

National Housing & Rehabilitation Association

Annual Meeting

February 27 – March 2 Miami, FL



Sponsors:





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Fannie Mae M.TEB

M.TEB – Timberwood Trace

Issuer: Jacksonville HFA

Par Amount: \$16,000,000

Closing Date: February 1, 2017

Investors: CRA Buyers, Insurance Co's & Money Manager

M.TEB: 7th Issue under Program

Mtg Loan Rate: 4.39%

M.TEB Savings over Traditional Bond Structure: Estimated at 35 BP

Interest Only Period: 2 Years

NEW ISSUE - BOOK-ENTRY ONLY

RATING: Moody's "Aaa"
(See "RATING" herein)

In the opinion of *Bigman Miller Otter P.A.*, Orlando, Florida, Bond Counsel, assuming continuing compliance with certain law covenants, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds (as defined herein), as provided from gross income for federal income tax purposes except that such exclusion shall not apply to interest on any bond for any period during which such bond is held by a person who is a "restricted owner" of the jurisdiction in which the Bonds are a "restricted person" within the meaning of Section 1374(c) of the Internal Revenue Code of 1986, as amended. Additionally, interest on the Bonds is not on items of law performance for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. See "TAX MATTERS" herein for a description of certain other potential tax consequences of ownership of the Bonds.

\$16,000,000
JACKSONVILLE HOUSING FINANCE AUTHORITY
Multifamily Housing Revenue Bonds
(Pass-Through - Timberwood Trace), Series 2017

Maturity Date: February 1, 2020; Final Payment Date: February 28, 2020; Interest Rate: 3.49%; Price: 100%; CUSIP No. 46944T BL4

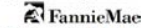
Dated Date: February 1, 2017

The above-mentioned bonds (the "Bonds") will be issued under the provisions of an Indenture of Trust dated as of February 1, 2017 (the "Indenture") between the Jacksonville Housing Finance Authority (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., a national banking association, as Trustee for the Bonds (the "Trustee"). The Bonds will be issued in book-entry form only, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), as fully registered bonds in the denomination of \$1,000 or any integral multiple thereof. Interest on and principal of the Bonds will be payable by the Trustee to Cede & Co., as nominee of DTC. Purchasers of the Bonds will not receive physical delivery of bond certificates. The Bonds will not be transferable or negotiable, except for transfer to another nominee of DTC or otherwise as described herein. Any purchaser of a beneficial interest of a bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such bond.

The Bonds are being issued by the Issuer to finance a portion of the cost of the acquisition and renovation of a 274-unit residential rental housing development known as Timberwood Trace located in the City of Jacksonville, Duval County, Florida (the "Project"), and pay certain additional costs related thereto.

Upon the issuance of the Bonds, interest thereon to April 30, 2017 (the "Initial Mandatory Redemption Date") will be deposited to the Collateral Security Interest Account under the Indenture, and the balance of the bond proceeds will be deposited into the Proceeds Fund. Pursuant to the terms of a Financing Agreement dated as of February 1, 2017 (the "Financing Agreement"), among the Issuer, the Trustee, the Borrower (as defined below) and the Lender (as defined below), bond proceeds deposited into the Proceeds Fund will be used to pay or reimburse the Borrower for payment of certain costs of the Project or (2) will be deposited to a Substitution Account of the Proceeds Fund and used as directed by the Lender for reimbursement of the Project. Bond proceeds (other than amounts deposited to the Collateral Security Interest Account, and, pursuant, if any, deposited to the Collateral Security Principal Account) shall not be part of the Trust Estate securing payment of the Bonds.

The Bonds will initially be collateralized by (i) the deposit into the Collateral Security Principal Account of the Collateral Security Fund under the Indenture of the proceeds received from the assignment to First Long Vehicle Mortgages, LLC (the "Vehicle"), of a first mortgage loan ("Mortgage Loan") to be made by the Issuer to 97-77 Agency, LLC, a Florida limited liability company (the "Borrower"), fully funded by the Issuer in an amount equal to the original principal amount of the Bonds on the date of issuance of the Bonds (such assigned Mortgage Loan being referred to herein as the "Assigned Loan"), and (ii) by the deposit to the Collateral Security Interest Account of the Collateral Security Fund of interest on the Bonds as well as certain bond proceeds in an amount sufficient to pay interest on the Bonds to the Initial Mandatory Redemption Date. Upon the satisfaction of certain conditions described herein as set forth in the Indenture, the Trustee will set monies on deposit in the Collateral Security Fund to acquire a Guaranteed Mortgage Pass-Through Certificate (the "Pass-Through Certificate"), backed by the Mortgage Loan on the Project, and to be issued by Fannie Mae.



If it is required that the Pass-Through Certificate will be acquired by the Trustee prior to March 31, 2017 (the "Final Payment Date"), and in any event prior to the Initial Mandatory Redemption Date, upon such Purchase Date (as defined herein) is extended as provided in the Indenture. Following the acquisition of the Pass-Through Certificate by the Trustee, payments of principal and interest on the Bonds will be payable from a pass-through on the immediately following Payment Date on the Bonds of the principal and interest payments received by the Trustee on the Pass-Through Certificate. Payment Date means (i) the Final Payment Date, (ii) prior to the Purchase Date and prior to the Initial Mandatory Redemption Date, as such date may be extended pursuant to the Indenture, the 30th day of the month (or the next Business Day if the 30th is not a Business Day), and (iii) after the Purchase Date, the Business Day after each date on which a payment of principal, interest, and/or premium, if any, is made pursuant to the Pass-Through Certificate (which shall be the 15th day of the month, or the next Business Day if the 15th is not a Business Day, after payment is due on the underlying Mortgage Loan). The payment of interest on a Payment Date is the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Maturity Date to the Final Payment Date.

If the Pass-Through Certificate is not acquired by the Trustee prior to the Initial Mandatory Redemption Date, as such date may be extended pursuant to the Indenture, the Bonds will be redeemed at a redemption price of par (the "Original Issue Price") plus interest accrued on the Bonds to the Initial Mandatory Redemption Date from monies on deposit in the Collateral Security Fund under the Indenture.

The Bonds are subject to mandatory redemption at the times and in the events set forth in the Indenture and described herein.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE (AS SUCH TERM IS DEFINED IN THE INDENTURE), AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, EXCEPT TO THE EXTENT ASSETS OF BORROWERS APPLICABLE TO PROTECTION OF THE BONDS OF THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF, AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNERS THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THE INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF FLORIDA, THE "STATE" OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE FOR THE PAYMENT OF ANY CONSTITUTIONAL LIMITATION OR PROVISION, OR A CLAIM AGAINST THE GENERAL CREDIT OR TRADING POWER, IF ANY, OF ANY OF THEM, BUT WILL BE SECURED AS AFRSHEARD, AND WILL BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT AS SET FORTH AFORESAID); NO OWNER OF THE BONDS WILL HAVE THE RIGHT TO COMPEL THE CREATION OF THE TRADING POWER, IF ANY, OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL INSTALLMENT OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE ISSUER HAS NO TRADING POWER. THE BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, THE UNITED STATES DEPARTMENT OF TREASURY AND HERAN DEVELOPMENT OR ANY OTHER FEDERAL, GOVERNMENTAL, AGENCY, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES.

IF THE PASS-THROUGH CERTIFICATE IS ISSUED BY FANNIE MAE AND ACQUIRED BY THE TRUSTEE AS COLLATERAL FOR THE BONDS, FANNIE MAE'S OBLIGATIONS WILL BE SECURED AS PROVIDED IN THE PASS-THROUGH CERTIFICATE AND IN THE FANNIE MAE BIRD BOND PROSPECTUS AND THE RELATED FORM OF PROSPECTUS SUPPLEMENT FOR BIRD BOND CERTIFICATE (AS DEFINED HEREIN). THE OBLIGATIONS OF FANNIE MAE UNDER THE PASS-THROUGH CERTIFICATE WILL BE OBLIGATIONS SOLELY OF FANNIE MAE, A PRIVATELY CHARTERED CORPORATION, AND WILL NOT BE BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE BONDS ARE NOT AND WILL NOT BE A DEBT OF THE UNITED STATES OF AMERICA OR ANY OTHER AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OF AMERICA OR OF FANNIE MAE. THE BONDS ARE NOT AND WILL NOT BE GUARANTEED BY THE FULL FAITH AND CREDIT OF FANNIE MAE OR THE UNITED STATES OF AMERICA.

The Bonds are offered solely as, and if issued and received by the Underwriter, are subject to the delivery of the approving legal opinion of *Bigman Miller Otter P.A.*, Orlando, Florida, Bond Counsel to the Issuer, and to certain other conditions. Certain legal matters will be passed upon for Fannie Mae by its Counsel, the Office of the General Counsel of the City of Jacksonville, Florida. Certain legal matters will be passed upon for Fannie Mae by its Office of General Counsel and by its Special Counsel, *FLA Paper LLP* (L.P.). Certain legal matters will be passed upon for the Borrower by its Counsel, *Proppa Cline Johnson PLLC*, Jacksonville, Florida. *RBC Capital Markets, LLC* will serve as Underwriter ("Underwriter"). Certain legal matters will be passed upon for the Underwriter by its Counsel, *Richer Norris & Aronson PLLC*, Washington, D.C. It is expected that the Bonds will be available for delivery in New York, New York through the facilities of DTC.



Dated January 26, 2017

* CUSIP numbers have been assigned to an independent company and are affiliated with the Issuer and are included only for the convenience of the owners of the Bonds. Neither the Issuer nor the Lender is responsible for the inclusion or use of these CUSIP numbers, and no representation is made as to their correctness or the validity of the Bonds or the Pass-Through Certificate or as indicated above. The CUSIP number for a specific security or securities may change without notice to the Issuer or the Lender, and such change may be reflected in the CUSIP number. The CUSIP number may be used for the identification of the security or securities in the secondary market. The CUSIP number is not a guarantee of the security or securities and is not a representation of the Issuer or the Lender. The CUSIP number is not a guarantee of the security or securities and is not a representation of the Issuer or the Lender.

Our Deep Investor Base Allows for Strong Subscription Levels and Attractive Yields

RBC CM underwritten Fannie Mae MTEBs issued to date

RBC Fannie Mae M.TEB Offerings

Bond Deal	State	Bond Par
Clarendon Court	IL	\$ 28,000,000
Country Commons	PA	\$ 47,519,000
HACLA - New Visions Portfolio	CA	\$ 17,500,000
Vista on Gressner	TX	\$ 50,000,000
Sycamore Court	CA	\$ 13,840,000
Timberwood Trace	FL	\$ 16,000,000
Skyline Place	TX	\$ 18,750,000
Gates Manor	IL	\$ 8,600,000
Crossings of East Ravenswood	IL	\$ 19,500,000
Woodland Towers	IL	\$ 7,400,000
Williamsburg	TX	\$ 23,150,000
Fullerton	IL	\$ 21,750,000
Total		\$ 272,009,000

✓ *32 institutional investors have now participated in RBC's M.TEB underwritings*



RBC Capital Markets®



2018 Fannie Mae M.TEB Statistics

- Volume: \$568 Million in 31 Transactions financing issues in 16 States
- Average Bond Rate: 3.66%
- Lowest Bond Rate: 3.20%
- Highest Bond Rate: 3.95%
- Immediate MBS Delivery – 17 Transactions; Forward MBS Delivery – 14 Transactions

Source: EMMA.MSRB.ORG and RBC Capital Markets Database



Forward Fannie Mae M.TEBs for Preservation

- Fannie Mae M.TEBs with a Forward Delivery MBS have been used to finance substantial rehab preservation transactions
- M.TEB Tax Exempt Bonds are fully delivered at closing and paired with a taxable construction loan - MBS is delivered at conversion to permanent
- Bond Proceeds are invested in Treasuries during rehab and Construction Loan Proceeds are allocated to Collateral Fund as Bond Proceeds are used to pay project costs
- While interest is payable on the Bonds from closing, there is minimal negative arbitrage:
 - Example: \$10,000,000 in Bonds at 3.50% for two years = \$700,000 Interest
 - *Less: Interest on U.S. Treasuries at 2.50% purchased to secure Bonds = \$500,000*
 - Gross Negative Arbitrage = \$200,000
 - *Less: Additional LIHTC Equity generated from Interest on Bonds during Construction (18 mo's) = \$160,000*
 - **Net Negative Arbitrage = \$40,000**



Short Term Cash Backed

Bonds





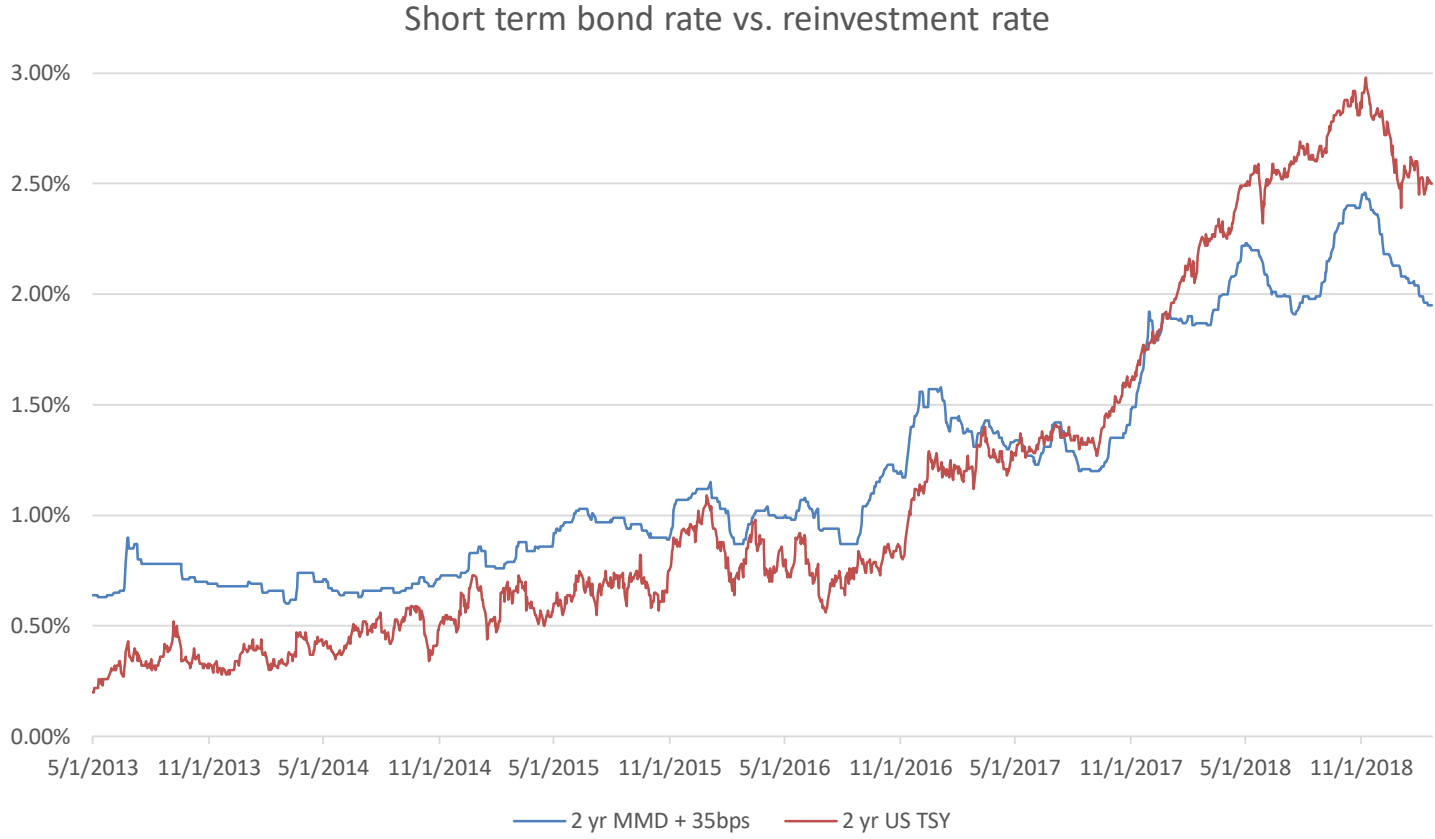
Publicly Offered Short Term Cash Backed Bonds – Still Popular

- Short Term Tax Exempt Bonds secured by U.S. Treasury Obligations issued to qualify a development for 4% LIHTC and meet the “50% Test”
- Estimated National Volume of Short Term Cash Backed & Short Term Bridge Bonds for 2018: \$2.89 Billion
- Estimated Number of Transactions: 153
- Paired with Various forms of Permanent Financing
 - Tax Exempt Financing such as Fannie Mae M.TEB to help meet 50% test
 - Taxable Financing
 - FHA 223(f) and FHA 221(d-4)
 - Fannie Mae Conventional Loan
 - Freddie Mac Conventional Loan
 - RD – Rural Development Loan

Source: RBC Capital Markets Database

Estimate of Short Term Cash Backed Bond Rates as Compared to Treasury Reinvestment Rates

- Graph showing Historical 2 year MMD rates for last 5 years adjusted to add 35 basis points as compared to 2 year US Treasury Rates



Source for US TSY – Bloomberg
Source for 2 Yr MMD: Municipal Market Data (“MMD”)