NEIGHBORHOOD LENDING PARTNERS OF FLORIDA, INC.
LOAN REQUEST ANALYSIS

***Date*:** July 8 , 2026

Borrower: Marion Oaks West II, LLC
c/o New South Residential
558 W New England Avenue, Suite 230
Winter Park, Florida 32789

Project: Marion Oaks West II
3300 NW 21st Avenue
Ocala, Florida 34475

Scope of Underwriting Assignment:

The Marion County Community Services Department has requested a preliminary evaluation of a proposal submitted by New South Residential ("NSR") and American Residential Communities Development ("ARC") for the new construction Madison Oaks West II to be located at 3300 NW 21st Avenue, Ocala, Florida 34475 which is the second phase of the Madison West Master Plan.

The Applicant has submitted applications for a $3,300,000 first mortgage permanent loan from Wells Fargo Bank, N.A., $460,000 from Marion County, and $22,957,704 in Low Income Housing Tax Credits from FHFC The Development will be further supported with approximately $1,001,196 in permanent period deferred developer fee.

***Project Location & Description*:**

Madison Oaks West II will consist of 96 affordable multifamily units within four (4) 3-story garden style buildings. The unit mix will consist of twenty-four (24) 1-Bedroom/1-bath units, fifty-four (54) 2-Bedroom/2-bath units, and eighteen (18) 3-Bedroom/2-bath units. The Applicant has indicated that 10 of the units will be set aside for persons or families at 40% or less of the County Area Median Income ("AMI") and the remaining 86 units at or below 60% of the County AMI.

In addition, half of the 40% AMI units will be reserved for Special Needs Persons and as part of their commitment, the Owner will work with Sunshine Health, a Florida Housing Finance

Corporation ("FHFC") approved referral agency in Marion County to provide apartments with the target population for Homeless Persons or Homeless Persons with a Disabling Condition. This commitment will be in the form of a recorded Memorandum of Understanding.

Madison Oaks West II is requesting a loan to help support the funding of the project. The local government funding amounts are determined by FHFC and are dependent upon the location of the development. FHFC requires local government funding in the amount of $460,000. FHFC allows local government funding to be in the form of a grant or a Loan.

The developer expects the construction to take a maximum of thirty (30) months and stabilize shortly thereafter.

Market Area Information:

There was no formal market study submitted during the evaluation.

A review of the targeted set-asides at the 40% and 60% benchmarks for one-, two-, and three-bedroom units show that the anticipated net rents are within the Marion County (Marion County, Ocala MSA) maximum 2026 net rents and should be well received. It also appears that the Competitive Area market rents will be at or greater than 110% of the applicable maximum Housing Credit Rental rates for this area as required for the Low-Income Housing Tax Credits ("LIHTC's").

Appraisal

An appraisal was not available during this evaluation. Based on the Developers anticipated Proforma while using the developer's rental rates with a conservative 7% vacancy the NOI is $361,892, then using a capitalization rate of 5.0% the restricted rent property value calculates to approximate, $7,240,000. Based on a $3,300,000 first mortgage, this value equates to a 45% first mortgage loan to value and a combined first and second mortgage loan to value of 52%. It is recommended that the county request a current appraisal and have it reviewed by an independent third party to verify the property value supports the first mortgage loan amount at an industry standard acceptable LTV ratio of 80%.

Environmental Report:

A Phase I environmental site assessment (ESA) report was not available during the evaluation. As is the case with the appraisal it is recommended that the County requests the report and have it reviewed by an independent third party.

Plan and Cost Review

A plan and cost review was not available during the evaluation. It is recommended that the County request a copy of the Plan & Cost Review to determine whether the proposed construction costs are reasonable.

Borrower:

The borrower will be a newly formed single purpose entity owned by New South Residential, LLC ("New South"). New South has extensive affordable housing experience. The development team has completed numerous developments funded by LIHTCs, HOME, SHIP, SAIL, RRLP, MMRB, NHTF, HUD 223(f) loans and 221(d)4 loans.

New South and American Residential Communities ("ARC") are Florida based development companies that have successfully developed over 3,000 affordable units in the last 20 years with a proven track record of acquiring funding both at the local and state level. New South and ARC have previously been awarded competitive funding by Florida Housing Finance Corporation.

New South and ARC's principals have been competing for and completing LIHTC developments totaling over $500,000,000 in the State of Florida, Georgia and Texas. They recently finished a 92-unit elderly 6-story mid-rise in Tampa, a 91-unit mid-rise in the City of lake Worth and in the process of organizing the financing for a 102-unit elderly 4-story mid-rise in Ocala. All of which are 100% affordable housing units. The New South and ARC team's success is a direct result of their widespread experience and knowledge of the industry.

Development Team:

<u>Developer, General Contractor and Management Company</u>

New South and ARC's experience has been discussed under the Borrower section of this report.

The General Contractor ("GC") will be Winter Park Construction ("WPC" GC Class A – CGC1528152). WPC has completed over 40,000 apartment units over a 50-year period. At construction closing, the GC will be required to provide an acceptable 100% Payment and Performance Bond.

Shelter Corporation ("Shelter"), formed in 1993 is one of the larger privately owned, full-service multifamily property management companies operating in Florida, Texas, and Minnesota. in the southeastern United States, is the proposed Management Company. Shelter currently manages over 5,500 units Shelter has extensive experience in the lease up and management of LIHTC properties, especially in the state of Florida.

Financial Statement Analysis:

Financial Statements were provided by the Principal of the Borrower, Patrick E. Law, and have been reviewed by the Underwriter. The financials indicate a strong level of liquidity and net worth. The Developer and its Principals have a long successful history of acquiring, constructing, rehabilitating, leasing, and operating multifamily rental units.

Proforma Income and Expense Analysis and Property Ratios:

The borrower's proposed rental rates are the maximum allowable LIHTC rents less the approved utility allowances for Marion County. The borrower's ancillary and vacancy and collection factor was 7% which meets NLP's conservative standard for vacancy and collection losses.

Based on an analysis of the proposed first year pro forma, with the anticipated 6.95% fixed interest rate for the first mortgage amortized over a 30 year period, the debt service coverage ratio ("DSCR") is 1.44x.

Sources and Uses of Funds:

The Borrower has received Letters of Interest from Cedar Rapids Bank and Trust for construction and permanent first mortgage financing in the amounts of $20,873,950 and $3,300,000 respectively. A subordinate loan or grant from Marion County for $460,000, and LIHTC's of $22,957,704 from Redstone Equity Partners. The Developer is willing to defer 100% of its Developer fee during the construction period.

Table 1. Summary of Sources and Uses.

PROPOSED CONSTRUCTION / PERMANENT SOURCES:				
Source	**Lender**	**Construction**	**Permanent**	**Perm Loan/Unit**
First Mortgage	Cedar Rapids Bank and Trust	$20,873,950	$3,300,000	$21,154
Second Mortgage	Marion County	$460,000	$460,000	$2,949
Tax Credit Equity	Redstone Equity Partners	$3,443,656	$22,957,704	$147,165
Deferred Developer Fee	New South and ARC	$3,062,470	$1,122,372	$7,195
TOTAL		**$27,840,076**	**$27,840,076**	**$178,462**

Sources of Repayment: The primary source of repayment for the project's indebtedness is the projects cash flow; the secondary repayment source is sale/refinance.

The uses of funds were evaluated to determine the reasonableness of the costs. The construction costs appear to be reasonable; however, the underwriter recommends a pre-construction analysis (plan & cost review) to assist the County in making this determination.

CRA Location:

Tract Income Level	Moderate	Tract Population	3765
Underserved or Distressed Tract	No	Tract Minority %	66.11%
2025 FFIEC Est. MSA/MD/non-MSA/MD Median Family Income	$76,200	Minority Population	3,529
2020 Est. Tract Median Family Income	$28,622	Owner-Occupied Units	540
Tract Median Family Income %	50.94%	1- to 4-Family Units	1553

Risk Comments:

Strengths-

1. The borrower/sponsor is an experienced affordable housing developer and has strong management experience in affordable housing.

Weaknesses-

1. The demand for the proposed units has not yet been determined as no market study was available at the time of the analysis

The following documents were not included in the application package:

-Appraisal
-Market Study
-Environmental Report
-Plan and Cost Analysis

Mitigating Factors-

The above-mentioned third party reports are not required for a preliminary review and the County could require third-party reports to be submitted and reviewed to confirm the assumptions used in this analysis.

NLP recommends Marion County Community Services Department move forward with potential Gap Financing for Marion Oaks West II by requesting the appropriate third- party reports and other supporting documentation required to complete a final underwriting of the subject property.

W.J. Metler

Senior Credit Underwriter