

## NOTICE TO BORROWERS/APPLICANTS

**DATE:** September 11, 2009

**FROM:** Housing Finance Authority of Palm Beach County, Florida

**TO:** All Current and Prospective Borrowers/Applicants for Loans of Authority Surplus Funds

**REGARDING:** Time Frames for Surplus Fund Loan Milestones

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At its pleasure, the Housing Finance Authority of Palm Beach County, Florida (the "Authority") may, pursuant to its Policies, Procedures and Process For Loan Applications Using Surplus Funds ("Surplus Funds Regulations"), provide loans to developers for the development of affordable housing ("Surplus Fund Loans").

In connection with the making of Surplus Fund Loans pursuant to the Surplus Fund Regulations, the Authority has determined that the following timeframes represent reasonable deadlines for the indicated milestones:

1. Application Submission/Review:  
Applications for Surplus Fund Loans ("Applications") are to be submitted by the first day of the month to be included on the agenda for consideration at the Authority's meeting for that month. All applications received after the first of the month will be included for consideration on the Authority's agenda for the meeting for the following month. If for some reason the meeting at which the Application is to be considered in accordance with the preceding sentences is cancelled, Applications will be considered at the next regularly scheduled Authority meeting.
2. Approval for Credit Underwriting/Assignment of Credit Underwriter:  
The Authority anticipates that a preliminary determination on an Application ("Preliminary Approval") will be made at the meeting during which it is first considered and, if Preliminary Approval is given, such Application will be submitted for credit underwriting and a credit underwriter will be assigned.
3. Memorandum of Agreement ("MOA") provided to approved Applicants:  
Applicants will receive a Memorandum of Agreement from the Authority's General Counsel within 7 days from the date of Preliminary Approval.
4. Credit Underwriter Engagement Letter:  
The Credit Underwriter assigned on the date of Preliminary Approval will receive a Credit Underwriter Engagement Letter from the Authority's General Counsel within 7 days from the date of Preliminary Approval.

5. Executed Credit Underwriter Engagement Letter:  
The Credit Underwriter shall submit an executed Engagement Letter to the Authority within 30 days from the date of Preliminary Approval.
6. Submission of Executed MOA and Good Faith Deposit:  
Applicants shall submit an executed MOA, accompanied by the good faith deposit, to the Authority within 90 days from the date of Preliminary Approval.
7. Credit Underwriting Commencement:  
The Applicant shall provide the Credit Underwriter with the Credit Underwriter's required up-front payment/deposit, if any, and the credit underwriting process shall commence, within 120 days from the date of Preliminary Approval.
8. Final Determination:  
Once a final determination has been made by the Authority as to whether it will commence with negotiation of loan documents ("Loan Approval") the Applicant shall have 120 days to conclude such negotiations and close on the loan, including meeting any conditions or requirements (example: pre-sale/lease requirements) of closing. In addition the borrower must begin making substantial draws on the loan within 60 days following loan closing.

A graphic depiction of the above-described timeline is set forth on Exhibit A attached hereto.

Applicants who fail to meet the deadlines set forth in items 5 through 8 above risk termination of their Preliminary Approval or Loan Approval, as the case may be, and rejection of their Application.

It is entirely within the Authority's discretion to modify or revise any of the above deadlines with respect to any Applicant, either by accelerating such deadline or extending such deadline, as it deems appropriate with respect to the circumstances of each Applicant.

The credit underwriting process will be completed approximately 30 days from receipt of the last to be received of all third party reports such as appraisals, environmental reports, pre-construction analysis, financials, etc. It is the responsibility of the Applicant to pay for and provide all third party reports requested by the Credit Underwriter within a reasonable time. Upon notification to the Authority by the Credit Underwriter that an Applicant has not provided requested items within reasonable time frames, the Authority may determine to terminate Preliminary Approval of the Application and reject the Application.

**EXHIBIT A  
APPLICATION AND LOAN CLOSING TIMELINE**

