

Florida Housing Finance Corporation

Credit Underwriting Report

Casa San Juan Bosco Community, Phase I

HOME / Migrant Farmworker Housing

RFP #2005-05-02

Section A Report Summary

Section B HOME Loan Conditions

Section C Supporting Information and Schedules

Prepared by

Seltzer Management Group, Inc.

Final Report

July 6, 2011

CASA SAN JUAN BOSCO COMMUNITY, PHASE I

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Section A
Report Summary

JULY 6, 2011

HOME PROGRAM CREDIT UNDERWRITING REPORT

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Recommendation

Seltzer Management Group, Inc. (“SMG” or “Seltzer”) recommends a HOME loan in the amount of \$6,233,838 be awarded to this Migrant Farmworker Housing development by the Florida Housing Finance Corporation (“FHFC” or “Florida Housing”) for its construction and permanent financing.

DEVELOPMENT & SET-ASIDES																									
Location	East side of Hillsborough Avenue, having a street address of 2428 Southwest Hillsborough Avenue, Arcadia, in DeSoto County, Florida 34266																								
Number of Units/Unit Mix	<table border="1"> <thead> <tr> <th>Bed-rooms</th> <th>Baths</th> <th>No. of Units</th> <th>Unit Size (SF)</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>2</td> <td>8</td> <td>1,138</td> </tr> <tr> <td>3</td> <td>2</td> <td>29</td> <td>1,138</td> </tr> <tr> <td>4</td> <td>2</td> <td>3</td> <td>1,310</td> </tr> <tr> <td>4</td> <td>2</td> <td>13</td> <td>1,310</td> </tr> <tr> <td>Totals</td> <td></td> <td>53</td> <td>63,066</td> </tr> </tbody> </table>	Bed-rooms	Baths	No. of Units	Unit Size (SF)	3	2	8	1,138	3	2	29	1,138	4	2	3	1,310	4	2	13	1,310	Totals		53	63,066
Bed-rooms	Baths	No. of Units	Unit Size (SF)																						
3	2	8	1,138																						
3	2	29	1,138																						
4	2	3	1,310																						
4	2	13	1,310																						
Totals		53	63,066																						
Demographic Commitment	<p>Migrant Farmworker – A person who travels across state or county boundaries to do agricultural work of a seasonal or other temporary nature, and who is required to be absent overnight from his or her permanent place of residence. Exceptions are immediate family members of an agricultural employer or a farm labor contractor.</p> <p>The Applicant has committed to set-aside 100% of units (53 units) for migrant farmworker housing.</p>																								
Set Asides	<p>100% of the units are HOME-assisted units 20% of the HOME-assisted units (11 units) at 50% or less of area median income (“AMI”) (Low HOME) 80% of the HOME-assisted units (remaining units) at 60% or less of the AMI (High HOME)</p>																								
Set Aside Term	20 Years																								
HOME Subsidy Limits per Farmworker RFP Chart	<p>\$125,280 x 37 = \$4,635,360 (3 bedroom) \$137,519 x 16 = \$2,200,304 (4 bedroom)</p>																								
County Size	Small																								
Development Type	New Construction																								
Occupancy Rate	N/A																								

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Parking	Site plans for the proposed development reflect a driveway at each single family home large enough to accommodate two vehicles for a total of 106 parking spaces. Site plans also reflect 11 spaces at the community building, including 1 parking space reserved for the handicapped.
Improvements	<p>The Casa San Juan Bosco Community was originally planned to consist of three residential phases with a separate fourth phase for the clubhouse and amenities and a separate fifth phase for off-site utilities. There are also three commercial lots fronting the complex. The Community has since been re-designed. The 53 units of Phase III have been relocated to the center of the overall parcel and Phase III is now known as Phase I (the subject herein).</p> <p>The subject development will consist of fifty-three one-story single family homes. The buildings will be built of concrete block with a stucco finish and a wood truss roof system with asphalt shingles. Interior walls are metal frame construction. The foundation consists of reinforced concrete slabs on grade. A separate community building will house a library and computer lab and a playground/tot lot will be provided adjacent to the community building.</p> <p>The other two phases of the development are proposed to consist of 44 one-story single family homes and 27 one-story single family homes.</p>
Site Acreage	29.65 gross acres per survey
Density	1.79 units per gross acre
Zoning	Residential Single Family-5, which allows five single family homes per acre on separate lots of 8,712 SF each with a minimum lot width of 60 feet.
Flood Zone Designation	Zone X. Flood insurance is not required.
DEVELOPMENT TEAM	
Applicant/Borrower	Casa San Juan Bosco, Inc. is a Florida 501 (c) (3) not-for-profit corporation formed in December 2004 as a single asset entity to provide housing for those persons within the community of Arcadia, Florida in need of quality and affordable housing, including but not limited to housing for low income families, low income elderly, farm workers and other individuals with special needs.
General Partner	N/A
Limited Partner	N/A
Guarantors	Applicant and Catholic Charities, Diocese of Venice, Inc.

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Co-Developers	National Development of America, Inc. of Fort Myers, Florida ("NDA") and the Applicant, Casa San Juan Bosco, Inc.
General Contractor	Brooks & Freund, LLC
Management Company	NDC Real Estate Management, Inc.
First Mortgage Lender	United States Department of Agriculture - Rural Development ("USDA/RD")
FINANCING INFORMATION	
FHFC Programs	HOME Migrant Farmworker Housing
First Mortgage -USDA/RD	\$900,000
"All in" Underwritten Interest Rate	1.00%
Term/Amortization	33/31
Second Mortgage -HOME	\$6,233,838
Underwritten Interest Rate	0.00%
Term/Amortization	20/ N/A
Restricted Rent-Favorable Financing Value at Stabilization	\$1,660,000
Restricted Rent Favorable Value with Real Estate Tax Exemption	\$1,950,000
Market Rent-Market Financing Value at Stabilization	\$3,190,000
Restricted Loan To Value – All Debt	429.7%
Restricted Loan To Value – All debt with Real Estate Tax Exemption	365.8%
Market Loan To Value - All debt	223.6%
Projected Net Operating Income	\$90,822
Debt Service Coverage - All debt	2.69
FHFC HOME Loan to Cost	65.2%
FHFC Assistance Per Unit	\$117,620
Capital Operating Reserve	\$49,600 required by RD

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Construction / Permanent Sources:

<u>Source</u>	<u>Lender</u>	<u>Construction</u>	<u>Permanent</u>	<u>Perm Loan/Unit</u>
First Mortgage	USDA/RD	\$900,000	\$900,000	\$16,981
Labor Housing Grant	USDA/RD	\$2,100,000	\$2,100,000	\$39,623
HOME Second Mortgage	FHFC	\$6,233,838	\$6,233,838	\$117,620
Owner Equity	CSJB	\$330,083	\$330,083	\$6,228
Deferred Developer Fee	NDA/CSJB	\$0	\$0	\$0
TOTAL		\$9,563,921	\$9,563,921	\$4,091

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the Request for Proposal ("RFP") response?	X	
Are all funding sources the same as shown in the RFP response?		1
Are all local government recommendations/contributions still in place at the level described in the RFP response?	X	
Is the Development feasible with all amenities/features listed in the RFP response?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the RFP response?	X	
Does the Applicant have site control at or above the level indicated in the RFP response?	X	
Does the Applicant have adequate zoning as indicated in the RFP response?	X	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the RFP response?	X	
Have the Development costs remained equal to or less than those listed in the RFP response?		2
Is the Development feasible using the set-asides committed to in the RFP response?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	N/A	

HOME PROGRAM CREDIT UNDERWRITING REPORT

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Is the Development in all other material respects the same as presented in the RFP response?		3
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The following are explanations of each item checked "No" in the table above:

1. Financing as reflected in the RFP response was to be provided by the subject HOME loan and a \$150,000 grant from the Florida Fruit and Vegetable Association. The \$150,000 grant is no longer available. The Applicant currently proposes a loan and a grant from USDA/RD, the HOME loan, and owner equity as sources of funds for the development. As set forth in the Permanent Financing section hereof, the amount of the HOME loan has been decreased from the amount requested.
2. Development costs have increased from \$6,789,840 in the RFP Response to \$9,563,921. Construction costs increased due to changes in construction method (modular to masonry), an increase in hard cost contingency to meet a minimum requirement of RD, a unit mix change substituting 16 three bedroom homes with larger four bedroom floor plans, the addition of a clubhouse and amenities to this phase, and inflation factors since 2006. General development costs increased due to an initial budget that failed to include all necessary third party report fees and costs. No financing costs were included in the initial budget as the only anticipated funding sources were the 0% cash flow HOME Loan and a grant. Current RD financing has a 1% interest rate and requires an upfront 2% capital operating reserve. No developer fee was included in the initial budget as no Developer was named in the RFP Response. Catholic Charities Housing was later named as the entity having developer experience; however that changed to the Applicant herein along with a co-developer and a developer fee will be incurred as noted herein.
3. The RFP response indicated a 66.36 acre, more or less, tract of land to be purchased for the construction of three separate phases of single family homes totaling 125 homes, of which the subject would be the Phase III site and would be apportioned 28.8 acres for 53 homes. However, a Correction Deed corrected the description to 66.25 acres, and 20 more acres were purchased for a total overall tract of 86.25 acres. Phase III (and the HOME funding ascribed to it) has been renamed Phase I and relocated to the center of the overall tract, and the subject Phase I site will now be apportioned 29.65 acres.

The unit mix has changed from 53 three-bedroom / two bath homes to 37 three-bedroom / two bath homes and 16 four-bedroom / two bath homes and a 1,600 square foot community center.

The method of construction has changed from modular panel homes to concrete masonry block.

The Applicant changed from Catholic Charities Housing, Diocese of Venice, Inc. to Casa San Juan Bosco, Inc. See Waiver Requests section below.

No Developer was named in the RFP Response as no developer fee was anticipated. The Co-Developers have now been named as National Development of America, Inc. and the Applicant, Casa San Juan Bosco, Inc.

The Architect named in the RFP Response was Robert A. Andrys Architects, Inc. and plans were prepared by that firm; however, as Mr. Andrys has relocated outside Florida the plans have been assigned to BSSW Architects, Inc. as the new Architect.

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No General Contractor was named in the RFP Response. Brooks & Freund, LLC, has been awarded the construction contract via competitive bid.

The management company named in the RFP Response was Catholic Charities Community Development Corporation and has changed to NDC Real Estate Management, Inc.

These changes have no material impact to the loan recommendation for this development.

Does the Development Team have any FHFC Financed Developments on the Past Due/Non-Compliance Report?

Florida Housing's Past Due Report of May 31, 2011 reflects no past due items. Florida Housing's Asset Management Non-Compliance Report of May 26, 2011 reflects no non-compliance issues outside the correction period.

Strengths:

1. The appraiser estimates that the property is expected to be leased to stabilized occupancy of 93% by the time construction of the last home is completed.
2. The co-developer and management company are experienced in affordable multifamily housing.

Other Considerations:

The Applicant is requesting that it be the only guarantor for this loan; however, its Fiscal Year End June 2010 audited financial statements and more current May 31, 2011 unaudited balance sheet indicate cash and equivalents of approximately \$8,000, an amount insufficient to secure construction completion and any debt service or operating deficits.

Mitigating Factors:

In order to mitigate the Applicant's weak liquidity position and its inability to provide meaningful construction loan and operating deficit guarantees, Seltzer has created an additional Reserve equal to 5% of the general construction contract amount and 6 months debt service, as a subset of Developer Fee. It is a condition of this report that any funds in this reserve not be drawn by the Applicant until 100% lien free construction completion and the property achieves a stabilized occupancy of 93%.

Seltzer also recommends that Catholic Charities, Diocese of Venice, Inc. act as Guarantor for this development in addition to the Applicant.

Waiver Requests/Special Conditions:

1. The Applicant filed an Amended Petition for Waiver of Rule 67-48.004(14) on December 21, 2006 and an Order Granting Amended Petition of Waiver of Rule was issued January 26, 2007 permitted a change in the Applicant name, from Catholic Charities Housing, Diocese of Venice, Inc. to Casa San Juan Bosco, Inc.

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Additional Information:

1. Construction Contract: The Applicant submitted an executed construction contract between the Applicant and Brooks & Freund, LLC; however, as RD has not yet approved the contract or executed a Concurrence certificate (approving form and substance) of the contract or attached its required forms thereto, and does not typically do so until closing, the Applicant requests a waiver of the requirement for an executed approved construction contract at this time, and states that the construction contract with all exhibits and RD Concurrence will be provided prior to loan closing. Receipt and review of an executed construction contract with all required exhibits and RD Concurrence and reflecting terms not materially different from those already reviewed herein is a condition to this loan recommendation.

Issues and Concerns: None

Recommendation:

SMG recommends a \$6,233,838 HOME loan for the construction and permanent financing of this development.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the Loan Conditions (Section B). The reader is cautioned to refer to these sections for complete information.

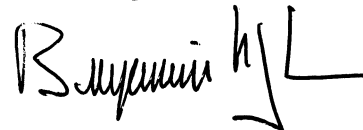
This recommendation is only valid for six months from the date of this report.

Prepared by:



Cindy Highsmith
Credit Underwriting Manager

Reviewed by:



Benjamin S. Johnson
President

Overview

Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
First Mortgage	USDA/RD	\$0	\$900,000	\$900,000	1.00%	\$11,250
Labor Housing Grant	USDA/RD	\$0	\$2,100,000	\$2,100,000	0.00%	\$0
HOME 2nd Mortgage	FHFC	\$6,639,840	\$6,639,840	\$6,233,838	0.00%	\$0
Grant	FFVA	\$150,000	\$0	\$0		
Owner Equity	CSJB	\$0	\$330,083	\$330,083		
Defer. Developer Fee	NDA/CSJB	\$0	(\$407,615)	\$0		
Total		\$6,789,840	\$9,562,308	\$9,563,921		\$11,250

First Mortgage Loan:

The first mortgage from USDA/Rural Development requires payments of interest only during the maximum 24 month construction period. The construction period debt service is calculated based upon an interest rate of 1.00%. Both the RD loan and the RD grant funds are available during construction; however, RD requires that all donations (if any) are utilized first, then disburses its loan portion pro rata with any other funding sources, then disburses from its grant portion. The calculation is also based on a 15-month construction period and an average outstanding loan balance of 57% of the total loan amount during construction.

It is noted that RD funding may be utilized for the construction of the off-site water and sewer improvements subject to the following:

The Applicant will hold title to the facility or have a legal right to use the facility for a period of at least 50 percent longer than the life of the loan, and the title or right is transferable to any subsequent owner of the site.

The facilities will be provided for the exclusive use of the project. If not, Agency funds must be limited to the prorated part of the total cost of the facility according to the use and benefit to the project. In such cases, the Applicant will agree in writing to apply, as extra payments on the loan, any subsequent collection by the loan Applicant from other users or beneficiaries of the facility.

The prorated portion of the total cost of the off-site water and sewer improvements according to the use and benefit to the project is currently estimated to be 42.7%. The remaining 57.3% of the total cost of the off-site water and sewer improvements will be funded by Owner Equity. The prorated amounts include general contractor fees and all off-site engineering. [Note: Off-site improvements are not HOME eligible.]

RD funds may also be utilized for construction of the clubhouse. However, it is also noted that RD funding may not be utilized for payment of developer fees.

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Proposed HOME Loan:

As outlined in the Permanent Financing Sources section, the Applicant has applied for a \$6,639,840 HOME loan to be issued by Florida Housing to finance this development. Please refer to that section for details of the Migrant Farmworker Housing loan.

Other Construction Sources of Funds:

Additional sources of funds for this development during construction are a USDA grant of \$2,100,000, and owner equity for off-site utilities and off-site engineering of \$330,083 described above.

SMG estimates that the developer will not have to defer any developer fee after all available loan proceeds, grants, and equity have been received during the construction period. However, \$334,655 of developer fee is reserved to collateralize the guarantees until lien free construction completion and 93% stabilization.

Construction/Stabilization Period:

The construction contract requires completion within twelve months of commencement. Based on the assumption utilized in the appraisal of a 15-month construction period, stabilization of 93% is expected by construction completion. For underwriting purposes, SMG has utilized the more conservative 15-month construction/stabilization period.

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Permanent Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
First Mortgage	USDA/RD	\$0	\$900,000	\$900,000	1.00%	31	33	\$33,776
Labor Housing Grant	USDA/RD	\$0	\$2,100,000	\$2,100,000	0.00%	N/A	33	\$0
HOME 2nd Mortgage	FHFC	\$6,639,840	\$6,639,840	\$6,233,838	0.00%	N/A	20	\$0
Grant	FFVA	\$150,000	\$0	\$0				
Owner Equity	CSJB	\$0	\$330,083	\$330,083				
Defer. Developer Fee	NDA/CSJB	\$0	(\$407,615)	\$0				
Total		\$6,789,840	\$9,562,308	\$9,563,921				\$33,776

First Mortgage:

The Applicant submitted a letter dated December 5, 2005 for a construction/permanent loan and grant from RD for 44 units on Phase II of the overall community; however, the loan was de-obligated February 6, 2009, remanded to mediation on April 30, 2009 at which time a Mediation Agreement was reached for the Applicant to submit certain documentation by June 1, 2009 and RD to respond thereto by June 10, 2009. A letter dated June 10, 2009 from RD stated that it was not able to authorize a proposal to proceed at that time. Litigation ensued and an Appeal was filed and a Pre-Hearing held in September 2009 after which RD rescinded its rejection letter. In 2010 the Applicant redesigned the community and began submitting new information for RD's consideration for 53 units to be known as Phase I. An updated loan commitment from RD dated May 26, 2011 evidences the transfer of the first mortgage, grant allocation, and rental assistance contract to the new Phase I.

The RD loan will be secured by a first mortgage lien on the subject development in the amount of \$900,000, will bear interest at a fixed rate of 1.00% for thirty-three years (interest only for the first 24 months construction period followed by monthly installments of principal and interest for the remaining 31 years based on a 31-year amortization. The grant portion of funding from RD bears no interest and is co-terminus with the RD loan.

Proposed HOME Loan:

The Applicant applied for a \$6,639,840 HOME loan to be issued by Florida Housing to finance this development. However, due to the restrictions imposed by the RD loan and HOME loan disallowing the payment of off-site costs, certain portions of those costs must be paid from Owner Equity resulting in an excess of sources. Therefore, the HOME loan has been reduced to \$6,233,838.

The loan will be non-amortizing and will bear 0% interest per annum. The loan will be forgivable over the 20-year term following the construction period if the development maintains a set aside of 100% of the units for occupancy by residents qualifying as Migrant Farmworkers over the life of the loan. Proceeds from the HOME loan will be used to fund construction costs pursuant to Rule 67-48.022(1), F.A.C. and HUD 24 CFR Part 92.

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In addition, 80% of the HOME-Assisted Units are to be occupied by families whose annual income does not exceed 60% of the Area Median Income ("AMI") (and rented at the High HOME Rent Limit, less the applicable utility allowance) and 20% of the HOME-Assisted Units are to be occupied by families whose annual income does not exceed 50% of the AMI (and rented at the Low HOME Rent Limit, less the applicable utility allowance).

Other Permanent Sources of Funds:

As detailed in the Construction Financing Sources section above, Owner Equity will fund 57.3% of the total cost of the off-site water and sewer improvements (\$330,083) per agreement with RD that 42.7% of the total cost may be funded from its loan/grant to the subject.

SMG also estimates that the developer will not have to defer any developer fee for payment from development operations during the permanent phase. However, \$334,655 of developer fee is reserved to collateralize the guarantees until 93% stabilization.

Uses of Funds

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HOME Ineligible Costs
Actual Construction Costs				
Construction Contract				
Site Work	\$1,171,808	\$1,682,803	\$1,578,673	\$0
Off-Site	\$0	\$413,461	\$413,461	\$413,461
New Rental Units	\$4,340,700	\$3,504,533	\$3,501,489	\$0
Rehabilitation of Existing Units	\$0	\$0	\$0	\$0
Accessory Buildings	\$0	\$140,000	\$140,000	\$140,000
Recreational Amenities	\$20,000	\$0	\$3,000	\$0
Rehabilitation of Common Areas	\$0	\$0	\$0	\$0
Contractor's Fee (Not to Exceed 14%)	\$0	\$614,547	\$718,721	\$50,611
Total Construction Contract	\$5,532,508	\$6,355,344	\$6,355,344	\$604,072
Other-Hard Cost Contingency	\$213,512	\$317,767	\$317,767	\$317,767
Total Actual Construction Costs	\$5,746,020	\$6,673,111	\$6,673,111	\$921,839

Notes to the Actual Construction Costs:

1. The Applicant has provided an executed construction contract between the Applicant and Brooks & Freund, LLC, dated June 20, 2011. The contract is a standard form of Agreement between Owner and Contractor where the basis of payment is a Stipulated Sum. This contract includes all construction hard costs and contractor's fees consisting of a base contract sum of \$6,355,344 which includes Alternate G-1 for impact resistant windows of \$49,500, Alternate G-2 of \$48,400 for washers and dryers, and an irrigation system of \$117,000. The contract provides for retainage of 10% until 50% completion and 5% until substantial completion which meets Florida Housing's retainage requirements. Final payment will be made when the contract has been fully performed and within 30 days after issuance of the Architect's final Certificate for Payment. The contract requires substantial completion of the entire work not later than 365 days from the date of commencement. The date of commencement is 30 days after receipt of a Notice to Proceed. However, if prior to commencement, the Owner requires time to file mortgages and other security interests, the Owner's time requirement will be until September 30, 2011 (as per original Bid Documents and Instructions to Bidders). The contract is contingent upon a successful closing of the USDA and FHFC loans. Liquidated damages for failure to achieve substantial completion will be assessed at \$50.00 per day per unit.

The contract provides for compliance with the Federal Labor Standards and Wage Determination requirements pursuant to the Davis-Bacon Act as well as the Section 3 Clause.

RD approved the award of the bid to Brooks & Freund, LLC; however, RD has not yet approved the contract or executed a Concurrence certificate (approving form and substance) of the contract or attached its required forms thereto, and does not typically do so until closing, the Applicant requests a waiver of the requirement for an executed approved construction contract at this time, and states that the construction contract with all exhibits and RD Concurrence will be provided prior to loan closing. Receipt and review of an

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executed construction contract with all required exhibits and RD Concurrency and reflecting terms not materially different from those already reviewed herein is a condition to this loan recommendation.

It is noted that the contract includes the costs of off-site water and sewer lines and a stand alone clubhouse building, neither of which may be funded from HOME funds, and are therefore, shown as HOME ineligible.

2. General contractor fees meet Rule requirements.
3. A hard cost contingency equal to 5.00% of the total construction contract was provided for in the estimated development budget but is outside the construction contract as appropriate. No general contractor fee is calculated on the hard cost contingency as appropriate.
4. SMG received a Pre-Construction Analysis /Plan and Cost Review ("PCA/PCR") from Consultech and Associates, Inc. ("Consultech") dated June 28, 2011. Complete results of the PCA report are provided in Section C of this report.

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	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HOME Ineligible Costs
General Development Costs				
Accounting Fees	\$0	\$43,000	\$43,000	\$0
Appraisal	\$0	\$14,900	\$11,000	\$0
Architect's Fee - Design	\$86,284	\$190,947	\$190,947	\$0
Architect's Fee - Supervision	\$86,284	\$31,500	\$31,500	\$0
Builder's Risk Insurance	\$0	\$0	\$0	\$0
Building Permit	\$0	\$20,000	\$20,000	\$0
Brokerage Fees - Land	\$0	\$0	\$0	\$0
Brokerage Fees - Buildings	\$0	\$0	\$0	\$0
Closing Costs - Construction Loan	\$0	\$0	\$0	\$0
Closing Costs - Permanent Loan	\$0	\$0	\$0	\$0
Engineering Fee	\$83,000	\$107,314	\$107,314	\$0
Engineering Fee - Off-Site Utilities	\$0	\$104,359	\$104,359	\$104,359
Engineering Fee - Contract Admin/Inspections	\$0	\$39,650	\$39,650	\$21,324
Environmental Report	\$0	\$8,921	\$8,921	\$0
FHFC Administrative Fee	\$0	\$0	\$0	\$0
FHFC Application Fee	\$0	\$0	\$0	\$0
FHFC Compliance Fee	\$0	\$0	\$0	\$0
FHFC Credit Underwriting Fee	\$0	\$0	\$0	\$0
Impact Fees	\$53,000	\$270,000	\$270,000	\$5,000
Inspection Fees	\$42,000	\$75,000	\$75,000	\$0
Insurance	\$0	\$7,500	\$7,500	\$0
Legal Fees	\$34,600	\$54,357	\$54,357	\$0
Market Study	\$0	\$0	\$0	\$0
Marketing & Advertising	\$82,652	\$40,000	\$40,000	\$40,000
Pre-Construction Analysis	\$0	\$0	\$3,900	\$0
Property Taxes	\$0	\$10,000	\$10,000	\$0
Soil Test	\$0	\$4,618	\$4,618	\$0
Survey	\$0	\$71,040	\$71,040	\$0
Title Insurance/Recording	\$0	\$66,927	\$66,927	\$0
Utility Connection Fees	\$0	\$43,650	\$43,650	\$31,500
Lease Up/Operating Advance	\$0	\$40,000	\$40,000	\$40,000
Furniture	\$0	\$30,000	\$30,000	\$0
Soft Cost Contingency	\$0	\$62,073	\$63,684	\$63,684
Total General Development Costs	\$467,820	\$1,335,756	\$1,337,367	\$305,867

Notes to the General Development Costs:

1. The Architect's Fee for Design includes the current contract with BSSW Architects, Inc. and a portion of the amounts previously paid to Robert A. Andrys, Architect, Inc. Architect Fee-Supervision reflects the current contract for field observations of \$31,500.
2. The cost of Builders Risk Insurance and Payment and Performance Bonds is included in the construction contract.
3. There are no brokerage fees to be paid by the Applicant.

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4. The Engineering Fees reflects two contracts for on site engineering and a contract for off site utilities engineering. The off site utilities engineering is ineligible to be paid from HOME.
5. There is no Administrative Fee or Compliance Fee as the development will not be applying for Housing Credits. RFP 2005-05 did not require an application fee.
6. Impact Fees are based on 53 homes and one clubhouse at \$5,000 each per the First Amended Water and Sewer Service Development Agreement between the Applicant and the City of Arcadia, Florida.
7. Inspection Fees reflects inspection fees of the RD required inspector. The FHFC inspector is paid by the HOME program and includes Davis Bacon Federal Labor Wage Standards monitoring.
8. Insurance is the Applicant's General Liability Insurance during construction.
9. The Pre-Construction Analysis line item reflects review of plans and costs for concrete masonry homes (\$1,800) in 2011 and the 2010 Capital Needs Assessment (\$2,100) required by RD.
10. Property Taxes reflect a pro rata portion of the ad valorem and non-ad valorem taxes during the construction period based on the actual 2010 paid tax bill for the entire parcel. It is anticipated that the development will be granted an exemption from the ad valorem portion of property taxes upon occupancy of the first low income unit.
11. Other General Development Costs are the Applicant's estimates, which appear reasonable.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HOME Ineligible Costs
Financial Costs				
Construction Loan Cr. Enhancement	\$0	\$0	\$0	\$0
Construction Loan Interest	\$0	\$13,000	\$13,000	\$0
Construction Loan Orig. Fee	\$0	\$0	\$0	\$0
Bridge Loan Interest	\$0	\$16,842	\$0	\$0
Bridge Loan Orig. Fee	\$0	\$0	\$0	\$0
Permanent Loan Cr. Enhancement	\$0	\$0	\$0	\$0
Permanent Loan Orig. Fee	\$0	\$0	\$0	\$0
Reserves Required By Lender	\$0	\$49,600	\$49,600	\$49,600
Total Financial Costs	\$0	\$79,442	\$62,600	\$49,600

Notes to the Financial Costs:

1. Construction Loan Interest is based on the \$900,000 first mortgage loan at 1% interest for a projected construction/stabilization period of 15 months.
2. No origination fees are required by either the RD or the FHFC financing.
3. Reserves Required by Lender reflect an initial capital operating reserve of \$49,600 required by RD to be deposited at closing. The amount is 2% of the 2010 appraised market value of \$2,640,000 less \$160,000 of personal property value. The 2011 appraisal increased the

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value; however, RD has confirmed that it has not increased the capital operating reserve requirement.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HOME Ineligible Costs
Non-Land Acquisition Costs				
Building Acquisition Costs	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Total Non-Land Acquisition Costs	\$0	\$0	\$0	\$0

Notes to the Non-Land Acquisition Costs:

1. Since this is a new construction development, there are no non-land acquisition costs.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HOME Ineligible Costs
Development Cost Before Land & Developer Fee	\$6,213,840	\$8,088,309	\$8,073,079	\$1,277,306
Other Development Costs				
Developer Fee - CSJB	\$0	\$0	\$111,245	\$0
Developer Fee - NDA	\$0	\$1,274,000	\$803,100	\$0
Other - Consulting Fee to NDA	\$0	\$0	\$25,000	\$0
Other - Additional Reserve	\$0	\$0	\$334,655	\$0
Total Other Development Costs	\$0	\$1,274,000	\$1,274,000	\$0

Notes to the Other Development Costs:

1. Per the Development Services Agreement dated January 25, 2010, as amended on June 30, 2010, January 14, 2011, June 28, 2011, and June 29, 2011, a Developer Fee of \$1,274,000 is to be paid 35% to the Applicant and 65% to NDA. The Developer Fee is 15.96% of total development costs exclusive of land acquisition and reserves, which is within the maximum per Rule.
2. Other-Consulting Fee is the amount already paid to NDA per a Contract dated August 28, 2009 which is to be credited against any developer fee due NDA under the Development Services Agreement above.
3. Other – Additional Reserve is equal to 5% of the general construction contract amount and 6 months debt service, and is included as a subset of developer fee to mitigate the development entity's inability to provide meaningful construction completion and operating deficit guarantees. It is a condition of this report that any funds in this reserve not be drawn by the Applicant until 100% lien free construction completion and the property achieves a stabilized occupancy of 93%. Amendment No. 4 to the Development Services Agreement provides that this Reserve shall only be supplied by the Applicant's portion of developer fee.

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	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HOME Ineligible Costs
Development Cost Before Land	\$6,213,840	\$9,362,309	\$9,347,079	\$1,277,306
Land Acquisition Costs				
Land	\$576,000	\$200,000	\$200,000	\$0
Other - Land Carrying Costs	\$0	\$0	\$16,842	\$0
Total Land Acquisition Costs	\$576,000	\$200,000	\$216,842	\$0

Notes to the Land Acquisition Costs:

1. The Applicant submitted a Vacant Land Contract dated June 1, 2005 by and between Eugene H. Turner Family Partnership, Seller, and Catholic Charities Housing, Diocese of Venice, Inc., Buyer, for 66.35 acres for the purchase price of \$1,325,000. The Contract reflected a closing date of September 30, 2005. An Addendum dated June 6, 2005 indicated that title to the property would be taken in the name of Casa San Juan Bosco, Inc. A Warranty Deed dated October 21, 2005 from Eugene H. Turner Family Partnership to Casa San Juan Bosco, Inc. and a closing statement was also submitted evidencing the purchase price of \$1,325,000.

Catholic Charities Housing, Diocese of Venice, Inc. issued a firm commitment dated September 12, 2005 to donate 66.35 acres of land to Casa San Juan Bosco, Inc. However, since title was taken directly by Casa San Juan Bosco, Inc. in October 2005, there was no need for further conveyance.

The Applicant subsequently submitted a Correction Deed dated April 25, 2006 from The Eugene H. Turner Family Partnership, Ltd. to Casa San Juan Bosco, Inc. to correct the legal description to reflect the total acreage as 66.25 acres. An endorsement to the title insurance policy reflecting the new legal description was executed June 7, 2006.

The Applicant submitted a Purchase and Sale Agreement dated January 12, 2006 from The Eugene H. Turner Family Partnership, Ltd. as Seller and Casa San Juan Bosco, Inc. as Buyer, for ten acres adjacent to the original development site. The Agreement provides for a purchase price of \$200,000 and a closing date which is 30 days after the expiration of the investigation period, or ten days after the successful rezoning of the property for farm labor housing, whichever is later; however, in no event later than 120 days after the effective date of January 11, 2006. The Buyer will remit \$1,000 at closing and the Seller will take a purchase money mortgage of \$199,000 for a term of one year. A Warranty Deed dated April 27, 2006 from The Eugene H. Turner Family Partnership, Ltd. to Casa San Juan Bosco, Inc. and a closing statement of even date therewith reflected the terms of the Agreement. A Satisfaction of Mortgage dated June 27, 2007 was recorded in the Office of the Clerk of the Circuit Court of DeSoto County in OR Book 598, at Page 2654 in conjunction with an Acceptance of Forgiveness of the Mortgage executed by the Applicant evidences the satisfaction of the purchase money mortgage without payment thereof.

The Eugene H. Turner Family Partnership, Ltd. issued a commitment letter dated January 31, 2006 to donate an additional ten acres adjacent to the original development site to

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Catholic Charities Housing, Diocese of Venice, Inc. coincidental with the closing of the ten acres to be purchased referenced above. A Quitclaim Deed dated April 25, 2006 from The Eugene H. Turner Family Partnership, Ltd. to Casa San Juan Bosco, Inc. evidenced the donation of this parcel directly to the Applicant.

A title commitment dated September 28, 2010 shows a mortgage in the amount of \$755,250 to Frank J. Dewane, as Bishop of the Diocese of Venice, a corporation, dated March 29, 2010 and recorded in Clerk's File Number 201014002902, Public Records of Desoto County, Florida. The Promissory Note dated October 15, 2009 requires interest only payments on \$755,250 at 4.75% for 24 months with the balance of the loan payable on October 15, 2011. A letter dated January 17, 2011 from Applicant's Counsel, Joseph A. Divito, indicates that the Bishop will execute a Partial Release of Mortgage for the subject parcel upon payment of \$200,000.

The purchase price of the parcel is supported by the appraised value of \$370,000.

2. Other - Land Carrying Costs reflects prorated interest payments on the \$755,250 loan to Frank J. Dewane, as Bishop of the Diocese of Venice, noted above for the period January 2010 to May 2011 plus estimated payments through a projected closing in third quarter 2011.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HOME Ineligible Costs
Total Development Cost	\$6,789,840	\$9,562,308	\$9,563,921	\$1,277,306

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Operating Pro forma

DESCRIPTION	ANNUAL	PER UNIT
Revenue		
Gross Potential Rental Revenue	\$383,256	\$7,231
Other Income:		
Washer/Dryer Rental Income	\$0	\$0
Cable Television Income	\$0	\$0
Miscellaneous Income	\$9,540	\$180
Interest Income	\$0	\$0
Gross Potential Income	\$392,796	\$7,411
Less:		
Vacancy Loss - 7.0%	(\$27,496)	(\$519)
Collection Loss - 1.0%	(\$3,928)	(\$74)
Total Effective Gross Revenue	\$361,372	\$6,818
Expenses		
Fixed:		
Taxes	\$31,853	\$601
Insurance	\$31,005	\$585
Variable:		
Management Fees 8.1%	\$29,400	\$555
General and Administrative	\$18,550	\$350
Payroll Expenses	\$53,000	\$1,000
Utilities	\$21,200	\$400
Marketing and Advertising	\$6,625	\$125
Maintenance, Contracts & Supplies	\$21,200	\$400
Grounds	\$21,200	\$400
Pest Control	\$0	\$0
Replacement Reserve	\$36,517	\$689
Other: Resident Programs	\$0	\$0
Other	\$0	\$0
Total Expenses	\$270,550	\$5,105
Net Operating Income	\$90,822	\$1,714
Debt Service Payments		
First Mortgage-USDA/RD	\$33,776	\$637
Labor Housing Grant-USDA/RD	\$0	\$0
HOME Second Mortgage	\$0	\$0
Other	\$0	\$0
Other	\$0	\$0
Total Debt Service Payments	\$33,776	\$637
Operating Income After Debt Service - Before Tax Cash Flow	\$57,046	\$1,076

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Debt Service Coverage Ratios	
Debt Service Coverage - First Only	2.69
Debt Service Coverage - First and Second	2.69
Debt Service Coverage - All Mortgages	2.69
Debt Service Coverage - All Mortgages and Fees	2.69

Financial Ratios	
Operating Expense Ratio	74.9%
Break-Even Ratio	77.5%

Notes to the Operating Pro forma and Ratios:

- The rent schedule below outlines the 2010 maximum allowable HOME rents and reflects the applicable utility allowances for DeSoto County, Florida based on the Applicant paying for trash disposal and pest control and the resident paying for electricity, water and sewer. However, the United States Department of Agriculture Rural Development ("USDA RD") program is providing permanent mortgage financing for the development and rental assistance on 44 of the 53 units. Under USDA RD rent restrictions are limited to the contract or basic rates which are calculated on operating expenses of individual properties and cannot exceed moderate rents of 80% of AMI plus \$5,500. According to the proposed USDA RD Form 3560-7, its contract rents are estimated to be the same as the Low HOME and High HOME maximum permitted rental rates. The appraiser projects that the remaining (9) non-RD assisted units should achieve the maximum HOME rents.

The rent roll is shown below:

MSA/County: Desoto County

Bed-rooms	Baths	No. of Units	Unit Size (SF)	HOME AMI %	Low HOME Rents	High HOME Rents	Utility Allowance	Max Net Home Rents	USDA RD Contract Rents	Applicant Rents	Under-writer Rents	Annual Rents
3	2	6	1,138	50%	\$613		\$144	\$469		\$469	\$469	\$33,768
3	2	2	1,138	50%	\$613		\$144	\$469	\$469	\$469	\$469	\$11,256
3	2	29	1,138	60%		\$765	\$144	\$621	\$621	\$621	\$621	\$216,108
4	2	3	1,310	50%	\$685		\$170	\$515		\$515	\$515	\$18,540
4	2	13	1,310	60%		\$834	\$170	\$664	\$664	\$664	\$664	\$103,584
Totals		53	63,066									\$383,256

- Washers and dryers will be provided in the units at no cost to the residents. Therefore, no washer/dryer income to the property is anticipated.
- Cable television hookups are available in the units as required; however, the residents will contract directly with the cable provider for service. Therefore, no cable television income to the property is anticipated.
- Miscellaneous income reflects revenues generated from vending income, late charges, forfeited security deposits, and other additional services equal to approximately \$15 per resident per month per the appraiser's estimate.
- Vacancy Loss of 7% and Collection Loss of 1% are based on the appraiser's estimate.

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6. This development is anticipated to be exempt from property taxes once completed and servicing low income residents. The above budget reflects the appraiser's estimate of non-ad valorem taxes which includes fire, solid waste, and garbage pickup assessed for single family homes as well as \$1,325 for personal property taxes.
7. Management fees are based upon \$50 per occupied unit per month (estimated 93% occupancy of the 53 units) as allowed by the USDA/RD program for those properties which maintain an "exceeds satisfactory" rating by USDA/RD. The property will be new and is expected to rate well.
8. Per USDA RD guidelines, monthly contributions to the reserve account at the rate of 1% annually of the amount of the total RD eligible development costs until the reserve account equals 10% of the RD eligible total development costs. However, reserve requirements are determined on a case by case basis and take into consideration the requirements of other lenders. Due to fluctuating budgets for the subject, a capital needs assessment was performed which resulted in an un-inflated amount needed of \$730,332 over the next 20 years. Therefore, RD will extend the time to fund the reserve to 20 years with an annual deposit amount of \$36,517, which yields a replacement reserve of \$689 per unit per year.
9. No Resident Programs were required under RFP 2005-05.
10. Other operating expense estimates are supported by the appraisal.
11. Debt service coverage ratios shown above are Seltzer's estimates for the first stabilized year of operations. The 15-year income and expense projection is based on income assumptions reflecting the USDA RD program, which re-evaluates the operating budget annually and adjusts the amount of rental assistance to the property (not to exceed the conventional rents for comparable units of the area) to provide only funding sufficient to cover expenses. The 15-year projection is also based on a 4% increase in expenses except for management fees, which are a percentage of income, and replacement reserves, which remain constant. This projection is attached to this report as Exhibit 1.

It is noted that the projected debt service coverage of 2.69 exceeds the maximum debt service coverage of 1.50 for the HOME loan including all superior mortgages and continues to increase over time. However, per Rule, in extenuating circumstances such as deep subsidy as provided herein by the USDA RD fixed low interest rate loan, direct subsidy and rental assistance, the maximum may be exceeded.

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Section B

HOME Loan Conditions

JULY 6, 2011

Special Conditions

This recommendation is contingent upon the review and approval of the following items by SMG and Florida Housing at least two weeks prior to closing. Failure to receive approval of these items within this time frame may result in postponement of the closing date.

1. An executed construction contract with all required exhibits and RD Concurrency and reflecting terms not materially different from those already reviewed herein
2. Receipt and review of a Statement of Financial/Credit Affairs form, banking and trade references, deposit verifications, and a credit authorization form for the Guarantor, Catholic Charities, Diocese of Venice, Inc.

General Conditions

This recommendation is contingent upon the review and approval of the following items by SMG and Florida Housing at least two weeks prior to closing. Failure to receive approval of these items within this time frame may result in postponement of the closing date.

1. Borrower to comply with any and all recommendations noted in the pre-construction analysis which has been prepared by Consultech & Associates, Inc.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). Acceptable alternatives to this requirement are receipt and satisfactory review of a letter from the local permitting and approval authority that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
4. The final "as permitted" (signed and sealed) site plans, building plans, and specifications showing all features and amenities committed to in the application. The Geotechnical Report must be bound within the final plans and specifications.
5. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.
6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. Demo Program loan proceeds shall be disbursed during the construction phase in an amount per Draw which does not exceed the ratio of the Demo loan to the Total Development Cost, unless approved by the Credit Underwriter. The closing draw shall

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include appropriate backup and ACH wiring instructions.

7. Evidence of general liability, flood (if applicable), builder's risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee / Mortgagee, with coverages, deductibles and amounts satisfactory to Florida Housing.
8. If the development is not 100% lien-free completed, 100% Payment and Performance ("P&P") Bonds or a Letter of Credit ("LOC") in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the general contractor and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds must be from a company rated at least "A-" by A.M. Best & Co with a financial size category of at least FSC VI. Florida Housing and/or legal counsel must approve the source, amount(s) and all terms of the P&P bonds or LOC. If the LOC option is utilized, the LOC must contain "evergreen" language and be in a form satisfactory to the Servicer, FHFC, and its Legal Counsel.
9. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, the Americans with Disabilities Act, and Federal Fair Housing Act requirements, as applicable.
10. Completion of a Davis Bacon Federal Labor Standards pre-construction conference.
11. Satisfactory resolution of any outstanding past due or non-compliance items prior to closing of the loan.

This recommendation is contingent upon the review and approval of the following items by Florida Housing and its legal counsel at least two weeks before closing. Failure to receive approval of these items, along with all other items listed on legal counsel's due diligence list, within this time frame may result in postponement of the closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/manager(s) of the Applicant, the guarantors, and any limited partners of the Applicant.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of closing, unless otherwise approved by Florida Housing, and legal counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.
4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan naming FHFC as the insured. All endorsements

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- required by FHFC shall be provided.
5. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Demo loan have been satisfied.
 6. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee / Mortgagee, with coverages, deductibles and amounts satisfactory to Florida Housing.
 7. Receipt of a legal opinion from the Borrower's legal counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager.;
 - b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
 - c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement and;
 - e. Such other matters as Florida Housing or its legal counsel may require.
 8. Evidence of compliance with local concurrency laws.
 9. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its legal counsel in form and substance acceptable to Florida Housing or its legal counsel, in connection with the Demo Loan.
 10. UCC Searches for the Borrower, its partnerships, as requested by counsel.
 11. Any other reasonable conditions established by Florida Housing and its legal counsel.

Additional Conditions

This recommendation is also contingent upon the following additional conditions:

1. Compliance with all provisions of Sections 420.507 and 420.5089, Florida Statutes, Rule Chapter 67-48, F.A.C., RFP 2005-05, HUD Rule 24 CFR Part 92 and any other local, State, and Federal requirements.
2. Acceptance by the Applicant and execution of all documents evidencing and securing the Demo Loan in form and substance satisfactory to Florida Housing, including, but not limited

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to, the Promissory Note, the Loan Agreement, the Mortgage and Security Agreement, and the Land Use Restriction Agreement.

3. At all times there will be un-disbursed loan funds (collectively held by Florida Housing, First Lender and any other sources) sufficient to complete the development. If at any time there are not sufficient funds (held by Florida Housing, First Lender and any other sources) to complete the Development, the Borrower will be required to expend additional equity on development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the development before additional Loan funds are disbursed. This condition specifically includes escrowing at closing all syndication and other equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.
4. During construction, the developer is only allowed to draw a maximum of 50% of the total developer fee, but in no case more than the payable developer fee during construction, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" will be allowed to be disbursed at closing. The remainder of the "developer's overhead" will be disbursed during construction/ rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer. The remaining unpaid developer fee shall be considered attributable to "developer's profit" and may not be funded until the development has achieved 100% lien free completion, and retainage has been released.
5. If applicable, Guarantors are to provide the standard FHFC Construction Completion Guarantee, to be released upon lien free completion as approved by the Servicer.
6. Guarantors are to provide the standard FHFC Operating Deficit Guarantee. This guarantee will be released upon achievement of 1.00 debt service coverage for the combined permanent first mortgage and HOME Loan for six consecutive months as RD is providing rental assistance to the property.
7. Guarantors are to provide the standard FHFC Environmental Indemnity.
8. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.
9. Closing of the first mortgage loan simultaneous with or prior to closing of the Demo loan.
10. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the Demo Loan is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel.
11. Property tax and hazard insurance escrows are to be established and maintained by the First Lender or the Servicer. In the event the reserve account is held by Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing's sole discretion.
12. RD requires Replacement Reserves in the amount of \$689 per unit per year to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's loan servicing agent.
13. RD requires reflect an initial Capital Operating Reserve of \$49,600 to be deposited at closing.

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14. A Reserve equal to 5% of the general construction contract amount and 6 months debt service, will be required as a subset of Developer Fee. It is a condition of this report that any funds in this reserve not be drawn by the Applicant until 100% lien free construction completion and the property achieves a stabilized occupancy of 93%.
15. Consultech is to act as Florida Housing's inspector during the construction period.
16. A minimum of 10% retainage holdback on all construction draws until the Development is 50% completed, and 0% retainage thereafter is required. Retainage will not be released until successful lien free completion of construction and issuance of all certificates of occupancy. The Brooks & Freund, LLC, general construction contract indicates a 10% retainage holdback through 50% completion then 5% retainage holdback until substantial completion, which satisfies the minimum requirement.
17. HOME funds are subject to the National Environmental Policy Act ("NEPA") of 1969 and related federal environmental authorities and regulations at 24 CFR Part 58 "Environmental Review Procedures." No HOME funds may be committed to a development before completion of the environmental review process and HUD approval of the environmental review and Request for Release of Funds.
18. Satisfactory evidence of compliance with the Davis-Bacon Act and other applicable Federal Labor Standards during the construction of this development. Evidence of compliance must be through satisfactory completion of a compliance audit by HUD and its authorized subcontractor.
19. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or its Servicer, if applicable.
20. Any other reasonable requirements of the Servicer, Florida Housing or its legal counsel.

Exhibit 1

Casa San Juan Bosco Credit Underwriting Report
15 Year Income and Expense Projection

DESCRIPTION	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
Revenue															
Gross Potential Rental Revenue	\$383,256	\$394,754	\$406,596	\$418,794	\$431,358	\$444,299	\$457,628	\$471,357	\$485,497	\$500,062	\$515,064	\$530,516	\$546,431	\$562,824	\$579,709
Other Income:															
Washer/Dryer Rental Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cable Television Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Income	\$9,540	\$9,826	\$10,121	\$10,425	\$10,737	\$11,059	\$11,391	\$11,733	\$12,085	\$12,448	\$12,821	\$13,206	\$13,602	\$14,010	\$14,430
Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Potential Income	\$392,796	\$404,580	\$416,717	\$429,219	\$442,095	\$455,358	\$469,019	\$483,090	\$497,582	\$512,510	\$527,885	\$543,722	\$560,033	\$576,834	\$594,139
Less:															
Vacancy Loss - 7.0%	(\$27,496)	(\$28,321)	(\$29,170)	(\$30,045)	(\$30,947)	(\$31,875)	(\$32,831)	(\$33,816)	(\$34,831)	(\$35,876)	(\$36,952)	(\$38,061)	(\$39,202)	(\$40,378)	(\$41,590)
Collection Loss - 1.0%	(\$3,928)	(\$4,046)	(\$4,167)	(\$4,292)	(\$4,421)	(\$4,554)	(\$4,690)	(\$4,831)	(\$4,976)	(\$5,125)	(\$5,279)	(\$5,437)	(\$5,600)	(\$5,768)	(\$5,941)
Total Effective Gross Revenue	\$361,372	\$372,213	\$383,380	\$394,881	\$406,728	\$418,930	\$431,497	\$444,442	\$457,776	\$471,509	\$485,654	\$500,224	\$515,231	\$530,687	\$546,608
Expenses															
Fixed:															
Taxes	\$31,853	\$33,127	\$34,452	\$35,830	\$37,264	\$38,754	\$40,304	\$41,916	\$43,593	\$45,337	\$47,150	\$49,036	\$50,998	\$53,038	\$55,159
Insurance	\$31,005	\$32,245	\$33,535	\$34,876	\$36,271	\$37,722	\$39,231	\$40,800	\$42,432	\$44,130	\$45,895	\$47,731	\$49,640	\$51,626	\$53,691
Variable:															
Management Fees - 8.1%	\$29,400	\$30,282	\$31,190	\$32,126	\$33,090	\$34,083	\$35,105	\$36,158	\$37,243	\$38,360	\$39,511	\$40,696	\$41,917	\$43,175	\$44,470
General and Administrative	\$18,550	\$19,292	\$20,064	\$20,866	\$21,701	\$22,569	\$23,472	\$24,411	\$25,387	\$26,402	\$27,459	\$28,557	\$29,699	\$30,887	\$32,123
Payroll Expenses	\$53,000	\$55,120	\$57,325	\$59,618	\$62,003	\$64,483	\$67,062	\$69,744	\$72,534	\$75,436	\$78,453	\$81,591	\$84,855	\$88,249	\$91,779
Utilities	\$21,200	\$22,048	\$22,930	\$23,847	\$24,801	\$25,793	\$26,825	\$27,898	\$29,014	\$30,174	\$31,381	\$32,636	\$33,942	\$35,300	\$36,712
Marketing and Advertising	\$6,625	\$6,890	\$7,166	\$7,452	\$7,750	\$8,060	\$8,383	\$8,718	\$9,067	\$9,429	\$9,807	\$10,199	\$10,607	\$11,031	\$11,472
Maintenance, Contracts & Supplies	\$21,200	\$22,048	\$22,930	\$23,847	\$24,801	\$25,793	\$26,825	\$27,898	\$29,014	\$30,174	\$31,381	\$32,636	\$33,942	\$35,300	\$36,712
Grounds	\$21,200	\$22,048	\$22,930	\$23,847	\$24,801	\$25,793	\$26,825	\$27,898	\$29,014	\$30,174	\$31,381	\$32,636	\$33,942	\$35,300	\$36,712
Pest Control	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserve	\$36,517	\$36,517	\$36,517	\$36,517	\$36,517	\$36,517	\$36,517	\$36,517	\$36,517	\$36,517	\$36,517	\$36,517	\$36,517	\$36,517	\$36,517
Other: Resident Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$270,550	\$279,617	\$289,039	\$298,827	\$308,999	\$319,567	\$330,548	\$341,958	\$353,814	\$366,134	\$378,935	\$392,237	\$406,058	\$420,421	\$435,345
Net Operating Income	\$90,822	\$92,596	\$94,341	\$96,054	\$97,729	\$99,363	\$100,949	\$102,484	\$103,961	\$105,375	\$106,719	\$107,987	\$109,172	\$110,267	\$111,263
Debt Service Payments															
First Mortgage-USDA/RD	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776
Labor Housing Grant-USDA/RD	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
HOME Second Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776	\$33,776
Operating Income After Debt Service - Before Tax Cash Flow	\$57,046	\$58,820	\$60,565	\$62,277	\$63,953	\$65,586	\$67,173	\$68,708	\$70,185	\$71,599	\$72,943	\$74,211	\$75,396	\$76,490	\$77,486
Debt Service Coverage Ratios															
Debt Service Coverage - First Only	2.689	2.741	2.793	2.844	2.893	2.942	2.989	3.034	3.078	3.120	3.160	3.197	3.232	3.265	3.294
Debt Service Coverage - First and Second	2.689	2.741	2.793	2.844	2.893	2.942	2.989	3.034	3.078	3.120	3.160	3.197	3.232	3.265	3.294
Debt Service Coverage - All Mortgages	2.689	2.741	2.793	2.844	2.893	2.942	2.989	3.034	3.078	3.120	3.160	3.197	3.232	3.265	3.294
Debt Service Coverage - All Mortgages and Fees	2.689	2.741	2.793	2.844	2.893	2.942	2.989	3.034	3.078	3.120	3.160	3.197	3.232	3.265	3.294
Financial Ratios															
Operating Expense Ratio	74.9%	75.1%	75.4%	75.7%	76.0%	76.3%	76.6%	76.9%	77.3%	77.7%	78.0%	78.4%	78.8%	79.2%	79.6%
Break-Even Ratio	77.5%	77.5%	77.5%	77.5%	77.5%	77.6%	77.7%	77.8%	77.9%	78.0%	78.2%	78.4%	78.5%	78.7%	79.0%

Casa San Juan Bosco RFP 2005-05-02
DeSoto County
Description of Features and Amenities

A. The Development will consist of 53 single-family homes.

Unit Mix:

37 Three bedroom / two bath units containing a minimum of 1,138 square feet of heated and cooled living area

16 Four bedroom / two bath units containing a minimum of 1,310 square feet of heated and cooled living area

53 Total units

The Development is to be constructed in accordance with the final plans and specifications approved by the appropriate city or county building or planning department or equivalent agency, and approved as reflected in the Pre-Construction Analysis prepared for Florida Housing or its Servicer, unless a change order has been approved in writing by Florida Housing or its Servicer. The Development will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990 and the Americans With Disabilities Accessibility Implementation Act ("ADA"), as applicable.

B. Each **UNIT** will be fully equipped with the following:

1. Air conditioning (window units are not allowed, however, through-wall units are permissible for rehabilitation)
2. Window treatments for each window
3. Termite prevention and pest control throughout the entire affordability period
4. Peephole on all exterior doors
5. Cable or satellite TV hook-up
6. Range, oven and refrigerator
7. At least two full bathrooms in all three bedroom or larger new construction units
8. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units
9. Exterior lighting in open and common areas

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Casa San Juan Bosco Community, Phase I

DATE: July 6, 2011

The Applicant is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by the Florida Housing Finance Corporation. The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the Applicant that the transaction can close within the allotted time frame. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Report Summary.

CREDIT UNDERWRITING	STATUS	NOTE
REQUIRED ITEMS:	Satis. / Unsatis.	
1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and/or status of site plan approval.	Satis.	
3. Permit Status.	Satis.	
4. Pre-construction analysis ("PCA").	Satis.	
5. Survey.	Satis.	1
6. Complete, thorough soil test reports.	Satis.	2
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
8. Market Study separate from the Appraisal.	Satis.	3
9. Environmental Site Assessment – Phase I and/or Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in the Rule for credit enhancers, Applicant, general partner, principals, guarantors and general contractor.	Satis.	

HOME PROGRAM CREDIT UNDERWRITING REPORT

SMG

11. Resumes and experience of Applicant, general contractor and management agent.	Satis.	
12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Satis.	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	N/A	
15. Firm commitment letter from the syndicator, if any.	N/A	
16. Firm commitment letter(s) for any other financing sources.	Satis.	
17. Updated sources and uses of funds.	Satis.	
18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
19. Fifteen-year income, expense, and occupancy projection.	Satis.	
20. Executed general construction contract with "not to exceed" costs.	Satis.	4
21. HC ONLY: 35% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	N/A	
22. Any additional items required by the credit underwriter.	Satis.	

NOTES AND APPLICANT'S RESPONSES:

1. The boundary survey submitted for underwriting is not dated, signed or sealed by the surveyor.
Applicant's Response: A dated, signed and sealed boundary survey certified to FHFC will be provided prior to closing.
2. The soils tests do not provide a soil boring in each building footprint.
Applicant's Response: The Applicant requested and received a waiver of this requirement from FHFC.
3. A market study separate from the appraisal has not been provided.
Applicant's Response: No Housing Credits are requested for this development, which typically triggers the need for a separate market study. The Appraisal includes an extensive market analysis section that is sufficient to reflect current market conditions. FHFC Staff and SMG concur.
4. The Applicant submitted an executed construction contract between the Applicant and Brooks & Freund, LLC; however, RD has not yet approved the contract or executed a Concurrence certificate or attached its required forms thereto.
Applicant's Response: The Applicant states that the construction contract with all exhibits and RD Concurrence and reflecting terms not materially different from those approved hereby will be provided prior to loan closing.