

**JACKSONVILLE HOUSING FINANCE
AUTHORITY**

**MULTI-FAMILY TAX EXEMPT
BOND PROGRAM**

**APPLICATION PROCEDURES &
PROGRAM GUIDELINES**

Revised May 19, 2021

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JACKSONVILLE HOUSING FINANCE AUTHORITY

MULTI-FAMILY HOUSING PROGRAM APPLICATION PROCEDURES AND PROGRAM GUIDELINES

I. MULTIFAMILY HOUSING PROGRAM OVERVIEW

The Jacksonville Housing Finance Authority (the “Authority”) has a program (the “Program”) pursuant to which it provides financing for qualified multifamily housing developments (“Developments”) which meet the goals of the Authority and comply with applicable federal and state law through the issuance of obligations of the Authority (“Obligations”), the proceeds of which are loaned to entities participating in the Program (“Program Participants”). The Program has been undertaken by the Authority in order to alleviate the shortage of affordable housing available to persons and families in the City of Jacksonville, Florida and Duval County, Florida (the “County”) and any expanded area of operation (the “Area of Operation”); to generate affordable multifamily rental capital for investment; to stimulate economic development; and to create jobs. Each Development financed by the Authority, in whole or in part, will not interfere with, but rather will contribute to, the housing stock, housing market, and economic stability of the Area of Operation.

The Authority has adopted the following application procedures and guidelines (the “Guidelines”) setting forth the general requirements and procedures that apply to financing under the Program. All entities submitting applications (“Applicants”) must follow the Guidelines set forth herein. The Authority reserves the right to impose additional requirements on any particular Development and the Authority may waive specific provisions of these Guidelines where good cause is shown and adequate supporting documentation is provided, which waiver will always be at the sole discretion of the Authority. Compliance with these Guidelines does not and shall not guarantee an Applicant will be accepted into the Program or create any right by an Applicant to a commitment or assurance that the Authority will issue Obligations to provide the requested financing.

The Program includes the following basic stages as outlined in the Application and these Guidelines:

- A. Submission of Application.
- B. Recommendation by Financial Advisor and Selection by Authority.
- C. Official Action of Authority (Inducement). Inducements are valid for one year.
- D. TEFRA Hearing and TEFRA Approval. TEFRA approvals are valid for one year.
- E. Document Preparation and Credit Underwriting.
- F. Final Approval by Authority of Obligations and Acceptance of Credit Underwriting Report.
- G. Closing.

Applicants may request additional information regarding the Program from the Authority's website at: www.coj.net or from the Authority's professional team identified below (or as otherwise identified by the Authority from time to time):

The Authority's Bond Counsel:

Rhonda Bond-Collins
Bryant Miller Olive P.A.
255 S. Orange Avenue, Suite 1350
Orlando, Florida 32801
(407) 426-7001
rcollins@bmlaw.com

The Authority's Financial Advisor (collectively):

Mark Hendrickson
The Hendrickson Company
1404 Alban Avenue
Tallahassee, Florida 32301
(850) 671-5601
mark@thehendricksoncompany.com

Susan Leigh
The Community Concepts Group, Inc.
P.O. Box 16129
Tallahassee, Florida 32317
(850) 656-2808
sleighfa@cconceptsgroup.com

The Authority's Investment Banking Firm:

Helen Hough Feinberg
RBC Capital Markets
100 2nd Avenue S. Suite 800
St. Petersburg, FL 33701
(727) 895-8889
helen.feinberg@rbccm.com

The Authority's Bond Counsel and Financial Advisor will act as bond counsel and financial advisor, respectively, to the Authority in each issuance of Obligations by the Authority.

It is the policy of the Authority to select the investment banking firm to act as senior managing underwriter and, remarketing agent or placement agent, as applicable for the issuance of the Authority's Obligations. The Authority will consider requests by Applicants to add co-managing

underwriters for the said Applicant's bond financing and determine the division of fees among such underwriters, in the sole discretion of the Authority. In the event of a public offering the Authority's Investment Banker will act as the underwriter and in the event of a private placement, the Investment Banker will act as a placement agent.

II. APPLICATION PROCESS AND APPLICATION FEES

A. Form of Application

An Applicant may submit the Application on the Authority's website for Developments that are using SAIL funds (a "SAIL Development Application") or for Developments that are not using SAIL funds (a "Non-Sail Development Application")

These Guidelines and the Applications will specify where requirements relate only to one category of Application. The Application must be submitted to the Authority at the addresses contained within the form of Application in the number and manner provided in the Application.

For a SAIL Development Application, upon receipt of SAIL award and commencement of the credit underwriting process, SAIL Development Applications must be supplemented with the regulatory agreement resident programs, development and unit amenities and energy efficiency features prior to or simultaneously with commencement of the credit underwriting process.

B. Timing of Application

The Authority periodically posts a Notice of Funding Availability ("NOFA") on its website indicating availability of volume cap for financing Developments. All Applications to be considered for funding available pursuant to such NOFA must be submitted to the Authority by the deadline established in such NOFA. Failure to file by the NOFA deadline, will result in the Application not being considered with other Applications filed in connection with the NOFA. Applications are continuously received by the Authority, but subsequent to the NOFA deadline. After the NOFA deadline, Applications are accepted on a first-come, first-evaluated basis, subject to availability of bond volume cap.

C. Special Requirements for Application

1. Expense and Indemnity Agreement – In conjunction with the filing of the Application, the Applicant will be required to execute an Expense and Indemnity Agreement, in the form attached hereto as Exhibit A, whereby the Applicant agrees to pay all bond issuance expenses, including, without limitation, the fees and disbursements of the Authority's Bond Counsel, Financial Advisor, Investment Banking Firm, credit underwriters, and any other administrative charges or out-of-pocket expenses which relate to the issue, and to indemnify the Authority and its members, officers, agents, attorneys and employees against any and all claims and liability arising out of the issuance of the Obligations.

2. Preliminary Agreement -- The Applicant will be required to execute a Preliminary Agreement, in the form attached hereto as Exhibit B, setting forth, among other things certain undertakings on the part of the Authority and the Applicant, including certain deposits to be made by the Applicant.

2. Site Control -- The Authority is not involved in site selection, but rather finances Developments that are proposed by Applicants. However, location of the proposed Development may be a factor utilized by the Authority in its determination of whether to finance the Development. Prior to submitting an Application to the Authority, site control by deed, contract or option is required.

3. Applicant Legal Formation -- The Applicant must be a legally formed, existing entity when the Application is filed.

D. Application Fees, Development Feasibility Analysis Fee, Credit Underwriting Fee and Good Faith Deposit (all fees non-refundable)

1. SAIL Development Application Fee -- \$500 payable to the Authority, due upon submission of the Application. (**Applies to a SAIL Development Application only**)

2. Full Application Fee -- the greater of 0.1% (ten basis points) of the requested amount or \$7,500 payable to the Authority

-due upon Application for Non-SAIL Development Applications
-due upon receipt of the SAIL award and commencement of the Development financing process for SAIL Development Applications

3. Development Feasibility Fee - \$3,000 payable to the Financial Advisor upon submission of the Application

-due upon Application for Non-SAIL Developments
-due upon receipt of the SAIL award and commencement of the Development financing process for SAIL Developments

4. Credit Underwriting Fee – Upon invitation to credit underwriting by the Authority, a credit underwriting fee is payable to the credit underwriter in the amount required by the credit underwriter. Applicant is also responsible to pay all other costs of credit underwriting.

5. Good Faith Deposit -- \$40,000 payable to the Authority, due upon commencement of Development financing and document production process for all Developments. If closing takes place, this fee will be returned to the Applicant. If closing does not take place, this fee will be applied towards costs and expense incurred by the Authority and/or its professional team.

6. Bond Counsel Retainer -- \$10,000 payable to Bond Counsel upon execution of the Preliminary Agreement.

E. Application Process

1. Initial Review by Financial Advisor -- The Application will be received and reviewed by the Authority's Financial Advisor, who shall prepare a report for the Authority. Such analysis shall include an analysis of the proposed Development and financing, including but not limited to, financial feasibility, ability to proceed, public purpose, and all other selection factors.

2. Preliminary Selection by the Authority -- The Authority's Board of Directors (the "Board"), upon review of the Financial Advisor's analysis, and upon independent review of the Applications, may select one or more Applicants to move forward into the remaining process to determine the amount of private activity bond allocation to be requested for the Development (subject to County approval), and the total amount of financing to be considered for the Development. The Board may establish conditions and timetables related to the financing as part of this selection process. The Board will make its determinations based on a number of factors, including, but not limited to, those stated below. This initial "selection" by the Board does not bind the Authority to finance any or all of the proposed Development. Instead, it allows the Applicant to move forward into the remaining process that will determine if the Board elects to finance any or all of the proposed Development.

3. Items to be Considered by the Board in the Preliminary Selection Process
(Note that many of the following factors are necessarily subjective)

- The financial soundness of the Applicant and the Development, including the experience of the Applicant and other Development team members.
- Readiness of the Applicant to proceed with the financing of the Development.
- Conformance of the Development with legal restrictions governing the issuance of the Obligations.
- The impact of the Development upon the housing shortage in the Area of Operation, and on any neighborhood development or redevelopment plan.
- The relative affordability of the Development to those persons of middle, moderate and lesser income.
- Ability of the Applicant to complete financing and development on a timely basis, including the status of a commitment for credit enhancement or private placement of the Obligations, a commitment from the purchaser of any low income housing tax credits associated with the financing, and the status of the Applicant in the permitting process.
- Economic impact of the Development, including the impact of jobs created by substantial rehabilitation and/or new construction.

- Applicant’s formal agreement to abide by the loan conditions established in the credit underwriting report.
- Applicant’s agreement to provide resident income set-asides in excess of those required by State and Federal law.
- Applicant’s agreement to agree to extended low income compliance periods. The minimum affordability period is 50 years.
- Applicant’s agreement to provide services to the residents relevant to the needs of the residents, such as day care, financial and credit counseling, or other services detailed in the Application.
- Appropriateness of the Development design.
- Development design and amenities that provide enhanced quality of life, energy efficiency, increased security, handicapped accessibility, or other features detailed in the Application.
- The proposed financing structure, including the proposed credit enhancement or private placement and its related bond rating and term, as applicable.
- Leveraging of the Authority’s tax-exempt bond allocation by providing a portion of the financing from non-County sources, including, but not limited to taxable bonds, and state or city loans or grants.
- Impact of the proposed Development on existing Developments, i.e., market saturation.
- Proximity of the proposed Development to employment centers.
- Developer agreement to rent at least 5% of the units in the Development to special needs populations (e.g., homeless, persons with disabilities, youth aging out of foster care).

4. Special Requirements for Applicants

- Any Applicant that (i) has been convicted or charged with a state or federal felony based on dishonesty, fraud, deceit, or misrepresentation, or that has been convicted of any crime involving theft of government property, (ii) has been convicted or charged with a “public entity crime” as such term is defined in Section 287.133, Florida Statutes, (iii) is an “affiliate” as such term is defined in Section 287.133, Florida Statutes, or (iv) otherwise falls under the categories described in Section 420.518(1)(a) through (f), Florida Statutes, with respect to any local, state or national affordable housing program, may not be considered for funding, at the sole discretion of the Authority.

“Applicant” includes any person or entity that:

- (a) Directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Applicant or any developer of the Development (each, a “Developer”);
- (b) Serves as an officer or director of the Applicant or a Developer;
- (c) Serves as an officer or director of any person or entity that directly

or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Applicant or a Developer;

(d) Directly or indirectly receives or will receive a financial benefit from a Development except as further described in Rule 67-48.0075, F.A.C.;

(e) Is the spouse, parent, child, sibling, or relative by marriage of a person described in paragraph (a), (b), (c) or (d) above.

- No bond issue may be made for an Applicant to finance the acquisition of a Development from an affiliated party, without prior approval by the Authority and confirmation by the credit underwriter that the sales price reflects a fair market value for the property, without considering the benefit of the tax exempt financing. The Authority's bond counsel must review any affiliated party transaction to determine that it will not preclude delivery of bond counsel's opinion that the interest on any Authority bonds intended to be issued as tax-exempt bonds is excluded from gross income.
- If the Application involves the sale of Obligations not subject to the unified volume cap due to the 501(c)(3) status of the Applicant, the Applicant must demonstrate at a minimum that (i) the organization is a 501(c)(3) in good standing, with affordable housing as part of their charter, and with a legal opinion relating to the organization and its role in the transaction, (ii) the organization should have a role in the community beyond that as a conduit financing vehicle, and (iii) the organization must have a meaningful role in the Development. Payment of a minimal fee with no real on-going role would not qualify as "meaningful".

5. Special Requirements for Developments

Homeownership Opportunity Program. All Applicants must provide a homeownership opportunity program available to all residents living in non-elderly Developments in compliance with their current lease. The program must provide for the payment of 5% of the resident's gross rent towards a down payment for that resident when the resident moves from the Development into homeownership. The resident may be suspended from the program during the period of a lease if the resident violates any provision of the lease. Upon renewal of the lease, the resident must be reinstated into the program for the period of that renewal, with suspension permitted under the same terms as discussed above. The homeownership opportunity program must also include financial counseling for all residents, with emphasis on credit counseling and other items necessary for successful purchase of, and maintenance of a home.

Rehabilitation Expenditures/Physical Needs Assessment. If the Application involves acquisition and/or rehabilitation, rehabilitation expenditures must be consistent with the costs identified in a Physical Needs Assessment ordered by the credit underwriter.

Elderly Developments. Elderly Developments may not exceed 160 units, unless they involve the rehabilitation of an existing elderly Development.

F. Credit Underwriting Process

Once a Development has been invited to credit underwriting, the Applicant will be responsible for paying the credit underwriting fees and assisting the credit underwriter in the credit underwriting process. The Credit Underwriter shall use the standards established by the Florida Housing Finance Corporation unless directed otherwise by Authority staff. The Authority will not approve the issuance of the Obligations until a final credit underwriting report has been presented to and accepted by the Board.

G. Documentation and Closing

After selection of a Development by the Authority, the Authority shall consult with Bond Counsel and initiate appropriate steps leading to the preparation of documents for the Obligations. The Authority will not begin conference calls or document preparation until all good faith deposits and application fees have been paid in accordance with the Preliminary Agreement.

H. Validation

Obligations of the Authority may be required to be validated in the manner provided by Section 159, Florida Statutes, as amended, and by Chapter 75, Florida Statutes, as from time to time amended and supplemented. If a validation is necessary, Bond Counsel will prepare validation pleadings for filing by Counsel to the Authority in the Circuit Court in and for Duval County, Florida. Applicant shall pay any fees and expenses (including legal fees of the Authority's bond counsel) relating to any validation.

III. TRANSACTION FEES (OTHER THAN APPLICATION FEES) AND REQUIRED TRANSACTION DOCUMENTS

A. Transaction Fees

In addition to the Application fees outlined above and in the Application, the Applicant will be responsible for all fees and expenses related to the financing, including, without limitation, the fees described below. The Authority and its professionals reserve the right to charge additional or increased fees above the standard contract rates on deals of unusual nature or with exceptionally complex structures.

Authority Closing Administration Fee – the greater of \$20,000 or 0.25% of the principal amount of the Obligations at closing, due at closing of the Obligations.

Authority On-Going Administration Fee -- the greater of \$20,000 or 0.20% of the outstanding principal amount of the Obligations on the payment date (without regard to principal reductions on such date and for transactions that will be paid in full prior to five years after issuance, the Authority On-Going Administration Fee will always be based on the original principal amount of the Obligations). This fee is payable semi-annually in arrears beginning on the first payment date following Closing. For transactions that contemplate significant reduction in the amount of

the Obligations within the first five years after closing, see Short Term Obligation Fee below.

In a structure where there is a holder of the Obligations that is related to the Applicant, the Authority On-Going Administrative Fee structure will be determined by the Authority after consultation with the Financial Advisor and Bond Counsel. All Applicants should make the Authority aware of this situation at the very outset of the transaction.

Short Term Obligation Fee – In addition to the Authority Closing Administration Fee and the Authority On-Going Administration Fee, the Authority will charge a short term early reduction fee for transactions that contemplate significant reduction in the amount of the Obligations upon construction completion or conversion to permanent financing. This fee will be determined using one of the following alternatives in the discretion of the Authority.

1. **One Time Fee Due upon Closing.** The Authority On Going Fee is charged up front at closing in an amount equal to the present value of what would have been due as the Authority On-Going Administrative Fee for fifteen years following issuance of the Obligations if the Obligations were outstanding for such time period.

2. **Additional Short Term Principal Reduction Fee.** A one-time additional fee is charged at the time a significant reduction in the principal amount of the Obligations is made based on the following percentages of the original principal amount of the Obligations, with a minimum fee of \$25,000:

Bond Amount	Prepayment Date		
	≤ 18-Month	18+ to 24-Months	24+ to 36-Months
Up to \$15 million	33 bps	25 bps	18 bps
Over \$15 million, up to \$20 million	32 bps	24 bps	17 bps
Over \$20 million, up to \$25 million	31 bps	23 bps	16 bps
Over \$25 million, up to \$30 million	30 bps	22 bps	15 bps
Over \$30 million, up to \$40 million	29 bps	21 bps	14 bps
Above \$40 million	28 bps	20 bps	13 bps

Bond Counsel Fee – per bond counsel contract with the Authority.

Financial Advisor Fee – per financial advisor contract with the Authority.

Compliance Monitoring Fee, Authority Construction Loan Servicing Fee, Financial Monitoring Fee – Third party fees for compliance monitoring, construction loan servicing and financial monitoring in an amount and for a

duration to be determined at closing of the Obligations will be payable directly to the provider of such services pursuant to the servicing documents, which provider will be selected by the Authority.

B. Transaction Documents

The Applicant will be required to enter into the Authority's form of the following transaction documents:

Land Use Restriction Agreement
Compliance Monitoring Agreement with Authority Compliance Monitor
Construction Loan Servicing Agreement with Authority Servicer
Financial Monitoring Agreement with Authority Financial Monitor

The Applicant will be required to provide the Authority's forms of the following guarantees by guarantors recommended by the credit underwriter. Personal guarantees are expected:

Guaranty of Completion
Guaranty of Recourse Obligations
Environmental Indemnity Agreement
Guaranty of Operating Deficits

Forms of the agreements and guarantees described in this paragraph B have been approved by the Authority containing restrictions and requirements of the Authority.

IV. REQUIREMENTS FOR FINANCINGS

A. Housing Laws

All applicable Federal, State, and Local Fair Housing requirements must be followed.

B. Securitization

All Obligations must be securitized through a securitization structure.

C. Rating/Placement

Each financing must be rated by a national rating agency in one of the three highest rating categories or must be privately placed with an Accredited Investor or Qualified Institutional Buyer ("Sophisticated Investor") which agrees to hold the Bonds for its own account and not for resale.

D. Investor Letters

Investor Letters acceptable to the Authority are required to be delivered at closing by the purchaser of the Obligations. Obligations that are privately placed will be transferrable

only upon delivery of an Investor Letter by the purchaser in the form delivered by the initial purchaser at closing.

E. Minimum Denominations

All Obligations not rated in one of the three highest rating categories by a nationally recognized rating agency must be issued in minimum denominations of \$250,000 each and multiples of \$5,000 in excess of such minimum denomination. The intent of this paragraph is applicable not only to the initial sale of the bonds, but also to resales, if any, in secondary markets and shall be incorporated in the transaction documents as restrictions on transfer.

V. POST-CLOSING TRANSACTIONS

A. Process

Action of the Authority post-closing (subordinations, defeasances, amendments, transfers of property, transfers of ownership, for example) must be requested by letter addressed to the Authority and submitted to the Financial Advisor. Such request must provide a thorough explanation of the background, the events that require the action and the requested action item and must be submitted two weeks prior to a meeting of the Authority to be considered at such meeting.

B. Fees

An administrative fee in connection with action to be taken post-closing pursuant to A. above in the amount of \$2,000 must be paid to the Authority at the time the request for action is made. Such fee does not cover the fees of the Authority's professionals, including but not limited to, Bond Counsel, Financial Advisor and credit underwriter, involved in preparing or reviewing said action items. The Borrower will be responsible for all professional fees incurred as a result of any action requested post-closing. Such fees will vary depending on the action item.

C. Special Considerations

Change of Ownership of Borrower. Any change in ownership structure of the Borrower must be consented to by the Authority in accordance with the transaction documents.

Sale of Development. Any transfer of any ownership interest in the Development by the Borrower must be consented to by the Authority in accordance with the transaction documents.

VI. WAIVER; AMENDMENT.

The Authority, in its sole discretion, reserves the right to waive any of the aforesaid guidelines and procedures, not otherwise required to be met by law, upon good cause shown by Authority personnel or any corporation, firm or business concerned with the proposed financing. In addition,

the aforesaid guidelines and procedures may be amended, revised, repealed or otherwise altered by the Authority with or without notice.

EXHIBIT A

FORM OF EXPENSE AND INDEMNITY AGREEMENT

Jacksonville Housing Finance Authority

RE: JACKSONVILLE HOUSING FINANCE AUTHORITY
MULTIFAMILY OBLIGATIONS

Ladies and Gentlemen:

The undersigned (the “Applicant”) has requested that the Jacksonville Housing Finance Authority (the “Authority”) consider its application (the “Application”) for the issuance of obligations by the Authority (the “Obligations”) for the benefit of the Applicant, and as an inducement to such consideration hereby agrees with the Authority as follows:

Section 1. Payment of Expenses. Whether or not the Obligations are offered, sold or issued, the Applicant agrees to pay and be liable for, and to hold the Authority harmless against the payment of, any and all expenses whatsoever arising out of or related to the Obligations and/or the Application, including, without limitation, the fees and expenses of bond counsel, investment bankers, financial advisor, credit underwriters, and if any, counsel to the Authority, administrative expenses, recording charges, expenses of printing offering circulars or official statements, the cost of printing the Obligations and advertising the sale thereof (collectively, the “Expenses”). The Applicant acknowledges and agrees that the application fee is a separate fee that is non-refundable and shall not be used for the payment of any of the Expenses.

Section 2. Indemnity. Whether or not the Obligations are offered, sold or issued, the Applicant agrees to indemnify and hold harmless the Authority, and each of its members, officers, agents, attorneys and employees against any and all claims and liability whatsoever arising out of or related to the Obligations or the Application, including, without limitation, actual or alleged misrepresentation, fraud or other tortious conduct or breach of contractual relationships, whether predicated upon federal or state statutes, common law, principles of equity or otherwise, excepting only claims based upon willful misfeasance or nonfeasance of the Authority. In furtherance of the foregoing, the Applicant agrees to pay any and all attorneys' fees and court costs, including those relating to appeals, incurred in the defense of any of the claims or liabilities herein referenced upon the Authority's written demand thereof. It is further understood and agreed that the Authority or any of the persons herein above indemnified shall be entitled to retain counsel acceptable to the Authority or them to defend any such claim, but that neither the Authority nor any such person will enter into any settlement of the same without the prior written approval of the Applicant, which approval may not be unreasonably withheld, conditioned or delayed.

Section 3. Survival of Agreement. This Agreement shall survive the closing of the Obligations and shall not merge into or be superseded by any other agreement other than by a written amendment hereto specifically denominated as such and executed by the Authority and the Applicant.

Dated: _____

NAME OF APPLICANT:

By: _____

Title: _____

Accepted and Agreed:

**JACKSONVILLE HOUSING
FINANCE AUTHORITY**

By: _____

Name: _____

Title: _____

EXHIBIT-B
FORM OF PRELIMINARY AGREEMENT

PRELIMINARY AGREEMENT

This **PRELIMINARY AGREEMENT** (this "Preliminary Agreement") dated **[DATE]** between the **JACKSONVILLE HOUSING FINANCE AUTHORITY**, a body corporate and politic of the State of Florida (the "Authority"), and **[COMPANY]**, a **[_____]** and its permitted successors and assigns (the "Company").

WITNESSETH:

SECTION 1. PRELIMINARY STATEMENT. Among the matters of mutual understanding which have resulted in the execution of this Preliminary Agreement are the following:

(a) The Florida Housing Finance Authority Law (Chapter 159, Part IV, Florida Statutes), as amended (the "Act") provides that the Authority may issue its revenue bonds and loan the proceeds thereof to one or more persons, firms or private corporations, or use such proceeds to defray the cost of acquiring, by purchase or construction, certain qualifying facilities.

(b) The Company is considering the acquisition and [rehabilitation/construction] of a multifamily residential housing facility for low, middle or moderate income persons to be located at **[PROPERTY ADDRESS]** (the "County") to be commonly known as **[PROJECT NAME]** (the "Project"). It is currently estimated that the cost related to the acquisition and [rehabilitation/construction] of the Project will be approximately \$**[_____]**.

(c) The Authority intends this Preliminary Agreement to constitute its official binding commitment for purposes of the Act and applicable federal tax law only, subject to the terms hereof, to issue its Multifamily Housing Revenue Bonds (**[PROJECT NAME]**), Series **[_____]** in a principal amount not to exceed \$**[_____]** (the "Bonds") in one or more series or issues pursuant to the Act in a final amount to be determined by the Authority and to loan the proceeds thereof to the Company, or to use such proceeds, to finance all or a portion of the cost related to the acquisition and [rehabilitation/construction] of the Project, including all costs incurred in connection with the issuance of the Bonds by the Authority.

(d) The Authority considers the issuance and sale of the Bonds, for the purpose hereinabove set forth, consistent with the objectives of the Act. This commitment is an affirmative official action of the Authority toward the issuance of the Bonds as herein contemplated in accordance with the purposes of both the Act and the applicable United States Treasury Regulations provided, however, the commitment is specifically subject to the terms and conditions set forth in this Preliminary Agreement and creates no rights of specific performance on the part of the Company.

SECTION 2. UNDERTAKINGS ON THE PART OF THE AUTHORITY. Subject to the terms hereof, the Authority agrees as follows:

(a) The Authority will authorize the issuance of the Bonds in the aggregate principal amount necessary and sufficient to finance all or a portion of the costs related to the acquisition and [rehabilitation/construction] of the Project as the Authority and the Company shall agree in writing, but in all events, the principal amount of such Bonds shall not exceed the lesser of: (i) the costs related to the Project, as determined by the Authority, or (ii) \$[_____].

(b) Such actions and documents may, at the option of the Authority, permit the issuance from time to time in the future of additional bonds on terms which shall be set forth therein, whether pari passu with other series of bonds or otherwise, for the purpose of defraying the cost of completion, enlargements, improvements and expansion of the Project, or any segment thereof, or refunding of the Bonds.

(c) The loan or financing agreement between the Authority and the Company (the "Loan Agreement") shall, under the terms agreed upon by the parties, provide for payments to be made by the Company in such sums as shall be necessary to pay the amounts required under the Act including the principal of and interest and redemption premium, if any, on the Bonds, as and when the same shall become due and payable.

(d) In authorizing the loan of the proceeds of the Bonds pursuant to the Loan Agreement, the Authority will make no warranty, either expressed or implied, that the proceeds of the Bonds will be sufficient to pay all costs of the acquisition and [rehabilitation/construction] of the Project or that those facilities encompassed by the Project will be suitable for the Company's purposes or needs.

(e) The Bonds shall specifically provide that they are payable solely from the revenues derived from the Loan Agreement, the Trust Indenture relating to the Bonds (the "Indenture") or other agreements approved by the Authority, except to the extent payable out of amounts attributable to the proceeds of the Bonds. The Bonds and the interest thereon shall not constitute an indebtedness or pledge of the Authority, the general credit of the City of Jacksonville, the County or of the State of Florida (the "State"), and such fact shall be plainly stated on the face of the Bonds.

SECTION 3. UNDERTAKINGS ON THE PART OF THE COMPANY. Subject to the terms hereof, the Company agrees as follows:

(a) The Company will use reasonable efforts to insure that the Bonds in the aggregate principal amount as stated above are sold; provided, however, that the terms of such Bonds and of the sale and delivery thereof shall be mutually satisfactory to the Authority and the Company.

(b) The Company will cooperate with the Authority and with the underwriters or purchasers of the Bonds and the Authority's counsel, financial advisor and bond counsel with respect to the issuance and sale of the Bonds and will take such further action and authorize the execution of such documents as shall be required by the Authority for the authorization, issuance and sale of such Bonds and the use of the proceeds thereof to finance the cost related to the acquisition and [rehabilitation/construction] of the Project all in accordance with the Authority's policies and procedures.

(c) Prior to the issuance of the Bonds, the Company will enter into the Loan Agreement, consent to the execution by the Authority of the Indenture, approve such other documents related to the Bonds, as shall be determined reasonably necessary by the Authority, providing for, among other things, the issuance, delivery and security for the Bonds and the loan or use of the proceeds of the Bonds to finance the Project. Such documents will provide, among other things, that the Company will be obligated to pay the Authority (or to trustees for holders of the Bonds on behalf of the Authority, as the case may be) sums sufficient in the aggregate to enable the Authority to pay the principal of and interest and redemption premium, if any, on the Bonds, as and when the same shall become due and payable, and all other expenses related to the issuance and delivery of the Bonds inclusive of the Authority's ongoing fees. The Company will agree in such documents that if the cost related to the acquisition and [rehabilitation/construction] of the Project exceeds the amounts allocated therefor, it shall not be entitled to any additional reimbursement or funding for any such excess either from the Authority, the bondholders or the trustee for the bondholders.

(d) The Company shall be responsible for the Authority's up-front issuance fee in effect at the time the Bonds are issued and the fees of the Authority's counsel, underwriters, financial advisor and bond counsel.

(e) The Company shall, in addition to paying the amounts set forth in the Loan Agreement, pay all costs of operation, maintenance, taxes, governmental and other charges which may be assessed or levied against or with respect to the Project.

(f) The Company will hold the Authority free and harmless from any loss or damage and from any taxes or other charges levied or assessed by reason of the issuance, sale or delivery of the Bonds, as well as any mortgaging or other disposition of the Project.

(g) All costs of issuance, including, without limitation, the Authority's fees and counsel fees not paid at the time of application shall be paid in full at the time of the sale and delivery of the Bonds. The Company shall pay, upon request, a reasonable retainer to bond counsel to the Authority to compensate said counsel for legal services which must be performed whether or not the Bonds are actually issued. Any retainers so paid will be credited against the respective counsel fees payable at closing.

(h) The Company shall take all such actions such that the Bonds shall be issued in compliance with the applicable terms and conditions of the Authority's Multifamily Bond Allocation Policies and Procedures (revised May 2021).

(i) The Company will take such further action as may be required to implement its aforesaid undertakings and as it may deem appropriate in pursuance thereof.

(j) Should the Company cancel this Preliminary Agreement in accordance with the terms hereof, the Company shall pay any and all of the Authority's fees and expenses including, without limitation, the fees and expenses of Authority's counsel and bond counsel and financial advisor.

SECTION 4. GENERAL PROVISIONS. All commitments of the Authority under Section 2 hereof and of the Company under Section 3 hereof are subject to the conditions that the following events shall have occurred not later than [_____], or such other date as shall be mutually satisfactory to the Authority and the Company:

(a) The Company shall deliver evidence satisfactory to the Authority's counsel and bond counsel (including such opinions issued by counsel to the Company acceptable to the Authority) that the Company is an entity organized and operated under the applicable laws of the State.

(b) The Authority shall have received at least \$[_____] of private activity bond allocation from the Division and shall be lawfully entitled to issue the Bonds as herein contemplated.

(c) The Authority and the Company shall have agreed on mutually acceptable terms for the Bonds and the sale and delivery thereof and mutually acceptable terms and conditions of the Indenture, the Loan Agreement or other agreements incidental to the financing or referred to in Sections 2 and 3 hereof.

(d) Such other rulings, approvals, consents, certificates of compliance, opinions of counsel and other instruments and proceedings satisfactory to the Authority as to such matters with respect to the Bonds, the Project, the Indenture, the Loan Agreement, as shall be specified by the Authority, shall have been obtained from such governmental, as well as non-governmental, agencies and entities as may have or assert competence or jurisdiction over or interest in matters pertinent thereto and shall be in full force and effect at the time of issuance of the Bonds.

(e) Notwithstanding the designation as an "official binding commitment" for purposes of the Act and federal tax law, the Company and the Authority each reserve the absolute right to unilaterally cancel this Preliminary Agreement for reasonable cause at any time prior to

the time the Bonds are issued by the Authority upon written notice to the other party of cancellation.

(f) If the events set forth in this Section 4 do not take place within the time set forth or any extension thereof, or if the Company or the Authority exercises its rights of cancellation as set forth in this Section 4, the Company agrees that it will pay/forfeit to the Authority the Deposit (as defined herein) and pay the fees for Authority's counsel and bond counsel and financial advisor.

(g) The Company acknowledges that the Authority may, during the time this Preliminary Agreement is in effect, issue similar "inducement" agreements to other companies for other multifamily projects, and/or may issue bonds or participate jointly with other authorities to issue bonds for multifamily or single family housing. This Preliminary Agreement will create no priority or rights *vis a vis* subsequent agreements for the issuance of multifamily or single family bonds.

SECTION 5. DEPOSIT FROM THE COMPANY. Notwithstanding anything herein to the contrary, the Company has represented to the Authority that it expects to complete the financing of the Project on or before the [____], [____], utilizing not less than \$[____] of the Authority's private activity bond allocation. On the basis of the foregoing representation by the Company, the Authority has agreed to reserve \$[____] of its private activity bond allocation for the Project and issue the Bonds on behalf of the Company, subject to the Company's compliance with, among other things, all other applicable guidelines, policies and procedures of the Authority, as well as the terms and conditions set forth herein. The Company acknowledges and agrees that failure to consummate the sale and delivery of not less than \$[____] of the Bonds on or before [____], [____] will result in substantial damages to the Authority which cannot be easily or adequately measured. Consequently, in addition to the \$7,500 non-refundable application fee paid to the Authority and a fee paid to the Authority's creditor underwriter for the requisite credit underwriting fee to prepare the credit underwriting report, the Company shall deliver to the Authority on or before [____], [____]: (a) a cashier's check in the amount of \$40,000 which reflects the required final document preparation deposit (the "Deposit"), and (b) a cashier's check in the amount of \$500 to cover the initial cost of publishing the TEFRA notice and conducting a hearing, all payable to the Authority and all of which shall be immediately cashed by the Authority. In addition, the Company shall pay a \$10,000 retainer to bond counsel. If Bonds in the principal amount of not less than \$[____] are sold and delivered on or before the [____], [____], the Authority will deliver to the Company a check in the amount of the Deposit simultaneously with the sale and delivery of the Bonds. If for any reason Bonds in the principal amount of not less than \$[____] are not sold and delivered on or before [____], [____], the Deposit shall be retained by the Authority as and for full liquidated damages for any defaults hereunder on the part of the Company. The Authority and the Company hereby agree that time is of the essence and it is the intent of the parties hereto that the provisions of this Preliminary Agreement be

strictly construed. Should the Authority cancel this Preliminary Agreement in accordance with Section 4(e) hereof, then the Company shall be entitled to a return of the Deposit less the fees and expenses of the Authority including, without limitation, the fees and expenses of Authority's counsel (other than bond counsel) and financial advisor.

SECTION 6. BINDING EFFECT. All covenants and agreements herein contained by or on behalf of the Authority and the Company shall bind and inure to the benefit of the respective successors and assigns of the Authority and the Company whether so expressed or not; provided, however, the Company may not assign this Preliminary Agreement.

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**SIGNATURE PAGE TO
PRELIMINARY AGREEMENT
([PROJECT NAME])**

IN WITNESS WHEREOF, the parties hereto have entered into this Preliminary Agreement by their officers thereunder duly authorized on the date set forth above.

AUTHORITY:

**JACKSONVILLE HOUSING FINANCE
AUTHORITY**

By: _____
Chair

**SIGNATURE PAGE TO
PRELIMINARY AGREEMENT
(PROJECT NAME)**

IN WITNESS WHEREOF, the parties hereto have entered into this Preliminary Agreement by their officers thereunder duly authorized on the date set forth above.

COMPANY:

By: _____
Name:
Title: