

JACKSONVILLE HOUSING FINANCE AUTHORITY



Jacksonville Housing Finance Authority Board of Directors Meeting

August 15, 2018

Noon

214 North Hogan Street, 8th Floor

- AGENDA -

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| Call Meeting to Order | Chair |
| Approval of Minutes of June 18, 2018 Meeting | JHFA Board |
| Board Members to take Oath of Office | JHFA Board |
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| I. <u>Public Comments</u> | |
| A. Public Comments | Public |
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 | |
| II. <u>REPORTS</u> | |
| A. "To-Do" List Earlier Meetings | Mark Hendrickson |
| B. Staff and Financial Report | Laura Stagner |
| • Financial Statement | |
| • Procurement | |
| C. Financial Advisor Memo | Mark Hendrickson |
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| IV. <u>ACTION ITEMS</u> | |
| A. Board Members Declare Conflicts, if any | Board |
| B. Consider Approval of New Interlocal Agreement with HFA of Hillsborough County | Rhonda Bond-Collins |
| C. Consider Ratification of Action Related to Doc Stamp Exemption for Homebuyers in Single Family Program | Mark Hendrickson |
| D. Consider Changes to DPA Loan Amount | Mark Hendrickson |
| E. Consider Approval of Bond-SAIL Application | Mark Hendrickson |
| F. Consider Approval of Local Government Area of Opportunity NOFA and Application | Mark Hendrickson |
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| V. <u>NEW BUSINESS</u> | |
| A. SEE Contribution for 2019 | Mark Hendrickson & Laura Stagner |
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| VI. <u>OLD BUSINESS</u> | |
| A. Update on Single Family Program | Mark Hendrickson |
| B. Update on Millennia Portfolio | Mark Hendrickson |
| C. Update on Houston Street Manor | Laura Stagner & Emerson Lotzia |
| D. Update on Existing Rental Properties | Mark Hendrickson |
| • Recent JHFA Activities/Developments | |
| • Occupancy Report | |
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| VII. <u>ADJOURN JHFA MEETING</u> | Chair |

JACKSONVILLE HOUSING FINANCE AUTHORITY



JACKSONVILLE HOUSING FINANCE AUTHORITY

Board of Directors Meeting

MINUTES

OF

REGULAR MEETING

June 18, 2018

March 21, 2018: JHFA Board Meeting

12:00 pm

214 North Hogan Street, 8th Floor

BOARD MEETING:

Present at the meeting were:

BOARD MEMBERS

Spencer Cummings, Vice-Chair

Dee Bumbarger, Secretary

James Citrano

Ruth Owen, Member

Jane Scofield, Member

PROFESSIONAL STAFF:

Mark Hendrickson, The Hendrickson Company, Financial Advisor

Susan Leigh, Community Concepts Group, Financial Advisor

Cameron Hill, RBC Capital Markets, Investment Banker

Rhonda Bond-Collins, Bryant Miller Olive, Bond Counsel

Emerson Lotzia, City of Jacksonville Office of General Counsel

Tricia Heintz, Bank of New York Mellon, Trustee

Ben Johnson, Seltzer Management Group, Credit Underwriter

CITY STAFF:

Laura Stagner

Jane Bouda

Lauren Bryan, OIG

PUBLIC:

Steve Moore, Vestcor

Ryan Hoover, Vestcor

BOARD MEETING

Vice-Chairman Cummings called the meeting to order at 12:02 pm

Minutes

Ms. Owen moved, with a second by Ms. Bumbarger, that the **Board approve the minutes of the March 21, 2018 Board meeting**. The motion passed 5-0.

Public Comments

Mr. Ryan Hoover updated the Board on the Lofts at LaVilla, Lofts on Monroe, and Lofts at Jefferson Station developments.

"To-Do" List from Earlier Meetings

Mr. Hendrickson noted that the list was cleared.

Staff Report and Financial Report

Ms. Stagner presented the JHFA financials and a proposed FY 18-19 budget. After discussion, Ms. Bumbarger moved, with a second by Ms. Scofield, that the Board **authorize Ms. Stagner to submit the proposed FY 18-19 budget**. The motion passed 5-0.

Ms. Stagner reported on the upcoming procurement process for professional services, noting that the existing contracts had been given a three-month extension, to synchronize the contracts with the City's fiscal year. She also explained the process that would be used for the selection of professionals for the period after October 1, 2018, with a selection to be made prior to October 1. Ms. Stagner invited the Board to review the draft procurement documents, and submit comments to her. After discussion, Mr. Citrano moved, with a second by Ms. Owen, that the **Board authorize Ms. Stagner to submit the proposed Scopes of Service for Investment Banking, Bond Counsel, Financial Advisor, and Trustee, subject inclusion of any comments from the Board**. The motion passed 5-0.

Board Member Conflicts

No conflicts were declared by Board members related to items before the JHFA at this meeting.

2018 Bond Allocation

Mr. Hendrickson gave a brief summary of the bond allocation process. Ms. Bond-Collins reported on submissions made for single family and multi-family bond allocations.

Single Family

Mr. Hendrickson summarized the single-family program, explaining the process by which the JHFA obtains loans, pools them into MBS, and sells the MBS for a profit. He also explained the role of Mortgage Credit Certificates and Down Payment Assistance given to each borrower. A discussion followed on the volume of DPA funding, and the amount of profits realized from MBS sales. After discussion, Ms. Owen moved, with a second by Ms. Scofield, that the Board **authorize an increase in the total volume of DPA loans by \$250,000 and the profit realized on MBS sales between June 18 and the August JHFA meeting, and that the Board authorize the use of a "net" (total volume less FHFC reimbursements and loan repayments) amount when determining the total number of DPA loans**. The motion passed 5-0.

Local Government Area of Opportunity Funding (Preference)

Mr. Hendrickson summarized the process by which the JHFA selected a rental development each year which would receive preference for funding in the FHFC 9% Housing Credit process. He stated that the Board would need to approve a NOFA at the August meeting in order to select a development for preference—due to FHFC moving the application deadline to late October. Mr. Hendrickson stated that the goal would be to select a development at the September JHFA meeting. The Board **directed Mr. Hendrickson to distribute the NOFA from the 2017 selection process**, noting that they would provide input on targeting/goals at the August meeting.

Multi-Family Updates

Mr. Hendrickson presented the proposed final approval of the Caroline Arms development. He summarized the process that was used to evaluate developments. Mr. Johnson explained the credit underwriting, servicing, and monitoring functions performed by his firm. Mr. Hendrickson and Ms. Bond-Collins explained a 60-day standstill on enforcement of personal guaranties and the payment of JHFA fees by stabilization in lieu of receiving fees over an extended period—required due to the short-term nature of the bonds. After discussion, Ms. Scofield moved, with a second by Ms. Owen, that the Board

adopt the bond approval resolution prepared by bond counsel for the Caroline Arms transaction. The motion passed 5-0.

Mr. Hendrickson reported on the timing delays on the Millennia Portfolio, which are largely due to negotiations with HUD over the Section 8 rents. After discussion, Ms. Bumbarger moved, with a second by Ms. Owen, that the Board **adopt the 1st Amendment to the Preliminary Agreement for the Millennia Portfolio, which was prepared by bond counsel, and extended the commitment to October 23, 2018.** The motion passed 5-0.

Mr. Hendrickson presented an update on The Waves, noting that a bond closing was expected in late 2018.

Mr. Hendrickson presented the Financial Advisor analysis of the bond application for Desert Winds/Silver Creek. He also explained the process by which developments were invited into the formal review process, with the first step being an “inducement”, followed by TEFRA hearing, TEFRA approval, credit underwriting, and final approval. Mr. Hendrickson explained various waiver requests made by the applicant, and recommended that with the exception of the parking and roofing waivers, they be denied subject to review by the credit underwriter. After discussion, Ms. Owen, moved, with a second by Ms. Scofield, that the Board **(1) approve Inducement Resolution prepared by bond counsel, subject to all conditions in the JHFA MF Handbook and the recommendations included in the full FA analysis of each application (part of the Board Packet), (2) Deny most Waiver Requests, subject to verification of cost feasibility by credit underwriter, as noted in full FA analysis, and (3) Approve Waiver Requests related to 30-year life roofing and requirement for 2 or more parking spaces per unit.** The motion passed 5-0.

Existing Rental Properties

Mr. Hendrickson reported on the developments that had been financed by JHFA over the past five years, and on the high level of occupancy in the portfolio.

Mr. Hendrickson reported on two requests related to Caroline Oaks, related to an amendment to the LURA removing the requirement for marble window sills, and an amendment to the Trust Indenture requiring a rate increase on the bonds corresponding to any decrease in the federal corporate income tax rate. After discussion, Ms. Owen moved, with a second by Ms. Scofield, that the Board **approve the request removing marble window sills as a requirement of the development, and authorizing an amendment to the LURA reflecting that removal.** The motion passed 5-0. After additional discussion Ms. Bumbarger moved, with a second by Ms. Scofield, that the Board **approve an amendment to the Trust Indenture, removing the automatic interest rate increase related to the reduction of the federal corporate tax rate, and authorizing the execution of an amended Trust Indenture and related documents.** The motion passed 5-0.

Ms. Bond-Collins reported that the Hartwood transaction was the subject of a random IRS audit.

New Business

Ms. Bumbarger presented the NEFAR report on the single-family markets in the Jacksonville area.

Adjournment

On a motion by Ms. Bumbarger, seconded by Ms. Scofield, the Board voted 5-0 to adjourn the meeting at 1:30 PM

JHFA Direction to Team
From September 17, 2015, & January 17, 2018 Meetings

Board Direction	Staff	Status
September 17, 2015		
Board withdrew approval of earlier MOU for staffing services with City, and directed that new agreement be brought back to them for review and approval of document and staffing commitments.		Waiting for City. Will place on August 2018 JHFA agenda.
June 18, 2018		
Board directed Mr. Hendrickson to distribute NOFA from last year's Local Government Area of Opportunity Funding (Preference) process	Mark	Emailed to Board 6-19-18

THE HENDRICKSON COMPANY & COMMUNITY CONCEPTS GROUP

To: Board of Directors, Jacksonville Housing Finance Authority

From: Mark Hendrickson & Susan Leigh, Financial Advisors

Subject: August 15, 2018 JHFA Meeting

Date: July 30, 2018

I. Oath of Office—Action

1. Board members are required to take an oath of office. With several new members, and some longer-serving members who may not have taken the oath, counsel advising that all members take the oath at this meeting.
2. The oath:
"I do solemnly swear (or affirm) that I am duly qualified to hold office under the Constitution of the state, or of the Charter or Ordinance Code of the City of Jacksonville; that I will support, protect, defend and honor the Constitutions, Governments, and laws of the United States and of the State of Florida; that I will support, protect, defend and honor the Charter, the ethics laws, and other ordinances, rules, and regulations of the City of Jacksonville; and that I will well and faithfully perform the duties of (title of office) on which I am now about to enter. So help me God."
3. **Recommendation:** OGC Counsel to administer oath of office to all members.

II. 2018 Bond Allocation—Informational

1. The 2018 allocation is \$48,155,194, an increase of \$3,143,590 (7.0%) over 2017:

Year	Single Family Amount	Multifamily Amount	Unallocated	Expiration
2018	\$33,954,194	\$ 14,200,000	\$16,045,806	November 14, 2018
2017	\$50,000,000	\$156,500,000		December 31, 2020
2016		\$107,400,000		December 31, 2019
2015				December 31, 2018
TOTAL	\$83,954,194	\$278,100,000	\$16,045,806	

2. **Recommendation:** None.

III. 2013 Single Family Loan Program—Action

1. The **current program guidelines:**
 - 1st mortgage: 5.0%, 1% origination fee, FHA, VA, RD, 5.25% for Freddie Mac loans & 5.00% for HHF loans
 - First time homebuyers.
 - Income and Sales Price limits identical to bond issue.
 - Minimum credit score of 640

- Interest rate set by the HFA of Hillsborough County, with rate set at level that is anticipated to generate a premium when sold.
 - Loans purchased by the master servicer (US Bank) and converted into MBS.
 - MBS are purchased by the HFA of Hillsborough County, on behalf of all HFA's
 - MBS are sold, with each HFA keeping its pro rata share of any net premium or loss realized from the sale of the MBS.
 - Down payment assistance: \$7,500 second mortgage, due on sale of property, or maturity of first mortgage
 - Mortgage Credit Certificates providing homebuyers a credit in the amount of 50% of mortgage interest paid annually (up to a \$2,000 annually).
2. **DPA:** \$88,796 was received from FHFC. The JHFA has funded another \$1,306,010. The JHFA set the DPA amount at \$7,500 in effective January 2017. Loans totaling \$27,500 have paid in full.
 3. **Hardest Hit Fund (HHF) DPA:** The HHF DPA Program (\$15,000 forgivable loan) ended April 24 when all funds were committed. Two-hundred twelve (212) Jacksonville loans for \$29,965,395 are in the pipeline. With an average net profit of 2.25%, this will generate approximately \$675,000 of income, and bring \$3,180,000 of federal HHF funds to Jacksonville borrowers.
 4. **Authorized DPA Funds:** \$1,803,000 (plus MBS profit, June-August):
 - \$250,000 authorized by the City Council
 - At the May 2015 meeting, the Board (using the power granted under the new legislation) increased the amount of available DPA funds by \$200,000.
 - In June 2015, the Board authorized the use of an additional \$400,000
 - In September 2017, the Board authorized the use of an additional \$703,000
 - In June 2018, the Board authorized the use of an additional \$250,000 plus the profit realized on MBS sales between June 18 and the August JHFA meeting (\$303,040 to date)
 - FHFC reimbursed JHFA \$88,796, and \$27,500 have paid in full
 - Total originations to date are \$1,596,010—net of \$1,479,714
 - In June 2018, the Board authorized using “net” amount of loans funded (total, less FHFC and payoffs) when determining if the limit had been reached.
 5. **Current Program Volume:** Total first-mortgage loan originations are \$55.554 million. The regular (non-HHF) JHFA program had its largest month for originations in June 2018—27 loans (\$202,500 of DPA), followed by 32 loans (\$240,000) in July. The previous high was 15 loans. **This is not sustainable. eHousing is evaluating the program, to determine if a reduction in the DPA amount would “kill” the program. FHFC and JHFA are offering the same amount of DPA, but the FHFC mortgage rate is 5.25%/5.75%. their FHA borrowers do not receive an MCC. Despite this, FHFC is originated 3X as many loans per month as JHFA.**
 6. **Rate Change:** The interest rate was increased from 4.875% to 5.00% in March 2018.

7. Program Demographics:

Sales Price/ # Loans	Loan Amount	Borrower Income	Borrower Age/ Gender	Borrower Family Size	Housing Type	Borrower Ethnicity	MCC Amount
\$138,713 419 loans +16 loans	\$132,589	\$47,245	37.0 47% female	2.3	SF Detached 92% Condo: 2% Townhouse: 6% Existing: 97% New: 3%	Black: 27% White: 39% Hispanic: 19% Mixed: 1% Asian: 8% Other: 5%	\$17,532,771 \$62,617.04 avg. 280 buyers

8. **Lender Originations:** Academy (117), SWBC (107), Bank of England (51), Prime (46), Fairway (43), CMG (13), Pacific Union (21), Network Funding (6), Open (5), DHI (4), Ameris Bank (3), DHI (4), Resource Financial (1), Paramount (1) & GSF (1).
9. **MCC's:** The HFA converted \$120 million of bond authority into \$30 million of MCC's. Tranche 1 (\$5.25 million) expired at the end of 2015 with \$1,109,274 not utilized. Tranche 2 (\$10.0 million) expired at the end of 2016, with \$9,668,903 not utilized. Tranche 3 (\$14.75 million) expires at the end of 2018. Tranche 4 (\$20,062,500) expires December 31, 2020.
10. **MCC Program: What Does it Mean to Home Buyer:** With the HFA's average loan of \$132,000 and a 5.00%/30-year mortgage, interest payments in Year 1 = \$6,556. With the 50% MCC rate that the HFA has chosen, **the homebuyer would be able to claim a tax credit of the full \$2,000 per year maximum allowed by federal law** (slightly declining after year 10 as more of monthly payment is principal) until the home buyers sells or moves from the property. The \$2,000 of tax savings lowers the "functional" mortgage rate for the program from 5.00% to approximately 3.8%.
11. **MBS Sales:** The HFA has executed 101 sales, with net revenues of \$1,112,937 (net meaning after payments to RBC and counsel) coming to JHFA. As of July 27, \$303,040 of that profit was realized after the June JHFA meeting
12. **Hedges & Exposure:** Hillsborough County has 20 hedges totaling \$33.445 million in place. With full delivery, the projected net revenues are estimated at \$805,120 (shared pro rata with counties based upon originations). The unhedged pipeline as of July 27 is \$0 (changes daily).
13. **Size of Program:** The initial legislation wherein City Council authorized the program limited it to no more than \$1.5 million of loans in pipeline at any time. In June, the Board changed the authorization to \$1.5 million of unhedged loans. Loans originated or in progress are \$49.195 million. **239 of the 372 loans in the program have originated this year.**
14. **Interlocal Agreement:** The Interlocal Agreement with the HFA of Hillsborough County expires September 30.
15. **Doc Stamp Exemption:** The legislature passed legislation effective July 1 exempting our non-bond borrowers (first and DPA loans) from paying the doc stamp on the mortgage. In the interim between meetings, a plan to implement the exemption for the borrowers was initiated.

16. **Recommendations:** (1) Adopt Resolution drafted by bond counsel approving the form of the Interlocal Agreement with the HFA of Hillsborough County, (2) Adopt Resolution prepared by bond counsel ratifying actions related to implementation of the doc stamp exemption, and (3) Consider changes to DPA loan amount.

IV. Local Government Area of Opportunity Funding (Preference)—Action

1. FHFC is continuing the LGAOF system for 2018-2019, with an application deadline of October 30. Accordingly, JHFA will need to adopt targeting goals at the August meeting, with a selection of a development at the September or October Board meeting.
2. Unfortunately, FHFC has proposed a policy which would override the LGAOF system in two of the six large counties each year by “Geographic Areas of Opportunity”. JHFA’s Chairman and the Financial Advisor have submitted comments to FHFC opposing this change. Until FHFC policy is decided, the JHFA cannot finalize the LGAOF process.
3. At their July 27 meeting, FHFC announced that Duval will NOT be one of the counties impacted by the Geographic Area of Opportunity override of the local preference for this year.
4. Susan Leigh has recused herself from this item, and has not participated in the deliberations of staff nor in the drafting of this section of the memo. She has a developer client which might submit an application for the Jacksonville LGAOF.
5. **Recommendation:** To be presented at JHFA meeting.

V. New Rental Financings—Action

1. The 2018 bond NOFA had a due date of January 8, 2018—with no new applications received. The NOFA is now “open” to applications on a first-received first-evaluated basis.
2. **SAIL Applications and Local Bonds:** The FHFC SAIL application requires developers using local HFA bonds to include a letter verifying from the local HFA verifying that a complete bond application has been submitted. For developers using FHFC bonds, the requirement is simply to check a box for FHFC bonds. This creates an uneven playing field, as most developers do not have the time and resources to fill out a lengthy local bond application in for every deal for which they are applying for SAIL. FHFC recognizes the problem, but is reluctant to change the system because it is necessary to have a complete bond application in place to “lock-in” bonus federal tax credits based upon the development being in a Qualified Census Tract or Difficult to Develop Area (both of which change every year). The system resulted in every successful SAIL application except one using FHFC bonds. In order to encourage the use of JHFA bonds, a short initial bond application would be required (to be supplemented by another more detailed submission by the developer to JHFA if the developer is awarded SAIL funding).
3. **Caroline Arms** closed on July 3.
4. **Millennia Portfolio** was scheduled to close in May 2018. However, the developer is still negotiating with HUD as to the Section 8 rents that will be in place after renovation—and that rent level will impact appraised value and the amount of Housing Credits that they development will be able to claim. Until resolved, the deal will not be ready to close. The

developer has been cautioned against any delay in closing that would trigger the need for another TEFRA hearing and approval. The properties continue to generate negative publicity.

5. **The Waves:** is tentatively scheduled to close in late 2018.
6. **Desert Winds/Silver Creek** is moving forward for a TEFRA hearing and approval.
7. **Recommendations:** Authorize the Financial Advisor, legal counsel, and staff to draft a SAIL-Bond application, and publish a NOFA for that application.

	The Waves	Caroline Arms	Desert Winds/Silver Creek
Developer/Location	Jacksonville Housing Authority & Vestcor Jacksonville, FL	Lincoln Avenue Capital Santa Monica, CA	LEDIC Realty Management Montgomery, AL
Development Location	Nine scattered JHA public housing sites in Jacksonville Beach	6457 Fort Caroline Road Arlington	300 Silver Creed Trace Arlington/Southside
City Council District	Bill Gulliford	Joyce Morgan	Scott Wilson
Type	New Construction Garden	Acquisition & Rehabilitation Garden	Acquisition & Rehabilitation Garden
Bond Request	\$17,750,000 \$139,764/unit	\$12,500,000 \$6,275/unit	\$24,980,000 \$82,171/unit
TEFRA Hearing	2-28-18	4-2-18	7-26-18
TEFRA Approval	4-24-18	5-8-18	TBD
Preliminary Agreement Expiration	12-31-18	12-31-18	12-31-18
Credit Enhancement	Private Placement to SunTrust Bank	Cash Collateralized Short-Term Bonds Fannie Mae Permanent 1st	Cash Collateralized Short-Term Bonds FHA Permanent 1st
Credit Underwriter	First Housing	Seltzer	Seltzer
Closing Date	Late 2018	Summer 2018	Late 2018
Units	127	204	304
Permanent 1st Mortgage Estimate	\$6,600,000	\$14,400,000	\$24,980,000
SAIL, ELI, HOME (FHFC)	\$7,600,000	\$0	\$0
JHFA Loan	\$115,000	\$0	\$0
Housing Credits	Wells Fargo Bank \$7,799,289 \$61,416/unit	Pillar Financial (SunTrust) \$6,073,369 \$29,771/unit	PNC Real Estate \$9,939,553 \$32,696/unit
TDC	\$23,377,628	\$22,630,922	\$36,850,829
TDC per unit	\$184,076	\$11,936	\$121,220
Land Cost	\$0 \$1 per year lease	\$1,854,000 \$9,088/unit	\$2,820,000 \$9,276/unit
Acquisition of Building	NA	\$9,896,000 \$48,510/unit	\$15,980,000 \$52,566/unit
Hard Construction or Rehabilitation Cost	\$15,068,550 \$118,650/unit \$104.53/Sq. Ft.	\$5,723,208 \$28,055/unit \$33.04/Sq. Ft.	\$9,061,026 \$29,806/unit \$33.74/Sq. Ft.
Set Aside Period	50 years	50 years	50 years
Set Aside Levels	90%<60% AMI 10%<33% AMI	100%<60% AMI	98%<60% AMI 2% unrestricted

Current Name	Eureka Gardens I & II	Moncrief Village	Southside Apartments	Washington Heights
New Name	Valencia Way	Estuary Estates	Oyster Pointe	Charlesfort Commons
Revised New Name	Valencia Way	The Weldon	Palmetto Glen	Calloway Cove
Developer/Location	Millennia Housing Development Cleveland, OH	Millennia Housing Development Cleveland, OH	Millennia Housing Development Cleveland, OH	Millennia Housing Development Cleveland, OH
Street Address	1214 Labelle Street	1650 Moncrief Village North	2414 Westmont Street	4229 Moncrief Road W
City Council District	Garrett Dennis	Katrina Brown	Lori Boyer	Reginald Brown
Type	Acquisition & Substantial Rehabilitation	Acquisition & Substantial Rehabilitation	Acquisition & Substantial Rehabilitation	Acquisition & Substantial Rehabilitation
Bond Request	\$38,780,000 \$96,950/unit	\$9,190,000 \$97,766/unit	\$7,160,000 \$96,757/unit	\$20,890,000 \$104,450/unit
TEFRA Hearing TEFRA Approval Preliminary Agreement Expiration	9-19-17 10-24-17 10-23-18	9-19-17 10-24-17 10-23-18	9-19-17 10-24-17 10-23-18	9-19-17 10-24-17 10-23-18
Credit Enhancement	R4 Private Placement	R4 Private Placement	R4 Private Placement	R4 Private Placement
Credit Underwriter	First Housing	First Housing	First Housing	First Housing
Closing Date	TBD	TBD	TBD	TBD
Units	400	94	74	200
Permanent 1 st Mortgage Estimate	\$38,780,000	\$9,190,000	\$7,160,000	\$20,890,000
SAIL/FHFC Funds	\$0	\$0	\$0	\$0
JHFA or City Loan	\$0	\$0	\$0	\$0
Housing Credits	R4 \$20,058,866 \$50,147/unit	R4 \$4,242,648 \$45,135/unit	R4 \$3,906,029 \$52,784/unit	R4 \$10,698,579 \$53,493/unit
Total Development Cost	\$64,042,483	\$14,327,577	\$12,440,322	\$34,755,018
TDC Per Unit	\$160,106	\$152,421	168,112	\$173,775
Land Cost	\$2,600,000 \$6,500/unit	\$600,000 \$6,373/unit	\$470,000 \$6,351/unit	\$1,600,000 \$8,000/unit
Acquisition of Building Cost	\$23,400,000 \$58,500/unit	\$5,400,000 \$57,447/unit	\$4,230,000 \$57,162/unit	\$14,400,000 \$72,000/unit
Hard Rehabilitation Cost	\$21,725,475 \$64.29/Sq. Ft. \$54,314/unit	\$4,186,400 \$77.93/Sq. Ft. \$44,536/unit	\$4,118,000 \$70.71/Sq. Ft. \$55,649/unit	\$10,196,161 \$56.60/Sq. Ft. \$50,981/unit
Set-Aside Period	50 years	50 years	50 years	50 years
Set-Aside Levels	100%<60% AMI	100%<60% AMI	100%<60% AMI	100%<60% AMI

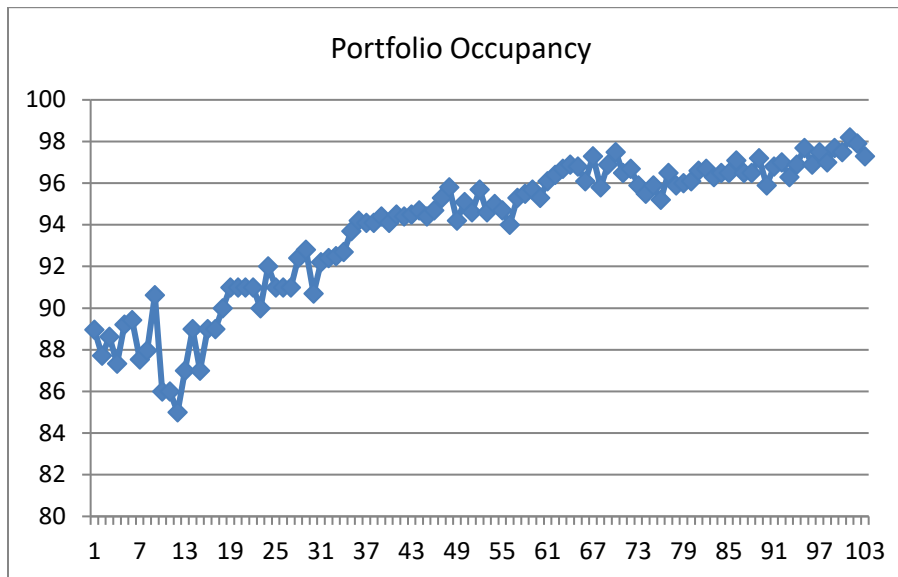
VI. Update on Existing Rental Properties—Informational

1. JHFA marketed its bonds, JHFA loans, and JHFA local government contributions to developers. As a result, the following has been accomplished in the last three years:

Development	Location	Building Type Demographic	Units	TDC	JHFA Loan
Peyton Ridge	1800 Corporate Square Blvd	3-Story Elevator NC Elderly	120	\$16,894,456	\$115,000
Caroline Oaks	North Main, east side just south of E. 43 rd Street	3-Story Elevator NC Elderly	82	\$14,146,603	\$5.6 million bonds \$2.2 million JHFA loan
Cathedral Terrace	701 N. Ocean St.	High Rise Rehab Elderly	240	\$25,604,057	\$12.5 million bonds \$1.0 million JHFA loan
Mt. Carmel Gardens	5746 Mt. Carmel Terrace	High Rise Rehab Elderly	207	\$21,631,853	\$9.75 million bonds
Mary Eaves	East of intersection of Myrtle Ave. N. & West 16 th St.	Mid-Rise NC Elderly	80	\$13,325,568	\$300,000
Lofts at LaVilla	906 West Bay Street	Mid-Rise NC Family	130	\$23,388,174	\$265,000
Lofts at LaVilla on Monroe	1000 West Monroe Street	Mid-Rise NC Family	108	\$20,962,615	\$303,750
Houston Street Manor	615 Houston Street	Mid-Rise NC Elderly	72	\$21,185,213	\$115,000
Timberwood Trace	12250 Atlantic Boulevard	Garden Rehab Family	224	\$31,238,140	\$16.0 million bonds
Oakwood Villa	8201 Kona Avenue	Garden Rehab Family	200	\$23,092,183	\$12.7 million bonds
Lofts at Jefferson Station	799 Water Street	Mid-Rise NC Family	98	\$20,943,699	\$225,750
Caroline Arms	6457 Fort Caroline Road	Garden Rehab Family	204	\$22,630,922	\$12.5 million bonds
TOTAL			1,765	\$255,343,483	\$69.05 million bonds \$4.525 million JHFA loans

2. **Occupancy:** The current portfolio occupancy using a weighted average is 97.3% (-0.6%).
3. **Houston Street Manor:** The completion of the property has fallen well behind schedule—so much so that the JHFA's loan commitment for funding has expired. Mr. Lotzia and Ms. Stagner will update the Board on the situation at the meeting.

4. **Recommendation:** None.



VII. Sadowski Education Effort—Action

1. For the 2018 Legislative Session, JHFA contributed \$15,000 towards the Sadowski Education Effort (SEE)
2. Without SEE, SHIP funding would be severely reduced or eliminated.
3. Jacksonville received \$1,294,383 of SHIP funds for FY 17-18. This translates into a 86-1 return on investment of JHFA's \$15,000. This year's SHIP funding was unusually low—last year the \$15,000 investment resulted in \$3,946,988 of SHIP funding for the City.
4. The SEE budget for 2018 is \$218,000. The HFA's of Hillsborough and Lee counties contribute \$20,000 each year, with almost all other large and medium county HFA's at \$15,000 JHFA has sufficient budget authority to make a SEE payment at the end of this fiscal year.
5. Since SEE began in 2011:
 - Jacksonville has received over \$19.2 million of SHIP Funds and \$18.0 million of SAIL funds—total \$37.2 million.
 - Jacksonville HFA has invested \$90,000 in the effort.
 - That is a return on the \$90,000 investment of 413-1
6. **Recommendation:** Authorize staff to make a \$15,000 SEE Payment in September 2018, and include SEE funding in FY 2018-2019 budget.

RESOLUTION

A RESOLUTION OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF AN INTERLOCAL AGREEMENT BY AND BETWEEN THE JACKSONVILLE HOUSING FINANCE AUTHORITY AND THE HOUSING FINANCE AUTHORITY OF HILLSBOROUGH COUNTY, FLORIDA; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Part IV of Chapter 159 of the Florida Statutes authorizes the creation of Housing Finance Authorities within the State of Florida, including the Jacksonville Housing Finance Authority (the "Jacksonville Authority") for the purpose of issuing revenue bonds and refunding bonds, making loans directly to persons and families and issuing mortgage credit certificates to assist in relieving the shortage of housing available at prices or rentals which many persons and families can afford; and

WHEREAS, pursuant to individual interlocal agreements entered into between the Housing Finance Authority of Hillsborough County (the "Hillsborough Authority") and the Housing Finance Authorities in other counties (or with other counties in the absence of a housing finance authority) within the State, including Duval County, Florida (collectively, the "Counties"), each of the Counties have delegated its authority to purchase mortgage loans or securities backed by mortgage loans originated within the territorial boundaries of its respective county to the Hillsborough Authority (the territorial boundaries of Hillsborough County and the territorial boundaries of such other counties, collectively, the "Area of Operation"); and

WHEREAS, by combining the efforts of the Hillsborough Authority and the Counties, the Hillsborough Authority is be able to make available mortgage loans at rates below the rates otherwise attainable if any of the Counties undertook a separate program; and

WHEREAS, the facilitation of mortgage loans by the Hillsborough Authority in the Area of Operation will result in a wider allocation of fixed expenses and achieve certain other economies of scale that will have the effect of reducing the interest on mortgage loans that otherwise would have to be charged; and

WHEREAS, Sections 163.01, 159.608 and 125.01, Florida Statutes, authorizes the Hillsborough Authority and the Jacksonville Authority to enter into an Interlocal Agreement in order to make the most efficient use of their respective powers, resources and capabilities by authorizing the Hillsborough Authority to exercise those powers which are common to them for the purpose of issuing one or more series of the Bonds, making loans directly to persons and families and/or issuing mortgage credit certificates with respect to qualifying single family mortgage loan programs in the entire Area of Operation; and

WHEREAS, in September 2015, the Hillsborough Authority and the Jacksonville Authority entered into that certain Interlocal Agreement which has expiration date of September 30, 2018; and

WHEREAS, the Jacksonville Authority and the Hillsborough have agreed to enter into a new Interlocal Agreement, the form of which is attached hereto as Exhibit A and made a part hereof.

NOW, THEREFORE, BE IT DETERMINED AND RESOLVED BY THE JACKSONVILLE HOUSING FINANCE AUTHORITY THAT:

SECTION 1. EXECUTION AND DELIVERY OF THE INTERLOCAL AGREEMENT. The Chair or Vice Chair of the Jacksonville Authority is hereby authorized and directed to execute, for and on behalf of the Jacksonville Authority, the Interlocal Agreement in substantially the form attached hereto as Exhibit A with such changes, modifications, deletions and insertions as the Chair or Vice Chair, with the advice of Authority's counsel and bond counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Jacksonville Authority.

SECTION 2. GENERAL AUTHORIZATION. The Chair, the Vice Chair, the Secretary and counsel for the Jacksonville Authority, the Jacksonville Authority's financial advisor and bond counsel, are hereby further authorized to proceed, upon execution of the Interlocal Agreement, with the undertakings provided for therein on the part of the Jacksonville Authority.

SECTION 3. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this Resolution, or the document attached hereto or contemplated hereby, should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution.

SECTION 11. EFFECTIVE DATE. This Resolution shall become effective immediately upon its passage.

APPROVED AND ADOPTED by the Jacksonville Housing Finance Authority this 15th day of August, 2018.

**JACKSONVILLE HOUSING
FINANCE AUTHORITY**

ATTEST:

By: _____
William I. Gulliford, III, Chair

By: _____
Name: _____
Title: Assistant Secretary

APPROVED AS TO LEGAL SUFFICIENCY:

By: _____
Office of the General Counsel

EXHIBIT A
FORM OF INTERLOCAL AGREEMENT

INTERLOCAL AGREEMENT

This **AGREEMENT** made and entered into by and between the Housing Finance Authority of Hillsborough County, Florida, a public body corporate and politic organized and existing under the laws of the State of Florida (hereinafter referred to as the "Hillsborough Authority"), and the Jacksonville Housing Finance Authority, a public body corporate and politic of the State of Florida (hereinafter referred to as the "Jacksonville Authority").

W I T N E S S E T H:

WHEREAS, Part IV of Chapter 159 of the Florida Statutes authorizes the creation of Housing Finance Authorities within the State of Florida for the purpose of issuing revenue bonds and refunding bonds, making loans directly to persons and families and issuing mortgage credit certificates to assist in relieving the shortage of housing available at prices or rentals which many persons and families can afford; and

WHEREAS, the Hillsborough Authority has authorized the initiation of official action for the issuance of its Single Family Mortgage Revenue Bonds, various Series (collectively, and as such bonds may hereafter be designated as separate series, the "Bonds") and in connection therewith facilitating the loaning of funds to qualified persons and issuing mortgage credit certificates (the "Certificates") in the place of said Bonds; and

WHEREAS, pursuant to Section 143 of the Internal Revenue Code of 1986, as amended, the amount of private activity bonds, including qualified mortgage bonds and mortgage credit certificates, which may be issued by governmental units in any calendar year is limited, and is available for allocation to issuers within the State in accordance with Chapter 159, Part VI, Florida Statutes; and

WHEREAS, pursuant to individual interlocal agreements to be entered into between the Hillsborough Authority and the Housing Finance Authorities in other counties (or with other counties in the absence of a housing finance authority) within the State, including Duval County (collectively, the "Counties"), each of the Counties will delegate its authority to purchase mortgage loans or securities backed by mortgage loans originated within the territorial boundaries of its respective county to the Hillsborough Authority (the territorial boundaries of Hillsborough County and the territorial boundaries of such other counties, collectively, the "Area of Operation"); and

WHEREAS, by combining the efforts of the Hillsborough Authority and the Counties, the Hillsborough Authority will be able to make available mortgage loans at rates below the rates otherwise attainable if any of the Counties undertook a separate program;

WHEREAS, the facilitation of mortgage loans by the Hillsborough Authority in the Area of Operation will result in a wider allocation of fixed expenses and achieve certain other economies of scale that will have the effect of reducing the interest on mortgage loans that otherwise would have to be charged; and

WHEREAS, Sections 163.01, 159.608 and 125.01, Florida Statutes, authorize the Hillsborough Authority and the Jacksonville Authority to enter into this Interlocal Agreement in order to make the most efficient use of their respective powers, resources and capabilities by authorizing the Hillsborough Authority to exercise those powers which are common to them for the purpose of issuing one or more series of the Bonds, making loans directly to persons and families and/or issuing mortgage credit certificates with respect to qualifying single family mortgage loan programs in the entire Area of Operation.

NOW THEREFORE, the parties agree as follows:

SECTION 1. SUBSTITUTION OF BONDS. The Jacksonville Authority hereby grants authority to the Hillsborough Authority to issue its Single Family Mortgage Revenue Bonds for qualified single family housing mortgage loans described in the resolutions authorizing the Bonds, over the three year period commencing October 1, 2018 and ending September 30, 2021 and any such Bonds issued for such qualifying housing mortgage loans in Duval County are hereby deemed to be in full substitution for an equivalent principal amount of the Jacksonville Authority's Bonds. All revenues generated by Bonds issued pursuant to this Agreement and by the use of the proceeds thereof, will be administered by the Hillsborough Authority or its agents and all payments due from such revenues shall be paid by the Hillsborough Authority or its agents without further action by the Jacksonville Authority.

SECTION 2. PURCHASE OF LOANS OR MORTGAGE-BACKED SECURITIES. The Hillsborough Authority's program contemplates the possible purchase by the Hillsborough Authority of mortgage loans or mortgage-backed securities originated under the program. The Jacksonville Authority agrees that it shall provide funds to the Hillsborough Authority sufficient to purchase any such mortgage loans originated in Duval County or the portion of any mortgage-backed securities relating to mortgage loans originated in Duval County upon notice from the Hillsborough Authority. The maximum amount of funds the Jacksonville Authority has allocated for this purpose is \$1,500,000. Upon the purchase of any such mortgage loans or mortgage-backed securities, the mortgage loans or mortgage-backed securities shall be assigned and/or transferred from the Hillsborough Authority to the Jacksonville Authority unless otherwise directed by the Jacksonville Authority.

SECTION 3. SECOND MORTGAGES. The Hillsborough Authority's program also contemplates the provision to each borrower of a second mortgage loan to assist with down-payment and other costs. The Jacksonville Authority agrees to purchase any second mortgage loan originated under the program with respect to residences in Duval County, provided that (i) prior to the purchase of such second mortgage loan by the Hillsborough Authority, the Jacksonville Authority shall have the opportunity to review and approve the documentation for the second mortgage loan, and (ii) the Jacksonville Authority designates from time to time a maximum amount for second mortgage loans under the program. The Hillsborough Authority agrees to cause any second mortgage loans originated within Duval County to be serviced pursuant to the Hillsborough Authority's servicing agreement for the program.

SECTION 4. MORTGAGE CREDIT CERTIFICATES. The Jacksonville Authority agrees to secure, with existing private activity bond allocation available to the Jacksonville Authority, mortgage credit certificate authority in an amount of not less than \$10,000,000, and shall take such steps and enter into such agreements necessary to enable loans made under the program in Duval County to receive such credits in lieu of tax-exempt bond financing.

SECTION 5. ADMINISTRATION. The Hillsborough Authority hereby assumes responsibility for administering this Agreement by and through its employees, agents and officers; provided, however, that the Jacksonville Authority retains and reserves its right and obligation to require reasonable reporting on programs designed for and operated within Duval County. The Hillsborough Authority and its agents shall provide the Jacksonville Authority with such reports as may be necessary to account for funds generated by this Agreement.

The Hillsborough Authority shall have full authority and responsibility to negotiate, validate, market, sell, issue and deliver its Bonds in such amounts and at such times as the Hillsborough Authority shall in its sole judgment determine (taking into account lender demand and available allocation of private activity bond issuance authority pursuant to Chapter 159, Part VI, Florida Statutes) to finance qualifying single family developments in Duval County and to implement the program, and shall take such other

action as may be necessary or convenient to accomplish such purpose. Such Bonds may be issued in one or more series as determined by the Hillsborough Authority.

SECTION 6. PROGRAM PARAMETERS. The Jacksonville Authority shall establish the maximum housing prices and maximum adjusted family income for eligible borrowers in Duval County. The Jacksonville Authority hereby consents and agrees to the establishment by the Hillsborough Authority of all other program parameters.

SECTION 7. TERM. This Agreement will remain in full force and effect from the date of its execution until September 30, 2021; provided that any party hereto shall have the right to terminate this Agreement upon 30 days' written notice to the other party hereto. Notwithstanding the foregoing, it is agreed that this Agreement may not be terminated by any party during any period that any series of Bonds issued pursuant to the terms hereof remain outstanding, or during any period in which the proceeds of such Bonds or loans or mortgage-backed securities intended for purchase by the Jacksonville Authority are still in the possession of the Hillsborough Authority or its agents pending distribution, unless the parties to this Agreement mutually agree in writing to the terms of such termination. It is further agreed that in the event of termination the parties to this Agreement will provide continuing cooperation to each other fulfilling the obligations associated with the program described in this Agreement.

SECTION 8. INDEMNITY. The Hillsborough Authority agrees to hold the Jacksonville Authority harmless, to the extent permitted by law and solely from amounts made available under the documents relating to the Bonds, from any and all liability for repayment of principal of and interest or penalty on the Bonds or in connection with the approval by the Jacksonville Authority of the program parameters as required by Section 6 of this Agreement, or in connection with the approval rendered by the Jacksonville Authority pursuant to Sections 159.603 and 159.604, Florida Statutes. The Hillsborough Authority agrees that any offering circular or official statement approved by and used in marketing the Bonds will include a statement that Bondholders may not look to the Jacksonville Authority for payment of the Bonds and interest or premium thereon.

SECTION 9. COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties to this Agreement have caused their names to be affixed hereto by the proper officers thereof as of the ____ day of _____, 2018.

**HOUSING FINANCE AUTHORITY OF
HILLSBOROUGH COUNTY, FLORIDA**

(SEAL)

By: _____
Chair

ATTEST:

Assistant Secretary

(SEAL)

**JACKSONVILLE HOUSING FINANCE
AUTHORITY**

By: _____
Chair

Assistant Secretary

Applications Due: TBD
for
LOCAL GOVERNMENT AREA OF OPPORTUNITY FUNDING REQUESTS
In Conjunction with FHFC RFA 2018-112

JACKSONVILLE HOUSING FINANCE AUTHORITY

**NOTICE OF FUND AVAILABILITY &
REQUEST FOR APPLICATIONS**

The Jacksonville Housing Finance Authority (the "Authority") announces the availability of funds and is requesting applications for the consideration of providing local government support for qualified multifamily housing developments which meet the goals of the Authority and comply with applicable federal and state law. The Authority has adopted the following guidelines to set forth the general requirements and procedures that apply to the financing of multifamily housing developments. The Authority may waive specific provisions of these guidelines where good cause is shown and adequate supporting documentation is provided. Any waiver is at the sole discretion of the Authority, and may require approval by the Jacksonville City Council. In addition, these guidelines may be amended, revised, repealed or otherwise altered by the Authority with or without notice. The Authority specifically welcomes requests for proposed alternative resident programs or development/unit features.

All applications submitted will be reviewed by the Authority's Financial Advisor, who will make recommendations to the Board. The Board will decide whether or not to authorize commitment letters and loans providing Local Government Area of Opportunity Funding for developments seeking FHFC Housing Credits in conjunction with FHFC RFA 2018-112 and/or loans providing Local Government Contributions in conjunction with FHFC RFA 2018-112. Submission of an application does not entitle the Applicant to financing, even if sufficient funds remain.

The Authority will not consider issuing commitment letters to provide financing for any development unless the applicant has satisfied the general requirements set forth in these guidelines, submits a timely, complete, and acceptable application and complies with all of the procedures and requirements contained within the Authority's application procedures and program guidelines. Copies of the Application are available at the Authority's website:

<http://www.coj.net/departments/independent-boards-and-agencies/jacksonville-housing-finance-authority/multifamily-programs.aspx>

The Authority reserves the right to impose additional requirements on any particular development. Compliance with these guidelines does not and shall not create any right by an applicant to a commitment or assurance that the Authority will provide the requested financing.

The Authority provides local government support to assist in the construction, rehabilitation and permanent financing of multifamily housing developments. The estimated amount of funds available for local government support is approximately \$1,500,000. Up to this amount can be used for multi-family developments seeking Housing Credits from FHFC pursuant to FHFC RFA 2018-112, and Local Government Area of Opportunity Funding from JHFA.

The maximum amount of the Local Government Support loans funded pursuant to this NOFA is the amount that will allow an Applicant to receive the maximum points or preference for the Local Government Area of Opportunity Funding. One loan made in conjunction with FHFC RFA 2018-112 will be in the dollar amount necessary to score the maximum amount of points for the Local Government Area of Opportunity Funding, while another loan will be in the dollar amount necessary to score the maximum number of points for the Local Government Contribution.

All applications received will compete with each other and be selected by the Authority for the available funding. Applications will be reviewed against the criteria listed below and, if selected, each loan will be subject to the minimum loan terms stated below.

Applications related to FHFC RFA 2018-112 or any other FHFC RFA are due no later than 5:00 PM, Eastern Standard Time, **TBD**. The application cycle will be processed according to the Authority's guidelines (which guidelines provide, however, that any remaining allocation-available after the application cycle may be made available to applicants on a first-come, first-served basis). For more information, contact Mark Hendrickson.

Applicants must submit an original and a total of two (2) copies to the Authority as follows:

An original, one (1) hard copy, and a PDF of the entire application, and a \$5,000 application fee (check to JHFA) to:

Jacksonville Housing Finance Authority
Laura Stagner, Director of Finance
214 North Hogan Street, 3rd Floor
Jacksonville, FL 32202
PDF to be emailed to lstagner@coj.net

One (1) hard copy and a PDF of the entire application, and \$2,500 review fee (check made out to The Hendrickson Company) to:

Mark Hendrickson
1404 Alban Avenue
Tallahassee, Florida 32301
Contact: Mark Hendrickson, 850.671.5601 mark@thehendricksoncompany.com

GUIDELINES

1. PROJECT THRESHOLD CRITERIA

- Project must be located within Duval County, Florida;
- Applicant must provide evidence of ownership or other legal control of the project site (e.g., a contract or option to purchase the project site);
- Applicant must provide a set-aside of rental units equal to or greater than the standards for low income Housing Tax Credits or applicable FHFC Program, as the case may be; and,
- Project must have evidence of land use and zoning authorizing the use of the property for multi-family residential uses.

2. PROJECT SELECTION CRITERIA

- Project feasibility as determined by:
 - ✓ Applicant's development and construction experience;
 - ✓ Applicant's management experience; and
 - ✓ Financial feasibility to complete and operate the project (including, but not limited to, cost estimates, cash flows, debt service, coverage ratios, the percentage of public monies requested compared to project cost; leveraging)

- Applicant's performance and/or compliance (including any prior defaults) of any prior loans or contracts with the JHFA or the City;
- The extent to which social services and assistance is offered to occupants (including, but not limited to, job training, computer training, home purchase assistance, health-related support);
- The extent to which there is temporary (for any rehabilitation projects) or permanent displacement of existing tenants (then in which event either shall be scored as a negative factor); and,
- The following shall receive emphasis in scoring:
 - ✓ Existing projects with either expiring Section 8 rental assistance contracts, or
 - ✓ The preservation of projects that have expiring affordable housing land use restrictions.
- **The JHFA established the following funding priorities for Applicants applying for the Local Government Area of Opportunity Funding:**
 - ✓ **Location within the boundaries of the Jacksonville City Limits (Pre-Consolidation, 1968)**
 - ✓ **FHFC category of "Family" demographic**
 - ✓ **Maximum Economic Impact**
 - ✓ **Developments which provide a lift to the neighborhood, and could lead to additional revitalization and/or neighborhood improvement**
 - ✓ **Projects that result in the adaptive reuse or redevelopment of existing structures or properties**
 - ✓ **Proximity to public transportation**
 - ✓ **Leveraging of JHFA funds with other City resources that could be used to meet the FHFC required contribution level, and leveraging of JHFA funds with other funds to achieve greater impact on the community/neighborhood**
 - ✓ **Ability to meet FHFC requirements for the contribution to be a part of permanent financing with minimum loan term.**
 - ✓ **Developments which commit to an affordability period beyond the minimum 50 year period required by FHFC and JHFA**
 - ✓ **Geographic Area of Opportunity**

Note: A map is included with the NOFA that shows the boundaries of the Jacksonville City Limits, (Pre-Consolidation, 1968). If you are unsure if a site is within that area, you may submit the site to Mark Hendrickson (mark@thehendricksoncompany.com) who will consult with the City and provide a determination prior to the application deadline.

3. LOAN TERMS:

To be determined at time of loan commitment(s). The following will apply to all JHFA loans:

The loan amount for Applicants seeking a Local Government Area of Opportunity Funding loan will depend upon development type, and are detailed within FHFC RFA 2018-112. The terms for such loans are:

- ✓ Loan Amount to be determined by development type, as detailed in FHFC RFA 2018-112
- ✓ Term of loan to be the minimum required by FHFC RFA 2018-112 or for development financial feasibility
- ✓ Monthly payment schedule
- ✓ Amortizing or non-amortizing, but amortizing preferred
- ✓ 0% interest possible, but not preferred
- ✓ Loan due in full in balloon payment at end of loan period if not already amortized
- The loan documents shall provide for the standard default provisions; and upon default, the loan shall accrue interest at the highest rate then permissible under Florida law from and after an event of default that remains uncured.
- Each loan shall be evidenced by a promissory note in the full-face amount of the Local Government Support, and secured in its entirety by a subordinate lien mortgage, and shall include such other standard loan documents as necessary to evidence and complete the transaction.

- The loan shall not be disbursed until the following minimum due diligence is received and satisfactory (however, additional requirements may be necessary for the project): mortgagee title insurance policy (or a marked-down commitment for the same), boundary survey certified to the JHFA, environmental site assessments certified to the JHFA, and evidence of concurrency and all permits authorizing construction of the project.
- The loan shall be issued in the name of the JHFA. Such loan shall be reviewed, implemented, and administered by the JHFA.

4. **FEES**

- \$5,000 Application fee due with original application, check made out to JHFA
- \$2,500 Review fee, due with copies of application, but mailed to and check made out to The Hendrickson Company
- \$5,000 Closing Fee, due at loan closing.

5. **DISCLAIMER**

The JHFA is taking no responsibility that FHFC in their initial scoring, or in any scoring revisions that take place due to legal disputes between applicants in FHFC RFA 2018-112, or any other FHFC RFA, related to the NPV calculation or the calculation for the Area of Opportunity Funding. JHFA is assuming NO LIABILITY if FHFC or any judicial or quasi-judicial body comes to a conclusion that the funding levels or loan terms do not qualify the Applicant for the Local Government Area of Opportunity or Local Government Support points within the FHFC RFA/Application.

If approved for a loan, and with that understanding, if you would like to have a local government contribution loan form executed by the City, please fill out the form and submit to both Laura Stagner and Mark Hendrickson prior to the submission deadline.

JACKSONVILLE HOUSING FINANCE AUTHORITY

Local Government Support Funds

Application

**THIS APPLICATION IS SOLELY FOR THE USE OF APPLICANTS SEEKING LOCAL GOVERNMENT
AREA OF OPPORTUNITY FUNDING IN CONJUNCTION WITH FHFC HOUSING CREDIT
RFA 2018-112**

**SUBMIT THE ORIGINAL, ONE COPY AND A PDF OF THE ENTIRE APPLICATION
& APPLICATION FEE OF \$5,000 (CHECK MADE TO JHFA) TO:**

**JACKSONVILLE HOUSING FINANCE AUTHORITY
LAURA STAGNER, DIRECTOR OF FINANCE
214 N. HOGAN ST., 7TH FLOOR
lstagner@coj.net
JACKSONVILLE, FLORIDA 32202
904.255.8279**

**SUBMIT ONE (1) COPY AND A PDF OF THE ENTIRE APPLICATION
& REVIEW FEE OF \$3,000 (CHECK MADE TO THE HENDRICKSON COMPANY)**

**THE HENDRICKSON COMPANY
1404 ALBAN AVENUE
TALLAHASSEE, FLORIDA 32301
mark@thehendricksoncompany.com
850.671.5601**

GENERAL INFORMATION

NOTE: Please see The City Council of the City of Jacksonville's Ordinance 2014-185-E, which establishes minimum Project Threshold Criteria, Project Selection Criteria, and Loan Terms, all for local government support as set forth in this application. If any of the four Project Threshold Criteria are not met (e.g., Project located in Duval County; Site control; Sufficient number of rental units per applicable FHFC program; and Project presently zoned and has appropriate land use designation permitting multi-family residential for the proposed Project), then the application will not be considered by the JHFA. If an application is approved, then the JHFA will determine the loan terms for the local government support, including the minimum requirements set forth in Ordinance 2014-185-E and including any other terms required by the JHFA (including, but not limited to, the applicant paying the JHFA's legal fees and all costs related to the local government support loan).

IF ONE OF THE PROPOSED FUNDING SOURCES FOR THIS DEVELOPMENT IS BOND, THE BONDS MUST BE ISSUED BY JHFA. THE DEADLINE TO APPLY FOR JHFA BONDS WILL BE NOTICED IN THE NOTICE FOR FUND AVAILABILITY.

Please indicate if Applicant will use these funds in conjunction with (check one)

- ☐ FHFC HOUSING CREDIT RFA # 2018-112
☐

LOCAL GOVERNMENT LOAN REQUEST: Please provide the details of your request for a Local Government Area of Opportunity Loan, including the requested loan amount and loan terms, including interest rate, maturity date, amortization, and balloon (if any). The maximum amount of the Local Government Area of Opportunity Loan is the minimum amount that will allow the Applicant to score the maximum number of points under the FHFC's guidelines. This amount varies bases upon construction type, and will be found in FHFC RFA 2018-112.

LOAN AMOUNT REQUESTED: _____
MATURITY OF LOAN IN YEARS: _____
INTEREST RATE: _____
AMORTIZATION: _____
BALLOON, IF ANY: _____
VALUE OF CONTRIBUTION FOR FHFC APPLICATION PURPOSES: _____
EXPLANATION AND CALCULATION: _____

I. DEVELOPMENT SUMMARY AND TIMELINE

- A. Provide a short narrative description of the Development, including all amenities, unit features and scope of work to be performed. MAJOR DEVELOPMENT AMENITIES WILL BE INCLUDED IN THE LAND USE RESTRICTION AGREEMENT AND/OR THE LOW INCOME HOUSING AGREEMENT, IF APPLICABLE. Also attach as Exhibit 1 a timeline for the completion of the development which includes all key dates, including anticipated timing of permits and credit underwriting, bond closing date, completion of construction, rent up, and stabilization.

- B. Attach as Exhibit 2 a narrative description of how this application meets all selection criteria for Local Government Area of Opportunity Funding, as detailed in the associated NOFA.
- C. Applicant must agree to participate in the Crime Free Multi-Housing Program sponsored by the Jacksonville Sheriff's Office. Terms of this program are included as Attachment 1. Proof of participation must be provided to the Authority semi-annually.

D. SUMMARY OF PROPOSED DEVELOPMENT

Name of Development	
Location of Development, by street address, or if no address, by mileage from nearest cross streets. Also, attach a map showing the development's location. The Project <u>must</u> be located in Duval County. (PROJECT THRESHOLD CRITERIA)	
City Council District Number	
Developer/ Location (name of controlling company, not of LP or LLC).	
Contact person for application, including name, email, and phone numbers	
Development Construction Type New Construction or Rehabilitation	
Development Demographic Family, Elderly, or other	
Number of Units, by Bedrooms	
Total Development Cost	
Cost per unit	
Land Cost	
Acquisition of Building Cost if applicable	
Hard Rehab Cost or Construction Cost	
General Contractor	
Set Aside Period (minimum of 50 years)	
Set Aside Levels (PROJECT THRESHOLD CRITERIA)	
Current Zoning (PROJECT THRESHOLD CRITERIA)	
Evidence of Site Control (PROJECT THRESHOLD CRITERIA)	
Geographic Area of Opportunity (Yes or No)	

II. APPLICANT INFORMATION

A. Applicant Name: _____

Must be a legally formed entity (i.e., limited partnership, corporation, etc.) qualified to do business in the State of Florida at the time of submission of Application.

B. If partnership, name of general partner(s): _____

If corporation, name and title of executive officer: _____

Address: _____

Telephone: _____ Facsimile: _____

III. PROPOSED PROJECT FINANCING

A. Proposed Finance Summary: Please provide as Exhibit 3 a permanent loan period detailed sources and uses that is in a format acceptable to FHFC as part of the upcoming HC RFA process.

IV. ABILITY TO PROCEED

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

A. Site Control (PROJECT THRESHOLD CRITERIA)

Site Control must be demonstrated by the APPLICANT. At a minimum, a Contract for Purchase and Sale must be held by the Applicant for the proposed site. The contract may not expire until 2018, and the buyer **MUST** be the Applicant. Indicate which form of site control is provided:

___ Contract for Purchase & Sale, and Title Insurance Commitment showing marketable title in the name of the Seller

___ Recorded Deed, and Title Insurance Policy Showing marketable title in the name of the Applicant

___ Long-Term Lease: If site control is demonstrated by long-term lease, a copy of the executed lease must be provided. The lease may be contingent only upon the receipt of Bond Financing. Also, a Title Insurance Commitment showing marketable title in the name of the lessee must be included.

IMPORTANT: If site control is not held by the Applicant, a fully executed, enforceable **contract for purchase and sale or assignment of contract** must be provided which obligates the seller or assignor

to transfer the site to the Applicant contingent **ONLY** upon the award of Financing from the Authority or FHFC. . Attach Evidence of Site Control as Exhibit 4.

B. Zoning and Land Development Regulations (PROJECT THRESHOLD CRITERIA)

1. a. Is the site appropriately zoned for the proposed Development: No ___ Yes ___
- b. Indicate zoning designation (s) _____
- c. Current zoning permits ___units per acre, or ___ for the site (PUD).
- d. Total Number of Units in Development:

Note: at a minimum, the current, applicable Future Land Use Map Designation and associated Local Government Comprehensive Plan Future Land Use Element provisions must permit the proposed Development. (PROJECT THRESHOLD CRITERIA)

2. New Construction Zoning and Land Development Regulation Development Requirements:

Applicant must provide a letter from the appropriate local government official that the Development is consistent with zoning and land development regulations, which verify that the site is appropriately zoned and consistent with local land use regulations regarding density and intended use. **To meet minimum requirements, attach a letter from the appropriate local government official verifying that the current, applicable Future Land Use Map Designation and associated Local Government Comprehensive Plan Future Land Use Element provisions permit the proposed Development.** Attach the local government verification letter as Exhibit 5.

3. Rehabilitation Zoning and Land Development Regulation Development Requirements:

Applicant must provide a letter from the appropriate local government official that the Development is consistent with zoning and land development regulations, which verify that the site is appropriately zoned and consistent with local land use regulations regarding density and intended use. **To meet minimum requirements, attach a letter from the appropriate local government official verifying that the current, applicable Future Land Use Map Designation and associated Local Government Comprehensive Plan Future Land Use Element provisions permit the proposed Development.** Attach the local government verification letter as Exhibit 5.

V. CERTIFICATION (Original Signatures Required)

The undersigned Applicant certifies that the information in this Application is true, correct and authentic.

THE APPLICANT FURTHER ACKNOWLEDGES HAVING READ ALL APPLICABLE AUTHORITY RULES GOVERNING THE PROGRAM AND ACKNOWLEDGE HAVING READ THE INSTRUCTIONS FOR COMPLETING THIS APPLICATION.

THE APPLICANT UNDERSTANDS AND AGREES TO ABIDE BY THE PROVISIONS OF THE APPLICABLE FLORIDA STATUTES AND AUTHORITY PROGRAM POLICIES, RULES AND GUIDELINES.

THE UNDERSIGNED REPRESENTS AND WARRANTS THAT THE INFORMATION PROVIDED HEREIN IS TRUE AND ACCURATE. THE PERSON EXECUTING THIS DOCUMENT REPRESENTS THAT HE OR SHE HAS THE AUTHORITY TO BIND THE APPLICANT AND ALL INDIVIDUALS AND ENTITIES NAMED HEREIN TO THIS WARRANTY OF TRUTHFULNESS AND COMPLETENESS OF THE APPLICATION.

THE APPLICANT ACKNOWLEDGES THAT THE AUTHORITY'S INVITATION TO SUBMIT AN APPLICATION DOES NOT CONSTITUTE A COMMITMENT TO FINANCE THE PROPOSED DEVELOPMENT. **BEFORE THE AUTHORITY CAN CLOSE A LOAN THE PROPOSED DEVELOPMENT MUST RECEIVE AN ALLOCATION OF HOUSING CREDITS AND APPLICANTS MUST SUCCESSFULLY COMPLETE CREDIT UNDERWRITING AND OBTAIN ALL NECESSARY APPROVALS FROM THE BOARD OF DIRECTORS, AUTHORITY COUNSEL, BOND COUNSEL, THE CREDIT UNDERWRITER AND CITY COMMISSION AND STAFF.**

Applicant

Date

Signature of Witness

Name and Title ((typed or printed)

Name (typed or printed)

NOTE: ORIGINAL APPLICATION MUST CONTAIN AN ORIGINAL SIGNATURE, OR THE APPLICATION WILL BE REJECTED AUTOMATICALLY

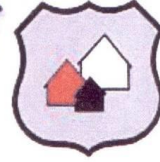
ATTACHMENT 1



Office of the Sheriff

Jacksonville, Florida

Crime Free Multi-Housing Program



The Jacksonville Sheriff's Office has implemented a community program called the **Jacksonville Crime Free Multi-Housing Program**. The program, which is endorsed by Sheriff John Rutherford, is a partnership between the Jacksonville Sheriff's Office, owners, managers and residents of our apartment communities. Our goal is to keep drugs and other illegal activity out of our communities.

Crime Free Multi-Housing Program Overview

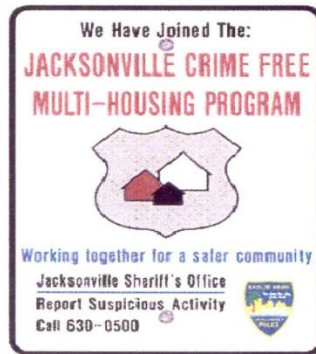
The program was successfully developed by the Mesa Arizona Police Department in 1992. The International Crime Free Multi-Housing Program has spread to nearly 2,000 cities in 44 states, 5 Canadian Provinces, and other countries.

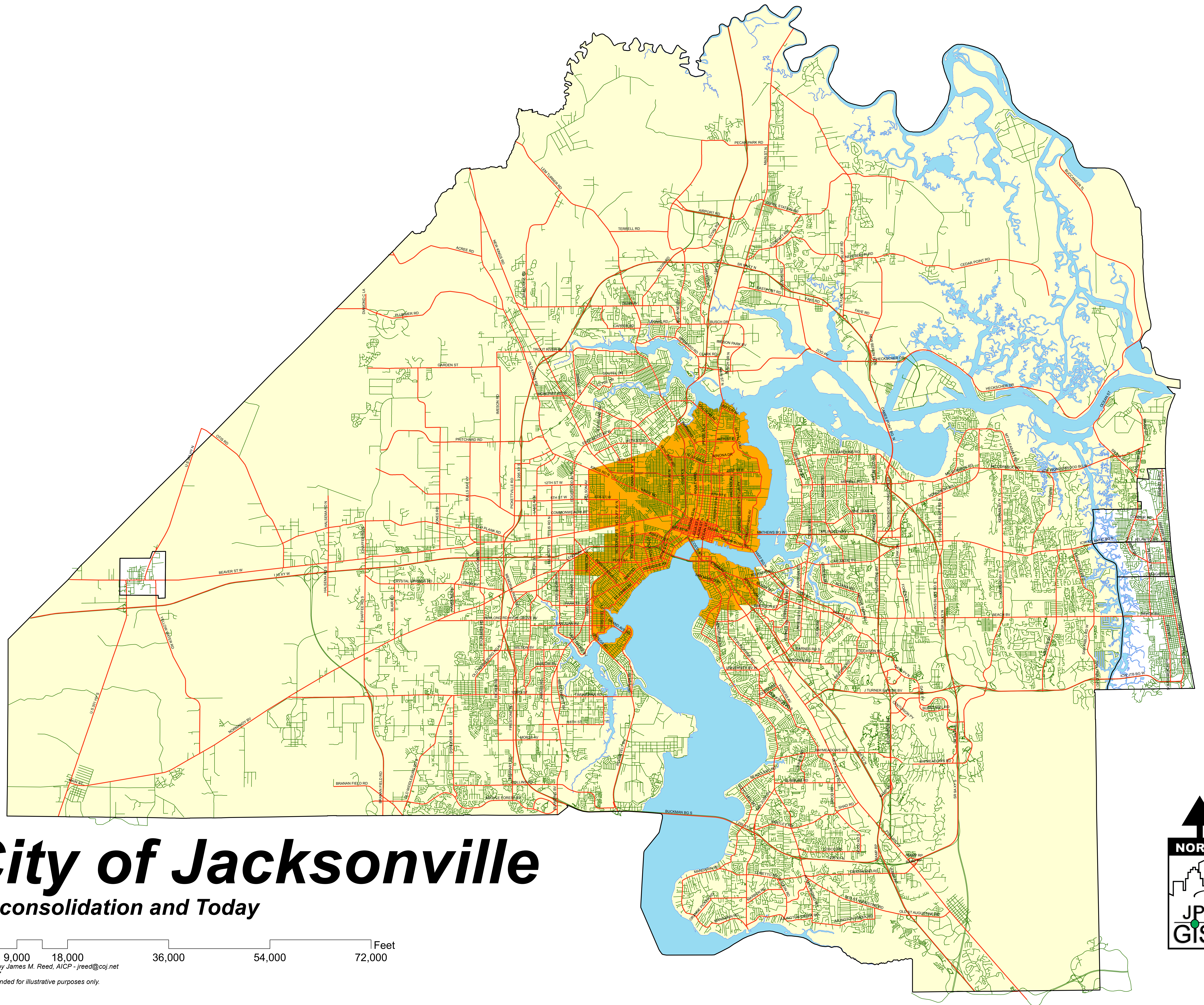
The program consists of three phases that must be completed under the supervision of the Jacksonville Sheriff's Office.

- **Phase 1 – Management Training**
 - Property Managers, owners and staff receive eight hours of training in the operation of the Crime Free Multi-Housing Program.
 - Training consists of the following:
 - Crime Prevention Techniques
 - CPTED (physical security of their communities)
 - Benefits of resident Screening
 - Lease agreements and eviction issues
 - Crime Free Lease Addendum
 - Addressing drug activity and crime on their property
 - Training the community in crime awareness
- **Phase 2 – CPTED Survey**
 - A general CPTED (Crime Prevention through Environmental Design) survey is conducted on the apartment property.
 - A minimum safety standard must be met to participate in the Crime Free Multi-Housing Program. The following items are the minimum standards;
 - 180 degree eye viewers in all front doors
 - One inch deadbolts on all exterior doors
 - Minimum of two inch screws in strike plates on exterior doors (exception; steel framed door jambs)
 - Lift and slide protection on windows (accessible)
 - Lift and slide protection on sliding doors (accessible)
 - Adequate security lighting in working order (throughout the property)

- Properly trimmed landscaping throughout the property (3 and 7 foot rule – bushes and shrubbery trimmed below 3 feet and trees trimmed up to 7 feet)
 - Inoperable or expired vehicles tagged and removed from the property
 - A visible display of property address, seen from the roadway
- **Phase 3 – Resident Crime Prevention Meeting**
 - The apartment management must conduct an annual crime prevention meeting with their residents.
 - Community awareness and continuous participation is encouraged
- **Certification**
 - Apartment communities that successfully complete all three phases of the training are permitted to post signs on their properties (see example sign below).
 - Certified properties will also be given the following:
 - Authorization to use the Crime Free Logo in advertising and marketing of their property.
 - Once operable, apartment managers will receive daily e-mail notifications from JSO, providing calls for service information on their property.
 - JSO will place a list of certified properties on the JSO website.
 - If a property fails to keep their standards, at our minimum level, their certification will be revoked

Sample Certified Membership Sign





City of Jacksonville

Preconsolidation and Today

0 9,000 18,000 36,000 54,000 72,000 Feet
Developed by James M. Reed, AICP - jreed@coj.net
August 2017
Content intended for illustrative purposes only.



LOAN AGREEMENT
(Houston Street Manor)

This **LOAN AGREEMENT** (this "Agreement") dated as of December 29, 2016, is made and entered into by and between **HOUSTON STREET MANOR LIMITED PARTNERSHIP**, a Florida limited partnership ("Borrower") and **JACKSONVILLE HOUSING FINANCE AUTHORITY**, a public body corporate and politic existing under the laws of the State of Florida, its successors and assigns ("Authority").

RECITALS

A. The Borrower is the owner of certain real property (the "Property") situated in Duval County, Florida, more particularly described on **Exhibit "A"** attached hereto and made a part hereof.

B. The Authority has agreed to lend to the Borrower ONE HUNDRED FIFTEEN THOUSAND AND NO/100 DOLLARS (\$115,000.00) (the "Loan") from the Authority's Local Government Support Funds Program (the "Program") to provide a portion of the funds for the construction of a 72-unit multifamily apartment project known as Houston Street Manor (the "Development" or "Improvements") on the Property (the Property, the Development, the fixtures and personal property and other amenities now or hereafter located on or used in connection with the Property are referred to collectively hereafter as the "Premises").

C. As evidence of the Loan, the Borrower has executed and delivered to the Authority a Promissory Note dated of even date herewith (the "Junior Note").

D. The Borrower has executed that certain first lien Mortgage, Assignment of Rents, Security Agreement and Fixture Filing (the "Senior Mortgage") in favor of Bank of America, N.A. (the "Senior Mortgagee") in connection with a construction loan in the original principal amount of \$12,739,675.00, as may be amended and restated (the "Senior Note").

E. The Borrower has executed that certain subordinate Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Subordinate Mortgage") in favor of Bank of America, N.A., as subordinate mortgagee (the "Subordinate Mortgagee") in connection with a delivery assurance fee note in the original principal amount of \$13,018.76.

F. As security for the payments and obligations required from the Borrower to the Authority under the Junior Note, this Agreement and any and all related loan documents, the Borrower has executed, among other things, a Mortgage and Security Agreement dated of even date herewith (the "Junior Mortgage") in favor of the Authority encumbering the Premises and that certain Assignment of Leases, Rents and Contract Rights dated of even date herewith, from the Borrower assigning to the Authority all of its right, title and interest in and to all agreements for the leasing of the Development or any part thereof, if any, and all rents, issues and profits derived or to be derived from the Development, subject to the rights of the Senior Mortgagee (the "Assignment of Leases and Rents").

G. The Borrower and the Authority have negotiated the terms and conditions of, and wish to enter into, this Agreement in order to set forth certain terms and conditions of the Loan.

NOW, THEREFORE, in consideration of the premises, and of the mutual covenants and agreements set forth below, the parties agree as follows:

1. **INCORPORATION OF RECITALS.** The above recitals are true and correct and are incorporated into and made a part hereof.

2. **DEFINITIONS.** As used in this Agreement the terms listed below shall have the following meanings unless otherwise required by the context:

a. Completion Date: On or before May 30, 2018.

b. Construction Cost: The actual cost of labor, materials, demolition, improvements to the Property, utility installation, architectural and engineering services, and other work to be performed and costs to be incurred in connection with the construction of the Development in accordance with the Plans and Specifications and this Agreement, not to exceed the "Total Development Cost" described in the "Use of Proceeds" schedule attached hereto as **Exhibit "B"**. The actual cost of "Hard Costs" shall be further broken down in the "Contractor's Cost Breakdown" to be received and approved by the Senior Mortgagee (as applicable) prior to the first Draw Request (sometimes called the "Breakdown of Costs"). The term "Construction Costs" shall include all hard and soft costs associated with the acquisition, financing, improvement and construction of the Development consistent with the line items on **Exhibit "B"** hereto.

c. Draw Request: The disbursement of the proceeds of the Loan in full to provide funds for the payment of a portion of the construction costs; such Draw Request shall be deemed to be an advance under the Junior Note.

d. Environmental Indemnity: That certain Environmental Indemnity Agreement dated of even date herewith, made by the Borrower, Beneficial Houston Street Manor LLC, and Donald W. Paxton for the benefit of Authority.

e. Loan Documents: Shall collectively mean the Junior Note, the Junior Mortgage, this Agreement, the Assignment of Leases and Rents, the Environmental Indemnity Agreement, the Land Use Restriction Agreement and any other documents evidencing, securing or relating to the Loan.

f. Partnership Agreement: The Amended and Restated Agreement of Limited Partnership of Borrower dated December 29, 2016.

g. Plans and Specifications: The plans and specifications for the construction of the Development as reviewed and approved by the Senior Mortgagee and all amendments and modifications thereto as approved by Senior Mortgagee.

h. Permitted Subordinate Lien: That certain Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated of even date herewith executed

by Borrower in favor of Senior Mortgagee in connection with a delivery assurance fee note in the original principal amount of \$13,018.76.

i. Prior Liens: The Senior Mortgage.

j. Servicer: None.

k. Subordination Agreement: That certain Subordination Agreement dated of even date herewith by and among Senior Mortgagee, the Authority and Borrower.

l. Title Company: First American Title Insurance Company or a title insurance company accepted by the Authority in writing.

m. Title Insurance Policy. The Title Company's Mortgagee's Policy issued pursuant to the Title Company's Title Commitment No. FA-CC-2037-3429489, effective December 19, 2016, and all endorsements issued thereto.

3. **THE LOAN.** The Authority shall make the Loan to Borrower and will disburse the proceeds of the Loan in one or more advances upon the terms and conditions set forth herein, and the Borrower agrees to the Loan and expressly agrees to comply with and perform all of the terms and conditions of the Loan Documents. The Loan shall be evidenced by the Junior Note and secured by the Junior Mortgage and the other Loan Documents as herein provided.

4. **CONSTRUCTION OF IMPROVEMENTS.**

(a) Commencement and Completion. Borrower shall obtain all necessary governmental permits and approvals and shall cause construction of the Improvements to begin no later than the date which is ninety (90) days after the closing of the Loan and only after the recording of the Notice of Commencement, and shall cause such construction to be prosecuted with diligence and dispatch so that the Improvements, including, but not limited to, main buildings, and other amenities, parking, paving, landscaping, water and sewer lines and electrical lines, are erected on the Property and completed in accordance with the Plans and Specifications, in form and content acceptable to the Authority, and ready for occupancy on or before the Completion Date, free and clear of all liens or claims for materials, labor, services, or other items furnished in the construction of the Improvements, and in full compliance with all building, zoning and other applicable local, state and federal ordinances and regulations. The Completion Date shall be extended for Unavoidable Delays (as defined in Section 16(c) below), but in no event for a period of time longer than sixty (60) cumulative days without the prior written consent of the Authority. Completion of the Development shall be evidenced by issuance of a Certificate of Occupancy or Completion on all of the Improvements by the governmental authorities having jurisdiction over the Development and a final certification by the Authority's approved inspector ("Inspector") that the Improvements have been completed in accordance with the Plans and Specifications and which is in form and content acceptable to the Authority. The Development shall include the resident programs and amenities and Crime Free Multi-Housing Program as set forth on Exhibit "C" attached hereto.

(b) Right of Authority to Inspect. The Authority, and any other agent or representative of the Authority shall have the right to enter the Development to inspect the

construction of the Development at all reasonable times during normal business hours. The Borrower shall cause the inspector engaged by the Authority to provide any and all periodic written reports to the Authority, all at Borrower's expense. Borrower shall cause its general contractor and all subcontractors to cooperate with the Authority, and such agents and representatives in the exercise of their rights and performance of their duties hereunder. This provision shall not impose on the Authority any obligation to inspect or to correct any defects discovered or to notify any person with respect thereto.

5. CONDITIONS TO THE EXECUTION OF THIS AGREEMENT BY AUTHORITY. The conditions listed below are condition precedents to the Authority's execution hereof and shall be complied with in form and substance satisfactory to the Authority and its counsel prior to the Authority's execution hereof:

(a) Title Insurance: On the date hereof, Borrower shall deliver to the Authority the Title Commitment issued by the Title Company, in an amount equal to the principal amount of the Junior Note, which title insurance commitment shall (i) insure that the Junior Mortgage is a valid lien on the Development, subordinate in priority only to the Prior Liens (ii) insure that title to the Property is good and marketable and free and clear of all liens, encumbrances, easements, exceptions, reservations and restrictions except for the Prior Liens, Subordinate Mortgage, and other documents evidencing and securing the Prior Liens, and those approved by the Authority and its counsel, (iii) include a Form 9 comprehensive endorsement which shall insure, among other things, that the property depicted in the survey described below conforms to the property described in **Exhibit "A"** to this Agreement and such other endorsements as the Authority may require, and (iv) be "marked-up" to reflect, among other things, that all requirements under Schedule B-I have been satisfied and all "standard" or "general" exceptions (including the "gap" exception) under Schedule B-II have been deleted except for those approved by the Authority and its counsel;

(b) Survey: The Borrower shall deliver to the Authority a current "as built" survey or surveys certified to the Authority, the Authority's counsel and the Title Company prepared by a surveyor acceptable to the Authority showing the following:

- (i) the location of the perimeter of the Property by courses and distances and perimeter footings in place, and by reference to Township, Range, Section;
- (ii) the location of and the identification by reference to recording data of all easements, rights-of-way, conditions and restrictions on or appurtenant to the Development;
- (iii) the lines of the streets abutting the Development and the width thereof;
- (iv) all encroachments, and the extent thereof in feet and inches upon the Development;
- (v) the Development, to the extent constructed, and the relation of the Development by distances to the perimeter of the Development, and the street lines;

- (vi) if the Development is described as being on a filed map, a legend relating the plat of survey to such map;
- (vii) flood zone certification;
- (viii) all set-back requirements; and
- (ix) any other requirements requested by Authority or its counsel;

(c) Loan Documents: The Junior Note shall be duly authorized, executed and delivered to the Authority; the Junior Mortgage shall be duly authorized, executed, acknowledged, delivered to the Authority, recorded in the appropriate public records, and shall be a valid mortgage lien, subordinate only to the lien of the Prior Liens, on the Development and on all fixtures and personal property owned by Borrower to be used in connection with the Development; all of the other Loan Documents shall be duly authorized, executed, acknowledged, recorded (if applicable) and delivered to the Authority;

(d) Borrower's Affidavit: An affidavit of the Borrower shall be executed and delivered to the Authority certifying that no liens exist on the Development except for taxes not yet due and payable and that no other parties are entitled to possession except the Senior Mortgagee and as otherwise provided herein;

(e) Appraisal: If requested by the Authority, an updated appraisal of the Development by an appraiser satisfactory to the Authority shall have been delivered to and approved by the Authority;

(f) Entity Documents: Upon the request of the Authority, the Borrower shall deliver to the Authority the following documents:

- (i) The Certificate of Incorporation of the Borrower, or, if the Borrower is a limited partnership, the Certificate of Limited Partnership of the Borrower and all amendments thereto, or, if the Borrower is a limited liability company, the Certificate of Organization of the Borrower and all amendments thereto, and the Certificate of Incorporation of any corporate general partners or managing members, as applicable, of the Borrower certified by the appropriate official of the state of their incorporation, together with a certificate of such official to the effect that each such entity is in good standing therein;
- (ii) A good standing certificate of the Borrower from the Secretary of State of the State of Florida;
- (iii) Articles of Incorporation and Bylaws of the Borrower, if a corporation, certified by the Secretary of such corporation; or Limited Partnership Agreement of the Borrower, if a limited partnership; or Articles of Organization and Operating Agreement of the Borrower, if a limited liability company;

- (iv) Incumbency certificates identifying the officers and directors of the Borrower or its General Partner, as applicable, certified by the Secretary of such entity;
- (v) Certified resolutions of the Board of Directors of the Borrower or the corporate general partners of Borrower, as applicable, authorizing the execution and delivery of the Loan Documents, and all other documents necessary or desirable for the consummation of the transactions contemplated by this Agreement; and
- (vi) Certified resolutions of the Borrower or its General Partner, as applicable, authorizing the execution and delivery of the Loan Documents, and all other documents necessary or desirable for the consummation of the transaction contemplated by this Agreement.

(g) Flood Insurance: The Borrower shall deliver to the Authority evidence satisfactory to the Authority either that the Development is not within a hazardous flood area as designated by the Department of Housing and Urban Development and any other governmental authority, or if the Development, upon completion of the Development, will be within such a hazardous area, evidence that the Development is covered by flood insurance supplied by the Federal Insurance Administration to the maximum amount available, all as provided in the Flood Disaster Protection Act of 1973, as amended, together with appropriate endorsements thereto providing for Authority's interests in the same manner as the Builder's Risk Insurance, including without limitation that such insurance will not be canceled without thirty (30) days' notice to the Authority. The Borrower agrees that the Authority shall have the right to take any action necessary to continue said insurance in full force and effect including, but not limited to, paying premiums.

(h) Opinion of Borrower's Counsel: Prior to execution hereof, Borrower shall deliver to Authority an opinion of counsel for Borrower and addressed to the Authority, such opinion to be reasonably satisfactory to the Authority, to the effect that:

- (i) the Loan Documents and all other instruments and documents required to be delivered hereunder have been duly authorized, executed and delivered and are valid, binding and enforceable in accordance with their terms, subject to any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally;
- (ii) that Borrower is a corporation or a limited partnership or a limited liability company, as applicable, in good standing under the laws of the State and has all the necessary power and authority to undertake its obligations hereunder;
- (iii) that, to its knowledge, the Borrower is in compliance with all laws, regulations, ordinances and orders of all governmental authorities, including, but not limited to, if applicable, the Interstate Land Sales Full Disclosure Act, all applicable federal and state securities laws, and all

laws of the State applicable to the type of development contemplated hereunder;

- (iv) that there is no charter, document, agreement, resolution or bylaw of Borrower and no provision of any existing mortgage, indenture, contract or agreement known to such counsel binding on Borrower or affecting its property which would conflict with or in any way prevent the execution, delivery and performance of this Agreement;
- (v) that, to counsel's knowledge and based upon a certificate of the Borrower, there are no proceedings pending or threatened before any court or administrative agency which will materially adversely affect the financial condition or operation of Borrower or the Development, including but not limited to bankruptcy, reorganization or insolvency proceedings or any other debtor-creditor proceedings under the Bankruptcy Code or any similar statute, nor to counsel's knowledge are there any financial circumstances within counsel's knowledge which could lead to such proceedings;
- (vi) that the Junior Note and the interest provided for therein do not violate any usury or other laws of the State; and
- (vii) such other opinions as may be reasonably required by Authority or its counsel in connection with the funding of the Loan.

(i) Expenses: Borrower shall have paid all those fees and charges due and payable or ordered paid by Authority as provided herein under Paragraph 11 hereof;

(j) Easements and Parking Agreements: All necessary drainage and ingress/egress easements and cross parking agreements which have been approved in writing by the Authority shall have been executed and recorded prior to recordation of the Junior Mortgage;

(k) Public Liability and Worker's Compensation and Other Insurance: The Borrower shall deliver evidence satisfactory to the Authority of the existence of public liability and worker's compensation insurance relating to the Development in amounts and issued by companies approved by Authority and any other reasonable insurance coverage required by Authority, but which shall, in any case, include such insurance coverage sufficient to meet the standards established in Part V, Section 106 of the Fannie Mae D.U.S. Guide, effective September 10, 2002, as amended from time to time; Borrower agrees that Authority shall have the right to take any action necessary to continue said insurance in full force and effect including, but not limited to, paying premiums;

(l) Other Documents: Borrower shall deliver to the Authority such other documents and information as the Authority may reasonably require;

(m) Representations and Warranties: The representations and warranties of the Borrower as set forth in this Agreement and the Loan Documents shall be true and correct in all material respects;

(n) Source/Use of Funds: Receipt by the Authority of a final sources and uses of funds schedule which highlights all costs thereafter paid supported by paid invoices/receipts for said costs. The schedule must also identify lending/equity sources for each cost category;

(o) Environmental Indemnity. Execution and delivery of the Environmental Indemnity Agreement;

(p) Construction Draw Schedule: The construction draw schedule shall have been reviewed and approved by the Senior Mortgagee;

(q) Notice of Commencement: A Notice of Commencement signed by the Borrower shall have been delivered to the Title Company or other recording agent on a date subsequent to the recording of the Junior Mortgage, meeting the requirements set forth in Paragraph 6(f) below; and

(r) Notices: Borrower shall deliver or cause to be delivered to the Authority within five (5) days of receipt or delivery all notices and reports that are required to be delivered to the Senior Mortgagee.

6. CONDITIONS TO AUTHORITY'S OBLIGATION TO FUND DRAW REQUEST. The conditions listed below are conditions precedent to any obligation of the Authority and shall be complied with in form and substance satisfactory to Authority prior to the Draw Request:

(a) Senior Mortgagee's Funding. All conditions precedent to the funding of the Senior Mortgage and loan has been satisfied to the Senior Mortgagee satisfaction and there are no defaults or events with which the passage of time could serve as the basis for a default under the Senior Mortgage respective loans;

(b) Subordinate Mortgages' Funding. All conditions precedent to the funding of the Subordinate Mortgages respective loans have been satisfied to the Subordinate Mortgages' satisfaction and there are no defaults or events with which the passage of time could serve as the basis for a default under the Subordinate Mortgages respective loans;

(c) Tax Credit Syndicator's Funding. All conditions precedent to the funding of the initial equity installment by Borrower's tax credit syndicator have been satisfied and there are no defaults or events with which the passage of time could serve as the basis for a default under the Partnership Agreement;

(d) Use of Proceeds. The Borrower shall deliver to the Authority for its approval the Use of Proceeds, Contractor's Cost Breakdown, and the Plans and Specifications for the Development;

(e) Undisbursed Funds. There shall be at all times undisbursed Loan funds (collectively held by the Authority and any other sources) and equity funds sufficient to complete the construction of the Development at the Authority's sole, reasonable discretion. Otherwise, the Authority has the option to require expenditures of such additionally required funds by the Borrower pursuant to Paragraph 12 hereof;

(f) Notice of Commencement. The Notice of Commencement required by Section 713.13, Fla. Stat., shall have been properly executed, recorded (subsequent to the recording of the Junior Mortgage) and a certified copy thereof posted at the job site prior to, but within thirty (30) days of, the commencement of any work or construction on the parcel of the Property, and a copy of the original recorded Notice of Commencement furnished to Authority;

(g) Builder's Risk and Hazard Insurance. The Borrower shall deliver to the Authority certificates of insurance as to Builder's Risk and Hazard Insurance in completed value form with extended coverage in the amount of the full value of the Development as completed, but which shall, in any case, include such insurance coverage sufficient to meet the standards established in Part V, Section 106 of the Fannie Mae D.U.S. Guide, effective September 10, 2002, as amended from time to time. Such certificates of insurance shall be issued by a company satisfactory to Authority, duly endorsed to show the interest of Authority under a standard non-contributing mortgagee clause addressed to the Jacksonville Housing Finance Authority, 214 N. Hogan Street, 3rd Floor, Jacksonville, Florida 32202, Attention: Finance Director. The policy shall also provide that such policy will not be canceled without thirty (30) days' notice to Authority. Borrower agrees that Authority shall have the right to take any action necessary to continue said insurance in full force and effect including, but not limited to, paying premiums. Any funds advanced to continue the policies in full force and effect shall be considered as Draw Requests hereunder and shall bear interest from the date of disbursement at the same rate as other Draw Requests and payment of said funds and interest shall be secured by the Junior Mortgage;

(h) Public Requirements. The Borrower shall deliver to the Authority:

- (i) a copy of the building permit(s) authorizing construction of the Development together with a certificate from the public official issuing the building permit(s) that the improvements will conform to existing zoning laws and specified variances, if any, to the extent such a certificate is reasonably obtainable after diligent efforts; and
- (ii) all other authorizations, permits or approvals, if any, required by any governmental authorities for the construction of the Development and operation of the Development for the purposes contemplated by the Plans and Specifications, which are presently procurable;

(i) No Default. The warranties and representations contained in this Agreement are correct and true, in all material respects, all the covenants, terms and conditions of this Agreement remain satisfied, all conditions contained in Sections 4, 5 and 6 herein have been satisfied, and no uncured Event of Default or default, or circumstances or events which upon the lapse of time, the giving of notice, or both, could become an Event of Default, have occurred as of the date of the Draw Request under the Loan Documents;

(j) Governmental Permits. The Borrower shall deliver to the Authority satisfactory evidence that all building and governmental permits, licenses and approvals necessary for the commencement of construction of the Development have been duly obtained (or are ready to be obtained subject only to the payment of applicable fees) and have not been revoked;

(k) Other Documents. The Borrower shall deliver to the Authority such other documents and information as the Authority may reasonably require; and

(l) Representations and Warranties. The representations and warranties of the Borrower as set forth in this Agreement and the other Loan Documents shall be true and correct.

(m) Completion of Improvements. The Borrower shall have completed the construction of the Improvements in accordance with Section 4(a) herein.

(n) Senior and Subordinate Mortgages. Borrower shall deliver to the Authority a copy of the executed Senior Mortgage and Subordinate Mortgage and all other executed loan documents evidencing or securing the senior and subordinate loans.

7. Intentionally omitted.

8. **RIGHT TO WITHHOLD FUNDS.** In addition to the right to require Equity Funds under Section 12 hereof, the Authority may elect to withhold any Draw Request, notwithstanding the substance of any report of the Authority's inspector, or any documentation submitted to the Authority in connection with a Draw Request, if the Authority reasonably determines at any time that the actual cost budget or progress of construction differs materially from that as shown on the Contractor's Cost Breakdown referenced in the Use of Proceeds schedule attached hereto as **Exhibit "B"**, or that the percentage of progress of construction of the Improvements differs materially from that as shown on the Draw Request for the period in question. Furthermore, if any instrument or document submitted by Borrower in connection with any Draw Request shall not, in the reasonable exercise of the Authority's discretion, comply in all material respects with the conditions and requirements of this Agreement then the Authority may amend, reduce or withhold funding of any request, as the Authority, in its reasonable and timely discretion, shall deem proper under the circumstances.

9. Intentionally omitted.

10. **COMPLETION OF DEVELOPMENT.** When the construction of the Development has been completed, the Borrower shall supply the Authority with evidence that it is in compliance with all of the conditions set forth in the Loan Documents, in form and substance satisfactory to the Authority and any and all other instruments and documents required by the Authority.

11. **EXPENSES.** The Borrower shall pay all fees and charges incurred in the procuring and making of the Loan, if applicable, and all other expenses incurred by the Authority during the term of the Loan, including without limitation Title Company's fees and, premiums, charges for examination of title to the Development, expenses of surveys, recording expenses, and the fees of the attorneys for the Authority. In the event additional monitoring or servicing duties are required in connection with the Loan, and as determined in the Authority's sole discretion, the Borrower agrees to pay all such fees and expenses.

The Borrower shall also pay any and all insurance premiums, taxes, assessments, water rates, sewer rates and other charges, liens and encumbrances upon the Development, any other expenses shown as part of the Total Development Cost, and any other amounts necessary for the

payment of the cost of the Development. Such amounts, unless sooner paid, shall be paid from time to time as the Authority shall request either to the person to whom such payments are due or to the Authority if the Authority has paid the same, or the Authority may, at its option, deduct from any Draw Request any amounts necessary for the payment of these items, and apply such amounts in making such payments, and all sums so applied shall be deemed Draw Requests under this Agreement.

12. **EQUITY FUNDS.** The Authority may, at any time and from time to time, require the Borrower to deposit additional funds (the "Equity Funds") whenever it shall appear to the Authority that the remaining proceeds to be disbursed by the Authority (along with the funds to be disbursed by the Senior Mortgagee, Subordinate Mortgagee and investor equity proceeds) will be insufficient to pay the remaining portion of the Construction Costs (other than deferred developer fees) not already paid and to otherwise complete construction of the Development in accordance with the Plans and Specifications for the Development; the Borrower hereby covenants and agrees to make such a deposit upon the Authority's request. If the Authority has not required a deposit of the Equity Funds pursuant to this paragraph, the Borrower shall deliver to the Authority evidence, satisfactory to the Authority in its sole discretion, of the ability to make payment of any portion of the Construction Costs in excess of the amount of the Loan which remains to be disbursed, together with lien waivers, if so requested by the Authority.

13. Intentionally omitted.

14. **WARRANTIES AND REPRESENTATIONS OF BORROWER.** Borrower represents and warrants (which representations and warranties shall be deemed continuing) as follows:

(a) Organization Status. Borrower is duly organized and is active as a corporation or a limited partnership or a limited liability company, as applicable, under the laws of the State;

(b) Construction and Compliance with Laws. All construction, if any, heretofore performed on the Development has been performed in accordance with the Plans and Specifications as approved by Authority; and to Borrower's knowledge there are no structural defects in the Development (other than those being addressed as part of the Development) and no violation of any applicable zoning, building or any other local, state or federal laws, ordinances and regulations existing with respect to the anticipated use and construction thereof; and Borrower shall obtain all licenses, permits and approvals required by all local, state and federal agencies regulating such construction and use and such licenses, permits and approvals shall remain in good standing; and Borrower is and shall remain in compliance, in all material respects, with all laws, regulations, ordinances and orders of all governmental authorities;

(c) Financial Statements. The financial statements of Borrower and any guarantor hereunder heretofore delivered to Authority are true and correct in all material respects, and fairly present the respective financial conditions of the subjects thereof as of the respective dates thereof, and no material adverse change has occurred in the financial conditions reflected therein since the respective dates thereof and no additional borrowings have been made by Borrower since the date thereof other than the borrowing contemplated hereby and the Senior Mortgage and the Permitted Encumbrances (as defined in the Junior Mortgage);

(d) Authority to Enter into Loan Documents. The Borrower has full power and authority to enter into the Loan Documents and consummate the transactions contemplated hereby, and the facts and matters expressed in the opinions of its legal counsel are true and correct;

(e) Validity of Loan Documents. The Loan Documents have been approved by those persons having proper authority, and to the best of Borrower's knowledge are in all respects legal, valid and binding according to their terms;

(f) Priority of Lien on Personalty. Except as previously disclosed in writing to Authority, no chattel mortgage, bill of sale, security agreement, financing statement or other title retention agreement (except those executed in favor of Authority, the Senior Mortgagee and Subordinate Mortgagee) has been or will be executed with respect to any personal property, chattel or fixture used in conjunction with the construction, operation, or maintenance of the Development as described;

(g) Conflicting Transactions of Borrower. The consummation of the transaction hereby contemplated and the performance of the obligations of Borrower under and by virtue of the Loan Documents will not result in any breach of, or constitute a default under, any lease, bank loan or credit agreement, or other instrument to which Borrower is a party or by which it may be bound or affected;

(h) Pending Litigation. There are no actions, suits or proceedings pending against Borrower or the Development, or, to the knowledge of Borrower, circumstances which could lead to such action, suits or proceedings against or affecting Borrower or the Development, or involving the validity or enforceability of any of the Loan Documents, before or by any governmental authority, except actions, suits and proceedings which have been specifically disclosed to and approved by Authority; and to Borrower's knowledge it is not in default with respect to any order, writ, injunction, decree or demand of any court or any governmental authority;

(i) Availability of Utilities. All utility services necessary for the construction of the Development and the operation thereof for their intended purpose are available at the boundaries of the Development, including water supply, storm and sanitary sewer facilities, and gas, electric and telephone facilities, and Borrower has obtained all necessary permits and permissions required from governmental authorities for unrestricted access to and use of such services in connection with the construction and use of the Development;

(j) Condition of Development. The Development is not now damaged or injured as a result of any fire, explosion, accident, flood or other casualty, and to the Borrower's knowledge, there are no soil conditions which would interfere with the construction of the Development;

(k) Construction Contracts. The Borrower has not made any contract or arrangement of any kind the performance of which by the other party thereto would give rise to a lien on the Development except for the contracts with its general contractor and sub-contractors;

(l) Availability of Roads. All roads necessary for the full utilization of the Development for their intended purposes have either been completed or the necessary rights of

way therefor have either been acquired by the appropriate local authorities or have been dedicated to public use and accepted by such local authorities and all necessary steps have been taken by Borrower and such local authorities to assure the complete construction and installation thereof;

(m) No Default. There is no default on the part of Borrower under this Agreement, the Loan Documents and the Senior Mortgage loan documents, and no event has occurred and is continuing which with notice, or the passage of time, or either, would constitute a default under any provision thereof;

(n) Advertising. During the period of the construction of the Improvements, the Authority shall have the right to install and maintain on the Development one or more signs identifying the Authority, or to be identified on such signs installed by others, as one of the institutions financing the Development. A sign or signs will be provided by Authority and erected at Borrower's expense. In connection with any leasing of the Development, or any portion thereof, which has been approved by Authority, Borrower will not use any promotional advertising, or other material using Authority's name without first obtaining Authority's prior written approval thereof, which approval shall not be unreasonably withheld;

(o) Hazardous Waste. Except as otherwise disclosed to the Authority in that certain Phase I Environmental Site Assessment dated December 5, 2016 and Asbestos Survey Report dated September 16, 2016, both prepared by Terracon Consultants, Inc., Borrower is in compliance, in all material respects, with all provisions of the federal Water Pollution Control Act, Comprehensive Environmental Response, Compensation and Liability ("Superfund") Act of 1980 and Solid Waste Disposal Act, Florida Statutes, Chapter 376, and other similar federal, state and local statutory schemes imposing liability on Borrower relating to the generation, storage, impoundment, disposal, discharge, treatment, release, seepage, emission, transportation or destruction of any sewage, garbage, effluent, asbestos or asbestos-containing materials, polychlorinated biphenyls (PCBs), toxic, hazardous or radioactive materials, petroleum products, pesticides, smoke, dust, or any other form of pollution as such laws are in effect as of the date of this Agreement and with any rules, regulations and orders issued by any federal, state or local governmental body, agency or authority thereunder and with any orders or judgments of any courts of competent jurisdiction with respect thereto, and no assessment, notice of (primary or secondary) liability or notice of financial responsibility, or the amount thereof, or to impose civil penalties has been received by Borrower. Borrower has paid any environmental excise taxes, imposed upon it with respect to the Development pursuant to Sections 4611, 4661 or 4681 of the Internal Revenue Code of 1986, as from time to time amended;

(p) Representations and Warranties in Loan Documents. All of the representations and warranties of the Borrower contained in the Junior Mortgage and all of the other Loan Documents are true and correct and are incorporated herein by reference as if set out in full;

(q) Other Financing. The Borrower has not received any other financing for the construction of the Improvements, other than the Loan, the Senior Mortgage and the Subordinate Mortgage;

(r) Use of the Development. There is no (i) plan, study or effort by any governmental authority or any non-governmental person or agency which may adversely affect the current or planned use of the Development, or (ii) any intended or proposed Governmental Requirement (including, but not limited to, zoning changes) which may adversely affect the current or planned use of the Development. There is no moratorium or like governmental order or restriction now in effect with respect to the Development and, to the best of Borrower's knowledge, no moratorium or similar ordinance or restriction is now contemplated;

(s) Labor and Materials. All labor and materials contracted for in connection with the construction of the Improvements shall be used and employed solely on the Property in said construction and only in accordance with the Plans and Specifications;

(t) Intentionally omitted.

(u) Payments of Taxes. The Borrower and each of the guarantors have filed or caused to be filed all federal, state and local tax returns that are required to be filed and has paid or caused to be paid all taxes as shown on such returns or on any assessment received by it, to the extent that such taxes have become due;

(v) Investment Company Act. Neither the Borrower nor the guarantors is an "investment company" within the meaning of the Investment Company Act of 1940 and any amendments thereto;

(w) O.S.H.A. and Environmental Matters. The Borrower has duly complied with, and its properties are in full compliance in all material respects with, the provisions of the Federal Occupational Safety and Health Act, the Environmental Protection Act, and the Resource Conservation and Recovery Act ("RCRA") and all rules and regulations thereunder and all similar state and local laws, rules and regulations, including but not limited to any and all of the foregoing relating in any manner to underground tanks and other storage facilities or equipment and the removal and disposal of asbestos; there have been no outstanding citations, notices or orders of noncompliance issued to Borrower relating to its businesses or properties under any such laws, rules or regulations;

(x) Disclosure Act. The Development is exempt from the registration requirements of the Federal Interstate Land Sales Full Disclosure Act, 15 U.S.C. 1701 et seq., or this Disclosure Act is not applicable to the Development; and

(y) Land Sales Act. The Development is exempt from the registration requirements of the Florida Division of Land Sales under the Florida Uniform Land Sales Practices Law, Chapter 498, Fla. Stat., or this Land Sales Act is not applicable to the Development.

15. ADDITIONAL COVENANTS OF BORROWER. The Borrower covenants and agrees with the Authority as follows:

(a) Construction Liens. The Borrower (i) shall allow no work or construction to be commenced on the Property, or goods specially fabricated for incorporation therein, which has not been fully paid for prior to the recording of the Junior Mortgage or which could constitute a

lien on the Development or if construction has been commenced, will ensure that the title insurance will insure against all prior construction liens, (ii) will cause a certified copy of the Notice of Commencement to be posted as required by Chapter 713, Fla. Stat., as soon as possible after recording of the Notice of Commencement, (iii) after the date hereof, shall notify Authority of any and all Notices to Owner pursuant to Chapter 713, Fla. Stat., within five (5) days of receipt thereof, unless Authority is shown on the Notice of Commencement as an additional party to which copies of Notice to Owner are to be provided, and (iv) will comply with all provisions of the Florida Construction Lien Law, including but not limited to, payment and notice provisions contained therein. Borrower shall save and hold Authority harmless from the claims of any mechanics' lien or equitable lien and pay promptly upon demand any loss or losses which Authority may incur as a result of the filing of any such lien, including the reasonable cost of defending same and Authority's attorneys' fees in connection therewith.

In addition, Borrower agrees, at its sole cost and expense, to have any construction lien or equitable lien which may be filed against the Development or undisbursed funds hereunder released or bonded within thirty (30) days of the date of filing same (or Borrower's first receiving notice thereof, whichever is later), time being of the essence. Authority shall be under no obligation to make further disbursements while any such lien remains outstanding against the Development. If Borrower fails, after demand, to cause said lien or liens to be released or bonded as aforesaid, Authority may take such steps as it deems necessary and any funds expended shall be charged to Borrower's account and shall bear interest as provided by the Loan Documents.

Borrower hereby authorizes Authority to demand, on Borrower's behalf, the statement of account referred to in Section 713.16(2), Fla. Stat., of any potential lienor filing a Notice to Owner. It is specifically understood and agreed, however, that Authority's right to request such statements of account will in no way impose any obligation on Authority to use such authority, and the exercise of such authority on one or more occasion shall not create or imply any obligation on such party to exercise such authority on subsequent occasions.

(b) No Transfer of Development. Except as specifically set forth in the Land Use Restriction Agreement and the Mortgage, and except for Permitted Encumbrances and tenant leases, the Development or any part thereof shall not be sold, leased, conveyed, mortgaged or encumbered in any way without the prior written consent of Authority. Other than tenant leases and contracts related to the operation of the Development, all contracts, deeds, easements or other agreements affecting title to the Development shall be submitted to Authority for its written approval prior to the execution thereof by Borrower, accompanied by an appropriate survey showing the portion of the Development affected, and any other information requested.

(c) Compliance with Laws. Borrower will comply promptly with all federal, state and local laws, ordinances and regulations relating to the construction, use, and leasing of the Development, and will obtain and keep in good standing all necessary licenses, permits and approvals required or desirable for construction and use of the Improvements.

(d) Brokerage Commissions. Borrower will not knowingly engage in any activity or enter into any relationship which will give rise to any loan or brokerage commission with regard

to the Loan, and Borrower will indemnify Authority from the claims of brokers arising by reason of the execution hereof or the consummation of the transactions contemplated hereby.

(e) Title to Personalty. Borrower will deliver to Authority, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which Borrower claims title to any materials, fixtures or articles incorporated in the Improvements or subject to the lien of the Mortgage.

(f) Correction of Defects and Satisfaction of Conditions. Borrower will, upon demand of Authority or the inspector, correct any structural defect in the Improvements or any departure from the Plans and Specifications not approved by Authority, or perform any condition to Authority's obligations hereunder not satisfied or no longer satisfied. The Draw Request of any proceeds of the Loan shall not constitute a waiver of Authority's right to require substantial compliance with this covenant with respect to any such defects or departures from the Plans and Specifications not theretofore discovered by, or called to the attention of Authority, or with respect to Borrower's failure to satisfy or continue to satisfy any condition under this Agreement, whether or not Authority required performance thereof.

(g) Financial Statements to be Furnished. The Borrower shall furnish to Authority copies of any financial reports submitted to the Senior Mortgagee in connection with the Senior Mortgage, including, but not limited to, audited financial statements and the following:

(i) A certificate signed by an authorized representative, officer or director of the Borrower to the effect that to the best of his knowledge, after diligent inquiry, no event of default specified herein, nor any event which upon notice or lapse of time or both, would constitute such an event of default, has occurred; and

(ii) Promptly, from time to time, such other information regarding the operations, business, affairs and financial condition of Borrower as Authority may reasonably request.

(h) Borrower to Maintain Bookkeeping System. Borrower shall maintain a bookkeeping system for the Development in form and content sufficient for Authority to conduct reviews, inspections, certifications and reports required by this Agreement. Authority shall have full access during normal business hours to the books, records and contracts pertaining to the Development, the Borrower and its general contractor to determine the accuracy, correctness and reasonableness of the sums in each Draw Request.

(i) Collection of Insurance Proceeds. Borrower will cooperate with Authority in obtaining for Authority the benefits of any insurance or other proceeds lawfully or equitably payable to it in connection with the transaction contemplated hereby and the collection of any indebtedness or obligation of Borrower to Authority incurred hereunder (including the payment by Borrower of the expense of an independent appraisal on behalf of Authority in case of a fire or other casualty affecting the Development), subject to the rights of the Senior Mortgagee.

(j) Indebtedness. With respect to the Development, Borrower will not incur, create, assume or permit to exist any indebtedness or liability on account of advances or deposits, any indebtedness or liability for borrowed money for the Development (except for the Senior

Mortgage, the Subordinate Mortgage, the Permitted Encumbrances and unsecured loans made by partners of the Borrower in accordance with the Partnership Agreement), any indebtedness constituting the deferred developer fee, or any indebtedness owed under any conditional, sale or title retention agreement, or any other indebtedness or liability evidenced by notes, bonds, debentures or similar obligations without the written approval of Authority, except:

- (i) indebtedness owed the Authority;
 - (ii) indebtedness incurred on open accounts for materials, equipment and supplies purchased in the ordinary course of business, payment for which shall be made promptly when due; and
 - (iii) indebtedness to Borrower's partners that is unsecured and permitted under the Partnership Agreement.
- (k) Consolidation, Merger, Entity Status. Except for those transfers authorized pursuant to Section 2.1(c) of the Mortgage, Borrower shall not consolidate with or merge into any other partnership, corporation or limited liability company, or permit another partnership, corporation or limited liability company to merge into it, or voluntarily or involuntarily fail to maintain its current status except for those transfers permitted under the Loan Documents.
- (l) Further Assurances and Preservation of Security. Borrower will do all acts and execute all documents for the better and more effective carrying out of the intent and purposes of this Agreement, as Authority shall reasonably require from time to time, and will do such other acts necessary or desirable to preserve and protect the collateral at any time securing or intending to secure the Junior Note, as Authority may reasonably require.
- (m) Use of Project. The Borrower covenants and agrees that the Development shall be rented exclusively as residential rental housing as set forth in the Land Use Restriction Agreement and covenants and agrees to comply strictly with the terms and conditions of such Land Use Restriction Agreement. The use of the Development as described in the preceding sentence shall be an independent covenant as described in the Loan Documents.
- (n) No Assignment. The Borrower shall not assign this Agreement or any interest therein, and any such assignment shall be void and of no effect.
- (o) Liabilities. The Borrower with respect solely to the Property and the operation of the Development thereon shall not incur new or additional liabilities other than as expressly provided herein or incurred in the ordinary course of business.
- (p) Intentionally omitted.
- (q) Management Agreement. The Borrower shall provide Authority with prior written notice of any change, amendment or supplement to the management agreement previously submitted to Authority.
- (r) Rights Inferior. The rights of all contractors, subcontractors, sub-subcontractors, laborers, suppliers and materialmen performing any work in connection with the Improvements,

or furnishing any services, labor or materials thereto or to the Property, shall be subordinate and inferior to the Mortgage. Authority shall not be liable to materialmen, contractors, subcontractors, sub-subcontractors, laborers, suppliers or others for goods or services delivered by them in or upon the Property or employed in the construction of the Improvements, or for any debts or claims accruing to any of said parties against the Borrower or against the Property, and it is distinctly understood and agreed that there is no contractual relationship, either express or implied, between either the Authority and any materialmen, contractors, sub-contractors, sub-subcontractors, craftsmen, laborers or any person supplying any work, labor or material. The Borrower is not, and shall not be, the agent of the Authority for any purpose, nor shall any of them be the agent of Borrower for any purpose, except, as to both, as may be specifically set forth herein. It is specifically understood and agreed that no party shall be a third party beneficiary hereunder, except and unless it is specifically provided herein that any provision shall operate or inure to the use and benefit of a party, i.e., no subcontractor, sub-subcontractor or materialman, laborer or supplier shall have any rights hereunder against the Authority or be entitled to the protection of any of the covenants herein contained.

(s) Borrower's Rights Assigned. Subject to the rights of Senior Mortgagee, the Borrower hereby assigns to Authority, effective however, only after an Event of Default and the expiration of applicable cure periods, all rights of the Borrower under its contract with the general contractor and under its contracts with any other professionals and Authority shall have the option after an Event of Default, and the expiration of applicable cure periods, in its sole discretion and in addition to any other rights and remedies Authority may have, to exercise their rights under this assignment. Nothing herein shall be construed, however, to require Authority to exercise any rights under this Paragraph.

(t) Intentionally omitted.

16. **DEFAULT.** Upon the occurrence of any of the following events (the "Events of Default") all obligations on the part of Authority to make any further Draw Request hereunder shall, if Authority elects, terminate, and Authority may, at its option, exercise any of its remedies set forth herein, but Authority may make any Draw Requests or parts of Draw Requests after the happening of any Events of Default without thereby waiving the right to exercise such remedies without becoming liable to make any further Draw Request:

(a) Failure to Satisfy Conditions to a Draw Request. If Borrower fails to, or is unable to, satisfy or keep satisfied any condition to a Draw Request under Sections 5, 6 or 8 of this Agreement for a period in excess of thirty (30) days or any additional period of time which may be extended by Authority in its sole discretion; or

(b) Bankruptcy. If there is filed by or against Borrower a petition in bankruptcy or a petition for the appointment of a receiver or trustee of the property of Borrower, and any such petition not filed by Borrower is not dismissed within sixty (60) days of the date of filing; or if Borrower files a petition for reorganization under any of the provisions of the Bankruptcy Code or of any similar law, state, federal, or foreign, or if Borrower makes a general assignment for the benefit of creditors or makes any insolvency assignment or is adjudicated insolvent by any court of competent jurisdiction, any of which events, in the reasonable judgment of Authority, will cause material interference with the timely completion of the Improvements; or

(c) Improper Construction. If for any cause whatsoever other than Unavoidable Delays (as hereinafter defined) the construction of the Improvements is at any time discontinued for more than ten (10) consecutive business days or for more than fifteen (15) days in any thirty (30) day period, or not carried on with diligence and dispatch, in the reasonable judgment of Authority, or if the Improvements, in the reasonable judgment of Authority, are not being constructed or have not been completed in a good and workmanlike manner substantially in accordance with the Plans and Specifications, this Agreement and all laws, rules, regulations and requirements of all governmental authorities having or claiming jurisdiction, now existing or hereafter enacted, adopted or promulgated, or if the certificate of occupancy for the Development or other certificates of compliance with zoning ordinances and building regulations have not been issued within thirty (30) days after the Completion Date specified. "Unavoidable Delays" is defined as delays due to strikes, blackouts, acts of God, restrictions of any governmental authority, failure or inability to secure materials or labor by reason of priority or similar regulation or order of any governmental authority, enemy action, civil disturbance, fire, inclement weather or any other act beyond the reasonable control of the Borrower (excluding, however, the inability or failure of Borrower to obtain any financing which may be necessary to carry out its obligations under this Agreement), provided, however, within fifteen (15) days after the termination of the occurrence which caused any such delay, the Borrower shall have given written notice to Authority of the cause of the delay and the period of time during which it existed, and the period of Unavoidable Delay shall be such period of time during which the particular delay existed; or

(d) Breach of Covenants, Warranties and Representations. If any representation made by Borrower in this Agreement or pursuant to the terms of the Loan Documents or the Senior Mortgage Loan documents shall be false or misleading in any material respect, or if Borrower shall fail to keep, observe or perform any of the terms, covenants, representations or warranties contained in the Loan Documents, or any other document given in connection with the Loan or development of the Development (provided, that with respect to non-monetary defaults, Authority shall give written notice to Borrower, who shall have thirty (30) days to cure, which time may be extended by Authority in its sole discretion), or is unable or unwilling to meet its obligations thereunder; or

(e) Default on Senior Mortgage and Subordinate Mortgage. Any default (and failure to timely cure) by Borrower under the terms of the Senior Mortgage and Subordinate Mortgage, or the other loan documents executed in connection therewith, likewise shall constitute default hereunder; or

(f) Cancellation of Permits. If any building permit or other governmental permit, license or approval required in connection with the Development is not maintained in full force and effect, expires or is cancelled and not reinstated or renewed within ten (10) days of such cancellation or expiration.

17. **REMEDIES OF AUTHORITY.** Upon the happening of an Event of Default, then the Authority may, at its option, upon written notice to the Borrower and the Senior Mortgagee:

(a) Cancel this Agreement and its obligations to fund the Loan;

(b) Commence an appropriate legal or equitable action to enforce performance of this Agreement;

(c) Accelerate the payment of the Junior Note and the Loan and any other sums secured by the Mortgage, and commence appropriate legal and equitable action to foreclose the Mortgage and collect all such amounts due Authority;

(d) Exercise all rights under the agreements with the Borrower's general contractor and architect/engineer, or employ others to complete the construction, and thereafter lease or let the Development; and take such action as may be reasonable to preserve and protect the Development and any construction materials stored thereon; or

(e) Exercise any other rights or remedies the Authority may have under the Mortgage or other Loan Documents referred to in this Agreement or executed in connection with the Loan or which may be available under applicable law.

Neither the withdrawal, removal, replacement, and/or addition of a general partner or limited partner of the Partnership pursuant to the terms of the Partnership Agreement shall constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is approved by the Authority, which such approval shall not be unreasonably withheld. Notwithstanding the foregoing, the Authority grants such approval to Banc of America CDC Special Holding Company, Inc., a North Carolina corporation (the "Special Limited Partner"). In addition to the transfers permitted in Section 17 of the Land Use Restriction Agreement executed by Borrower and Lender of even date herewith, the Authority agrees that the interests of the Borrower's limited partners shall be transferable upon written notice but without consent of the Authority to (a) any affiliates thereof, and (b) to any party from and after payment in full of such limited partner's capital contributions.

No right, power or remedy of Authority as provided in this Agreement is intended to be exclusive of any other right, power, or remedy of Authority, but each and every such right, power and remedy shall be cumulative and concurrent and in addition to any other right, power or remedy available to Authority now or hereafter existing at law or in equity and may be pursued separately, successively or concurrently at the sole discretion of Authority. The failure of Authority to exercise any such right, power or remedy shall in no event be construed as a waiver or release thereof.

18. **GENERAL TERMS.** The following shall be applicable throughout the period of this Agreement or thereafter as provided herein:

(a) Limitation of Liability. The provisions of Section 5.5 of the Mortgage are hereby incorporated herein by this reference.

(b) Rights of Third Parties. All conditions of Authority hereunder are imposed solely and exclusively for the benefit of Authority and its successors and assigns, and no other person shall have standing to require satisfaction of such conditions or be entitled to assume that Authority will make Draw Requests in the absence of strict compliance with any or all thereof, and no other person shall, under any circumstances, be deemed to be a beneficiary of this

Agreement or the Loan Documents, any provisions of which may be freely waived in whole or in part by Authority at any time if, in its sole discretion, it deems it desirable to do so. In particular, Authority makes no representations and assumes no duties or obligations as to third parties concerning the quality of the construction by Borrower of the Improvements or the absence therefrom of defects.

(c) Borrower Not Authority's Agent. Nothing in this Agreement, the Junior Note, the Mortgage or any other Loan Document shall be construed to make the Borrower Authority's agent for any purpose whatsoever, or the Borrower and Authority partners, or joint or co-venturers, and the relationship of the parties shall, at all times, be that of debtor and creditor.

(d) Authority Not Liable for Damage or Loss. All inspections and other services rendered by or on behalf of Authority shall be rendered solely for the protection and benefit of Authority. Neither Borrower nor other third persons shall be entitled to claim any loss or damage against Authority or against its agents or employees for failure to properly discharge their duties.

(e) Authority Not Obligated to Insure Proper Disbursement of Funds to Third Parties. Nothing contained in this Agreement, or any Loan Documents, shall impose upon Authority any obligation to oversee the proper use or application of any disbursements and advances of funds made pursuant to the Loan.

(f) Indemnification from Third Party Claims. Borrower shall indemnify and hold harmless Authority from any liability, claims or losses including attorney's fees and costs, resulting from the disbursement of the Loan proceeds to Borrower or its general contractor or from the condition of the Development, whether related to the quality of construction or otherwise, and whether arising during or after the term of the Loan. This provision shall survive the repayment of the Loan and shall continue in full force and effect so long as the possibility of such liability, claims, or losses exists.

Whether or not any Loan is made under this Agreement or any Draw Requests are approved and funds so advanced, the Borrower shall, on demand, pay or reimburse Authority and its assignees and agents for (a) all transfer, documentary, stamp and similar taxes, broker's fees and commissions, surveys, travel expenses, photocopying, secretarial overtime and long distance telephone charges (including but not limited to those imposed by Authority's counsel), abstracting charges, policies and all endorsements therefor, license and permit fees, fees and costs of any inspector or disbursing agent retained by the Authority, and all recording and filing fees, payable in connection with, arising out of or in any way related to the execution, delivery and performance of the Loan Documents or the making of the Loan, and (b) all of Authority's costs and expenses including fees and disbursements of legal counsel and other experts employed or retained by Authority incurred, and all payments made, and indemnify and hold Authority harmless from and against all losses suffered, by Authority in connection with, arising out of, or in any way related to (i) the negotiation, preparation, execution and delivery of (A) the Loan Documents (whether or not executed), (B) any waiver, amendment or consent thereunder or thereto, (ii) the administration of any operations under the Loan Documents, (iii) consulting with respect to any matter in any way arising out of, relating to, or connected with, the Loan Documents, including but not limited to the enforcement by Authority of any of its rights

thereunder or the performance by Authority of any of its obligations thereunder, (iv) protecting, preserving, exercising or enforcing any of the rights of Authority under the Loan Documents, (v) any appraisals, (vi) any claim (whether asserted by Authority, the Borrower or any other person and whether asserted before or after the payment, performance and observance in full of the Borrower's obligations hereunder, under the Junior Note, or the other Loan Documents) and the prosecution or defense thereof, in any way arising under, related to, or connected with, the Loan Documents or the relationship established hereunder and thereunder, (vii) any governmental investigation arising out of, relating to, or in any way connected with the Loan Documents, except that the foregoing indemnity shall not be applicable to any loss suffered by Authority to the extent such loss is determined by a judgment of a court that is binding on Authority, final and not subject to review on appeal, to be the result of acts or omissions on Authority's part constituting willful misconduct, knowing violations of law or, in the case only of claims by the Borrower against Authority, Authority's failure to observe any other standard applicable to Authority under any of the other provisions of this Agreement, or the Loan Documents or, but only to the extent not available thereunder, applicable law.

Borrower hereby authorizes Authority to pay any and all expenses or other amounts for which Borrower is obligated under this Section from the proceeds of disbursement under the Loan, and no further authorization for such disbursement and payment shall be required from Borrower or any guarantor, if any. In no event shall Authority be obligated to make any such disbursement or payment and Borrower shall in any event remain unconditionally obligated to pay any and all such amounts. All obligations of Borrower under this Section shall bear interest at the rate provided for in the Junior Note from the date of Authority's payment thereof or request to Borrower for payment thereof (whichever shall first occur) and shall be part of the obligations secured by the Development encumbered by the Mortgage and the other Loan Documents.

(g) Rights of Subcontractors, Laborers and Materialmen. In no event shall this Agreement be construed to make Authority, Title Company or any agent of Authority liable to the Borrower's general contractor or any subcontractors, labor men, materialmen, craftsmen, or others for labor, materials, or services delivered to the Development or goods specially fabricated for incorporation therein, or for debts or claims accruing or arising to such persons or parties against Borrower or its general contractor. It is distinctly understood and agreed that there is no relation of any type whatsoever, contractual or otherwise, either express or implied, between Authority and the Borrower's general contractor, any materialman, subcontractor, craftsman, laborer or any other person or entity supplying any labor, materials or services to the Development or specially fabricating goods to be incorporated therein. Except as otherwise specifically provided herein, no such persons or entities are intended to be third party beneficiaries of this Agreement or any document or instrument related to the Loan or to have any claim or claims in or to any undisbursed or retained Loan proceeds.

(h) Cure Rights. Notwithstanding any provision herein or in any other Loan Documents, the Authority agrees that any cure of any default made or tendered by Investor Limited Partner under any Loan Document shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

(i) Evidence of Satisfaction of Conditions. Authority shall, at all times, be free independently to establish to its satisfaction, and in its absolute discretion, the existence or nonexistence of a fact or facts which are disclosed in documents or other evidence required by the terms of this Agreement.

(j) Headings. The headings of the sections, paragraphs and subdivisions of this Agreement are for the convenience of reference only, and shall not limit or otherwise affect any of the terms hereof.

(k) Invalid Provisions to Affect No Others. If performance of any provision hereof or any transaction related hereto is limited by law, then the obligation to be performed shall be reduced accordingly; and if any clause or provision herein contained operates or would prospectively operate to invalidate this Agreement in part, then the invalid part of said clause or provision only shall be held for naught, as though not contained herein, and the remainder of this Agreement shall remain operative and in full force and effect.

(l) Application of Interest to Reduce Principal Sums Due. In the event that any charge, interest or late charge is above the maximum rate provided by law, then any excess amount over the lawful rate shall be applied by Authority to reduce the principal sum of the Loan or any other amounts due Authority hereunder.

(m) Governing Law and Venue. This Agreement shall be construed, and the obligations, rights and remedies of the parties under this Agreement shall be determined, in accordance with the laws of the State without regard to conflicts of laws principles, except to the extent that the laws of the United States of America may prevail and venue for any legal action with respect thereto shall be Duval County, Florida, exclusively.

(n) Number and Gender. Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the others and shall apply jointly and severally.

(o) Prior Agreement. To the extent necessary, this Agreement shall be deemed to be an amendment to any prior loan agreement between Borrower and Authority, and in the event of a conflict between the terms of this Agreement and of any such prior agreement, the terms of this Agreement shall govern.

(p) Waiver. If Authority shall waive any provisions of the Loan Documents, or shall fail to enforce any of the conditions or provisions of this Agreement, such waiver shall not be deemed to be a continuing waiver and shall never be construed as such; and Authority shall thereafter have the right to insist upon the enforcement of such conditions or provisions. Furthermore, no provision of this Agreement shall be amended, waived, modified, discharged or terminated, except by instrument in writing signed by the parties hereto.

(q) Notices. All notices and other communications to be made or permitted to be made hereunder shall be in writing and shall be delivered to the addresses shown below with copies of notices to Borrower sent simultaneously to Borrower's Investor Limited Partner, or to such other addresses that the parties may provide to one another in accordance herewith. Such notices and other communications shall be given by any of the following means: (a) personal

service; (b) national express air courier, provided such courier maintains written verification of actual delivery; or (c) facsimile. Any notice or other communication given by the means described in subsection (a) or (b) above shall be deemed effective upon the date of receipt or the date of refusal to accept delivery by the party to whom such notice or other communication has been sent. Any notice or other communication given by the means described in subsection (c) above shall be deemed effective the date on which the facsimile transmission occurs or if such date is not a business day on the business day immediately following the date on which the facsimile transmission occurs.

Authority: Jacksonville Housing Finance Authority
214 N. Hogan Street, 7th Floor
Jacksonville FL 32202
Telephone: (904) 255 8200
Facsimile: (904) 255 8244
Attention: Finance Director

with a copy to: Office of the General Counsel
117 West Duval Street, Suite 480
Jacksonville, Florida 32202
Telephone: (904) 630-1700
Facsimile: (904) 630-1731
Attention: Government Operations

Borrower: Houston Street Manor Limited Partnership
c/o Beneficial Communities LLC
3550 S. Tamiami Trail, Suite 301
Sarasota, Florida 34239
Attention: Donald W. Paxton
Phone: (941) 929-1270
Email: dpaxton@beneficialcom.com

with a copy to: Broad and Cassel
390 N. Orange Ave., Suite 1400
Orlando, FL 32801
Attention: David F. Leon, L.L.C.
Phone: (407) 839-4200
Email: dleon@broadandcassel.com

Borrower's
Investor Limited
Partner: Bank of America, N.A.
NC1-007-11-25
100 N. Tryon St.
Charlotte, NC 28255
Attention: Asset Manager for Houston Street
Phone: (980) 388-1017

With a copy to: Holland & Knight, LLP
10 St. James Ave.
Boston, MA 02116
Attention: James E. McDermott, Esq.
Phone: (617) 523-2700
Facsimile: (617) 523-6850

Senior Mortgagee: Bank of America, N. A.
Mail Code: DC-1-701-08-05
730 15th Street, NW, 8th Floor
Washington, DC 20005
Facsimile: (202) 442-7542
Attention: Derrick Perkins

with a copy to: Miles & Stockbridge, P.C.
100 Light St.
Baltimore MD, 21202
Attention: Shaun F. Carrick, Esq.
Facsimile: (410) 773-9132

Any addressee may change its address by giving the other parties hereto notice of such change of address in accordance with the foregoing provisions.

(r) Successors and Assigns. This Agreement shall inure to the benefit of and be binding on the parties hereto and their heirs, legal representatives, successors and assigns; but nothing herein shall authorize the assignment hereof by the Borrower.

(s) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall constitute collectively but one and the same instrument.

(t) Permitted Encumbrances. Notwithstanding any other provision herein, all rights, title interests, covenants and agreements herein are subject to the rights, title, interests, covenants and agreements of each superior lienor set forth in the schedule of Permitted Encumbrances attached as Exhibit "B" to the Mortgage.

(u) Sole Discretion of Authority. Wherever pursuant to this Agreement (a) Authority exercises any right given to it to approve or disapprove, (b) any arrangement or term is to be satisfactory to Authority, or (c) any other decision or determination is to be made by Authority, the decision of Authority to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by Authority, shall be in the sole and absolute discretion of Authority and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

(v) Waiver of Jury Trial. THE BORROWER WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION, WHETHER ARISING IN CONTRACT OR TORT, BY STATUTE OR OTHERWISE, IN ANY WAY RELATED TO THIS LOAN. THIS PROVISION IS A MATERIAL INDUCEMENT FOR AUTHORITY'S EXTENDING CREDIT TO BORROWER AND NO WAIVER OF LIMITATION OF AUTHORITY'S RIGHTS UNDER

THIS PARAGRAPH SHALL BE EFFECTIVE UNLESS IN WRITING AND MANUALLY SIGNED ON AUTHORITY'S BEHALF.

(w) Cure Rights of Investor Limited Partner and Special Limited Partner. Notwithstanding anything to the contrary contained herein or any other Loan Document, the Authority agrees that any cure of any default made or tendered by the Investor Limited Partner or the Special Limited Partner (as defined in the Amended and Restated Agreement of Limited Partnership) shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

(x) Subordination. Notwithstanding anything to the contrary contained herein, so long as the Senior Note is outstanding, the Authority's rights to declare a default, accelerate the indebtedness secured by the Junior Note, this Agreement and the other Loan Documents, commence a foreclosure of the Junior Mortgage, or pursue any other right or remedy hereunder, under the Junior Note or the other Loan Documents, is subject to the Subordination Agreement.

[COUNTERPART SIGNATURE PAGES TO FOLLOW]

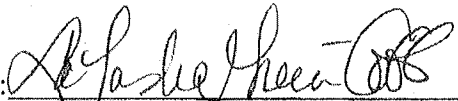
**COUNTERPART SIGNATURE PAGE FOR
LOAN AGREEMENT
(Houston Street Manor)**

IN WITNESS WHEREOF, the Authority and the Borrower have caused this Agreement to be executed and delivered on their behalf by their duly authorized representatives as of the date first set forth above.

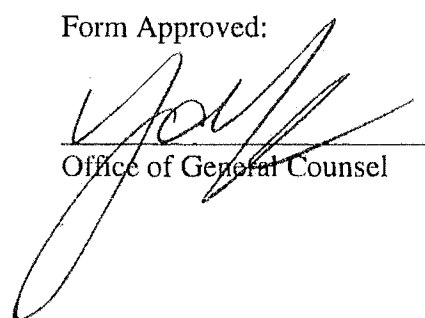
**JACKSONVILLE HOUSING
FINANCE AUTHORITY**

By: 
William I. Gulliford, III, Chair

ATTEST:

By: 
Assistant Secretary

Form Approved:



Office of General Counsel

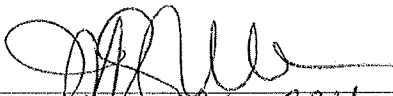
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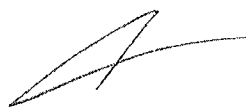
WITNESSES:

**HOUSTON STREET MANOR LIMITED
PARTNERSHIP**, a Florida limited partnership


Print: Vijay Patel.


Print: Monica Sen

By: Beneficial Houston Street Manor LLC, a
Florida limited liability company, its
general partner

By: 
Name: Donald W. Paxton
Title: Manager

Address: c/o Beneficial Communities LLC
3550 S. Tamiami Trail, Suite 301
Sarasota, Florida 34239

EXHIBIT "A"

LEGAL DESCRIPTION

ALL THAT CERTAIN REAL PROPERTY LYING AND BEING IN DUVAL COUNTY, FLORIDA, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1

LOT 1, BLOCK 101 OF HART'S MAP OF LAVILLA, ACCORDING TO THE PLAT THEREOF AS RECORDED IN THE PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA.

PARCEL 2

THE WEST 57 FEET OF LOT 2, BLOCK 101 OF HART'S MAP OF LAVILLA, ACCORDING TO THE PLAT THEREOF AS RECORDED IN THE PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA.

PARCEL 3

PART OF LOT 2, BLOCK 101, HART'S MAP OF JACKSONVILLE AND VICINITY, ALSO KNOWN AS HART'S MAP OF LAVILLA, DUVAL COUNTY, FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTH SIDE OF HOUSTON STREET 104.23 FEET WEST OF THE WEST LINE OF BROAD STREET AND RUN THENCE IN A NORTHERLY DIRECTION 105.04 FEET TO A POINT 106.86 FEET WEST OF THE WEST SIDE OF BROAD STREET; THENCE IN A WESTERLY DIRECTION 47.36 FEET TO A POINT; THENCE IN A SOUTHERLY DIRECTION 105.59 FEET TO THE NORTH SIDE OF HOUSTON STREET; THENCE IN AN EASTERLY DIRECTION ALONG THE NORTH LINE OF HOUSTON STREET 47.23 FEET TO THE POINT OF BEGINNING.

LESS AND EXCEPT ANY PORTION OF SAID PARCEL 2 DESCRIBED IN OFFICIAL RECORDS BOOK 7383, PAGE 754, OF THE PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA.

CONTAINING: 22,174.36 SQUARE FEET OR 0.51 ACRES OF LAND MORE OF LESS.

EXHIBIT "B"

USE OF PROCEEDS SCHEDULE

A portion of the costs of construction of the Development - \$115,000

EXHIBIT "C"

RESIDENT PROGRAMS AND PROJECT AMENITIES

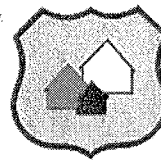
All the resident programs and project amenities included in Borrower's application to the Authority certified on November 17, 2014, including but not limited to:

- Participation in Crime Free Multi-Housing Program sponsored by the Jacksonville Sheriff's Office
- Assistance with light housekeeping.
- Computer Training – This training is made in conjunction with the requirement that the Owner commit one computer for every 50 units, with software and internet access. The Owner must provide quarterly, on-site training classes, on basic computer skills such as word processing and spreadsheets to the residents.
- Daily Activities – Owner or its Management Agent must provide supervised, structured activities at least five days per week. Activities must be on-site and at no charge to the residents.
- Unit features include programmable thermostats, energy efficient windows and market-rate quality finishes.
- Contractor use of "green" building techniques in project construction including Energy Star qualified roofing materials.

CRIME FREE MULTI-HOUSING PROGRAM



Office of the Sheriff Jacksonville, Florida Crime Free Multi-Housing Program



The Jacksonville Sheriff's Office has implemented a community program called the **Jacksonville Crime Free Multi-Housing Program**. The program, which is endorsed by Sheriff John Rutherford, is a partnership between the Jacksonville Sheriff's Office, owners, managers and residents of our apartment communities. Our goal is to keep drugs and other illegal activity out of our communities.

Crime Free Multi-Housing Program Overview

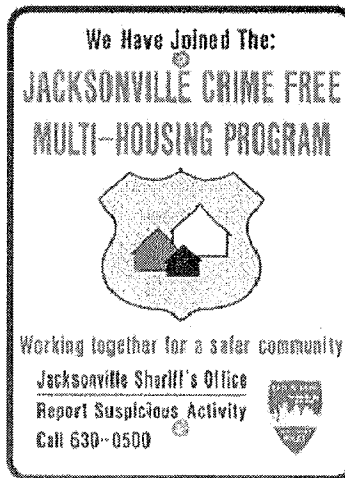
The program was successfully developed by the Mesa Arizona Police Department in 1992. The International Crime Free Multi-Housing Program has spread to nearly 2,000 cities in 44 states, 5 Canadian Provinces, and other countries.

The program consists of three phases that must be completed under the supervision of the Jacksonville Sheriff's Office.

- **Phase 1 – Management Training**
 - Property Managers, owners and staff receive eight hours of training in the operation of the Crime Free Multi-Housing Program.
 - Training consists of the following:
 - Crime Prevention Techniques
 - CPTED (physical security of their communities)
 - Benefits of resident Screening
 - Lease agreements and eviction issues
 - Crime Free Lease Addendum
 - Addressing drug activity and crime on their property
 - Training the community in crime awareness
- **Phase 2 – CPTED Survey**
 - A general CPTED (Crime Prevention through Environmental Design) survey is conducted on the apartment property.
 - A minimum safety standard must be met to participate in the Crime Free Multi-Housing Program. The following items are the minimum standards;
 - 180 degree eye viewers in all front doors
 - One inch deadbolts on all exterior doors
 - Minimum of two inch screws in strike plates on exterior doors (exception; steel framed door jambs)
 - Lift and slide protection on windows (accessible)
 - Lift and slide protection on sliding doors (accessible)
 - Adequate security lighting in working order (throughout the property)

- Properly trimmed landscaping throughout the property (3 and 7 foot rule – bushes and shrubbery trimmed below 3 feet and trees trimmed up to 7 feet)
 - Inoperable or expired vehicles tagged and removed from the property
 - A visible display of property address, seen from the roadway
- **Phase 3 – Resident Crime Prevention Meeting**
 - The apartment management must conduct an annual crime prevention meeting with their residents.
 - Community awareness and continuous participation is encouraged
- **Certification**
 - Apartment communities that successfully complete all three phases of the training are permitted to post signs on their properties (see example sign below).
 - Certified properties will also be given the following:
 - Authorization to use the Crime Free Logo in advertising and marketing of their property.
 - Once operable, apartment managers will receive daily e-mail notifications from JSO, providing calls for service information on their property.
 - JSO will place a list of certified properties on the JSO website.
 - If a property fails to keep their standards, at our minimum level, their certification will be revoked

Sample Certified Membership Sign



- **Apartment Benefits**

- An increased demand for rental units, with a reputation as having an active management staff.
- A stable, more satisfied resident base.
- Lower maintenance and repair costs.
- An increase in overall property values.
- Improved personal safety for residents, managers and staffs.
- Peace of mind that comes from spending more time on routine management and less time on crisis control.

Thank you,

Officer John T. Prevost #7432
Jacksonville Sheriff's Office – Zone 3
Crime Free Multi-Housing Unit



(904) 739-1051 Crime Free Unit Office
(904) 828-5467 Zone 3 Sub Station
(904) 828-5465 Zone 3 Fax

Email: john.prevost@jaxsheriff.org

In case of an emergency - dial 911
JSO non-emergency number - 630-0500

OCCUPANCY LEVELS

6-30-18

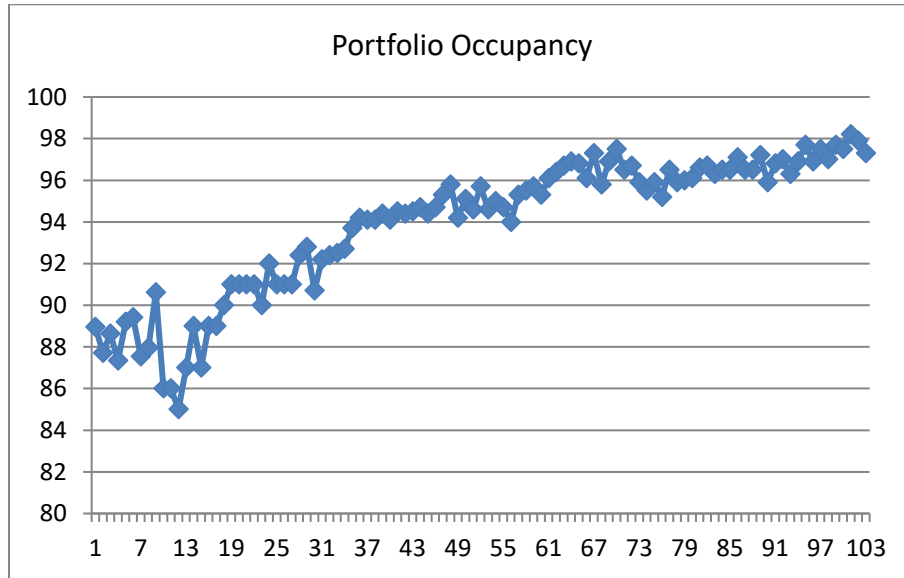
Active Rental Developments—Financed by DCHFA or JHFA

Development & Address	Developer	Original Bonds & Issue Date	Units & Occupancy
Bennett Creek 3585 Salisbury Drive 32216	Richman	\$21,600,000 12-21-10	264 95% (-3%)
Brookwood Forest Apartments 1251 Fromage Way 32225	CED	\$10,000,000 2005	168 95% (-3%)
Camri Green Apartments 3820 Losco Road 32257	Vestcor	\$9,200,000 2003	184 98% (-0%)
Caroline Oaks	Vestcor	\$5,600,000 4-22-15	82 100% (+1%)
Cathedral Terrace	Blue Sky	\$12,500,000 1-21-16	200 97% (+1%)
Christine Cove 3730 Soutel Dr 32208	Carlisle	\$6,000,000 2006	96 99% (-0%)
Hartwood (AKA Hampton Ridge) 11501 Harts Road 32218	Southport	\$5,840,000 2006	110 95% (-0%)
Lofts at LaVilla 995 Water Street 32204	Vestcor	Housing Credits \$265,000 JHFA loan	130 98% (-2%)
Mary Eaves 1250 16 th Street West 32209	Vestcor	FHFC bonds \$300,000 JHFA loan	79 100% (+0%)
Mt. Carmel Gardens 5846 Mt. Carmel Terrace 32216	BREC	\$9,750,000 8-19-16	207 Rolling Rehab 98%
Oakwood Terrace 8201 Kona Avenue	Southport	\$12,700,000 6-30-17	200 Rolling Rehab 81%
Timberwood Trace 12250 Atlantic Blvd. 32225	Southport	\$16,000,000 2-1-17	224 89% (-8%)
Timuquana Park Apartments 5615 Seaboard Ave. 32244	Southport	\$4,300,000 2004	100 99% (-2%)

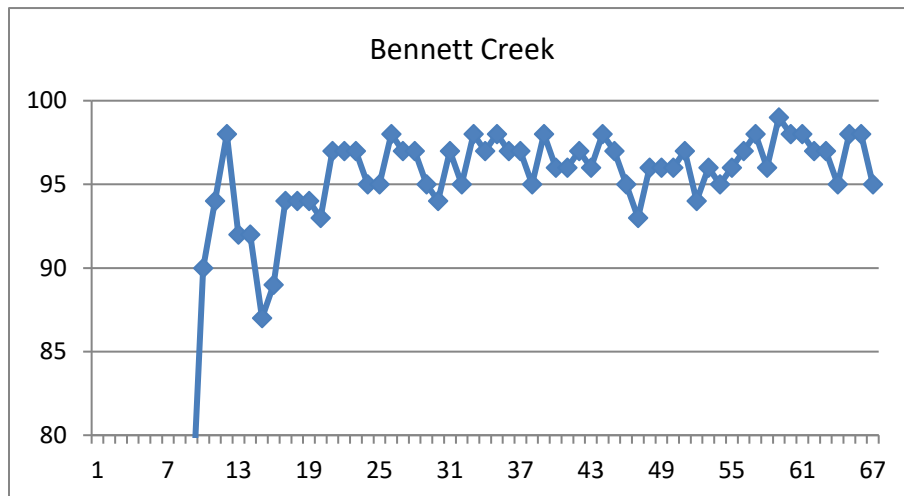
OCCUPANCY LEVELS

6-30-18

103 Month Occupancy Levels—Entire Portfolio Average Occupancy



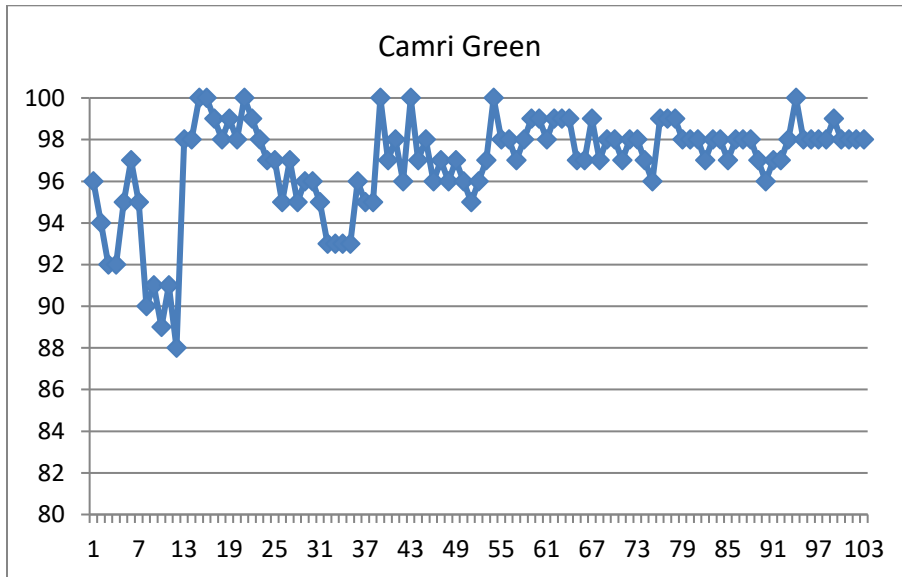
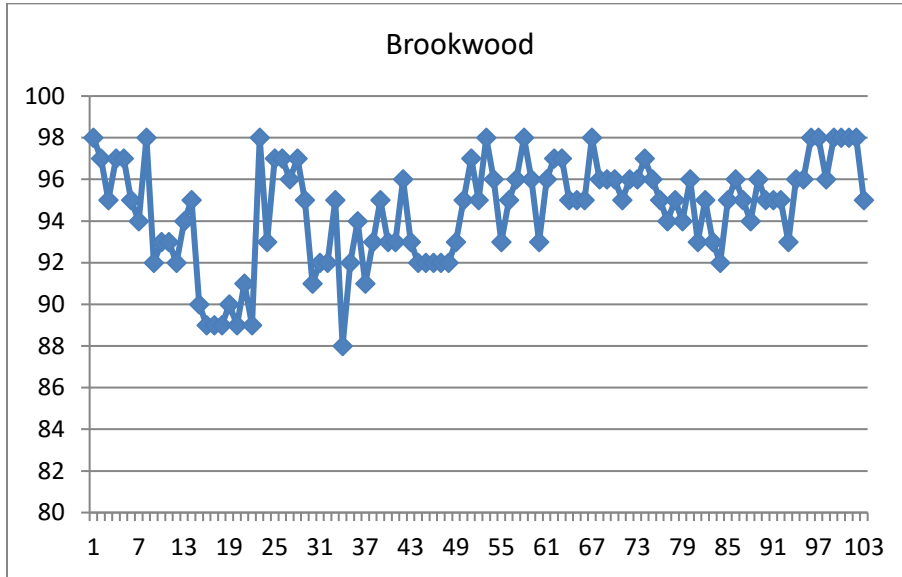
Average Occupancy by Development



OCCUPANCY LEVELS

6-30-18

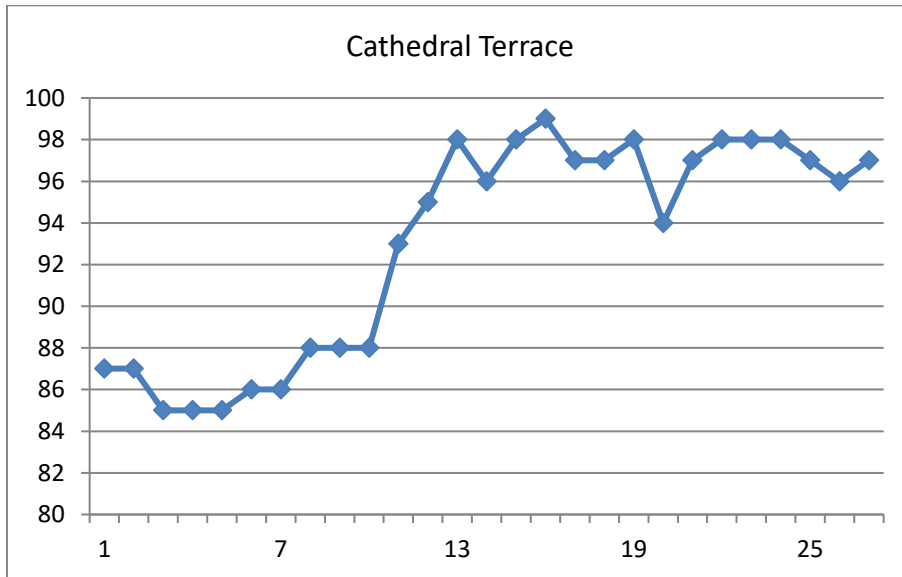
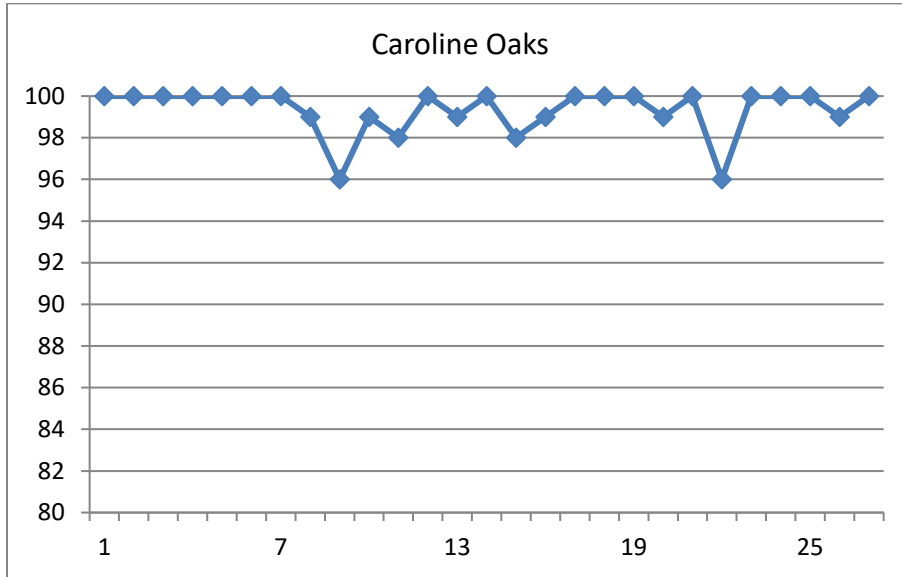
Average Occupancy by Development



OCCUPANCY LEVELS

6-30-18

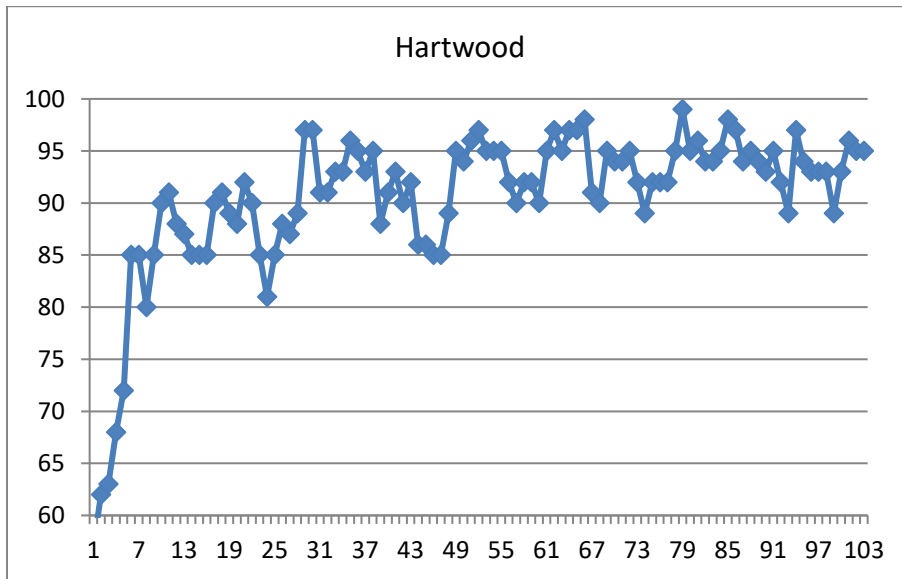
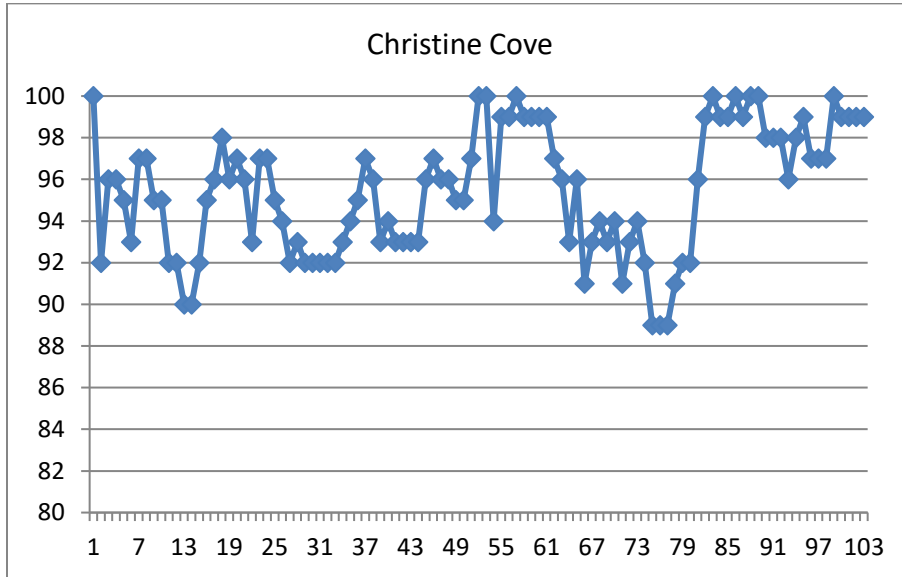
Average Occupancy by Development



OCCUPANCY LEVELS

6-30-18

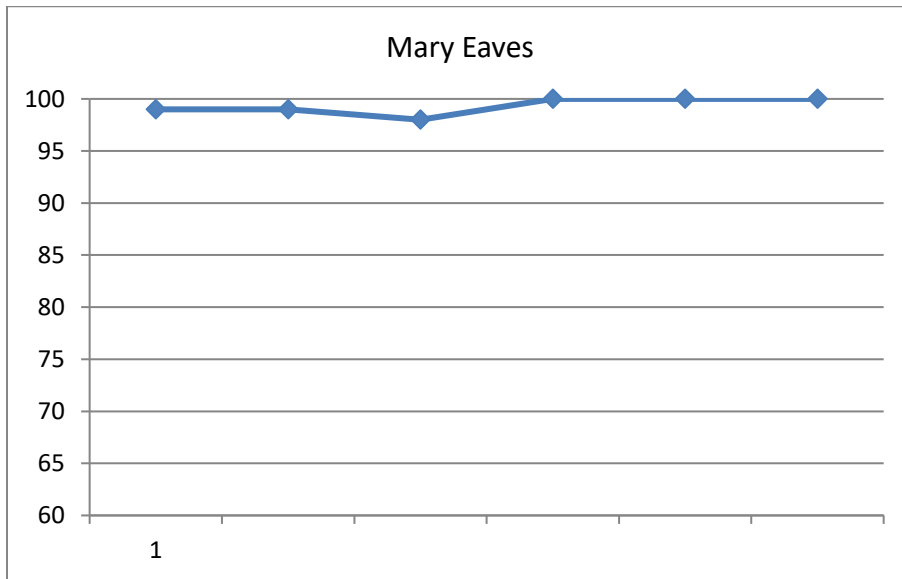
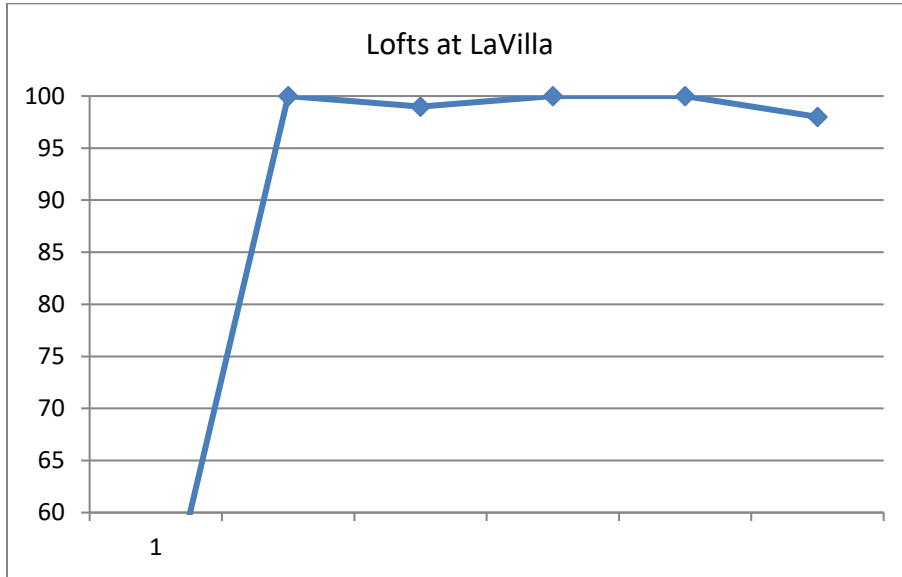
Average Occupancy by Development



OCCUPANCY LEVELS

6-30-18

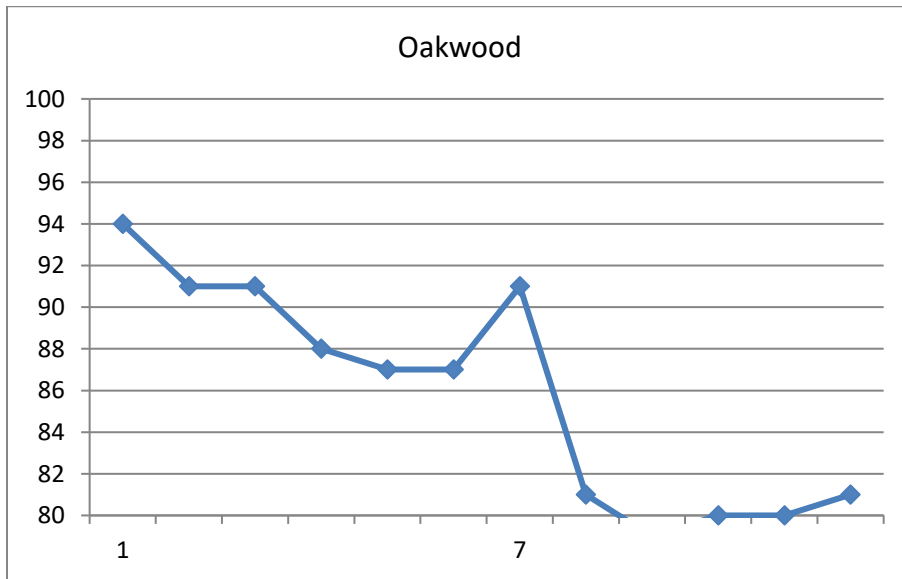
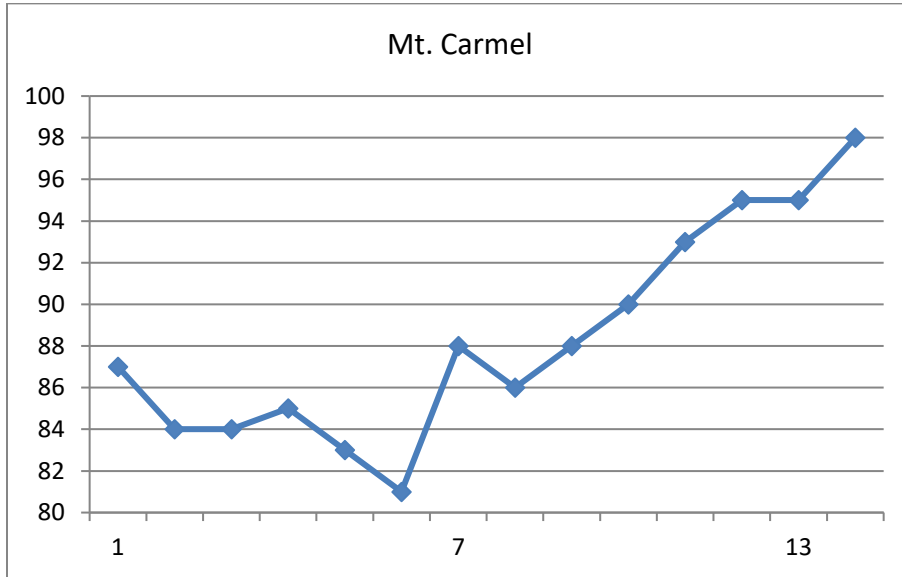
Average Occupancy by Development



OCCUPANCY LEVELS

6-30-18

Average Occupancy by Development



OCCUPANCY LEVELS

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Average Occupancy by Development

