

**Florida Housing Finance Corporation**

*Credit Underwriting Report*

**Georgia Ayers Apartments**

**Multifamily Mortgage Revenue Bond and Housing Credits**

**2009A-209B**

**Section A: Report Summary**

**Section B: MMRB Conditions & Housing Credit Allocation Contingencies**

**Section C: Supporting Information and Schedules**

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**Prepared by**

**AmeriNational Community Services, Inc.**

*Final Report*

**August 18, 2011**

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## **Georgia Ayers Apartments**

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**Section A**  
**Report Summary**

## Recommendation

AmeriNational Community Services, Inc. (“AmeriNational”) recommends a Multifamily Mortgage Revenue Bond (“MMRB”) loan in the amount of \$7,000,000 and an annual allocation of Housing Credits (“HC”) equal to \$542,020, for the construction and permanent phase financing of Georgia Ayers Apartments (the “Development”).

<b>DEVELOPMENT &amp; SET-ASIDES</b>																	
Location	13280 Port Said Road Opa-Locka, Miami-Dade County, FL 33054																
Number of Units/Unit Mix	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Bed-rooms</th> <th>Baths</th> <th>No. of Units</th> <th>Unit Size (SF)</th> </tr> </thead> <tbody> <tr> <td align="center">2</td> <td align="center">2</td> <td align="center">36</td> <td align="center">854</td> </tr> <tr> <td align="center">2</td> <td align="center">2</td> <td align="center">36</td> <td align="center">1,105</td> </tr> <tr> <td align="center"><b>Total</b></td> <td></td> <td align="center"><b>72</b></td> <td align="center"><b>70,524</b></td> </tr> </tbody> </table>	Bed-rooms	Baths	No. of Units	Unit Size (SF)	2	2	36	854	2	2	36	1,105	<b>Total</b>		<b>72</b>	<b>70,524</b>
Bed-rooms	Baths	No. of Units	Unit Size (SF)														
2	2	36	854														
2	2	36	1,105														
<b>Total</b>		<b>72</b>	<b>70,524</b>														
Demographic Commitment	Family																
Set Asides	MMRB: 85% (62 units) at or below 60% of Area Median Income ("AMI").  HC: 100% (72 units) at or below 60% of AMI.																
Set Aside Term	50 Years (MMRB & HC)																
County Size	Large																
Development Category	New Construction																
Development Type	Garden Apartments																
Absorption Rate	An eighteen (18) unit per month absorption period is estimated by the market study and considered reasonable by AmeriNational.																
Occupancy Rate	N/A																
Parking	A total of 126 parking spaces with 5 spaces reserved as handicapped will be provided. This is equal to 1.75 spaces per unit and satisfies current zoning requirements of 1.5 spaces per 2 bedroom unit and 2 spaces per 3 bedroom unit.																
Improvements	A proposed 72 unit community consisting of three (3) residential garden apartment structures with a separate building containing the leasing center. Construction will be frame with an asphalt shingle roof.																
Site Acre	The site contains 2.5751 acres.																
Density	27.96 units per acre																
Zoning	R-3 (Moderate Multifamily Residential District), which allows for 15 units per acre; however, the Applicant has received authorization from the City of Opa-Locka to develop the site with 72 units.																
Flood Zone Designation	The site is located within Flood Zone "AH" which is within the 100 year flood plains. Flood insurance will be required.																

<b>DEVELOPMENT TEAM</b>	
Applicant/Borrower	Georgia Ayers Apartments, LLC
General Partner	MM Georgia Ayers, LLC, a Florida limited liability company, is the Managing Member of the Applicant with an ownership interest of 0.01%.
Limited Partner/Syndicator	Michael C. Cox, is the initial limited partner with an ownership interest of 99.99%  At closing, an affiliated limited partnership of Enterprise Community Investment, Inc will purchase the 99.99% limited partnership interest.
Guarantors	Georgia Ayers Apartments, LLC, MM Georgia Ayers, LLC, Biscayne Housing Group, LLC, Gonzalo DeRamon, and Michael C. Cox
Developer	Georgia Ayers Development, LLC, a Florida limited liability company whose managing member is Biscayne Housing Group, LLC
General Contractor	Design Management & Builders Corp
Management Company	Royal American Management, Inc.
1 <sup>st</sup> Mortgage Lender	JPMorgan Chase Bank

<b>FINANCING INFORMATION</b>	
FHFC Programs	MMRB and HC
First Mortgage – JPMorgan Chase / Transforming Communities Foundation, Inc.	Construction (MMRB) – \$7,000,000 Permanent (GOB Funds) – \$7,500,000
“All in” Underwritten Interest Rate	Construction – 4.7% Permanent – 1.00%
Term/Amortization	30/0
Second Mortgage – NSP	\$2,400,000
“All in” Underwritten Interest Rate	2.00%
Term/Amortization	30/0
Favorable Rent-Restricted Stabilized Value	\$3,000,000
Market Rent Value	\$4,800,000
Restricted Loan To Value – First Mortgage	250.00%
Market Loan To Value - First Mortgage	156.25%
Projected Net Operating Income	\$163,502
Debt Service Coverage – First Mortgage Loan	N/A (The First Mortgage will accrue interest at 1% and be payable from available cash flow)
Debt Service Coverage – All Debt	N/A
Annual HC Allocation Per Unit	\$7,318
Syndication Price	\$0.80
Operating Deficit Reserve	\$248,949
Bond Structure	Private Placement, the bonds will be purchased by JPMorgan Chase

Construction/Permanent Sources:

<u>Source</u>	<u>Lender</u>	<u>Construction</u>	<u>Permanent</u>	<u>Perm Loan/Unit</u>
MMRB - First Mortgage	JPMorgan Chase Bank	\$7,000,000	\$0	\$0
Building Better Communities GOB Funds	Transforming Communities Foundation, Inc	\$2,500,000	\$7,500,000	\$104,167
NSP II	New Urban Development, LLC	\$2,400,000	\$2,400,000	\$33,333
HC Equity	Enterprise Community Investments	\$965,706	\$4,215,000	\$58,542
Deferred Developer Fee	Developer	\$1,568,091	\$318,797	\$4,428
<b>TOTAL</b>		<b>\$14,433,797</b>	<b>\$14,433,797</b>	<b>\$200,470</b>

**Changes from the Application:**

<b>COMPARISON CRITERIA</b>	<b>YES</b>	<b>NO</b>
Does the level of experience of the current team equal or exceed that of the team described in the Application?	x	
Are all funding sources the same as shown in the Application?		1
Are all local government recommendations/contributions still in place at the level described in the Application?		1
Is the Development feasible with all amenities/features listed in the Application?	x	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?		2
Does the Applicant have site control at or above the level indicated in the Application?	x	
Does the Applicant have adequate zoning as indicated in the Application?	x	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	x	
Have the Development costs remained equal to or less than those listed in the Application?	x	
Is the Development feasible using the set-asides committed to in the Application?	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?	x	
Is the Development in all other material respects the same as presented in the Application?	x	

The following are explanations of each item checked "No" in the table above:

1. The Application listed \$5,760,000 of funding from the American Recovery and Reinvestment Act of 2009. The Borrower has instead secured \$7.5MM in Building Better Communities General Obligation Bond funds that Miami-Dade County will grant to Transforming Communities Foundation, Inc, a not for profit organization, that will provide the Borrower with a \$7.5MM construction and permanent loan. In addition, the Borrower has secured \$2.4MM in NSP II funding from New Urban Development, LLC.
2. The final plan and cost review completed by New Perspective of Florida, LLC ("NPF") identified that the plans submitted for review do not account for the volleyball court committed to as an amenity in the Application. A set of plans must be submitted to NPF for review that account for all features and amenities committed to in the application prior to closing or an acceptable alternative must be approved by Florida Housing.

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

According to the FHFC Asset Management Noncompliance Report dated July 8, 2011, no non-compliance issues exist for The Development Team.

According to the FHFC Past Due Report dated July 12, 2011, no past due issues exist for the Development Team.

This recommendation is subject to satisfactory resolution, as determined by Florida Housing, of any outstanding non-compliance or past due issues applicable to the Development Team prior to the MMRB Loan closing.

Strengths:

1. The Development Team has demonstrated the ability to successfully develop and operate affordable multifamily rental communities using a variety of different subsidies.
2. A market study performed by Novogradac & Company, LLP ("Novogradac") dated June 10, 2011 concludes that the Development should benefit from the rental rate advantage it will have over market rents. The two bedroom units set-side for families with incomes at or below 60% of AMI will have an advantage over achievable market rents of 18%. The three bedroom units set-side for families with incomes at or below 60% of AMI will have an advantage over achievable market rents of 24%.
3. Properties identified by Novogradac as comparable to the Development that are located in the Primary Market Area have an average physical occupancy rate of 97%.
4. The operations of the property confirm a break-even economic occupancy ratio of 70%.

Other Considerations:

1. The market study completed by Novogradac concludes the Development should not have a long term negative impact on the affordable housing located within a five mile radius of the Development including the nine Guarantee Fund developments.

Issues and Concerns:

1. The Developer has submitted for site plan approval for the Development; however, approval has not yet been received from the City of Opa-Locka.

Mitigating Factors:

The Applicant provided conceptual site plan approval with its Application executed by the City of Opa-Locka's Director of Planning and Community Development that confirms the zoning and the Borrowers intent to develop the site with 72 units. Final site plan approval is a condition precedent to closing.

2. The market study performed by Novogradac identified Opa-Locka as a high crime area. The primary market area exhibits higher crime risk than the MSA as a whole. Both violent and property crime rates per capita in Opa-Locka are significantly higher than the national average.



Mitigating Factors:

The Development will provide limited access entry and perimeter fencing around the site. The Applicant has committed to providing exterior lighting in open and common areas. The construction budget as presented herein includes the costs associated with build-out of a police substation proposed as part of the on-site clubhouse/community center and security cameras placed throughout the Development. In addition, the operating pro forma presented herein includes the ongoing cost of armed security that will patrol the Development.

3. The Borrower is relying on grant proceeds in the amount of \$7,500,000 currently approved by the Miami-Dade County Board of County Commissioners (the "BOCC") as a grant awarded to the Borrower by Miami Dade County through its Building Better Communities General Obligation Bond Program ("GOB"). If the Borrower accepts and utilizes the \$7.5MM GOB funds as a grant, a proportionate amount must reduce Eligible Basis and thereby reduce the recommended annual allocation of HC to \$207,595, which would reduce the HC Equity by \$2,554,406 to \$1,660,594. A contribution of \$1,660,594 in HC Equity would reduce total permanent sources of funds to \$11,879,391 creating a funding gap in the amount of \$501,972 if all \$2,052,434 in developer fee were permanently deferred.

Mitigating Factors:

The Borrower has proposed Miami-Dade County staff present for approval to the BOCC that the GOB funds be granted to a not for profit entity that will lend the GOB funds to the Borrower with repayment options of interest only at a rate of 1% and no amortization. Accrued interest would be paid from available cash flow derived from the operations of the property. Unpaid interest would continue to accrue over the 30 year term of the loan and be due and payable in full upon maturity along with the unpaid principal balance of the loan. Miami-Dade County staff has agreed to present this for approval to the BOCC; however, the BOCC has not approved a resolution authorizing the structure underwritten and presented herein. Approval of a resolution by the BOCC providing the authority for the GOB funds to be granted to an acceptable not for profit that will commit to lending these funds under the aforementioned terms to the Borrower is a condition precedent to closing the MMRB Loan.

Waiver Requests:

None

Special Conditions:

None

Additional Information:

None

Recommendation:

1. AmeriNational recommends a MMRB Loan in the amount of \$7,000,000 to be utilized for the construction phase financing of the Development.
2. No MMRB will be outstanding during the permanent phase; however, when utilizing a 1.000 to 1.000 bond service coverage ratio required by the State Board of Administration in their fiscal sufficiency determination, an interest rate of 7% and a 30 year amortization period, the current net operating income would support a permanent tax-exempt bond amount of \$2,050,000.
3. AmeriNational recommends an annual HC allocation of \$542,020 for the construction and permanent financing of the Development.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A), and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the MMRB Loan Special and General Conditions and the Housing Credit Allocation Recommendation (Section B). This recommendation is only valid for six months from the date of the report. The reader is cautioned to refer to these sections for complete information.

Prepared by:

Reviewed by:



Mark Fredericks  
Chief Credit Underwriter

Rex Tilley  
Director of Multifamily Housing

## Overview

### Construction Financing Sources:

Source	Lender	Applicant's Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Debt Service During Construction
MMRB - First Mortgage	JPMorgan Chase Bank	\$8,000,000	\$7,000,000	\$7,000,000	4.70%	\$271,166
Building Better Communities GOB Funds	Transforming Communities Foundation, Inc	\$0	\$500,000	\$2,500,000		
NSP II	New Urban Development, LLC	\$0	\$2,400,000	\$2,400,000		
ARRA Funding	FHFC	\$5,760,000	\$0	\$0		
HC Equity	Enterprise Community Investments	\$2,198,900	\$3,107,260	\$965,706		
Deferred Developer Fee	Developer	\$1,000,000	\$1,323,071	\$1,568,091		
<b>Total</b>		<b>\$16,958,900</b>	<b>\$14,330,331</b>	<b>\$14,433,797</b>		<b>\$271,166</b>

### MMRB Loan:

The Developer will utilize a \$7,000,000 MMRB allocation issued by Florida Housing Finance Corporation ("FHFC") to finance the construction of the Development. FHFC will require the Borrower to pay a commitment fee at closing equal to 150 basis points of the MMRB allocation. The Applicant provided a letter prepared and executed by JPMorgan Chase Bank ("Chase"). The letter states its purpose is to outline the terms offered to the Borrower that Chase proposes to underwrite for credit approval. The terms illustrated in the letter provide for Chase to purchase the \$7,000,000 MMRB allocation and lend the proceeds of said purchase (the "MMRB Loan") to the Borrower for the construction of the Development. The term of the MMRB Loan will be for a period of 24 months. Chase will require the Borrower to pay a commitment fee equal to 100 basis points of the MMRB Loan. During the term of the MMRB Loan the Borrower will be responsible to pay Chase interest at a rate equal to 30 Day LIBOR plus 325 basis points, currently 345 basis points or 3.45%. An interest rate of 4.7% has been underwritten and applied herein to allow for potential increases in the variable rate of interest charged to the Borrower to determine a sufficient interest reserve.

The MMRB Loan will maintain a first mortgage position on the Development's site and the improvements to be constructed thereon. Additional collateral will be required by Chase in the form of cash derived from monthly draws from the proceeds of the GOB funds. The terms of the letter require that a proportionate amount of the monthly MMRB Loan draw be drawn from the GOB funds and deposited into an account held by the trustee up to a maximum of \$5,000,000. \$2,000,000 of HC Equity available during construction will be deposited in the account as well and the balance of the account will be used to pay the principal balance of the MMRB Loan in full upon completion of the Development and receipt of certification that the units in the Development have been placed in service.

### GOB Loan:

The Miami-Dade County BOCC has approved a resolution granting \$7,500,000 in proceeds from the Miami Dade County Building Better Communities General Obligation Bond Program ("GOB") to the Borrower. The Borrower has proposed Miami-Dade County staff present for approval to the BOCC that the GOB funds be granted to a not for profit entity that will lend the GOB funds to the Borrower for construction and permanent phase financing of the Development with repayment options of interest only at a rate of 1% and no amortization. Accrued interest would be paid from available cash flow derived from the operations of the property. Unpaid interest would continue to accrue over the 30 year term of the loan and be due and payable in full upon maturity along with the unpaid principal balance of the loan. Miami-Dade County staff has agreed to present this for approval to the BOCC; however, the BOCC has not approved a resolution authorizing the structure underwritten and presented herein. Approval of a resolution by the BOCC providing the authority for the GOB funds to be granted to an acceptable not for profit that will commit to lending these funds under the aforementioned terms to the Borrower is a condition precedent to closing the MMRB Loan.

The GOB Loan available during construction has been illustrated herein at \$2,500,000 because Chase is requiring \$5,000,000 of the total loan be deposited in an account that will be utilized to retire the obligations associated with the MMRB Loan.

The Borrower has provided an executed Term Sheet Agreement illustrating the terms upon which Transforming Communities Foundation, Inc., a Florida not for profit will lend the GOB funds to the Borrower. The terms outlined in the Term Sheet Agreement are consistent with the terms proposed by the Borrower for approval by the BOCC.

NSP II Loan:

The Borrower has provided a fully executed Term Sheet Agreement dated July 25, 2011, which outlines the terms upon which New Urban Development, LLC will lend \$2,400,000 in NSP II funds it was allocated. The term of the loan will be for a period of 30 years. Interest will accrue over the term of the loan at a rate of 2% and will be payable from available cash flow from operations. The principal and unpaid interest will be due and payable in full at maturity.

HC Equity:

The Applicant will receive a net equity contribution of \$4,215,000 from an affiliated limited partnership of Enterprise Community Investments ("Enterprise") for the 99.99% interest in the Applicant in return for a proportionate share of the total HC allocation they estimate to be \$5,268,950. The HC allocation will be syndicated at a rate of \$0.80 for each \$1.00 of tax credits delivered. \$843,000 will be funded at closing, which is an amount sufficient to meet the 15% requirement per Rule 67-48. Enterprise has provided the Borrower with a letter outlining the terms and conditions for which they would make an equity investment in the Borrower. The letter confirms the \$843,000 to be provided at closing and that the second equity installment in the amount of \$2,122,706 will be funded during construction.

The total equity available during construction has been underwritten and illustrated herein at \$965,706 because Chase is requiring \$2,000,000 in HC Equity be deposited in an account that will be utilized to retire the obligations associated with the MMRB Loan.

Deferred Developer Fee:

The Applicant will be required to defer \$1,568,091 or 76% of the total developer fee during the construction phase.

The total construction/stabilization period is estimated to be approximately 19 months, with stabilization occurring 7 months after completion of construction, which is supported by the absorption estimates provided by the market study.

**Permanent Financing Sources:**

Source	Lender	Applicant's Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Amort. Years	Term Years	Annual Debt Service
MMRB - First Mortgage	JPMorgan Chase Bank	\$9,000,000	\$0	\$0	N/A	N/A	N/A	N/A
Building Better Communities GOB Funds	Transforming Communities Foundation, Inc	\$0	\$7,500,000	\$7,500,000	1.00%	0	30	\$0
NSP II	New Urban Development, LLC	\$0	\$2,400,000	\$2,400,000	2.00%	0	30	\$0
ARRA Funding	FHFC	\$5,760,000	\$0	\$0				
HC Equity	Enterprise Community Investments	\$3,998,000	\$4,215,000	\$4,215,000				
Deferred Developer Fee	Developer	\$1,000,000	\$215,331	\$318,797				
<b>Total</b>		<b>\$19,758,000</b>	<b>\$14,330,331</b>	<b>\$14,433,797</b>				<b>\$0</b>

GOB Loan:

The Miami-Dade County BOCC has approved a resolution granting \$7,500,000 in proceeds from the Miami Dade County Building Better Communities General Obligation Bond Program ("GOB") to the Borrower. The Borrower has proposed Miami-Dade County staff present for approval to the BOCC that the GOB funds be granted to a not for profit entity that will lend the GOB funds to the Borrower for construction and permanent phase financing of the Development with repayment options of interest only at a rate of 1% and no amortization. Accrued interest would be paid from available cash flow derived from the operations of the property. Unpaid interest would continue to accrue over the 30 year term of the loan and be due and payable in full upon maturity along with the unpaid principal balance of the loan. Miami-Dade County staff has agreed to present this for approval to the BOCC; however, the BOCC has not approved a resolution authorizing the structure underwritten and presented herein. Approval of a resolution by the BOCC providing the authority for the GOB funds to be granted to an acceptable not for profit that will commit to lending these funds under the aforementioned terms to the Borrower is a condition precedent to closing the MMRB Loan.

The Borrower has provided an executed Term Sheet Agreement illustrating the terms upon which Transforming Communities Foundation, Inc., a Florida not for profit will lend the GOB funds to the Borrower. The terms outlined in the Term Sheet Agreement are consistent with the terms proposed by the Borrower for approval by the BOCC.

NSP II Loan:

The Borrower has provided a fully executed Term Sheet Agreement dated July 25, 2011, which outlines the terms upon which New Urban Development, LLC will lend \$2,400,000 in NSP II funds it was allocated. The term of the loan will be for a period of 30 years. Interest will accrue over the term of the loan at a rate of 2% and will be payable from available cash flow from operations. The principal and unpaid interest will be due and payable in full at maturity.

HC Equity:

The Development's equity will be derived from the sale of a 99.99% interest in the Applicant prior to or simultaneous with the MMRB Loan closing. The equity is to be contributed to the partnership as follows:

<b>Capital Contributions</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Due upon</b>
1st Installment	\$843,000	20%	Admission Date
2nd Installment	\$2,122,706	50%	During Construction; however, no more than \$1,061,353 may be drawn prior to May 1, 2012 and the remainder may not be drawn prior to August 1, 2012.
3rd Installment	\$1,207,144	29%	At the later of: (i) Completion Date; or (ii) Cost Certification; or (iii) Stabilization
4th Installment	\$42,150	1%	Achievement of break even operations
<b>Total</b>	<b>\$4,215,000</b>	<b>100%</b>	

Annual Credits Per Syndication Agreement	\$526,895
Total Credits Per Syndication Agreement	\$5,268,950
Calculated HC Rate:	\$0.80
Limited Partner Ownership Percentage	99.99%
Proceeds During Construction	\$2,965,706

The Applicant will receive a net equity contribution of \$4,215,000 from an affiliated limited partnership of Enterprise for the 99.99% interest in the Applicant in return for a proportionate share of the total HC allocation they estimate to be \$5,268,950. The HC allocation will be syndicated at a rate of \$0.80 for each \$1.00 of tax credits delivered. \$843,000 will be funded at closing, which is an amount sufficient to meet the 15% requirement per Rule 67-48. Enterprise has provided the Borrower with a letter outlining the terms and conditions for which they would make an equity investment in the Borrower. The letter confirms the HC Equity terms illustrated herein.

Deferred Developer Fee:

The Applicant will be required to permanently defer \$318,797 or 16% of the total developer fee after stabilization.

## Uses of Funds

<b>Actual Construction Cost</b>	<b>Applicant's Total Costs</b>	<b>Applicant's Revised Total Costs</b>	<b>Underwriter's Total Costs</b>	<b>HC Ineligible Costs</b>
Site Work	\$0	\$0	\$503,165	
New Rental Units	\$6,802,600	\$6,588,485	\$6,103,857	\$131,770
Accessory Buildings	\$120,000	\$0	\$0	
Recreational Amenities	\$100,000	\$0	\$0	
General Conditions and Contractor Overhead and Fee	\$977,291	\$961,315	\$783,128	
Payment and Performance Bonds	\$0	\$0	\$159,650	
Total Construction Contract	\$7,999,891	\$7,549,800	\$7,549,800	\$131,770
Hard Cost Contingency	\$397,897	\$391,393	\$377,490	
<b>Total Actual Construction Cost</b>	<b>\$8,397,788</b>	<b>\$7,941,193</b>	<b>\$7,927,290</b>	<b>\$131,770</b>

*Notes to Actual Construction Costs:*

1. A Non-Standard Form of Agreement Between the Owner and Contractor where the basis of payment is a stated to be a lump sum in the amount \$7,549,800 (the "Construction Contract") has been provided. The Construction Contract was entered into as of October 30, 2010 and is executed by the Applicant and Design Management and Builders Corp (the "General Contractor"). It contains a schedule of values based on costs estimates as of April 22, 2009 and a production schedule indicating completion within 12 months. The Construction Contract states, "the Owner shall retain ten percent (10%) of each payment to the Contractor until the work is fifty percent (50%) complete". It further states, "retainage will not be withheld on the Contractor's reasonable and provable general liability insurance premiums, Builder's Risk insurance premiums, or bond premiums". A plan and cost review was engaged by AmeriNational and performed by New Perspective Florida, LLC ("NPF"). NPF summarized their review and conclusions in a report dated August 4, 2011. The review concludes that the construction budget is reasonable and adequate to complete the proposed improvements.
2. A hard cost contingency in the amount of \$391,393 was included in the Developer's budget. The amount exceeds the 5% allowed by the rule and was therefore reduced to \$377,490, which is 5% of the Construction Contract and an amount permitted by the Rule.
3. General Contractor's Fee (consisting of general requirements, overhead, and profit) is within the 14.0% permitted by the Rule.



<b>General Development Costs</b>	<b>Applicant's Total Costs</b>	<b>Applicant's Revised Total Costs</b>	<b>Underwriter's Total Costs</b>	<b>HC Ineligible Costs</b>
Accounting Fees	\$25,000	\$35,000	\$35,000	
Appraisal	\$12,000	\$12,000	\$11,500	
Architect's Fee - Design	\$400,000	\$300,000	\$200,000	
Architect's Fee - Supervision	\$50,000	\$50,000	\$50,000	
Builder's Risk Insurance	\$78,999	\$78,279	\$78,279	
Building Permits	\$75,168	\$111,168	\$111,168	
Engineering Fees	\$50,000	\$35,000	\$42,000	
Environmental Report	\$20,000	\$15,000	\$15,000	
FHFC Administrative Fees	\$27,768	\$41,992	\$43,362	\$43,362
FHFC Application Fee	\$3,000	\$5,000	\$3,000	\$3,000
FHFC HC Compliance Fee	\$64,803	\$63,931	\$78,926	\$78,926
FHFC Credit Underwriting Fee	\$13,695	\$13,695	\$13,695	\$13,695
FHFC MMRB Commitment Fee	\$0	\$0	\$105,000	\$105,000
Impact Fee & SURs	\$515,404	\$515,376	\$515,376	
Inspection Fees/Construction Admin	\$50,000	\$80,000	\$80,000	
Insurance	\$60,000	\$90,000	\$90,000	
Legal Fees	\$205,000	\$255,000	\$255,000	\$8,250
Market Study	\$9,000	\$12,000	\$11,500	
Marketing and Advertising	\$50,000	\$100,000	\$100,000	\$100,000
Property Taxes	\$15,000	\$5,000	\$5,000	
Soil Test	\$15,000	\$20,000	\$20,000	
Survey	\$25,000	\$20,000	\$20,000	
Title Insurance and Recording Fees	\$180,372	\$166,522	\$166,522	\$166,522
Utility Connection Fees	\$151,200	\$151,200	\$151,200	
Soft Cost Contingency	\$0	\$100,000	\$132,728	
Demolition Work paid outside the Construction Contract	\$0	\$75,000	\$75,000	\$75,000
Other - Recreational / Owner Items	\$0	\$278,052	\$278,052	\$139,026
Other - Off-Site Improvements	\$0	\$100,000	\$100,000	\$100,000
Other - Application Fees	\$0	\$12,000	\$0	
<b>Total General Development Costs</b>	<b>\$2,096,409</b>	<b>\$2,741,215</b>	<b>\$2,787,308</b>	<b>\$832,781</b>

*Notes to the General Development Costs:*

1. AmeriNational reflects actual costs for appraisal, market study, pre-construction analysis, inspection fees and FHFC Fees of: Application, HC Administrative, Credit Underwriting, and Construction Servicing.
2. The FHFC HC Compliance Fee is \$78,926, which was derived from the 2011 Monitoring Fee Chart that provides for a fee of \$76,502 based on the number of set-aside units and the compliance period plus a \$2,424 non-refundable fee.
3. The costs associated with the Architect and the Engineer has have been adjusted accordingly to reflect the amounts represented in the executed contracts between them and the Borrower that were reviewed by the Underwriter.
4. A soft cost contingency of \$132,728 has been budgeted and is within the 5% permitted by Rule.
5. The remaining general development costs appear reasonable.

<b>Financial Costs</b>	<b>Applicant's Total Costs</b>	<b>Applicant's Revised Total Costs</b>	<b>Underwriter's Total Costs</b>	<b>HC Ineligible Costs</b>
Construction Loan Origination Fee	\$80,000	\$0	\$70,000	
Construction Loan Closing Costs	\$16,000	\$20,000	\$20,000	\$8,000
Construction Loan Interest	\$471,363	\$279,667	\$271,166	
Permanent Loan Origination Fee	\$32,000	\$0	\$0	
Permanent Loan Closing Costs	\$9,600	\$0	\$0	
FHFC Bond Application Fee	\$20,000	\$0	\$0	
Reserves - Required by Syndicator	\$300,000	\$249,591	\$248,949	\$248,949
Other - Cost of Issuance	\$266,102	\$326,650	\$326,650	\$326,650
<b>Total Financial Costs</b>	<b>\$1,195,065</b>	<b>\$875,908</b>	<b>\$936,765</b>	<b>\$583,599</b>

*Notes to the Financial Costs:*

1. Financial costs were derived from the representations illustrated in the letters of intent for equity and construction and permanent financing and appear reasonable to AmeriNational.
2. An interest reserve for the Construction Loan is supported by the MMRB Loan rate illustrated in the letter provided by Chase and the duration of construction referenced in the Construction Contract.
3. The letter provided by Enterprise outlining the terms and conditions for which they would make an equity investment in the Borrower requires an operating deficit reserve account be funded in the amount of \$248,949.

	<b>Applicant's Total Costs</b>	<b>Applicant's Revised Total Costs</b>	<b>Underwriter's Total Costs</b>	<b>HC Ineligible Costs</b>
Development Cost Before Land and Developer Fee	\$11,689,262	\$11,558,316	\$11,651,363	\$1,548,150
<b>Other Development Costs</b>				
Developer Fee	\$2,104,284	\$2,067,015	\$2,052,434	
<b>Total Other Development Costs</b>	<b>\$2,104,284</b>	<b>\$2,067,015</b>	<b>\$2,052,434</b>	<b>\$0</b>

*Notes to the Other Development Costs:*

1. Developer Fee of \$2,052,434 is 18.00% of total development cost before land and developer fee, excluding the Operating Deficit Reserve, which is within program rule requirements.

	<b>Applicant's Total Costs</b>	<b>Applicant's Revised Total Costs</b>	<b>Underwriter's Total Costs</b>	<b>HC Ineligible Costs</b>
Development Cost Before Land	<b>\$13,793,546</b>	<b>\$13,625,331</b>	<b>\$13,703,797</b>	<b>\$1,548,150</b>
<b>Land Acquisition Costs</b>				
Land Lease Payment	\$1,000,000	\$705,000	\$730,000	\$705,000
Land Carrying Costs	\$55,000	\$0	\$0	
<b>Total Acquisition Costs</b>	<b>\$1,055,000</b>	<b>\$705,000</b>	<b>\$730,000</b>	<b>\$705,000</b>

*Notes to Acquisition Costs:*

1. The land will be leased by the Borrower from The Alternative Programs, Inc., a Florida not for profit, under the terms of a ground lease (the "Lease") dated February 26, 2007 and amended as of July 29, 2011. The lease requires construction period rent in the amount of \$25,000 per year and a capitalized lease payment of \$705,000 due and payable upon the earlier of (i) the issuance of a temporary certificate of occupancy or permanent certificate of occupancy; or (ii) December 31, 2012.

	<b>Applicant's Total Costs</b>	<b>Applicant's Revised Total Costs</b>	<b>Underwriter's Total Costs</b>	<b>HC Ineligible Costs</b>
<b>Total Development Cost</b>	<b>\$14,848,546</b>	<b>\$14,330,331</b>	<b>\$14,433,797</b>	<b>\$2,253,150</b>

## OPERATING PRO FORMA

DESCRIPTION	Annual	Per Unit
<b>Income</b>		
Gross Potential Rental Revenue	\$692,064	\$9,612
Other Income		
Ancillary Income	\$21,600	\$300
Gross Potential Income	\$713,664	\$9,912
Less:		
Vacancy and Collection Loss (7%)	\$49,956	\$694
<b>Total Effective Gross Income (EGI)</b>	<b>\$663,708</b>	<b>\$9,218</b>
<b>Expenses</b>		
Fixed:		
Real Estate Taxes	\$77,643	\$1,078
Insurance	\$50,400	\$700
Variable:		
Management (6%)	\$39,822	\$553
General and Administrative	\$36,000	\$500
Payroll Expenses	\$83,940	\$1,166
Utilities	\$36,000	\$500
Marketing and Advertising	\$14,400	\$200
Maintenance and Repairs	\$61,200	\$850
Grounds Maintenance	\$79,200	\$1,100
Reserve for Replacements	\$21,600	\$300
<b>Total Expenses</b>	<b>\$500,205</b>	<b>\$6,947</b>
<b>Net Operating Income</b>	<b>\$163,502</b>	<b>\$2,271</b>
<b>Debt Service Payments</b>		
First Mortgage - TCF	\$0	\$0
Second Mortgage - New Urban	\$0	\$0
<b>Total Debt Service Payments</b>	<b>\$0</b>	<b>\$0</b>
<b>Operating Income After Debt Service - Before Tax Cash Flow</b>	<b>\$163,502</b>	<b>\$2,271</b>
<b>Debt Service Coverage (DSC) Ratios</b>		
Debt Service Coverage - 1st Mortgage	N/A	
Debt Service Coverage - All Mortgages	N/A	
<b>Financial Ratios</b>		
Operating Expense Ratio	0.75	
Break-even Economic Occupancy Ratio	0.70	

**Notes to the Operating Pro forma and Ratios:**

1. Gross Potential Rental Revenue is based upon 2011 restricted rents published by Florida Housing less utility allowances effective October 1, 2009 for Miami-Dade County as required by the HC Program. The rents have been reduced to achievable levels confirmed by the appraiser. The Applicant has applied for Housing Credits, which will impose rent restrictions and are reflected herein. A rent roll for the Development property is illustrated in the following table:

MSA (County): Miami-Miami Beach-Kendal MSA (Miami-Dade)

Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	Max Gross HC Rents	Utility Allowance	Max Net HC Rents	Applicant Rents	Underwriter Rents	Annual Rents
2	2	36	854	60%	\$931	\$148	\$783	\$762	\$762	\$329,184
3	2	36	1,105	60%	\$1,077	\$211	\$866	\$840	\$840	\$362,880
<b>Total</b>		<b>72</b>	<b>70,524</b>							<b>\$692,064</b>

2. The 7.0% vacancy and collection loss rate was utilized by AmeriNational and supported by the appraisal.
3. Other Income of \$300 per unit is comparable to similar properties in the market. Other Income is comprised of fees associated with, late charges, pet deposits, forfeited security deposits, laundry facility income, cable income, etc.
4. Operating expenses are consistent with the per unit amounts concluded by the appraisal and consistent with the comparables referenced in the appraisal.
5. The Applicant has submitted a Management Agreement executed as of August 1, 2011 between Royal American Management, Inc. ("RAM") and the Applicant. The agreement states the term will be determined by the General Partner. The Agreement provides for compensation to the Management Company in the amount of 4.5% of the total gross rental collections received during the preceding month. The appraisal concluded a management fee of 6% and it is supported by comparable properties in the market; therefore, a management fee of 6% was utilized herein.
6. Replacement Reserves of \$300 per unit per year satisfies the minimum rule requirement.
7. A 15-year Operating Pro forma attached hereto as Exhibit 1 reflects rental income increasing at an annual rate of 2% and expenses increasing at an annual rate of 3%.

**Section B**

**MMRB Special and General Conditions &  
HC Allocation Contingencies**

## **Special Conditions**

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

1. Receipt of site plan approval as underwritten herein, in form and substance acceptable to FHFC, from the appropriate local governmental entities with jurisdiction to provide is a condition precedent to closing.
2. Receipt of a resolution approved by the Miami-Dade County Board of County Commissioners awarding the Building Better Communities General Obligation Bond Program funds to an acceptable not for profit that will be obligated to lend the funds to the Borrower under the terms illustrated herein.

## **General Conditions**

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

1. Borrower is to comply with any and all recommendations noted in the Plan & Cost Review prepared by New Perspective Florida, LLC.
2. Signed and sealed survey, dated within 90 days of MMRB Loan 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.). An acceptable alternative to this requirement is receipt and satisfactory review of a letter from the local permitting and approval authority stating 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. 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, documentation of the closing costs, and draft loan closing statement must also be provided. The final sources and uses of funds schedule will be attached to the Loan Agreements as the approved Development budget.
6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. The Borrower is required to take an initial draw of equity equal to a minimum of 15 percent of the total equity from the Housing Credit Syndicator/investor. MMRB loan proceeds shall be disbursed pro-rata with other funding sources during the construction period, unless otherwise

approved by the Credit Underwriter. The closing draw must include appropriate backup and ACH wiring instructions.

7. 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, which is determined to be "developer overhead". No more than 35% of developer overhead will be allowed to be disbursed at closing. The remainder of the developer overhead will be disbursed during construction on a pro rata basis, based on the percentage of completion of the Development, as approved by FHFC and Servicer. The remaining unpaid developer fee shall be considered developer profit and may not be funded until the Development has achieved 100% lien-free completion and retainage has been released.
8. 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.
9. A 100% Payment and Performance Bond 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 Applicant. 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. FHFC, 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 include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer, and its Legal Counsel.
10. 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, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.
11. A copy of the Amended and Restated Limited Partnership Agreement ("LPA") reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The LPA shall be in a form and financial substance satisfactory to Servicer, Florida Housing, and its Legal Counsel.

This recommendation is contingent upon the review and approval by Florida Housing, and its Legal Counsel at least two (2) weeks prior to Loan Closing. Failure to receive approval of these items within this timeframe may result in postponement of the loan closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/managers(s) of the Borrower, the guarantors, and any limited partners of the Borrower.
2. Signed and sealed survey, dated within 90 days of MMRB Loan 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 MMRB Loan closing, unless otherwise approved by Florida



Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower is to comply with any and all recommendations noted in the updated Environmental Audit Report(s) and all other environmental reports related to the property, as deemed appropriate by Florida Housing in its sole discretion.

4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the MMRB Loan naming FHFC as the insured. All endorsements 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/operating agreement or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the MMRB 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, in coverage, 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, and of any corporate guarantor and any manager;
  - b. Authorization, execution, and delivery by the Borrower and the guarantors, of the MMRB 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 MMRB 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, if applicable.
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 MMRB 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.

**This recommendation is also contingent upon the following additional conditions.**

1. Compliance with all applicable provisions of Section 42 of the Internal Revenue Code, as amended, and all related federal regulations, Florida Statutes and administrative rules, including, but not limited to, Rule Chapter 67-21, F.A.C., Rule Chapter 67-48, F.A.C., and Rule Chapter 67-53, F.A.C.
2. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRB Loan in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note, the Loan Agreement(s), the Mortgage and Security Agreement, the Extended Low Income Housing Agreement, and the Land Use Restriction Agreement.
3. At all times there will be undisbursed 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.
4. All amounts necessary to complete construction must be deposited with the Bond Trustee prior to closing, or any phased HC Equity pay-in amount necessary to complete construction shall be contingent upon an obligation of the entity providing payments, regardless of any default under any documents relating to the HC's, as long as the First Mortgage continues to be funded. Notwithstanding the foregoing, at least 15% of all HC Equity (but not less than provided for in the Syndication Agreement or such higher amount as recommended by the Credit Underwriter) shall be deposited with the Bond Trustee at the MMRB Loan closing unless a lesser amount is approved by FHFC prior to closing. If bridge loan proceeds are used in lieu of HC equity funding during construction, said loan must close simultaneously or prior to the MMRB loan, and sufficient amounts will be drawn from the bridge loan at MMRB Loan closing in order to satisfy the 15% requirement.
5. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and Syndicator, or an affiliate, that requires funding of all HC Equity Installments during construction, even if Borrower is in default under the Limited Partnership Agreement.
6. Guarantors to provide the standard FHFC Construction Completion Guaranty; to be released upon 100% lien-free completion as approved by the Servicer.
7. MMRB Program Loan – Guarantors are to provide the standard FHFC Operating Deficit Guaranty to be released upon achievement of an average 1.15 Debt Service Coverage on the First Mortgage (MMRB Loan), 90% occupancy and 90% of Gross Potential Revenue, all for twelve (12) consecutive months certified by an independent Certified Public Accountant and verified by the Servicer.
8. Guarantors are to provide the standard FHFC Environmental Indemnity Guaranty.
9. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.
10. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the MMRB 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. The form of the title policy must be approved prior to MMRB Loan closing.

11. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgage Lender or the Servicer. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release of funds shall be at Florida Housing's sole discretion.
12. Replacement Reserves funds in the amount of \$300 per unit per year are required to be deposited on a monthly basis into a designated escrow account, to be maintained by the Bond Trustee, beginning at closing. The Borrower will be required to maintain a minimum amount of \$1,500 per unit at all times, allowing for an initial period to accumulate this minimum. An inflation factor based upon the Consumer Price Index will be applied to the Replacement Reserve deposit beginning in Year 7, unless waived or reduced in the event Obligor provides a Physical Needs Study prepared by an independent third party acceptable to FHFC that evidences an increase in the deposit is excessive or unnecessary.
13. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy.
14. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.
15. Receipt and satisfactory resolution of any outstanding past due items or non-compliance issues.
16. New Perspective Florida, LLC will act as inspector for FHFC during the construction period.
17. Any other reasonable requirements of Florida Housing, its Legal Counsel, or its Servicer.

## **Housing Credit Allocation Recommendation**

AmeriNational recommends a \$542,020 annual HC Allocation. Please refer to Exhibit 3 - HC Allocation Calculation for further detail.

## **Contingencies**

1. New Perspective Florida, LLC will act as Florida Housing's inspector during the construction period.
2. Purchase of the HC by the Syndicator or its assigns under the terms consistent with assumptions of this report.
3. Receipt and satisfactory resolution of any outstanding past due items or non-compliance issues.
4. Any other reasonable requirements of Florida Housing or its Servicer.

Exhibit 1  
Georgia Ayers Apartments  
15 Year Pro forma

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
<b>Income</b>															
Gross Potential Rental Revenue	\$69,206.64	\$7,059,905	\$720,023	\$734,424	\$749,112	\$764,095	\$779,376	\$794,964	\$810,863	\$827,081	\$843,622	\$860,495	\$877,704	\$895,259	\$913,164
Other Income															
Ancillary Income	\$2,160.00	\$22,032	\$22,473	\$22,922	\$23,381	\$23,848	\$24,325	\$24,812	\$25,308	\$25,814	\$26,330	\$26,857	\$27,394	\$27,942	\$28,501
Gross Potential Income	\$71,366.64	\$7,279,937	\$742,496	\$757,346	\$772,493	\$787,943	\$803,702	\$819,776	\$836,171	\$852,895	\$869,952	\$887,351	\$905,099	\$923,200	\$941,664
Less:															
Vacancy & Collection Loss @ 7%	\$4,999.56	\$50,956	\$51,975	\$53,014	\$54,075	\$55,158	\$56,259	\$57,384	\$58,532	\$59,703	\$60,897	\$62,115	\$63,357	\$64,624	\$65,917
Total Effective Gross Income	\$66,367.08	\$6,728,981	\$690,521	\$704,332	\$718,418	\$732,785	\$747,442	\$762,391	\$777,639	\$793,192	\$809,055	\$825,237	\$841,742	\$858,576	\$875,747
<b>Expenses</b>															
<b>Fixed</b>															
Real Estate Taxes	\$7,764.43	\$79,972	\$82,371	\$84,843	\$87,388	\$90,010	\$92,710	\$95,491	\$98,356	\$101,307	\$104,346	\$107,476	\$110,700	\$114,021	\$117,442
Insurance	\$6,040.00	\$51,912	\$53,469	\$55,073	\$56,726	\$58,427	\$60,180	\$61,986	\$63,845	\$65,761	\$67,733	\$69,765	\$71,858	\$74,014	\$76,235
<b>Variable</b>															
Management (6%)	\$3,982.22	\$40,619	\$41,431	\$42,260	\$43,105	\$43,967	\$44,847	\$45,743	\$46,658	\$47,592	\$48,543	\$49,514	\$50,504	\$51,515	\$52,545
General and Administrative	\$3,600.00	\$37,080	\$38,192	\$39,338	\$40,518	\$41,734	\$42,986	\$44,275	\$45,604	\$46,972	\$48,381	\$49,832	\$51,327	\$52,867	\$54,453
Payroll Expenses	\$8,394.00	\$86,458	\$89,052	\$91,724	\$94,475	\$97,309	\$100,229	\$103,236	\$106,333	\$109,523	\$112,808	\$116,193	\$119,678	\$123,269	\$126,967
Utilities	\$3,600.00	\$37,080	\$38,192	\$39,338	\$40,518	\$41,734	\$42,986	\$44,275	\$45,604	\$46,972	\$48,381	\$49,832	\$51,327	\$52,867	\$54,453
Marketing and Advertising	\$1,440.00	\$14,832	\$15,277	\$15,735	\$16,207	\$16,694	\$17,194	\$17,710	\$18,241	\$18,789	\$19,352	\$19,933	\$20,531	\$21,147	\$21,781
Maintenance and Repairs	\$6,120.00	\$63,036	\$64,927	\$66,875	\$68,881	\$70,948	\$73,076	\$75,268	\$77,526	\$79,852	\$82,248	\$84,715	\$87,257	\$89,874	\$92,570
Grounds Maintenance	\$7,920.00	\$81,576	\$84,023	\$86,544	\$89,140	\$91,815	\$94,569	\$97,406	\$100,328	\$103,338	\$106,438	\$109,631	\$112,920	\$116,308	\$119,797
Reserve or Replacements	\$2,160.00	\$21,600	\$21,600	\$21,600	\$21,600	\$21,600	\$22,248	\$22,915	\$23,603	\$24,311	\$25,040	\$25,792	\$26,565	\$27,362	\$28,183
Total Expenses	\$50,020.55	\$514,165	\$528,536	\$543,330	\$558,559	\$574,237	\$591,024	\$608,307	\$626,098	\$644,415	\$663,271	\$682,684	\$702,669	\$723,244	\$744,427
Net Operating Income	\$16,346.53	\$1,604,816	\$161,985	\$161,002	\$159,859	\$158,550	\$156,418	\$154,085	\$151,541	\$148,777	\$145,784	\$142,553	\$139,072	\$135,332	\$131,321
<b>Debt Service Payments</b>															
First Mortgage - TCF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Mortgage - New Urban	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Income After Debt Service - Before Tax Cash Flow	\$16,346.53	\$1,604,816	\$161,985	\$161,002	\$159,859	\$158,550	\$156,418	\$154,085	\$151,541	\$148,777	\$145,784	\$142,553	\$139,072	\$135,332	\$131,321
<b>Debt Service Coverage Ratios</b>															
First Mortgage - TCF	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Second Mortgage - New Urban	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Financial Ratios</b>															
Operating Expense Ratio	75%	76%	77%	77%	78%	78%	79%	80%	81%	81%	82%	83%	83%	84%	85%
Break-even Economic Occupancy Ratio	70%	71%	71%	72%	72%	73%	74%	74%	75%	76%	76%	77%	78%	78%	79%

**Exhibit 2**  
**Georgia Ayers Apartments**  
**2009A-209B**  
Miami-Dade County  
Description of Features and Amenities

A. The Development will consist of:

72 Garden Apartment units located in 3 residential buildings.

Unit Mix:

Thirty Six (36) two bedroom/two bath units containing 854 square feet of heated and cooled living area; and

Thirty Six (36) three bedroom/two bath units containing 1,105 square feet of heated and cooled living area

72 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 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 and Americans with Disabilities Act ("ADA"), as applicable.

B. Each unit will be fully equipped with the following:

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

- C. The Applicant has committed to provide the following features in each new construction unit:
1. Ceramic tile bathroom floors in all units.
  2. Marble window sills in all units
  3. Steel exterior door frames for all units.
  4. At least 1½ bathrooms (one full bath and one with at least a toilet and sink) in all 2-bedroom new construction units.
  5. Pantry in kitchen area in all units – must be no less than 20 cubic feet of storage space. Pantry cannot be just an under- or over-the-counter cabinet.
  6. Dishwasher in all new construction units.
- D. The Applicant has committed to the following amenities in the Development:
1. Community center or clubhouse.
  2. Playground/tot lot, accessible to children with disabilities (must be sized in proportion to Development's size and expected resident population with age-appropriate equipment.).
  3. Outside recreation facility – volleyball court.
  4. Library consisting of a minimum of 100 books and 5 current magazine subscriptions.
  5. Computer lab on-site with minimum one computer per 50 units, with basic word processing, spreadsheets and assorted educational and entertainment software programs and at least one printer.
  6. Each unit wired for high speed internet.
  7. Laundry hook-ups and space for full-size washer and dryer inside each unit.
  8. Laundry facilities with full-size washers and dryers available in at least one common area on site.
- E. The Applicant has committed to provide the following energy conservation features for all buildings in the Development:
1. Air conditioning with a minimum SEER rating of 15.
  2. Electric water heater with energy factor of .93 or better.
  3. Wall insulation of a minimum of R-7.
  4. Attic insulation of R-30 or better.
  5. All windows single-pane with shading coefficient of .67 or better.
  6. Energy Star certified refrigerator and dishwasher in each unit.

- F. The Applicant has committed to providing the following Green Building options for this Development:
1. Programmable thermostats in each unit.
  2. Energy Star rated reversible ceiling fans in all bedrooms and living areas.
  3. Showerheads that use less than 2.5 gallons of water per minute.
  4. Faucets that use 2 gallons of water per minute or less in the kitchen and all bathrooms.
  5. Toilets that have dual flush options which include 1.6 gallons of water or less.
  6. Energy Star qualified lighting in all open and common areas.
  7. Motion detectors on all outside lighting that is attached to the units.
  8. Energy Star rating for all refrigerators, dishwashers and washing machines that are provided by the Applicant.
  9. Energy Star rating for all windows in each unit.
  10. Install daylight sensors or timers on all outdoor lighting.
- G. The Applicant has committed to provide the following Resident Programs:
1. Welfare to Work or Self-Sufficiency Type Programs - The Applicant commits to actively seek residents who are participating in or who have successfully completed the training provided by these types of programs
  2. Financial Assistance with Purchase of a Home - Applicant commits to provide a financial incentive which includes the following provisions:
    - The incentive must be applicable to the home selected by the resident and may not be restricted to or enhanced by the purchase of homes in which the Applicant, Developer, or other related party has an interest;
    - The incentive must be not less than 5 percent of the rent for the resident's unit during the resident's entire occupancy (Note: Resident will receive the incentive for all months for which the resident is in compliance with the terms and conditions of the lease. Damages to the unit in excess of the security deposit will be deducted from the incentive.);
    - The benefit must be in the form of a gift or grant and may not be a loan of any nature;
    - The benefits of the incentive must accrue from the beginning of occupancy;
    - The vesting period can be no longer than 2 years of continuous residency; and
    - No fee, deposit or any other such charge can be levied against the resident as a condition of participation in this program.
  3. First Time Homebuyer Seminars - Applicant or its Management Agent must arrange for and provide, at no cost to the resident, in conjunction with local realtors or lending institutions, semiannual on-site seminars for residents interested in becoming homeowners.



**MMRB AND HOUSING CREDITS PROGRAM CREDIT UNDERWRITING REPORT**

4. Job Training – Applicant or its Management Agent must provide, at no cost to the resident, regularly scheduled classes in keyboarding, computer literacy, secretarial skills or other useful job skills, which will be provided at least once each quarter. If the training is not provided on-site, transportation at no cost to the resident must be provided. Electronic media, if used, must be used in conjunction with live instruction.
5. Resident Activities – These specified activities are planned, arranged, provided and paid for by the Applicant or its Management Agent. These activities must be an integral part of the management plan. The Applicant must develop and execute a comprehensive plan of varied activities that brings the residents together and encourages community pride. The goal here is to foster a sense of community by bringing residents together on a regularly scheduled basis by providing activities such as holiday and special occasion parties, community picnics, newsletters, children’s special functions, etc.
6. Financial Counseling - This service must be provided by the Applicant or its Management Agent, at no cost to the resident, and must include the following components: must be regularly scheduled at least once each quarter; must include tax preparation assistance by qualified professionals; must include educational workshops on such topics as “Learning to Budget”, “Handling Personal Finances”, “Predatory Lending”, or “Comparison Shopping for the Consumer”. Electronic media, if used, must be used in conjunction with live instruction.
7. Residence Assistance Referral Program – The Applicant or its Management Agent will make available to residents information about services such as crises intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self sufficiency, and advocacy to assist clients in securing needed resources. This service must be provided at no cost to the resident. Electronic media, if used, must be in conjunction with live instruction.
8. Life Safety Training – The Applicant or its Management Agent must provide courses such as fire safety, first aid (including CPR) etc., on-site, at least twice a year, at no cost to the resident.

## HC Allocation Calculation

### Section I: Qualified Basis Calculation

Total Development Cost	\$14,433,797
Less Land Costs	\$730,000
Less Other Ineligible Costs	\$1,548,150
Total Eligible Basis	\$12,155,647
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	130%
Qualified Basis	\$15,802,341
Housing Credit Percentage (Federal allocation)	3.43%
Annual Housing Credit Allocation	\$542,020

*Notes to the Qualified Basis Calculation:*

1. Other Ineligible Costs are reflected in the HC Ineligible Costs column of the Uses of Funds schedule within Section A of this Credit Underwriting Report.
2. The Annual Housing Credit Allocation is based on a \$12,155,647 eligible basis.
3. The Development has a 100% set-aside; therefore, the Applicable Fraction is 100%
4. The proposed development is located within a Difficult Development Area therefore a multiple of 130% is utilized to derive a \$15,802,341 Qualified Basis.
5. The Housing Credit Percentage is 3.43% based on the rate for 4% non-competitive tax credits as of the date of the Applicant's invitation into enter credit underwriting at risk (3.28%) plus 15 basis points

### Section II: GAP Calculation

Total Development Cost (including land and ineligible costs)	\$14,433,797
Less Mortgages	\$9,900,000
Less Grants	\$0
Equity Gap	\$4,533,797
HC Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.80
HC Required to meet Equity Gap	\$5,667,813
Annual HC Required	\$566,781

*Notes to the Gap Calculation:*

1. The HC Syndication Pricing and Percentage to Investment Partnership are based on the letter of intent provided by the Syndicator to the Applicant.

## MMRB AND HOUSING CREDITS PROGRAM CREDIT UNDERWRITING REPORT

## Section III – Tax Credit 50% Test

Total DEPRECIABLE Cost	\$12,155,647
Plus: Land Cost	\$730,000
Equals Aggregate Basis	\$12,885,647
Tax Exempt Bond Ammount	\$7,000,000
LESS Debt Service Reserve	\$0
LESS Tax Exempt Proceeds Used for Cost of Issuance	\$0
Equals Tax Exempt Proceeds Used for Building and Land	\$7,000,000
Tax Exempt Proceeds as a Percentage of Aggregate Basis	54.32%

Notes to the Tax Credit 50% Test:

1. Based upon this analysis, the 50% Test is satisfactory.

## Section IV: Summary

HC Per Qualified Basis	\$542,020
HC Per GAP Calculation	\$566,781
<b>Annual HC Recommended</b>	\$542,020
HC Proceeds Recommended	\$4,335,726

Notes to the Summary:

1. The Annual HC Recommended is limited by the lesser of the Qualified Basis or the Gap Calculation; therefore, the Gap Calculation applies.

**DEVELOPMENT NAME:** Georgia Ayers Apartments  
**DATE:** August 18, 2011

In accordance with the applicable Program Rule(s), 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 ("FHFC"). 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 allowed timeframe. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

<b>FINAL REVIEW</b>	<b>STATUS</b>	<b>NOTE</b>
<b>REQUIRED ITEMS:</b>	<b>Satis. / Unsatis.</b>	
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.	
Final site plan and/or status of site plan approval.	Unsatis.	1
Permit Status.	Satis.	
Pre-construction analysis ("PCA").	Satis.	
Survey.	Satis.	
Complete, thorough soil test reports.	Satis.	
Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
Market Study separate from the Appraisal.	Satis.	
Environmental Site Assessment – Phase I and/or the 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.	
Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors, and general contractor.	Satis.	
Resumes and experience of applicant, general contractor, and management agent.	Satis.	
Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
Management Agreement and Management Plan.	Satis.	
Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
Firm commitment letter from the syndicator, if any.	Satis.	
Firm commitment letter(s) for any other financing sources.	Satis.	
Updated sources and uses of funds.	Satis.	
Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
Fifteen-year income, expense, and occupancy projection.	Satis.	

## COMPLETENESS AND ISSUES CHECKLIST

FINAL REVIEW	STATUS	NOTE
<b>REQUIRED ITEMS:</b>	<b>Satis. / Unsatis.</b>	
Executed general construction contract with “not to exceed” costs.	Satis.	
HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis	
Any additional items required by the credit underwriter.	Satis.	

**NOTES AND DEVELOPER RESPONSES:**

1. Final site plan approval is a condition precedent to closing