect to a lender or third party that takes title through foreclosure, transfer of title or deed in lieu of foreclosure or comparable conversion is specific performance of the set aside provision in Section 1(g) below.

e) Grantee and Owner further agree that they will, during the term of this Agreement: furnish each resident at the time of initial occupancy, a written notice that the rents to be charged for the purposes and services included in the rents are approved by the County pursuant to this Agreement; that they will maintain a file copy of such notice with a signed acknowledgment of receipt by each resident; and, that such notices will be made available for inspection by the County during regular business hours.

f) Grantee and Owner agree that the Units shall meet the energy efficiency standards promulgated by the Secretary of HUD, the Florida Housing Finance Corporation (hereafter "FHFC"), and/or Miami-Dade County, as applicable.

g) Notwithstanding the foregoing, the provision set forth in Section 1a above, shall automatically be modified in the event of involuntary noncompliance caused by foreclosure, transfer of title by deed in lieu of foreclosure or comparable conversion. In such event, all of the units in the property may be leased to natural persons or families with total annual income at or below one hundred and forty percent (140%) of AMI.

II. PHCD and Grantee agree that rents may increase as the AMI increases as published by HUD with the prior approval of PHCD, provided that at no time shall the Grantee's management fee and expenses attributed to the Grantee for managing the Project exceed six percent (6%) of the monthly gross receipts. Any other adjustments to rents will be made only if PHCD (and HUD if applicable), in their sole but reasonable discretion, find any adjustments necessary to support the continued financial viability of the Project and only by an amount that PHCD (and HUD if applicable) determine is necessary to maintain continued financial viability of the Project. The Project shall be managed by the Grantee or a property management company (the "Management Company") on behalf of the Grantee. The Grantee shall notify and obtain the prior approval of PHCD, which approval shall not be unreasonably withheld, each time it plans to replace the Management Company.

Owner will provide documentation to justify a rental increase request not attributable to increases in median income but attributable to an increase in operating expenses of the Project, excluding the management fee attributed to the Grantee for managing the Project. Within thirty (30) days of receipt of such documentation, PHCD will approve or deny, as the case may be, in its sole but reasonable discretion, all or a portion of the rental increase in excess of the amount that is directly proportional to the most recent increase in Median Annual Income. In no event, however, will any increase attributable solely to an increase in Median Annual Income be denied.

III. Except as otherwise noted, all parties expressly acknowledge that PHCD shall perform all actions required to be taken by Miami-Dade County pursuant to Paragraphs IV, V, VI and VII of this Agreement for the purpose of monitoring and implementing all the actions required under this Agreement. In addition, thirty (30) days prior to the effective date of any rental increase, the Grantee shall furnish PHCD with notification provided to tenants advising them of the increase.

IV. Occupancy Reports

The Owner shall, on an annual basis, furnish PHCD with an occupancy report, which provides the following information:

A) List of all occupied apartments, Indicating composition of each resident family, as of the end date of the reporting period. Composition includes (if legally obtainable and available), but is not limited to:

1. Number of residents per Units.

2. Area median Income (AMI) per Unit.

3. Race, Ethnicity and age per Unit (Head of Household).

4. Number of Units serving special need clients.

5. Gross Household Rent.

6. Maximum rent per Unit.

7. The number of Units leased to Eligible Tenants with total annual household income that does not exceed forty-five percent (60%) of AMI

B) A list of all vacant apartments, as of the end date of the reporting period.

C) The total number of vacancies that occurred during the reporting period.

D) The total number of Units that were re-rented during the reporting period, stating family size and income.

E) The Owner shall upon written request of PHCD allow representatives of PHCD to review and copy any and all of its executed leases with tenant residing on the Property.

V. Inspections

Pursuant to 42 U.S.C. § 12755, the Grantee shall maintain the Property in compliance with all applicable federal housing quality standards, receipt of which is acknowledged by the Grantee, and contained in Sec. 17-1, et seq., <u>Code of Miami-Dade County</u>, pertaining to minimum housing standards (collectively, "Housing Standards").

A) PHCD shall annually inspect the Property, including a representative sampling of dwelling Units and all common areas, to determine if the Property is being maintained in compliance with Federal Housing Quality Standards (HQS) and any applicable Miami-Dade County Minimum Housing Codes. The Grantee will be furnished a copy of the results of the inspection within thirty (30) days, and will be given thirty (30) days from receipt to correct any deficiencies or violations of the property standards of the Miami-Dade County Minimum Housing Codes or Housing Standards. PHCD fees for the annual compliance inspection will total $914 the first year increased annually by three (3%) each year.

B) At other times, at the request of the Grantee or of any tenant, PHCD may inspect any Unit for violations to the property standards of any applicable Miami-Dade County Minimum Housing Codes or Housing Standards. The tenant and the Grantee will be provided with the results of the inspection and the time and method of compliance and corrective action that must be taken. The dwelling Units shall contain at least one bedroom of appropriate size for two persons.

VI. Lease Agreement, Selection Policy and Management Plan

Prior to initial rent-up and occupancy, the Owner will submit the following documents to PHCD:

A) Proposed form of resident application.

B) Proposed form of occupancy agreement.

C) Applicant screening and tenant selection policies.

D) Maintenance and management plan which shall include the following information:

1. A schedule for the performance of routine maintenance such as up-keep of common areas, extermination services, etc.
2. A schedule for the performance of non-routine maintenance such as painting and reconditioning of dwelling Units, painting of building exteriors, etc.
3. A list of equipment to be provided in each dwelling Unit.
4. A proposed schedule for replacement of dwelling equipment.
5. A list of tenant services, if any, to be provided to residents.

The Owner agrees that the County has the right to refer eligible applicants for housing. The Owner shall not deny housing opportunities to eligible, qualified families, including those with Section 8 Housing Choice Vouchers, unless the Grantee is able to demonstrate a good cause basis for denying the housing as determined by PHCD in its sole but reasonable discretion. It is understood that the Owner may conduct reasonable background searches including criminal checks which may be relied upon in determining whether a prospective tenant will be accepted by Owner.

VII. Financial Reports

A) Annually, the Owner shall transmit to the County, upon written request, a certified annual operating statement showing project income, expenses, assets, liabilities, contracts, mortgage payments and deposits to any required reserve accounts (the "Operating Statement"). PHCD shall review the Operating statement to insure conformance with all provisions contained in this Agreement.

B) The Owner will create and maintain a reserve account for the maintenance of the Units and will deposit $300 per Unit per year in such reserve account. This reserve may be combined with reserve accounts required by any other parties making loans to Grantee and/Owner and will be deemed satisfied by any deposits made by Grantee/Owner in accordance with the applicable loan documents.

VIII. Action By or Notice to the County

Unless specifically provided otherwise herein, any action to be taken by, approvals made by, or notices to or received by the County required by this Agreement shall be taken, made by, given or delivered to:

Miami-Dade County
Public Housing and Community Development
701 NW 1st Court, 16th Floor
Miami, FL 33136
Attention: Director

Copy to:

Miami-Dade County Attorney's Office
111 N.W. 1 Street
Suite 2810
Miami, Florida 33128

or any of their successor agencies or departments.

All notices to the Grantee shall be simultaneously delivered at the following address:

Reverend Alphonso Jackson, Sr.
President
SBC Community Development Corporation of Richmond Heights, Inc.
11111 Pinkston Drive
Miami, Florida 33176

All notices to the Owner shall be simultaneously delivered at the following address:

Leon Wolfe
Vice President
Altera Associates, Ltd
160 South Dixie Highway, Suite C-107
Hollywood, Florida 33020

All notices to Citi shall be simultaneously delivered at the following address:

Copy to: Citi Community Capital
798 Federal Highway, suite 150
Boca Raton, Florida 33432

All notices to Boston Financial shall be simultaneously delivered at the following address:

Copy to: Boston Financial Management
101 Arch Street
Boston, MA 02110

IX. Recourse:

In the event of a default by the Grantee under this Agreement, the County shall have all remedies available to it at law and equity.

IN WITNESS WHEREOF, Miami-Dade County, Grantee and Owner have caused this Agreement to be executed on the date first above written.

GRANTEE:

SBC Community Development Corporation of Richmond Heights, Inc.,
a Florida not for profit corporation

By:______________________________
Print Name: Reverend Alphonso Jackson, Sr.
Title: President

STATE OF FLORIDA )
)
COUNTY OF MIAMI-DADE )

The foregoing Rental Regulatory Agreement was sworn to, subscribed and acknowledged before me this _____ day of ___________, 2014, by Reverend Alphonso Jackson, Sr., President of SBC Community Development Corporation of Richmond Heights, Inc.. on behalf of the company. He/She is personally known to me _________or has produced identification ______________________________.

My commission expires:

______________________________
Notary Public
State of Florida at Large

MIAMI-DADE COUNTY, FLORIDA
By: ________________________
Mayor

STATE OF FLORIDA )
)
COUNTY OF MIAMI-DADE )

The foregoing Rental Regulatory Agreement was sworn to, subscribed and acknowledged before me this _____ day of ___________, 2014, by ______________ on behalf of Miami-Dade County. He/She is personally known to me _________or has produced identification ______________________________.

____________________________________
My commission expires:

Notary Public
State of Florida at Large

Approved by County Attorney as
To form and legal sufficiency

By:________________________

ATTEST:
HARVEY RUVIN, CLERK
BY:________________
Deputy Clerk

OWNER:
Altera Associates, Ltd., a Florida Limited Partnership

By: JML Altera, LLC, a Florida limited liability company, its managing general partner

By:_______________________
Leon Wolfe
Vice President

STATE OF FLORIDA )
)
COUNTY OF MIAMI-DADE )

The foregoing Rental Regulatory Agreement was sworn to, subscribed and acknowledged before me this _____ day of ___________, 2014, by Leon Wolfe, Vice President of JML Altera, LLC, a Florida limited liability company, the managing general partner of Altera Associates, Ltd., on behalf of the company. He/She is personally known to me _________or has produced identification ______________________________.

____________________________________
My commission expires:

Notary Public
State of Florida at Large

**EXHIBIT "A"**

**LEGAL DESCRIPTION**

## EXHIBIT "B"

## INITIAL RENT

**STABILIZED PROFORMA** Updated 25-Oct-13
City of South Miami, Dade County, Florida

**RENT SCHEDULE/INCOME & EXPENSE SUMMARY**

| | DESCRIPTION | TYPE | | | RENT | | | | |
|---|---|---|---|---|---|---|---|---|---|
| % AMI | # UNITS | BR | BA | APRX SQ FT | MAX GROSS RENTS | UTIL ALLOW | Rent Adj. | MAX NET RENTS | ANNUAL INCOME |
| 60.00% | 1 | Eff | 1 | 554 | 687 | (66) | 0 | 621 | 7,452 |
| 60.00% | 3 | Eff | 1 | 554 | 687 | (66) | 0 | 621 | 22,356 |
| 28.00% | 11 | Eff | 1 | 554 | 320 | (66) | 0 | 254 | 33,528 |
| 60.00% | 52 | 1 | 1 | 582 | 736 | (70) | 0 | 666 | 415,584 |
| 60.00% | 5 | 1 | 1 | 582 | 736 | (70) | 0 | 666 | 39,960 |
| 28.00% | 0 | 1 | 1 | 582 | 343 | (70) | 0 | 273 | 0 |
| 60.00% | 19 | 2 | 1 | 967 | 883 | (83) | 0 | 800 | 182,400 |
| 60.00% | 0 | 2 | 1 | 967 | 883 | (83) | 0 | 800 | 0 |
| 28.00% | 0 | 2 | 1 | 967 | 412 | (83) | 0 | 329 | 0 |
| COMM. AREA | 0.0% | | | 18,700 | | | | | |
| | 91 | Mkt | | - | | | | | |
| | | Restricted | | 78,557 | | | | | |
| | | **Total Res. Space** | | **78,557** | | | | | |

| | | | | |
|---|---|---|---|---|
| **Potential Gross Income Res.** | | | | **701,280** |
| **Potential Gross Income Comm.** | | | | |
| **Other Income** | | | | |
| Application Fees | | | 1,700 | |
| Pet Fees | | | 2,212 | |
| Late, Legal, Damage, Other Fees | | | 1,422 | |
| Security deposit forfeitures | | | 2,376 | |
| Cable Income (gross) | | | 0 | |
| Washer and Dryer/Storage Space income | | | 12,354 | |
| Commercial Space 2,645 SF | | | 1 | |
| **Total Other Income** **2.86%** | | | | **20,065** |
| Adjustments to Income: | | | | |
| Less Vacancy Res. | 5.00% | | | (35,064) |
| Less Bad Debt Res. | 0.00% | | | 0 |
| | | Per Unit | | |
| **EFFECTIVE GROSS INCOME....................** | | **7,542** | | **686,281** |
| Operating Expenses: | | | | |
| Real Estate Taxes | | 615 | | 56,000 |
| Payroll | | 1,358 | | 123,599 |
| Administrative | | 599 | | 54,511 |
| Other | | - | | - |
| Operating Maintenance (incl. pool) | | 505 | | 45,998 |
| Leasing | | 70 | | 6,368 |
| **Commercial Expenses** | | - | | - |
| Other (Parking 55 spaces) | | - | | - |
| Utilities water, sewer elect. ect.) | | 940 | | 85,571 |
| Insurance | | 934 | | 85,000 |
| Management Fee | 5.00% | 377 | | 34,314 |
| Reserve for replacement | | 300 | | 27,300 |
| **TOTAL OPERATING EXPENSES....................** | | **5,700** | | **518,681** |
| **NET OPERATING INCOME....................** | | **$1,842** | | **$167,600** |