



**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

| Fiscal Years             | 2025               | 2026 | 2027 | 2028 | 2029 |
|--------------------------|--------------------|------|------|------|------|
| Capital Expenditures     | \$7,560,000        |      |      |      |      |
| Operating Costs          |                    |      |      |      |      |
| External Revenues        |                    |      |      |      |      |
| Program Income           |                    |      |      |      |      |
| In-Kind Match (County)   |                    |      |      |      |      |
| <b>NET FISCAL IMPACT</b> | <b>\$7,560,000</b> |      |      |      |      |

|   |  |  |  |  |  |
|---|--|--|--|--|--|
| # ADDITIONAL FTE POSITIONS (Cumulative) |  |  |  |  |  |
|---|--|--|--|--|--|

Is Item Included In Current Budget? Yes  X  No    
 Does this Item include the use of Federal funds? Yes   No  X   
 Does this Item include the use of State funds? Yes   No  X

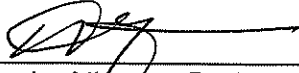
Budget Account No.:

Fund 1117 Dept. 143 Unit Various Object 8201 Program Code/Period N/A

**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

Approval of this agenda item will allocate \$7,560,000 in HBLP funds.

**C. Departmental Fiscal Review:**

  
 \_\_\_\_\_  
 Valerie Alleyne, Division Director II  
 Finance and Administrative Services, DHED


**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Development and Control Comments:**

 10/29/2024  
 OFMB AS 10/28/24 DA 10/29

 11/5/24  
 Contract Development and Control

**B. Legal Sufficiency:**

 11/6/24  
 Chief Assistant County Attorney

**C. Other Department Review:**

\_\_\_\_\_  
 Department Director

(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)

**Summary: (Continued from Page 1)**

The agreement and related documents pursuant to these HBLP funds will be between County and SP Field, LLC (and its respective successors and/or assigns). The loan shall be secured by a mortgage and note that require repayment of principal and interest within 20 years.

All County-Assisted Units will remain affordable to tenants with incomes no greater than 80% AMI in perpetuity. Affordability restrictions will be recorded through Declarations of Restrictive Covenants that will survive repayment of the loan. The final third-party underwriter's report will be provided to DHED 30 days prior to loan closing and, as long as the report is consistent with the preliminary report, staff will prepare the loan agreement and other related documents. To facilitate project implementation, staff requests authorization for the County Administrator, or designee, to execute the loan agreement and all related documents, and for the Director of DHED to be the County Administrator's designee for this project. Staff is preparing to issue new Request For Proposals in early spring 2025, and is seeking approval for a deadline of February 11, 2025 for final submission of those projects that have been conceptually approved, but are still pending and have been unable to move forward due to various reasons not related to the HBLP process. District 6 (HJF)

**Background and Policy Issues: (Continued from Page 1)**

DHED is administering the voter approved HBLP. Bond funds which may be issued all at once or in tranches, as determined by the BCC, for the purposes as stated in Palm Beach County's Resolution R2022-1405. The Housing Bond Allocation Process Criteria includes approved General Guidelines from the Resolution R2022-0626 calling for the Bond approved by the voters and proposed funding criteria and processes including project requirements, loan terms deed restrictions, project selection, credit underwriting and compliance and monitoring requirements. The Project was conceptually approved by the BCC at the May 7, 2024 Meeting.



# DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT

## COMPREHENSIVE LOAN TERM SHEET

### Project and Funding Program Information

**Funding program:** Housing Bond Loan Program (HBLP)

**RFP number and name:** HBLP.2024.5 – Affordable Housing Multifamily Development

**Project name:** Calusa Pointe II

**Developer name:** Southport Development, Inc.

**Contracting entity:** SP Field LLC

**Project type:** Multifamily Rental Development – Affordable Housing Development

**Brief Project Description:**

The project will entail the new construction of a 168 unit multi-family rental development with 7, 3-story garden style buildings on an approximate 9 acre site.

### Loan Terms

**Loan amount:** \$7,560,000

**Rental Increases:** Rent increases on individual units will be permitted only at lease renewal

**Interest rate:** 1%

**Affordability period:** Perpetuity

**Affordability:**

42 units at or below 30% AMI

58 units at or below 60% AMI

10 units at or below 70% AMI

58 units at or below 80% AMI

**Number of total project units:** 168

**Number of County-assisted units:** 168

**Percentage of County-assisted units:** 100%

**Additional information:** Additional information is provided in the preliminary underwriting report dated August 19, 2024 includes the full capitalization of the project financing and lien priority, operational proforma, and complete rental information for units.



# DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT

## COMPREHENSIVE LOAN TERM SHEET

### Loan term:

- 20 year term
- Payments deferred until primary loan conversion
- Interest only payments years 1-10
- Principal and interest in years 11-20 based on a 50 year amortization calculation
- Payments are subject to available cash flow with unmade payments deferred to the end of the term

**Term commencement:** Upon closing of the loan concurrent with primary financing

### Property re-sale:

If the project development is sold, or 50% (aggregate) or more of the ownership changes to a non-affiliated entity, the loan must be satisfied.

### Estimated Construction start:

### Disbursement of funds:

Reimbursement of construction expenses – per submitted pay application

## Construction Considerations

### Bond requirements:

Payment and performance bond is required for the full value of the project prior to disbursement of bond funds

**Retainage requirements:** 5% retainage until work is completed

## Eligible Expenses

All development costs shall be allocated on a per-unit basis. Loan funds can only be allocated to those costs deemed as eligible that are directly attributable to County-assisted units. In the event a cost is deemed eligible for something that is a project wide expense, the loan funds can only be used for the percentage of County-assisted units as defined above for that expense.

Eligible expenses shall include, but not be limited to:

### Hard Costs:

Onsite costs for construction, including residential construction, site work and improvements, parking, engineering, architectural, other consultant fees, and General Contractor fees



# DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT

## COMPREHENSIVE LOAN TERM SHEET

### Soft Costs;

Permit fees, connections fees, FFE, utility relocation

Ineligible expenses shall include:

- Cost of relocation of displaced persons
- Off-site improvements
- Payment of delinquent taxes
- Legal fees and other fees
- Costs related to other project financing
- Demolition
- Pre-development costs

Determination of cost eligibility and reasonableness shall be at the County's sole absolute discretion.

The terms outlined above shall be detailed in the loan documents consisting of a loan agreement, mortgage and security agreement, promissory note, and declaration of restrictions.

**Projects must be Shovel Ready prior to final approval by the Board of County Commissioners in order to be eligible for funding.**

**Shovel Ready** is defined as a project where the proposer has site control and the property has the correct and approved development requirements for the project including, zoning designation, platting, site plan approval for the housing units it proposes to create.

Please submit any documentation to verify that the project is **Shovel Ready**.

All terms contained herein are contingent upon approval by the Palm Beach County Board of County Commissioners (BCC). The funding for this project and the terms contained herein are anticipated to be presented to the BCC for final approval at the October 22, 2024 agenda meeting. Project construction must commence within one year of BCC final approval.

By signing below you are verifying that this project is **Shovel Ready**, as well as acknowledging and accepting of loan terms:

**Accept Terms**

**Does Not Accept Terms**

Entity Name: **SP Field LLC**

By: Scott Seckinger

Matt [Signature]

Name (printed)

vice President

Title



August 16, 2024

Mr. Jeff Bolton  
Director  
Department of Housing and Economic Development  
301 N. Olive Avenue  
West Palm Beach, FL 33401

Re: Calusa Point II (“Development”)  
Preliminary Review of the Palm Beach County Application

Dear Mr. Bolton:

First Housing Development Corporation of Florida (“First Housing” or “FHDC”) has done an initial review of the Palm Beach County application for the Development. A summary of the information known at this time is below. Please note, the Development is still in the planning stages and the below is subject to change.

**Development Highlights**

- County funds will be provided on a per-unit basis and the total of all County fundings shall not account for more than 50% of the total unit cost as allocated to the County-Assisted funding units.
  - County funds are currently 4% of loan to cost.
- County-Assisted Housing Units shall bear the affordability requirements of the RFP for no less than 30 years.
  - The Development has committed to an affordability period of 99 years under the County funds.
- A required minimum debt service coverage ratio on the senior debt will be no less than 1.10 DSC and no more than 1.50 DSC.
  - The Development is currently showing a DSC of 1.27x on the senior debt.
- The permanent deferred developer fee should be a minimum of 30% of the total developer fee.
  - The Development is currently showing a permanent deferred developer fee of 73% of total development costs.

**Background**

The Development is to be located at Southeast intersection of SR 80 and CR 827, Belle Glade, FL 33493 and will consist of 168 units within seven, 3-story garden style buildings. Closing is scheduled for early November 2024. The Development is targeting an October board meeting for presentation of the credit underwriting report.

SP Field LLC (“Applicant”) is a Florida Limited Liability Company, formed on November 3, 2016, expressly to construct, own and operate the Development. The Managing Member with a 0.01% controlling interest is SP Field Manager LLC, a Florida Limited Liability Company, formed on November 3, 2016. The initial, retiring Investor Member with a 99.99% controlling interest is RJ MT SP Field L.L.C., who will be replaced by the syndicator, Raymond James Affordable Housing Investments, Inc. (“RJAHI”).

The Developer is Southport Development, Inc. (“Southport Dev”). Founded in 1995, Southport Dev is a multi-family housing developer based in Tampa, Florida, with additional offices in Tacoma, Washington and Washington, D.C. Southport’s principals have built or acquired a substantial number of market rental housing projects and developed over 120 LIHTC properties, In addition to acquiring and managing conventional apartment complexes, Southport Dev has a demonstrated ability to secure LIHTC allocations, as well as volume cap tax-exempt bond allocations in multiple states.

**Palm Beach County (West Palm Beach-Boca Raton HMFA)**

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|-----------|------------|-------|-------------|------|----------------|-----------------|---------------|----------------|----------------------|------------------|-----------------|-----------------|----------|----------------------|
| 2         | 2.0        | 25    | 850         | 30%  |                |                 | \$723         | \$75           | \$ 648               |                  | \$ 648          |                 | \$ 648   | \$ 194,400           |
| 2         | 2.0        | 34    | 850         | 60%  |                |                 | \$1,446       | \$75           | \$ 1,371             |                  | \$ 1,371        |                 | \$ 1,371 | \$ 559,368           |
| 2         | 2.0        | 6     | 850         | 70%  |                |                 | \$1,687       | \$75           | \$ 1,612             |                  | \$ 1,482        |                 | \$ 1,482 | \$ 106,704           |
| 2         | 2.0        | 34    | 850         | 80%  |                |                 | \$1,928       | \$75           | \$ 1,853             |                  | \$ 1,482        |                 | \$ 1,482 | \$ 604,656           |
| 3         | 2.0        | 17    | 1,100       | 30%  |                |                 | \$835         | \$105          | \$ 730               |                  | \$ 730          |                 | \$ 730   | \$ 148,920           |
| 3         | 2.0        | 24    | 1,100       | 60%  |                |                 | \$1,671       | \$105          | \$ 1,566             |                  | \$ 1,566        |                 | \$ 1,566 | \$ 451,008           |
| 3         | 2.0        | 4     | 1,100       | 70%  |                |                 | \$1,949       | \$105          | \$ 1,844             |                  | \$ 1,698        |                 | \$ 1,698 | \$ 81,504            |
| 3         | 2.0        | 24    | 1,100       | 80%  |                |                 | \$2,228       | \$105          | \$ 2,123             |                  | \$ 1,698        |                 | \$ 1,698 | \$ 489,024           |
|           |            | 168   | 160,050     |      |                |                 |               |                |                      |                  |                 |                 |          | \$ 2,635,584         |

In the Application, the Applicant committed to providing all units at 80% of the maximum allowable rents. Since the Application, the Applicant has changed their set-asides in order to meet the Florida Housing Finance Authority income averaging requirement. In doing so, they will offer both the 70% Area Median Income (“AMI”) and 80% AMI units at 80% of the maximum allowable rents for 80% AMI units. The 30% and 60% AMI units will be offered at the maximum allowable amount rent. First Housing received an email, dated August 8, 2024,



**FHDC**

from the Palm Beach County Department of Housing and Economic Development, approving the change request to the set-asides.

| PERMANENT FINANCING INFORMATION           |   |                      |                           |
|---|---|----------------------|---------------------------|
|   | 1st Source  | 2nd Source           | 3rd Source                |
| Lien Position                             | First   | Second               | Third                     |
| Lender/Grantor                            | HFAPBC/<br>Berkadia<br>Commercial<br>Mortgage LLC<br>("Berkadia")/<br>Freddie Mac | Palm Beach<br>County | Palm Beach<br>County ARPA |
| Amount                                    | \$16,850,000  | \$7,560,000          | \$2,500,000               |
| Underwritten Interest Rate                | 5.90%   | 1.00%                | 1.00%                     |
| All In Interest Rate                      | 5.90%   | 1.00%                | 1.00%                     |
| Loan Term                                 | 15  | 17.0                 | 27                        |
| Amortization                              | 40  | 0                    | 0                         |
| Loan to Cost - Cumulative                 | 29%   | 41%                  | 46%                       |
| Debt Service Coverage                     | 1.27  | 1.18                 | 1.16                      |
| Operating Deficit & Debt Service Reserves | \$350,000   |                      |                           |
| # of Months covered by the Reserves       | 1.8   |                      |                           |

The Palm Beach County Loan will be interest only during years 1-10 and then principal payments will begin in year 11 based on a 99-year amortization schedule.

|  |             |
|--|-------------|
| Projected Net Operating Income (NOI) - Year 1    | \$1,427,953 |
| Projected Net Operating Income (NOI) - 15 Year   | \$1,686,929 |
| Year 15 Pro Forma Income Escalation Rate         | 2.00%       |
| Year 15 Pro Forma Expense Escalation Rate        | 3.00%       |
| Note Structure                                   | Private     |
| Housing Credit (HC) Syndication Price            | \$0.88      |
| HC Annual Allocation - Equity Letter of Interest | \$2,911,100 |

**Sources Overview**

| <b>CONSTRUCTION/PERMANENT SOURCES:</b> |                             |                     |                     |                  |
|--|-----------------------------|---------------------|---------------------|------------------|
| Source                                 | Lender                      | Construction        | Permanent           | Perm Loan/Unit   |
| Local HFA Bonds                        | HFAPBC/Berkadia/Freddie Mac | \$30,000,000        | \$16,850,000        | \$100,298        |
| Local Government                       | Palm Beach County           | \$2,094,535         | \$7,560,000         | \$45,000         |
| Local Government Subsidy               | Palm Beach County ARPA      | \$2,500,000         | \$2,500,000         | \$14,881         |
| HC Equity                              | RJAHl                       | \$17,930,583        | \$25,615,118        | \$152,471        |
| Deferred Developer Fee                 | Southport Dev               | \$6,443,094         | \$6,443,094         | \$38,352         |
| <b>TOTAL</b>                           |                             | <b>\$58,968,212</b> | <b>\$58,968,212</b> | <b>\$351,001</b> |

**Construction Tax Exempt Loan:**

First Housing has received a term sheet, dated July 30, 2024, which indicates that Berkadia will provide a construction loan. Berkadia anticipates a loan amount of the lesser of \$30,000,000 or 90% LTV. The term of the loan is 30 months, with a 6-month extension option subject to approval from Berkadia and Freddie Mac. The construction loan interest will be based on the current one-month Secured Overnight Financing Rate (“SOFR”) plus a spread of 2.00%. The construction loan interest is based on the one-month SOFR of 5.34% (as of July 16, 2024) plus a 2.00% spread, and an underwriting cushion of 0.75% for an all-in rate of 8.09%.

The annual Issuer Fee of 15 basis points and the annual Fiscal Agent Fee of \$4,500 has been included in the total development costs.

**Permanent Tax-Exempt Loan:**

First Housing has received a term sheet, dated July 31, 2024, which indicates that Berkadia will provide a permanent loan. Berkadia anticipates a loan amount of the lesser of \$16,850,000, 90% LTV, or 1.25x minimum DSCR. The term of the loan is 15 years, with an amortization of 40 years. The permanent loan interest will be based on the current 10-year treasury rate, plus a spread of 1.73%. The construction loan interest is based on the 10-year treasury rate of 4.17% (as of July 16, 2024) plus a 1.73% spread, for an all-in rate of 5.90%.

Additional fees included in the Debt Service calculation consist of an annual Issuer Fee of 15 basis points and an annual Fiscal Agent Fee of \$4,500.

**GOB Loan:**

The Development was preliminarily awarded a Housing Bond Loan Program loan in the amount of \$7,560,000. First Housing has included a loan term of 20 years, of which 3 years is for the construction term and 17 years is for the permanent loan. First Housing has assumed that an

## FHDC

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interest rate of 1% and that the loan will require interest only payments during years 1-10, based on available cash flow. In year 11, First Housing has included interest and principal payments based on a 99-year amortization schedule. First Housing has assumed that the interest and principal payments will be based on available cash flow. In order to balance sources and uses, First Housing is anticipating that \$2,094,535 of the loan will be funded during construction.

### ARPA Loan:

First Housing has reviewed an Agenda Item Summary from the Palm Beach County Board of County Commissioners recommending an ARPA loan in the amount of \$2,500,000. First Housing received an email from the Palm Beach County Department of Housing and Economic Development confirming their approval of the unit increase. The Loan will be in the amount of \$2,500,000 and a 1% interest rate. First Housing has included a loan term of 30 years, of which 3 years is for the construction term and 27 years is for the permanent loan. First Housing has assumed that payments will be based on available cash flow.

### Housing Credit Equity:

First Housing reviewed a letter, dated July 12, 2024, indicating that will acquire 99.99% interest in the Applicant. Based on the letter, the annual HC allocation is estimated to be in the amount of \$2,911,100 with a syndication rate of \$0.88 per dollar. RJAHI anticipates a net capital contribution of \$25,615,118 and has committed to make available \$17,930,583 or 70.00% of the total net equity during the construction period. Two additional installments will be available at the later of construction completion or April 1, 2026, and the later of stabilization or July 1, 2027. The first installment in the amount of \$5,123,024, or 20.00% will be available at construction loan closing. This satisfies the FHFC requirement that at least 15% of the total equity is available at or prior to construction loan closing.

### Deferred Developer Fee:

In order to balance the sources and uses of funds during the construction period, the Developer must defer \$6,443,094 or 73.31% of the total Developer Fee of \$6,443,094 during the construction period. To balance the sources and uses of funds during the permanent period, the Developer is required to defer \$6,443,094 or approximately 73% of the total Developer Fee of \$8,789,218.

**Operating Pro Forma – Calusa Point II**

| FINANCIAL COSTS:                    |  | Year 1             | Year 1<br>Per Unit |
|-------------------------------------|--|--------------------|--------------------|
| <b>OPERATING PRO FORMA</b>          |  |                    |                    |
|                                     | Gross Potential Rental Income                  | \$2,635,584        | \$15,688           |
|                                     | Other Income                                   |                    |                    |
| <b>INCOME:</b>                      | Miscellaneous                                  | \$50,000           | \$298              |
|                                     | Gross Potential Income                         | \$2,685,584        | \$15,986           |
|                                     | Less:  |                    |                    |
|                                     | Physical Vac. Loss      Percentage: 4.00%      | \$107,423          | \$639              |
|                                     | Collection Loss          Percentage: 1.00%     | \$26,856           | \$160              |
| <b>Total Effective Gross Income</b> |  | <b>\$2,551,305</b> | <b>\$15,186</b>    |
| <b>EXPENSES:</b>                    | Fixed:   |                    |                    |
|                                     | Real Estate Taxes                              | \$134,400          | \$800              |
|                                     | Insurance                                      | \$252,000          | \$1,500            |
|                                     | Variable:                                      |                    |                    |
|                                     | Management Fee          Percentage: 4.00%      | \$102,052          | \$607              |
|                                     | General and Administrative                     | \$65,000           | \$387              |
|                                     | Payroll Expenses                               | \$218,400          | \$1,300            |
|                                     | Utilities                                      | \$201,100          | \$1,197            |
|                                     | Maintenance and Repairs/Pest Control           | \$100,000          | \$595              |
|                                     | Reserve for Replacements                       | \$50,400           | \$300              |
| <b>Total Expenses</b>               |  | <b>\$1,123,352</b> | <b>\$6,687</b>     |
| <b>Net Operating Income</b>         |  | <b>\$1,427,953</b> | <b>\$8,500</b>     |
| <b>Debt Service Payments</b>        |  |                    |                    |
|                                     | First Mortgage - HFAPBC/Berkadia               | \$1,098,469        | \$6,539            |
|                                     | Second Mortgage - Palm Beach County            | \$75,600           | \$450              |
|                                     | Third Mortgage - Palm Beach County             | \$25,000           | \$149              |
|                                     | First Mortgage Fees - HFAPBC/Berkadia          | \$29,689           | \$177              |
|                                     | Second Mortgage Fees - Palm Beach County       | \$4,500            | \$27               |
| <b>Total Debt Service Payments</b>  |  | <b>\$1,233,258</b> | <b>\$7,341</b>     |
| <b>Cash Flow after Debt Service</b> |  | <b>\$194,695</b>   | <b>\$1,159</b>     |
| <b>Debt Service Coverage Ratios</b> |  |                    |                    |
|                                     | DSC - First Mortgage plus Fees                 | 1.27x              |                    |
|                                     | DSC - Second Mortgage plus Fees                | 1.18x              |                    |
|                                     | DSC - Third Mortgage plus Fees                 | 1.16x              |                    |
| <b>Financial Ratios</b>             |  |                    |                    |
|                                     | Operating Expense Ratio                        | 44.03%             |                    |
|                                     | Break-even Economic Occupancy Ratio (all debt) | 87.95%             |                    |

**Recommendation:**

Based on the preliminary data provided by the Developer, First Housing has included a Palm Beach County loan in the amount of \$7,560,000. First Housing has assumed a 1% interest rate, a 20-year loan term, and principal payments beginning in year 11 based on a 99-year amortization. First Housing has assumed that the interest and principal payments will be required and not dependent on available cash flow. It is anticipated that during credit underwriting the assumptions in this letter may change based on market conditions and third-party reports.

Prepared by:

Reviewed by:

DRAFT  
Thomas Wright  
Credit Underwriter

Ed Busansky  
Senior Vice President

FHDC

Exhibit 1 – 15-Year Pro-Forma

| FINANCIAL COSTS                                |                               | Year 1            | Year 2      | Year 3      | Year 4      | Year 5      | Year 6      | Year 7      | Year 8      | Year 9      | Year 10     | Year 11     | Year 12     | Year 13     | Year 14     | Year 15     |             |
|--|-------------------------------|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>OPERATING PRO FORMA</b>                     |                               |                   |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| INCOME   | Gross Potential Rental Income | \$2,635,584       | \$2,688,296 | \$2,742,062 | \$2,796,903 | \$2,852,841 | \$2,909,898 | \$2,968,096 | \$3,027,458 | \$3,088,007 | \$3,149,767 | \$3,212,762 | \$3,277,017 | \$3,342,558 | \$3,409,409 | \$3,477,597 |             |
|  | Other Income                  |                   |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
|  | Miscellaneous                 | \$50,000          | \$51,000    | \$52,020    | \$53,060    | \$54,122    | \$55,204    | \$56,308    | \$57,434    | \$58,583    | \$59,755    | \$60,950    | \$62,169    | \$63,412    | \$64,680    | \$65,974    |             |
|  | Gross Potential Income        | \$2,685,584       | \$2,739,296 | \$2,794,082 | \$2,849,963 | \$2,906,962 | \$2,965,102 | \$3,024,404 | \$3,084,892 | \$3,146,590 | \$3,209,521 | \$3,273,712 | \$3,339,186 | \$3,405,970 | \$3,474,089 | \$3,543,571 |             |
|  | Less:                         |                   |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
|  | Physical Vac. Loss            | Percentage: 4.00% | \$107,423   | \$109,572   | \$111,763   | \$113,989   | \$116,279   | \$118,604   | \$120,976   | \$123,396   | \$125,864   | \$128,381   | \$130,948   | \$133,567   | \$136,239   | \$138,964   | \$141,743   |
|  | Collection Loss               | Percentage: 1.00% | \$26,856    | \$27,393    | \$27,941    | \$28,500    | \$29,070    | \$29,651    | \$30,244    | \$30,849    | \$31,466    | \$32,095    | \$32,737    | \$33,392    | \$34,060    | \$34,741    | \$35,436    |
|  | Total Effective Gross Income  |                   | \$2,551,305 | \$2,602,331 | \$2,654,378 | \$2,707,465 | \$2,761,614 | \$2,816,847 | \$2,873,184 | \$2,930,647 | \$2,989,260 | \$3,049,045 | \$3,110,026 | \$3,172,227 | \$3,235,671 | \$3,300,385 | \$3,366,393 |
|  | Fixed:                        |                   |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
|  | Real Estate Taxes             |                   | \$134,400   | \$138,432   | \$142,585   | \$146,863   | \$151,268   | \$155,806   | \$160,481   | \$165,295   | \$170,254   | \$175,362   | \$180,622   | \$186,041   | \$191,622   | \$197,371   | \$203,292   |
| Insurance                                      |                               | \$252,000         | \$259,560   | \$267,347   | \$275,367   | \$283,628   | \$292,137   | \$300,901   | \$309,928   | \$319,226   | \$328,803   | \$338,667   | \$348,827   | \$359,292   | \$370,070   | \$381,173   |             |
| Variable:                                      |                               |                   |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Management Fee                                 | Percentage: 4.00%             | \$107,052         | \$104,083   | \$106,175   | \$108,299   | \$110,465   | \$112,674   | \$114,927   | \$117,226   | \$119,570   | \$121,962   | \$124,401   | \$126,889   | \$129,427   | \$132,015   | \$134,656   |             |
| General and Administrative                     |                               | \$65,000          | \$66,950    | \$68,959    | \$71,027    | \$73,158    | \$75,353    | \$77,613    | \$79,942    | \$82,340    | \$84,810    | \$87,355    | \$89,975    | \$92,674    | \$95,455    | \$98,318    |             |
| Payroll Expenses                               |                               | \$218,400         | \$224,952   | \$231,701   | \$238,652   | \$245,811   | \$253,185   | \$260,781   | \$268,604   | \$276,663   | \$284,962   | \$293,511   | \$302,317   | \$311,386   | \$320,728   | \$330,350   |             |
| Utilities                                      |                               | \$201,100         | \$207,133   | \$213,347   | \$219,747   | \$226,340   | \$233,130   | \$240,124   | \$247,328   | \$254,747   | \$262,390   | \$270,262   | \$278,369   | \$286,721   | \$295,322   | \$304,182   |             |
| Maintenance and Repairs/Pest Control           |                               | \$100,000         | \$103,000   | \$106,090   | \$109,273   | \$112,551   | \$115,927   | \$119,405   | \$122,987   | \$126,677   | \$130,477   | \$134,392   | \$138,423   | \$142,576   | \$146,853   | \$151,259   |             |
| Reserve for Replacements                       |                               | \$50,400          | \$51,912    | \$53,469    | \$55,073    | \$56,726    | \$58,427    | \$60,180    | \$61,986    | \$63,845    | \$65,761    | \$67,733    | \$69,765    | \$71,858    | \$74,014    | \$76,235    |             |
| Total Expenses                                 |                               | \$1,123,352       | \$1,156,032 | \$1,189,672 | \$1,224,301 | \$1,259,947 | \$1,296,640 | \$1,334,413 | \$1,373,296 | \$1,413,323 | \$1,454,527 | \$1,496,943 | \$1,540,607 | \$1,585,556 | \$1,631,829 | \$1,679,464 |             |
| Net Operating Income                           |                               | \$1,427,953       | \$1,446,299 | \$1,464,705 | \$1,483,164 | \$1,501,668 | \$1,520,206 | \$1,538,771 | \$1,557,351 | \$1,575,938 | \$1,594,519 | \$1,613,083 | \$1,631,620 | \$1,650,115 | \$1,668,556 | \$1,686,929 |             |
| <b>Debt Service Payments</b>                   |                               |                   |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| First Mortgage - HFAPBC/Berkadia               |                               | \$1,098,469       | \$1,098,469 | \$1,098,469 | \$1,098,469 | \$1,098,469 | \$1,098,469 | \$1,098,469 | \$1,098,469 | \$1,098,469 | \$1,098,469 | \$1,098,469 | \$1,098,469 | \$1,098,469 | \$1,098,469 | \$1,098,469 |             |
| Second Mortgage - Palm Beach County            |                               | \$75,600          | \$75,600    | \$75,600    | \$75,600    | \$75,600    | \$75,600    | \$75,600    | \$75,600    | \$75,600    | \$75,600    | \$120,330   | \$120,330   | \$120,330   | \$120,330   | \$120,330   |             |
| Third Mortgage - Palm Beach County             |                               | \$25,000          | \$25,000    | \$25,000    | \$25,000    | \$25,000    | \$25,000    | \$25,000    | \$25,000    | \$25,000    | \$25,000    | \$25,000    | \$25,000    | \$25,000    | \$25,000    | \$25,000    |             |
| First Mortgage Fees - HFAPBC/Berkadia          |                               | \$29,689          | \$29,523    | \$29,347    | \$29,160    | \$28,962    | \$28,752    | \$28,529    | \$28,293    | \$28,042    | \$27,776    | \$27,494    | \$27,195    | \$26,878    | \$26,541    | \$26,185    |             |
| Second Mortgage Fees - Palm Beach County       |                               | \$4,500           | \$4,500     | \$4,500     | \$4,500     | \$4,500     | \$4,500     | \$4,500     | \$4,500     | \$4,500     | \$4,500     | \$4,500     | \$4,500     | \$4,500     | \$4,500     | \$4,500     |             |
| Total Debt Service Payments                    |                               | \$1,233,258       | \$1,233,092 | \$1,232,916 | \$1,232,729 | \$1,232,531 | \$1,232,321 | \$1,232,098 | \$1,231,862 | \$1,231,611 | \$1,231,345 | \$1,231,064 | \$1,230,769 | \$1,230,465 | \$1,230,151 | \$1,229,828 |             |
| Cash Flow after Debt Service                   |                               | \$194,695         | \$213,207   | \$231,789   | \$250,435   | \$269,137   | \$287,885   | \$306,673   | \$325,489   | \$344,326   | \$363,173   | \$382,020   | \$400,877   | \$419,745   | \$438,624   | \$457,514   |             |
| <b>Debt Service Coverage Ratios</b>            |                               |                   |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| DSC - First Mortgage plus Fees                 |                               | 1.27              | 1.28        | 1.30        | 1.32        | 1.33        | 1.35        | 1.37        | 1.38        | 1.40        | 1.42        | 1.43        | 1.45        | 1.47        | 1.48        | 1.50        |             |
| DSC - Second Mortgage plus Fees                |                               | 1.18              | 1.20        | 1.21        | 1.23        | 1.24        | 1.26        | 1.27        | 1.29        | 1.31        | 1.32        | 1.29        | 1.30        | 1.32        | 1.34        | 1.35        |             |
| DSC - Third Mortgage plus Fees                 |                               | 1.16              | 1.17        | 1.19        | 1.20        | 1.22        | 1.23        | 1.25        | 1.26        | 1.28        | 1.29        | 1.26        | 1.28        | 1.29        | 1.31        | 1.32        |             |
| <b>Financial Ratios</b>                        |                               |                   |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |
| Operating Expense Ratio                        |                               | 44.03%            | 44.42%      | 44.82%      | 45.22%      | 45.62%      | 46.03%      | 46.44%      | 46.86%      | 47.28%      | 47.70%      | 48.13%      | 48.57%      | 49.00%      | 49.44%      | 49.89%      |             |
| Break-even Economic Occupancy Ratio (all debt) |                               | 87.95%            | 87.42%      | 86.90%      | 86.41%      | 85.94%      | 85.49%      | 85.06%      | 84.65%      | 84.26%      | 83.88%      | 84.90%      | 84.53%      | 84.19%      | 83.87%      | 83.56%      |             |

According to the letter from RJAHI, dated July 12, 2024, replacement reserves are \$300/unit and increasing 3% annually.