BEFORE THE FLORIDA HOUSING FINANCE CORPORATION

SAS FOUNTAINS AT PERSHING PARK, LTD
2009-240C/2010-013CX,

Petitioner,

v.

CASE NO.:
FHFC Application No. 2009-240C and 2010-013CX

FLORIDA HOUSING FINANCE CORPORATION,

Respondent.
_______________________________________/

PETITION FOR ADMINISTRATIVE PROCEEDINGS

Pursuant to Sections 120.569 and 120.57, Fla. Stat., and Rule Chapters 28-106 and 67-48, Fla. Admin. Code, Petitioner, SAS FOUNTAINS AT PERSHING PARK, LTD. ("Petitioner" or "Pershing Park"), hereby requests administrative proceedings on Florida Housing Finance Corporation's decision to deny federal low income housing tax credits and Tax Credit Exchange Program funding to Pershing Park. In support of this petition, Pershing Park states as follows:

Parties

1. The agency affected is the Florida Housing Finance Corporation ("FHFC" or "Florida Housing"), 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329. Pursuant to Section 420.5099, FHFC is the state agency designated to allocate federal low income housing tax credits. FHFC has assigned Application Nos. 2009-240C and 2010-013CX to the funding requests submitted by Pershing Park.

2. The Petitioner is SAS Fountains of Pershing Park, Ltd., ("Petitioner" or "Pershing Park") whose business address is 655 W. Morse Boulevard, Suite 212, Winter Park, Florida 32789. For purposes of this proceeding, Pershing Park's address is that of its undersigned

attorney, M. Christopher Bryant, Oertel, Fernandez, Cole, & Bryant, P.A., 301 South Bronough Street, 5th Floor, Tallahassee, Florida 32301 (P. O. Box 1110, Tallahassee, Florida 32302-1110), Telephone: (850) 521-0700, Facsimile: (850) 521-0720.

Substantial Interests Affected

3. Pershing Park has proposed the construction of a 92-unit multi-family housing development in Orange County, Florida to be known as The Fountains at Pershing Park. Because the vast majority of the apartments would be set aside for low income residents, Petitioner applied in FHFC's 2009 Universal Application Cycle for an annual allocation of competitively awarded low income housing tax credits, or "Housing Credits", for its proposed development. In its application for Housing Credits, Petitioner proposed to set aside 10% of the units for households making 33% or less of Area Median Income ("AMI"), and an additional 79% of the units for households making 60% or less of AMI. Petitioner has also applied for an award of "Exchange" funding to be made available as a loan under the Tax Credit Exchange Program of the American Recovery and Reinvestment Act of 2009 ("ARRA"), as explained more fully in this Petition.

4. Pershing Park was selected by FHFC staff and its Board for funding with both Housing Credits and Exchange funding. However, at a Board meeting held Friday, July 30, 2010, the Board voted to rescind Pershing Park's Housing Credit award and Exchange funding.

5. As explained more fully in this Petition, Pershing Park's substantial interests are affected by FHFC's decision to rescind the Housing Credit award and Exchange funding for Pershing Park. Without such award and funding, Pershing Park would lack the resources necessary to construct and operate the development as affordable rental housing. Even if

conventional financing sources were available for the development, the costs of conventional financing would prohibit Pershing Park from being able to rent the units to tenants making 60% or less of AMI.

Background

6. In its application for Housing Credits, Pershing Park projected its total development costs to be $16,321,711. Petitioner proposed to finance a portion of these development costs with proceeds from the sale of Housing Credits, awarded by FHFC through a competitive process; Petitioner initially projected the sale of Housing Credits would generate approximately $9.76 million.

7. In its 2009 Application for Housing Credits, Petitioner also identified as an anticipated additional funding source funds that FHFC planned to make available under the ARRA. Because of the downturn in the economy, recipients of Housing Credits nationwide were unable to find investors to purchase Housing Credits, or were only able to find investors to purchase Housing Credits at a price below the price that would make their developments economically viable transactions. In response, the ARRA contained provisions that allowed states to return unawarded, returned, or unsold Housing Credits to the federal government and receive funding to loan to applicants. This provision of the ARRA is known as the Tax Credit Exchange Program, referred to in this Petition as "Exchange" funding. This would allow the states, in turn, to provide additional subsidies to developers who would otherwise be unable to develop affordable housing with the proceeds of the sale of Housing Credits.

8. FHFC chose to distribute the Exchange funding through a Request for Proposal ("RFP") process. FHFC issued RFP number 2010-04 on or about February 26, 2010. Twenty-

nine (29) applicants, including Pershing Park, submitted proposals in response to the RFP, and all twenty-nine were selected as recipients of Exchange funding. Pershing Park's request was for Exchange funding of $4.6 million.

9. Both the housing credit program and the RFP for Exchange funding require applicants selected for funding to submit to the credit underwriting process. The credit underwriting provisions of FHFC's rules governing the 2009 application process for Housing Credits read, in pertinent part, as follows:

67-48.0072 Credit Underwriting and Loan Procedures

> The credit underwriting review shall include a comprehensive analysis of the Applicant, the real estate, the economics of the Development, the ability of the Applicant and the Development team to proceed, the evidence of need for affordable housing in order to determine that the Development meets the program requirements and determine a recommended SAIL or HOME loan amount, Housing Credit allocation amount or a combined SAIL loan amount and Housing Credit Allocation amount, if any. Corporation funding will be based on appraisals of comparable developments, cost benefit analysis, and other documents evidencing justification of costs. As part of the credit underwriting review, the Credit Underwriter will consider the applicable provisions of Rule Chapter 67-48, F.A.C.

The end product of the credit underwriting process is a report and recommendation to FHFC's Board of Directors; the decision whether or not to close on funding is not the credit underwriter's but is the Board's, subject to the statutes and rules governing the various funding programs.

10. RFP number 2010-04 stated that proposed Developments funded with Exchange funding "will be subject to the credit underwriting and Housing Credit Program requirements of Rule Chapter 67-48, F.A.C., the Compliance requirements of Rule Chapter 67-53, F.A.C., this RFP, Section 42 of the IRC, and the Tax Credit Exchange Program provisions." With specific

reference to how the Developer's abilities would be analyzed in the credit underwriting process, the RFP stated as follows:

> An analysis of the credit worthiness of the Developer shall be completed with more in-depth review then typically considered, including areas of part performance, default history, failed conversions, guarantor performance, and outstanding contingencies.

(Emphasis added). Neither the RFP, nor FHFC's rules or authorizing statutes, define the term "credit worthiness."

Nature of the Controversy

11. The credit underwriter who analyzed the Pershing Park applications was a company known as First Housing Development Corporation ("First Housing"). First Housing produced a final credit underwriting report for the Pershing Park application dated July 16, 2010. With specific reference to the "Developer's experience and qualification," First Housing included the following:

> Issues and Concerns:
>
> 1. As part of our due diligence, First Housing has undertaken a review of the Developer's experience and qualification to perform as Developer for the proposed transaction. The proposed Developer is Southern Affordable Development, LLC which is wholly owned by Southern Affordable Services, Inc. The application indicates that Mr. Larry White is the Principal of the Developer and indicated two prior affordable housing transactions to qualify under the requirements of the Application. One of the properties listed is Holly Creek Phase I in Woodlands, Texas and is indicated to be a HUD Section 8 property. The second is Woodbridge Apartments located in Orlando, FL and is indicated to have been funded with Tax Exempt Bonds. Mr. White has provided a resume which indicates that he worked for the Woodland Commercial Development Corporation prior to his involvement with Whitemark Homes, which he founded in 1984. This would indicate that Mr. White was involved in the

> development of Holly Creek prior to 1984 and the inception of the LIHTC program. We have also researched Woodbridge and have found it was developed with a bond issue in 1985, again prior to the creation of the LIHTC program. We also note that the development was foreclosed in 1992. We are still attempting to ascertain Mr. White's direct involvement in the Woodbridge Development. While researching Mr. White's involvement with Whitemark Homes, we further discovered that Whitemark and Mr. White were subject to an SEC investigation beginning in 2003 and subsequent Accounting and Enforcement Action on December 29, 2006 regarding violation of financial reporting. Mr. White resigned from Whitemark in 2005 and the company is no longer active as a homebuilder. Given Mr. White's limited experience with affordable housing, the fact that his involvement was over 25 years ago and predates the creation of the LIHTC programs, and that Mr. White has a history that includes an SEC enforcement action for violation of financial reporting, we cannot accept Southern Affordable Development LLC as a qualified developer for Fountains at Pershing Park.

12. First Housing also included comments and observations in its credit underwriting report regarding other aspects of the Pershing Park applications. However, the only provisions of the proposed development application which First Housing cited as the basis for a negative recommendation is its opinion that Southern Affordable Development, LLC, is not a qualified developer. Notably, the credit underwriter expressly found the Development to be feasible, taking into consideration the amenities and features of the Development, the length of the set-aside committed to, and the financing structure. See, Credit Underwriting Report at Pages A-3 and A-4.

13. The Developer experience requirement is found on a 2009 Universal Cycle Developer Certification Form and in the 2009 Universal Application Instructions. Both of these documents are part of the 2009 Universal Application Package, which are incorporated by reference into FHFC's rules by Rule 67-48.004(1)(a), Fla. Admin. Code. The Certification form

reads:

> I have developed and completed; i.e., the certificate of occupancy has been issued for at least one building, at least two affordable rental housing developments, at least one of which consists of a total number of units no less than 50 percent of the total number of units in the Development proposed by this Application....

The Universal Application Instructions at Page 9 of 102, repeat the substance of this requirement.

14. Petitioner responds to the specific criticisms of developer experience contained in the credit underwriting report as follows:

A. Developer's experience with affordable housing

(1) The Universal Cycle application only required identification of two affordable rental housing developments that the Developer or its Principal had experience in completing. Mr. White's two listed developments - Holly Creek Apartments Phase I in The Woodlands in Texas and Woodbridge Apartments in Orlando, Florida - each had more units than Pershing Park, and both were affordable rental housing developments. There were no other criteria established in the Universal Cycle rules for Developer experience.

(2) The RFP for Exchange funds had no separate definition of Developer. The RFP states where a term is not defined the Universal Cycle rule definitions apply. The RFP also had no separate requirement for Developer experience.

(3) Where a state agency's rules set a standard to be met in an application, and the application meets those standards, that agency does not have the discretion to reject it and impose a higher standard. FHFC's rules established the standards to be met for developer qualifications, and Larry White, the principal of the Developer, met those standards.

B. <u>The age of the developments Mr. White was involved with, relative to the creation of housing credit program.</u>

(1) FHFC's rules do not require any experience specifically with Housing Credit-financed developments, just "affordable rental housing developments." Neither Holly Creek nor Woodbridge was a Housing Credit-financed development, but that is irrelevant because there is no requirement in FHFC's rules that the affordable rental housing developments relied upon as proof of prior experience had to be financed with Housing Credits. Whether a Developer has specific experience with the Housing Credit program is irrelevant. The Developer's role is not materially different for a Housing Credit-funded development than for any other affordable rental housing Developments.

(2) FHFC's rules and instructions do not require that the Developer's experience fall within any particular time frame. Mr. White has continued to be involved with residential development subsequent to those two particular identified affordable rental housing developments were completed. Since the development of Woodbridge Apartments, Mr. White has developed over 2,500 lots and homes in twenty (20) different developments.

(3) A comment is included in the credit underwriting report that one of the Developments listed by Mr. White, Woodbridge Apartments in the Orlando area, was foreclosed on in 1992. That foreclosure happened <u>after</u> Mr. White's company completed the development in 1986. FHFC's Board continues to approve for funding applicants whose developers or principals have recent developments with Final Judgments of Foreclosure, other affordable rental housing developments in financial distress, other developments currently in the foreclosure process, and other developments that are experiencing negative cash flows. Since present day foreclosure

activity does not disqualify a developer or its principals from receiving FHFC financing it is obviously not treated as a disqualifying event by FHFC for other developers. It would be inconsistent with current and prior agency practice, and would be arbitrary and capricious, to disqualify Southern Affordable Services, whose Principal experienced a foreclosure 20 years ago.

(4) In addition, FHFC's rules require identification in a Housing Credit application of not just the Developer and its Principal, but also of the "Development Team." FHFC's rule-adopted instructions define the "development team" as consisting of the Developer, the Management Agent, the General Contractor, the Architect/Engineer, the Attorney, and the Accountant. The development team for the Pershing Park development has extensive experience developing and managing FHFC-financed developments. In fact the Credit Underwriter expressly noted in the Credit Underwriting Report at Page A-6, that a "mitigating factor" for the proposed Development was that principals of the General Contractor and the Housing Credit Syndicator are some of the Principals of Atlantic Housing Partners, which First Housing has acknowledged is very experienced in the Development of affordable housing. This same credit underwriter has accepted Atlantic Housing Partners' Principals as experienced, qualified development team members for other developments without any reservation.

C. Mr. White was involved in an SEC enforcement action for violation of financial reporting.

(1) The SEC issued a consented Cease and Desist order in December 2006, regarding the valuation and reporting of assets by Mr. White's former company, Whitemark, when it consolidated financial statements with another company it had acquired. Mr. White, his company, and his CPA firm had acted with due diligence in determining a proper method for

reporting the asset values, even obtaining guidance from the American Institute of Certified Public Accountants, but the SEC disagreed with the way it was reported. The Cease and Desist Order was agreed to by Mr. White, without any admission of wrongdoing, as a means of bringing the matter to a conclusion.

(2) The agreed disposition of the SEC investigation was that Mr. White would disgorge a certain amount of funds, plus interest. "Disgorgement" typically means to return funds which the holder would not have been entitled to but for the questioned activity; in this case, the disgorgement was of a portion of the profits Mr. White received from his sale of stock in Whitemark, which profit the SEC believed was larger than it would have been had the acquired company's assets had been valued differently. There was no fine or monetary penalty assessed, and the SEC neither sought nor imposed any conditions or restrictions on Mr. White's future signing of financial reports or his serving as an officer, director, or principal of publicly traded companies.

(3) The SEC action had nothing to do with the construction or management of a particular development, and does not in any way reflect on his ability to develop the Fountains at Pershing Park, or to manage his development budget. He will have no involvement in financial reporting for the proposed development.

(4) Most importantly, the SEC action does not relate to Mr. White's or SAS's "credit worthiness," which is the only standard contained in the RFP for evaluating developers. "Credit worthiness" is not defined in any applicable rule, but in common parlance means whether a person or company poses an unacceptable credit risk to a lender, leading to inability to borrow capital in the market place. Mr. White has been successful in accessing capital from venture

capitalists and traditional lenders alike.

D. Mr. White's recent activity in construction.

Contrary to the credit underwriting report's assertion, Mr. White continues to be a residential developer and builder, but like many residential developers and builders has not had a lot of development activity in the recent years due to the economy. His resume was provided to both Florida Housing staff and the Credit Underwriter detailing his more recent activities since the two developments which were listed in the application. Those activities include development and construction of approximately 2,500 residential units in approximately twenty (20) residential developments since the completion of Woodbridge.

15. Further, the issues concerning the affordable nature of Holly Creek Apartments Phase I, Mr. White's role in the Holly Creek development, and the consented SEC order were brought to FHFC's attention during the Housing Credit application scoring process by Notices of Possible Scoring Error (NOPSE) filed against Pershing Park by competitors. A condensed version of the SEC order, summarizing the operative facts, was even included with one of the NOPSEs. FHFC staff declined to disqualify Mr. White and Southern Affordable Development based on those NOPSEs. The FHFC Board approved final rankings for the 2009 Universal Application Cycle that included The Fountains at Pershing Park as a "funded" applicant, which necessarily means it met all threshold criteria, including those for developer experience and qualification. That determination of satisfying threshold criteria is thus res judicata on the question of whether the Holly Creek and SEC issues constitute unacceptable Developer experience.

16. In summary, regarding the Developer's experience and qualifications, First Housing contends that the Developer has insufficient experience because it is a relatively new entity and its manager, Mr. White, reported two affordable rental housing developments that were developed a number of years ago. FHFC rules do not prescribe any specific time period for the Developer's (or its Principal's) prior development experience, so the age of the affordable rental housing developments is irrelevant pursuant to FHFC rules. Further, First Housing chose only to consider the two affordable rental housing developments but has failed to consider Mr. White's more than 25 years of developer experience in residential communities. In addition, it is well recognized that when the Developer entity is relatively new, the credit underwriter looks to the experience of the principal of the Developer as well as the rest of the Development Team. When Mr. White's 25-year career as a residential developer is considered along with the proven track record of the General Contractor, Management Agent, and Housing Credit Syndicator, there is ample evidence of experience necessary to establish the satisfactory nature of "the Applicant, the real estate, the economics of the Development, the ability of the Applicant and the Development team to proceed …in order to determine that the Development meets the program requirements…" for The Fountains at Pershing Park. Finally, the SEC enforcement action concerned issues completely unrelated to Mr. White's affordable rental housing development experience, and do not adversely affect his credit worthiness.

Notice

17. Pershing Park received notice via Federal Express delivery on Monday, August 2, 2010, of FHFC's decision to rescind the Housing Credits award and Exchange funding for the The Fountains at Pershing Park. A copy of that Notice is attached to this Petition as Exhibit "A."

The Notice attached to the credit underwriter's report, dated July 16, 2010, and it is attached to this Petition as Exhibit "B."

<u>Disputed Issues</u>

18. Pershing Park has initially identified the following disputed issues, which it reserves the right to supplement as additional matters become known to it. Pershing Park expressly reserves the right to raise additional disputed issues, including disputed issues of material fact, should FHFC assert any basis other than alleged lack of developer experience and qualifications as the basis for rescinding the Housing Credit award and Exchange funding.

a. Whether Larry White has development experience as a Principal in a development company that completed at least two affordable rental housing developments, with at least one of those having 50% or more of the number of units proposed for The Fountains at Pershing Park.

b. Whether Larry White is credit worthy.

c. Whether the experience of the Development Team for Fountains at Pershing Park, as a whole, demonstrates the ability of the Team to successfully develop The Fountains at Pershing Park.

d. Whether the SEC enforcement action cited in the credit underwriting report provides any evidence of lack of credit worthiness of Mr. White or the Developer entity Southern Affordable Development, or a lack of affordable rental housing development experience and qualifications in Mr. White.

e. Whether either the Housing Credit rules or RFP 2010-04 require developer experience specifically with Housing Credit-financed developments.

f. Whether either the Housing Credit rules or RFP 2010-04 require affordable rental housing development experience within a certain period of time prior to submission of the application.

g. Whether the Developer's or Principal of Developer's role in development of affordable rental housing developments financed with Housing Credits is materially different than the Developer's or Principal of Developer's role in developing affordable rental housing developments financed with other sources.

h. Whether the Developer's role in developing affordable housing has changed materially since Mr. White's involvement in the development of Holly Creek Apartments Phase I in The Woodlands in Texas, or Woodbridge Apartments in Orlando, Florida.

Concise Statement of Ultimate Facts

19. Petitioner asserts as ultimate facts that its application for Housing Credits, 2009-240C, and its proposal for Exchange funding, 2010-013CX, presented a qualified and experienced Development Team with documented access to available and reliable funding sources, and an affordable housing proposal that is financially feasible in both the short term and the long term. The application and its development team satisfy all established criteria for receipt of the requested funding, including but not limited to criteria established for developer experience, and the application and proposal should proceed to closing of the Housing Credit and Exchange funding.

Relief Sought and Law Entitling Applicant to Relief

20. Petitioner seeks the scheduling of an informal hearing before an FHFC-retained hearing officer to preside over these proceedings. Petitioner does not at this time believe disputed issues of fact exist regarding the "Developer experience" issue, but reserves the right to raise disputed issues of fact and either demand referral to the Division of Administrative Hearings should any disputed issue of fact arise before, during, or after the informal proceeding, whether related to the "Developer experience" issue or any other issue. Petitioner seeks entry of recommended and final orders upholding Petitioner's right to receive Housing Credit and Exchange funding, and for closing on such funding to be scheduled. Petitioner is entitled to this relief by Chapters 120 and 420, Fla. Stat., including but not limited to Sections 120.569, 120.57, and 420.5099, Fla. Stat.; Rule Chapters 28-106 and 67-48, Fla. Admin. Code; and FHFC RFP 2010-04.

Request for Expedited Determination

21. Due to the requirements of the ARRA, recipients must incur at least 30% of the cost of the total adjusted basis in land and depreciable property by December 31, 2010. In order for Petitioner to reasonably achieve that level of expenditure, the closing on the Exchange funding must occur no later than the end of October, and a final order must be entered in this proceeding by September 10, 2010. As a result, administrative proceedings in this matter must be concluded in time for a recommended order to be entered by August 31, 2010. Petitioner requests that proceedings be held either late in the week of August 16 or early the week of August 23.

FILED and SERVED this 9th day of August, 2010.

M. CHRISTOPHER BRYANT
Florida Bar No. 434450
OERTEL, FERNANDEZ, COLE, & BRYANT, P.A.
Post Office Box 1110
Tallahassee, Florida 32302-1110
Telephone: (850) 521-0700
Telecopier: (850) 521-0720
Attorney for Petitioner, SAS Fountains at Pershing Park, Ltd.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original of the foregoing has been filed via Hand Delivery upon the Corporation Clerk, Florida Housing Finance Corporation, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329; and a copy furnished via Hand Delivery to Wellington H. Meffert, II, General Counsel, Florida Housing Finance Corporation, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329, this 9th day of August, 2010.

M. CHRISTOPHER BRYANT

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we make housing affordable™
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000 • Tallahassee, Florida 32301
850.488.4197 • Fax 850.488.9809 • www.floridahousing.org

July 30, 2010

Via Federal Express

Mr. Scott Clark
SAS Fountains at Pershing Park, Ltd.
655 W. Morse Boulevard, Ste. 212
Winter Park, Florida 32789

Re: Final Action and Notice of Rights
The Fountains at Pershing Park/2009-240C
2009 Universal Application Cycle and RFP 2010-04

Dear Mr. Clark:

As you know, at its meeting today, Florida Housing's Board rescinded the Housing Credit award and Exchange funding awarded to The Fountains at Pershing Park development and directed the award and funding be returned to Florida Housing. The Board's action was taken as a result of the negative recommendation in the July 16, 2010 credit underwriting report issued by the Credit Underwriter. A copy of the Florida Housing staff recommendation and the credit underwriting report as they appeared in the Board agenda are attached to this letter.

If you wish to contest the action taken by Florida Housing in this matter, you may request a hearing as provided in the Notice of Rights attached to this letter.

Sincerely,

Kevin L. Tatreau,
Director of Multifamily Development Programs

CC: Jan Rayboun, Loan Closing Coordinator
Doug McCree, First Housing Development Corporation

Enclosures: Staff recommendation and credit underwriting report from Board Agenda
Notice of Rights

Exhibit A

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

Action

Request Approval of Credit Underwriting Recommendation for The Fountains at Pershing Park (2009-240C/2010-013CX)

Development Name: The Fountains at Pershing Park ("Development")	**Location: Orange County**
Developer/Principal: Southern Affordable Development, LLC ("Developer")	**Set-Aside: 10% @ 33% AMI, 79% @ 60% AMI & 11% Market Rate**
Number of Units: 92	**Tax Credit Exchange Program: $4,600,000**
Type: Garden Style	**Housing Credit Allocation: $1,502,550**
Demographics: Senior	**MMRB: N/A**

Background/Present Situation

On March 17, 2010, the Board approved the award list of the Request for Proposals (RFP) 2010-04 and directed staff to proceed with all necessary credit underwriting activities.

On March 17, 2010, staff issued a preliminary commitment letter and an invitation to enter credit underwriting for Tax Credit Exchange Program funds and a Housing Credit Allocation.

On July 16, 2010, staff received a credit underwriting report with a negative recommendation for the Tax Credit Exchange Program loan in the amount of $4,600,000, and annual Housing Credit Allocation of $1,502,550 (Exhibit A). Additionally, the Developer provided a response to the credit underwriting (Exhibit B)

Recommendation

Approve the credit underwriting recommendation and direct staff to rescind the Tax Credit Exchange Program funds and Housing Credit Allocation.

FLORIDA HOUSING FINANCE CORPORATION

NOTICE OF RIGHTS

If your substantial interests are affected by Florida Housing Finance Corporation's (Florida Housing) action(s) in this matter, you have the right to request an administrative hearing on that action pursuant to Section 120.569, Florida Statutes. You may request either a formal or an informal hearing by filing a petition within 21 days of the date of your receipt of this Notice of Rights in the manner provided below.

Petitions are deemed filed upon receipt of the original documents by Florida Housing's Clerk at the following address:

Corporation Clerk
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Petitions or other requests for hearing will not be accepted via telefax or other electronic means.

Formal Administrative Hearing: If a genuine issue(s) of material fact is in dispute, you may seek a formal administrative hearing by filing a petition for hearing pursuant to Sections 120.569 and 120.57(1), Florida Statutes, within said 21 day period. Petitions must substantially comply with the requirements of Rule 28 – 106.201(2), Florida Administrative Code, a copy of which is attached to this Notice of Rights.

Informal Administrative Hearing: If there are no issues of material fact in dispute, you may seek an informal administrative hearing by filing a petition for hearing pursuant to Sections 120.569 and 120.57(2), Florida Statutes, within said 21 day period. Petitions must substantially comply with the requirements of Rule 28 – 106.301(2), Florida Administrative Code, a copy of which is attached to this Notice of Rights.

Mediation under Section 120.573, Florida Statutes, is not available.

Your petition must be received by Florida Housing within 21 days of the date of your receipt of this Notice of Rights. FAILURE TO FILE A PETITION WITHIN 21 DAYS WILL CONSTITUTE A WAIVER OF YOUR RIGHT TO REQUEST A HEARING IN THIS MATTER.

Please be governed accordingly.

Attachments: Copies of Rules 28 – 106.201(2) and 28 – 106.301(2), Florida Administrative Code.

28-106.201 Initiation of Proceedings.

(1) Unless otherwise provided by statute, and except for agency enforcement and disciplinary actions that shall be initiated under Rule 28-106.2015, F.A.C., initiation of proceedings shall be made by written petition to the agency responsible for rendering final agency action. The term "petition" includes any document that requests an evidentiary proceeding and asserts the existence of a disputed issue of material fact. Each petition shall be legible and on 8 1/2 by 11 inch white paper. Unless printed, the impression shall be on one side of the paper only and lines shall be double-spaced.

(2) All petitions filed under these rules shall contain:

(a) The name and address of each agency affected and each agency's file or identification number, if known;

(b) The name, address, and telephone number of the petitioner; the name, address, and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination;

(c) A statement of when and how the petitioner received notice of the agency decision;

(d) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;

(e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;

(f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action, including an explanation of how the alleged facts relate to the specific rules or statutes; and

(g) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

(3) Upon receipt of a petition involving disputed issues of material fact, the agency shall grant or deny the petition, and if granted shall, unless otherwise provided by law, refer the matter to the Division of Administrative Hearings with a request that an administrative law judge be assigned to conduct the hearing. The request shall be accompanied by a copy of the petition and a copy of the notice of agency action.

Specific Authority 120.54(3), (5) FS. Law Implemented 120.54(5), 120.569, 120.57 FS. History–New 4-1-97, Amended 9-17-98, 1-15-07.

28-106.301 Initiation of Proceedings.

(1) Unless otherwise provided by statute and except for agency enforcement and disciplinary actions initiated under subsection 28-106.2015(1), F.A.C., initiation of a proceeding shall be made by written petition to the agency responsible for rendering final agency action. The term "petition" includes any document which requests a proceeding. Each petition shall be legible and on 8 1/2 by 11 inch white paper or on a form provided by the agency. Unless printed, the impression shall be on one side of the paper only and lines shall be doubled-spaced.

(2) All petitions filed under these rules shall contain:

(a) The name and address of each agency affected and each agency's file or identification number, if known;

(b) The name, address, and telephone number of the petitioner; the name, address, and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination;

(c) An explanation of how the petitioner's substantial interests will be affected by the agency determination;

(d) A statement of when and how the petitioner received notice of the agency decision;

(e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;

(f) A statement of the specific rules or statutes that the petitioner contends require reversal or modification of the agency's proposed action;

(g) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action; and

(h) A statement that no material facts are in dispute.

Specific Authority 120.54(5) FS. Law Implemented 120.54(5), 120.569, 120.57 FS. History–New 4-1-97, Amended 9-17-98, 1-15-07, 12-24-07.

Florida Housing Finance Corporation

Credit Underwriting Report

The Fountains at Pershing Park

2009-240C / 2010-013CX
RFP 2010-04

Section A: Board Summary

Section B: HC and Exchange Allocation Recommendation & Contingencies

Section C: Supporting Information & Schedules

Prepared by

First Housing Development Corporation

FINAL REPORT

July 16, 2010

Exhibit B

The Fountains at Pershing Park

TABLE OF CONTENTS

Section A

Board Summary

Recommendation

First Housing does not recommend a Tax Credit Exchange Program ("TCEP" or "Exchange") award in the loan amount of **$4,600,000** which equates to a **$541,176** annual Housing Credit Determination, and an annual Housing Credit allocation of **$1,502,550** be awarded to this development for its construction and permanent financing.

DEVELOPMENT & SET-ASIDES	
Location	North side of Pershing Avenue, at the intersection of Nikki Court and Pershing Avenue, Orlando, Orange County, Florida 32822
Number of Units/Unit Mix	see unit mix table below
Demographic Commitment Set Asides Set Aside Term	Senior - Development will serve the senior population age 55 and older 10% (10 ELI units) at or below 33% AMI (TCEP and HC) 79% (72 units) at or below 60% AMI (TCEP and HC) 11% (remaining units) at market rate 50% of the ELI units (5 units) will be set aside for Special Needs Households (TCEP) 50 Years (TCEP and HC)
County Size	Large
Development Category	New Construction
Development Type	Garden Apartments
Occupancy Rate	N/A
Parking	161 (1.75 spaces per unit) surface parking spaces
Improvements	The Subject will consist of a one-story community building, eight one-story residential buildings and one three story elevator serviced residential building.
Site Acre	7.8 acres per the market study
Density	11.80 units per acre
Zoning	The site is zoned R-3. Medium Density Residential, which allows a total of 92 units.

Number of Units/Unit Mix:

Bedrooms	Baths	No. of Units	Unit Size (Sf)
1	1	46	712
2	2	36	988
3	2	10	1,236
Total		**92**	**80,680**

Flood Zone Designation	The Subject site is located in Zone X, an area outside of both 100-year and 500-year flood plains, according to www.floodinsights.com map panel number 1201790270E dated December 6, 2000. No flood insurance is necessary.
DEVELOPMENT TEAM	
Applicant	SAS Fountains at Pershing Park, Ltd.
General Partner ("GP")	SAS Fountains at Pershing Park I Managers, L.L.C.
Limited Partner ("LP") /Syndicator	FL Capital Holdings Fountains at Pershing Park I, L.L.C. ("Fl Capital") with Bank of America as the second tier investor with 75.94% ownership interest in the LP.
Guarantors	SAS Fountains at Pershing Park, Ltd., SAS Fountains at Pershing Park I Managers, LLC, and Southern Affordable Services, Inc.
Developer	Southern Affordable Development, L.L.C. ("Southern Affordable")
General Contractor ("GC")	CPG Construction, L.L.L.P.
Management Company	Concord Management, Ltd.
FINANCING INFORMATION	
FHFC Programs	TCEP and HC programs
First Mortgage Loan Amount	$2,600,000
"All in" Underwritten Interest Rate	8.50%
Loan Term/Amortization	10 / 30
TCEP Amount	$4,600,000
"All in" Underwritten Interest Rate	0.28%
Loan Term/Amortization	15 / N/A
Restricted Value	$4,000,000
Market Value	$6,200,000
Restricted Loan To Value – First Mortgage	65.00%
Market Loan To Value – First Mortgage	41.94%
Projected Net Operating Income in Year 1	$278,405
Debt Service Coverage Ratio – First Mortgage	1.16
TCEP Allocation Per Unit	$50,000
Annual HC Assistance Per Unit	$16,332
Total HC Assistance Per Unit (10 Years)	$163,321
Syndication Price	$0.60
Six Months of Operating Deficit and Debt Service Reserves	$360,054

Construction/Permanent Sources:

Source	Lender	Construction	Permanent	Permanent loan per Unit
First Mortgage	Bank of America	$2,600,000	$2,600,000	$28,261
Bridge Loan	Bank of America	$5,859,360	$0	$0
TCEP	FHFC	$4,600,000	$4,600,000	$50,000
Housing Credit Equity	Fl Capital	$1,352,169	$9,014,400	$97,983
Deferred Developer Fee	Southern Affordable	$1,250,842	$348,106	$3,784
Deferred Reserves	Southern Affordable	$900,135	$0	$0
Total		**$16,562,506**	**$16,562,506**	**$180,028**

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 application?	X	
Are all funding sources the same as shown in the Application?		1, 2
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
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?		3
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 provision 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?		4
Is the Development in all other material respects the same as presented in the Application?		5

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

1. Based on the application, the development would be funded by Regions Bank for the construction and permanent first mortgage financing. However, Bank of America will be the lender for the subject development.

2. Based on the application, the Syndicator would be Regions Bank, which was changed to FL Capital Holdings Fountains at Pershing Park I, L.L.C.

3. Plans have not been finalized so amenities could not be verified.

4. The change in Syndicators resulted in a change in syndication rate from $0.65 per every tax credit dollar to $0.60 per dollar. This change has a negative impact on the economics of the development; however it remains feasible at the current financial structure.

5. Based on a letter dated March 26, 2010, the Developer requested a change in the unit mix from 46 one-bedroom/one-bath, 10 two-bedroom/one-bath, 26 two-bedroom/two-bath, and 10 three-bedroom/two-bath, totaling 92 units, to 46 one-bedroom/one-bath, 37 two-bedroom/two-bath, and 9 three-bedroom/two-bath, for a total of 92 units. Furthermore, in the letter dated May 11, 2010 the Developer requested an additional change to the unit mix to 46 one-bedroom/one-bath, 36 two-bedroom/two-bath, and 10 three-bedroom/two-bath, totaling 92 units. In addition they also requested a change to the total number of buildings from 3 to 10. The referred change is acceptable and immaterial to the development.

<u>Does the Development Team have any FHFC financed developments on the Past Due/Non-Compliance Report?</u>

According to the FHFC June 3, 2010 Asset Management Non-Compliance Report, the Development Team has the following non-compliance item(s) not in the correction period:

- None

According to the FHFC Past Due report dated June 8, 2010, CED Companies and Atlantic Housing have the following past due item(s) that are not in the correction period:

- CED – Arrow Pointe f/k/a Bainbridge Club - Failure to submit 2009 financial statements.
- Atlantic Housing – Malabar Cove I – Failure to submit 2009 SAIL cash flow reporting forms and 2009 financial statements.
- Atlantic Housing – Southwinds Cove - Failure to submit 2009 SAIL cash flow reporting forms and 2009 financial statements.

Foreclosure Report (Housing Credits Only):

- CED – Whispering Oaks f/k/a Atlantic Oaks (90-079C)
- CED – Highland Oaks (90L-003)

Closing of the loan is conditioned upon verification that any outstanding past due, and/or non-compliance items noted at the time of closing, have been satisfied.

Strengths:

1. The PMA and MSA have experienced population and household growth between 2000 and 2009; these trends are projected to continue through 2014. Growth in the PMA is anticipated to outpace the nation through 2014. Household incomes in the PMA are lower than the MSA and the nation. The senior growth rates are greater and household incomes are significantly lower than the general population in the PMA. This indicates that there is a sustained need for affordable senior housing in the PMA.

2. The senior housing market is approaching a point at which supply and demand will change dramatically, according to *Housing America's Seniors*, published by the Joint Center for Housing Studies (JCHS) of Harvard University in 2000. One in eight Americans is a senior citizen, compared with only one in 25 at the dawn of the 20th century. By 2030, when most baby boomers will have retired, this ratio will have increased to one in five. At this time, the senior population is expected to have nearly doubled to about 71.5 million – bringing their share of the entire U.S. population to 20 percent. According to JCHS's October 2001 publication *Aging in Place*, the ratio of working Americans to retired Americans is currently 5 to 1, but by 2050 the ratio is expected to be 2 to 1. With these increases in population and retirees come an increase and a change in housing needs.

3. The weighted average physical occupancy rate for all the LIHTC properties in the subject's PMA is 97.26%.

Other Considerations:

1. The Subject offers an untested unit type for seniors in the Orlando, Florida market area, with ten three-bedroom senior units. In addition, the capture rate appears to be high for the Subject's three-bedroom units, particularly at 60 percent AMI. However, it should be noted that while the Subject targets tenants who are 55 years of age and older, the capture rate is based on using a conservative tenant population that is 65 years of age and older. Nevertheless, difficulty achieving stabilized occupancy could result in the Subject needing to offer a reduced rent for the three-bedroom units in order to fill vacancies.

2. The Underwriter has received and reviewed the partnership agreements and articles of incorporation on the Applicant entity and General Partner. Based on a review of the information provided, the Applicant, General Partner and Developer are newly formed entities with minimal financial resources to develop the proposed property. The Developer's Board members collectively represent to have experience in non-profit organizations and real estate transactions.

3. The Developer entity is a newly formed non-profit entity affiliated with the Applicant, and has no financials or tax history, no experience on its own (offers minimal experience through its officers and board members), and no trade or bank references. The un-audited balance sheet dated April 30, 2010 shows $128,750 in Assets and $268,121 in Liabilities, of which $245,364 are Loans Payable.

4. Based upon the lack of financial information, First Housing finds the Guarantors have insufficient Net Worth for the purpose of collateralizing the FHFC Guarantees.

Mitigating Factors:

1. To mitigate the lack of financial strength of the Guarantors, the underwriter recommends an Operating Deficit Reserve in the amount of nine (9) months of operating expenses (inclusive of replacement reserves) and nine (9) months of debt service, or $540,081 be deposited in an escrow account upon closing of TCEP, for the full 15 years of the compliance period.

2. Atlantic Housing Partners is involved in this transaction as some of its principals are involved in the General Contractor and Syndicator.

Waiver Requests/Special Conditions: None

Additional Information:

1. FL Capital Holdings Fountains at Pershing Park I, L.L.C. ("Fl Capital"), will be the tax credit syndicator. Fl Capital will be purchasing a 99.99% interest in the Applicant for an estimated total capital contribution of $9,014,400 or $.60 per tax credit. Fl Capital will then transfer the credits to its sole member, Fountains at Pershing Park Group Partners, Ltd, a to be formed entity, which in turn will sell 75.94% ownership interest in the partnership project ("Second Tier") for $9,014,400 or $.79 per tax credit to Bank of America. Fl Capital will retain the remaining tax credits by transferring to its affiliate, Fl Tax Holdings 2010, Ltd., and can either sell them to another institution or keep them to reduce its tax liabilities. It should be noted that Fl Tax Holdings 2010, Ltd. and Mike

Sciarrino are providing guarantees to Bank of America for operating deficits, tax credit delivery, tax credit recapture and construction completion. It is our understanding that Bank of America is requiring these guarantees from Fl Tax Holdings 2010, Ltd. and its principal (which are typically provided by the Developer Entity and its principals) due to the limited experience and financial resources provided by the Developer. Fl Tax Holdings 2010, Ltd. is requiring the $0.19/credit profit on the sale of the credits to compensate for the assumption of these risks. We are not aware of another transaction utilizing such a capital structure with large syndicator profits in return for guarantees.

2. First Housing understands that if you follow the ownership of Fl. Capital, it is owned by some of the same principals who own the General Contractor. The immediate profit on the 75.94% share of the tax credits sold to Bank of America will be 32%. Fl Tax Holdings 2010, Ltd. will receive no net cash proceeds from the partial sale of their 99.99% interest, but will receive tax benefits or significant (over $2 million at $0.60 per credit) cash proceeds should they sell their remaining 24.06% interest in the future.

3. It should be further noted that the upper tier syndication documents call for the syndicator to get 99% of all net cash flow and net sale proceeds after certain preferential payments to the partners. This is different then what we see as monies typically go to the general partner of the borrowing entity and not to the syndicator.

4. The State of Florida recently passed a law that allows a Florida based limited partnership whose sole general partner is a non-profit entity that satisfies the IRS guidelines to be considered an exempt entity for purposes of the ad valorem tax exemption. As this is a new law and the limited partnership must apply for the exemption, the underwriter has included real estate taxes in its proforma. However, if this request is granted, the property's debt service coverage would be 1.36 without real estate taxes.

Issues and Concerns:

1. As part of our due diligence, First Housing has undertaken a review of the Developer's experience and qualification to perform as Developer for the proposed transaction. The proposed Developer is Southern Affordable Development, LLC which is wholly owned by Southern Affordable Services, Inc. The application indicates that Mr. Larry White is the Principal of the Developer and indicated two prior affordable housing transactions to qualify under the requirements of the Application. One of the properties listed is Holly Creek Phase I in Woodlands, Texas and is indicated to be a HUD Section 8 property. The second is Woodbridge Apartments located in Orlando, FL and is indicated to have been funded with Tax Exempt Bonds. Mr. White has provided a resume which indicates that he worked for the Woodland Commercial Development Corporation prior to his

involvement with Whitemark Homes, which he founded in 1984. This would indicate that Mr. White was involved in the development of Holly Creek prior to 1984 and the inception of the LIHTC program. We have also researched Woodbridge and have found it was developed with a bond issue in 1985, again prior to the creation of the LIHTC program. We also note that the development was foreclosed in 1992. We are still attempting to ascertain Mr. White's direct involvement in the Woodbridge Development. While researching Mr. White's involvement with Whitemark Homes, we further discovered that Whitemark and Mr. White were subject to an SEC investigation beginning in 2003 and subsequent Accounting and Enforcement Action on December 29, 2006 regarding violation of financial reporting. Mr. White resigned from Whitemark in 2005 and the company is no longer active as a homebuilder. Given Mr. White's limited experience with affordable housing, the fact that his involvement was over 25 years ago and predates the creation of the LIHTC programs, and that Mr. White has a history that includes an SEC enforcement action for violation of financial reporting, we cannot accept Southern Affordable Development LLC as a qualified developer for Fountains at Pershing Park.

2. We believe that the unique structure of the tax credit syndication arrangement reflects a significant departure from what has typically been recommended and approved by the Board. We request that the Board examine this new structure as a matter of policy and our recommendation is conditioned on acceptance of the structure.

Recommendation:

First Housing does not recommend a TCEP award in the loan amount of **$4,600,000** and an annual Housing Credit allocation of **$1,502,550** be awarded to this development for construction and permanent financing.

This recommendation is based upon the assumptions detailed in the Board Summary (Section A), and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the HC and Exchange Allocation Recommendation & Contingencies (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:

Thais Pepe

Thais Pepe
Senior Credit Underwriter

Reviewed by:

Ed Busansky
Senior Vice President

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
First Mortgage	Bank of America	$2,120,000	$2,600,000	$2,600,000	6.00%	$156,000
Bridge Loan	Bank of America	$0	$0	$5,859,360	0.00%	$0
TCEP	FHFC	$3,380,016	$4,600,000	$4,600,000	0.28%	$12,720
Housing Credit Equity	Fl Capital	$8,789,038	$7,211,520	$1,352,169	N/A	N/A
Deferred Developer Fee	Southern Affordable	$2,036,097	$2,104,677	$1,250,842	N/A	N/A
Deferred GC Fee	CPG	$0	$302,711	$0	N/A	N/A
Deferred Reserves	Southern Affordable	$0	$0	$900,135	N/A	N/A
Total		**$16,325,151**	**$16,818,908**	**$16,562,506**		**$168,720**

First Mortgage Construction Loan Structure:

FHDC has reviewed a proposal for construction and permanent financing, dated May 5, 2010 from Bank of America ("BOA") for a first mortgage loan of up to $2,600,000. The loan term during construction will be 24 months with interest only payments made on a monthly basis in arrears. The interest rate during construction will be based on LIBOR plus 550 basis points with a floor of 6% and rate fixed at closing. For underwriting purposes, a rate of 6% was used corresponding to the floor rate.

Bridge Loan:

Bank of America, as the Second Tier investor, will provide a Bridge Loan in the amount of $5,859,360 per letter of interest dated June 8, 2010. Please note, the Bridge Loan will be secured in the senior position along with the construction loan.

Exchange Equity:

The Applicant requested a TCEP funding in the amount of $4,600,000. The Exchange funding will be limited to an Exchange amount of up to the lesser of (a) the amount requested in the response to RFP 2010-04; (b) $5,000,000 per development; (c) $50,000 per unit; (d) the amount calculated by taking Total Development Costs and deducting the Housing Credit equity, the first mortgage, any other FHFC resources, the deferred developer fee, any local government subsidy funds, and any other committed resources, or (e) 85 percent of the amount of the development's eligible basis as determined at the end of the first year of the credit period (as defined in Section 4s(f)(1) of the Internal Revenue Code). Eligible basis, for this purpose, includes any increase for buildings located in high cost areas under Section 42(d)(5)(B). FHFC will provide the final amount of Exchange funding to the development in the form of a forgivable loan where 1/15th will be forgiven each year after being placed in service so long as the property remains in compliance. Interest rate is based on Permanent Loan Servicing, plus Compliance Monitoring fee, plus Asset Management fee for a total of 0.28%. The Exchange funding was limited based on (c) $50,000 per unit.

Housing Credit Equity:

According to commitment letter dated March 1, 2010, FI Capital Holdings Fountains at Pershing Park I, L.L.C. ("FI Capital"), will be the tax credit syndicator. FI Capital will be purchasing a 99.99% interest in the Applicant for an estimated total capital contribution of $9,014,400 or $.60 per tax credit. FI Capital will then transfer the credits to its sole member, Fountains at Pershing Park Group Partners, Ltd, a to be formed entity, which in turn will sell 75.94% ownership interest in the partnership project ("Second Tier") for $9,014,400 or $.79 per tax credit to Bank of America. FI Capital will retain the remaining tax credits by transferring to its affiliate, FI Tax Holdings 2010, Ltd., and can either sell them to another institution or keep them to reduce its tax liabilities.

The underwriter has reviewed a letter of interest dated June 8, 2010 indicating Bank of America, N.A. ("BOA") or an affiliate, the second tier investor, may be admitted to the partnership as a limited partner concurrent with or prior to the closing of the construction loan with a 75.94% ownership interest in the project partnership. BOA estimates a total capital contribution of $9,014,400 based on 75.94% ownership of the project and a syndication rate of $0.79 per HC dollar. The equity will be funded in the same manner as the FI Capital agreement.

Deferred Developer Fee:

The Developer is required to defer $1,250,842 or 96.33% of the net developer fee in the amount of $1,298,533 during construction.

Deferred Reserves:

A total of $900,135 in reserves and operating deficit guaranty can be deferred until construction is complete.

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
First Mortgage	Bank of America	$1,140,000	$2,600,000	$2,600,000	10	30	8.50%	$239,901
TCEP	FHFC	$3,380,016	$4,600,000	$4,600,000	15	-	0.28%	$12,720
Housing Credit Equity	FI Capital	$9,765,598	$9,014,398	$9,014,400	N/A	N/A	N/A	N/A
Deferred Developer Fee	Southern Affordable	$2,036,097	$375,366	$348,106	N/A	N/A	N/A	N/A
Total		**$16,321,711**	**$16,589,764**	**$16,562,506**				$252,621

First Mortgage Permanent Loan Structure:

FHDC has reviewed a proposal for construction and permanent financing, dated May 5, 2010 from Bank of America ("BOA") for a first mortgage loan of up to $2,600,000. The loan term will be based on principal and interest payments paid on a monthly basis based on a 30 years amortization schedule. The interest rate for the permanent period will be based on 10-year Treasury plus 500 basis points with a floor of 7.5% and rate fixed at closing. For underwriting purposes, a rate of 8.5% was used based on rates on June 30, 2010 plus approximately 50 basis points underwriting spread.

Exchange Equity:

The Applicant requested a TCEP funding in the amount of $4,600,000. The Exchange funding will be limited to an Exchange amount of up to the lesser of (a) the amount requested in the response to RFP 2010-04; (b) $5,000,000 per development; (c) $50,000 per unit; (d) the amount calculated by taking Total Development Costs and deducting the Housing Credit equity, the first mortgage, any other FHFC resources, the deferred developer fee, any local government subsidy funds, and any other committed resources, or (e) 85 percent of the amount of the development's eligible basis as determined at the end of the first year of the credit period (as defined in Section 4s(f)(1) of the Internal Revenue Code). Eligible basis, for this purpose, includes any increase for buildings located in high cost areas under Section 42(d)(5)(B). FHFC will provide the final amount of Exchange funding to the development in the form of a forgivable loan where 1/15th will be forgiven each year after being placed in service so long as the property remains in compliance. Interest rate is based on Permanent Loan Servicing, plus Compliance Monitoring fee, plus Asset Management fee for a total of 0.28%. The Exchange funding was limited based on (c) $50,000 per unit.

Housing Credit Equity:

The Syndicator will be FI Capital Holdings Fountains at Pershing Park I, L.L.C. ("FI Capital") or an affiliate, based on commitment letter dated March 1, 2010. FI Capital will be purchasing a

99.99% interest in the Applicant for an estimated total capital contribution of $9,014,400 or $.60 per tax credit. Fl Capital will then transfer the credits to its sole member, Fountains at Pershing Park Group Partners, Ltd, a to be formed entity, which in turn will sell 75.94% ownership interest in the partnership project ("Second Tier") for $9,014,400 or $.79 per tax credit to Bank of America. Fl Capital will retain the remaining tax credits by transferring to its affiliate, Fl Tax Holdings 2010, Ltd., and can either sell them to another institution or keep them to reduce its tax liabilities.

The underwriter has reviewed a letter of interest dated June 8, 2010 indicating Bank of America, N.A. ("BOA") or an affiliate, the second tier investor, may be admitted to the partnership as a limited partner concurrent with or prior to the closing of the construction loan with a 75.94% ownership interest in the project partnership. BOA estimates a total capital contribution of $9,014,400 based on 75.94% ownership of the project and a syndication rate of $0.79 per HC dollar. The equity will be funded in the same fashion as the Fl Capital agreement.

The pay-in schedule below depicts the installments per Fl Capital's agreement:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	$1,352,169	15%	Closing of Partnership
2nd Installment	$6,162,071	68%	Substantial Completion
3rd Installment	$598,720	7%	90% Occupancy, Break even, conversion to permanent loan
4th Installment	$901,440	10%	Conversion to permanent debt
Total	$9,014,400	100%	

Annual Credit Per Syndication Agreement	$1,502,550
Calcualted HC Exchange Rate	$0.6000
Limited Partner Ownership Percentage	99.99%
Proceeds Available During Construction	$1,352,169

Deferred Developer Fee:

To balance the sources and uses of funds during permanent financing, the Developer is required to defer $348,106 or 26.81% of the net developer fee after all Exchange funds and syndication proceeds have been disbursed.

Uses of Funds

Construction Cost	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Cost	HC Ineligible Costs
New Rental Units	$8,688,000	$8,900,000	$8,900,000	$36,064
Total Hard Costs	**$8,688,000**	**$8,900,000**	**$8,900,000**	**$36,064**
General Contractor Fee	$1,216,319	$1,246,000	$1,246,000	$0
Hard Cost Contingency	$505,435	$445,000	$445,000	$0
Total Construction Contract	**$10,409,754**	**$10,591,000**	**$10,591,000**	**$36,064**
P&P Bond or LOC	$0	$100,000	$100,000	$0
Total Construction Cost	**$10,409,754**	**$10,691,000**	**$10,691,000**	**$36,064**

Notes to the Actual Costs:

1. The applicant provided an executed construction contract, dated May 7, 2010, in the amount of $10,591,000. This is a Standard Form of Agreement between the Owner, SAS Fountains at Pershing Park, Ltd., and the Contractor, CPG Construction, L.L.L.P., where the basis of payment is a Cost of the Work Plus a Fee with a Guaranteed Maximum Price. Per this contract, substantial completion is to be achieved no later than 480 days from the date of commencement. The Owner will make monthly progress payments to the Contractor, based upon Applications for Payment approved by the Architect. Retainage holdback on all construction draws will be 10% until the Development is 50% complete, retainage will then be reduced to 5% until substantial completion is achieved. FHFC rules require that retainage will not be released until successful completion of construction and issuance of all certificates of occupancy.

2. Hard cost contingency is within the 5% as permitted by the program rule requirements.

3. The General Contractor's Fee is within the 14% permitted by the Rule.

4. The General Contractor will secure a Letter of Credit to secure the construction contract.

General Development Costs	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Cost	HC Ineligible Costs
Accounting Fees	$5,000	$15,000	$15,000	$0
Appraisal	$10,000	$10,000	$6,000	$0
Architect's Fee -Design	$152,340	$152,340	$152,340	$0
Architect's Fee- Supervision	$0	$7,500	$7,500	$0
Builder's Risk Insurance	$55,080	$55,080	$55,080	$0
Building Permits	$75,000	$75,000	$75,000	$0
Engineering Fee	$99,045	$99,045	$99,045	$0
Environmental Report	$27,000	$27,000	$27,000	$0
FHFC Administrative Fee	$120,204	$120,204	$120,204	$120,204
FHFC Application Fee	$3,000	$3,000	$3,000	$3,000
FHFC HC Compliance Fee	$80,131	$80,131	$81,238	$81,238
FHFC Credit Underwriting Fee	$10,405	$10,405	$14,532	$14,532
Impact Fees	$362,904	$272,178	$272,178	$0
Legal Fees	$50,000	$75,000	$75,000	$68,438
Market Study	$0	$0	$6,500	$0
Marketing and Advertising	$25,324	$92,000	$92,000	$92,000
Pre-Construction Analysis (PCA)	$0	$0	$1,800	$0
Property Taxes	$40,000	$40,000	$40,000	$10,000
Soil Test	$25,000	$25,000	$25,000	$0
Survey	$25,000	$25,000	$25,000	$0
Title Insurance and Recording Fees	$80,000	$110,000	$110,000	$27,500
Utility Connection Fees	$175,316	$280,434	$280,434	$0
Soft Cost Contingency	$0	$83,615	$83,615	$0
Total General Development Costs	**$1,420,749**	**$1,657,932**	**$1,667,466**	**$416,912**

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable. The underwriter used actual cost for Appraisal, Market Study and PCA.

2. The FHFC Administrative Fee is based on 8% of the Applicant's annual housing credit allocation recommendation.

3. The FHFC Compliance Fee includes $2,495 initial compliance monitoring fee and $78,743 based on the 2009 compliance monitoring fee schedule.

4. Soft Cost Contingency is within 5% of the General Development Costs less contingency, as permitted by the rule.

Financial Costs	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Cost	HC Ineligible Costs
Construction Loan Origination Fee	$851,911	$26,000	$26,000	$0
Construction Loan Interest	$0	$83,708	$83,708	$20,927
Bridge Loan Interest	$31,800	$244,164	$244,164	$0
Permanent Loan Origination Fee	$11,400	$26,000	$26,000	$26,000
Reserves and Escrows	$0	$359,927	$360,054	$0
Bridge Loan Orig. Fee	$0	$65,500	$65,500	$0
Total Financial Costs	**$895,111**	**$805,299**	**$805,426**	**$46,927**

Notes to the Financial Costs:

1. Financial Costs are the Applicant's estimates, which appear reasonable.

2. First Housing has included 6 months of Debt Service Reserves and 6 months of Operating Deficit Reserves as required by RFP 2010-04.

Non-Land Acquisition Costs	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Cost	HC Ineligible Costs
Building Acquisition Cost	$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.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Cost	HC Ineligible Costs
Development Costs Before Developer Fee and Land Costs	**$12,725,614**	**$13,154,231**	**$13,163,892**	**$499,903**

Other Development Costs	**Application Total Costs**	**Applicant's Revised Total Costs**	**Underwriter's Total Cost**	**HC Ineligible Costs**
Net Developer Fee	$2,036,097	$2,104,677	$ 1,298,533	$0
Operating Deficit Guarante Escrow	$0	$0	$540,081	$0
Excess Land Cost from Dev. Fee	$0	$0	$210,000	$0
Total Developer Fee	**$2,036,097**	**$2,104,677**	**$2,048,614**	**$0**

Notes to the Other Development Costs:

1. The recommended Developer Fee is equal to or less than 16% of the total development cost before developer fee, land costs, and reserves. The underwriter subtracted excess land cost and operating deficit guarantee escrow from total allowable developer fee of $2,048,614.

2. To mitigate the lack of financial strength of the Guarantors, the underwriter recommends the Operating Deficit Guaranty in the amount of nine (9) months of operating expenses (inclusive of replacement reserves) and nine (9) months of debt service, or $540,081 be deposited in an escrow account upon closing of TCEP, for the full 15 years of the compliance period.

Acquisition Cost	**Application Total Costs**	**Applicant's Revised Total Costs**	**Underwriter's Total Cost**	**HC Ineligible Costs**
Land	$1,560,000	$1,560,000	$1,350,000	$1,350,000
Other	$0	$0	$0	$0
Total Acquisition Cost	**$1,560,000**	**$1,560,000**	**$1,350,000**	**$1,350,000**

Notes to Acquisition Costs:

1. First Housing Development Corporation has reviewed a Purchase Agreement, as amended, executed on August 20, 2009, between Southern Affordable Services, Inc.,

("Seller") and SAS Fountains at Pershing Park, Ltd. ("Purchaser") in the amount of $1,560,000 for referred property.

2. The appraisal indicated an "as is" value for the land of $1,350,000 which supports the contract price.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Cost	HC Ineligible Costs
Total Development Costs	**$16,321,711**	**$16,818,908**	**$16,562,506**	**$1,849,903**

Notes to Total Development Costs:

1. The Total Development Costs are $16,562,506 or $180,027 per unit which is an increase of approximately 1.5% since the Application which is within reason.

Operating Pro Forma

Description	Annual	Per Unit
Revenue		
Gross Potential Revenue	$707,652	$7,692
Other Income		
Washer/Dryer	$19,320	$210
Cable	$41,952	$456
Miscellaneous	$46,000	$500
Gross Potential Revenue	$814,924	$8,858
Vacancy and Collection Loss @ 7%	($57,045)	($620)
Management Unit	($11,988)	($130)
Total Effective Gross Revenue	**$745,891**	$8,108
Expenses		
Fixed		
Real Estate Taxes	$65,481	$712
Insurance	$50,140	$545
Variable		
Management Fee @ 4.5%	$33,565	$365
General and Adminstrative	$50,600	$550
Payroll Expenses	$95,200	$1,035
Utilities	$97,520	$1,060
Maintenance and Repairs	$33,580	$365
Grounds Maintenance and Landscaping	$13,800	$150
Reserve for Replacements	$27,600	$300
Total Expenses	**$467,486**	$5,081
Net Operating Income	**$278,405**	$3,026
Debt Service Payments		
Bank of America	$239,901	$2,608
TCEP	$12,720	$138
Total Debt Service Payments	**$252,621**	$2,608
Cash Flow After Debt Service	**$25,784**	$419

Debt Service Coverage Ratios	
Debt Service Coverage - 1st Mtg	1.16
Debt Service Coverage - All Mtgs plus Fees	1.10
Financial Ratios	
Operating Expense Ratio	63%
Break-Even Occupancy Rate	88%

Notes to the Operating Pro Forma and Ratios:

1. The Subject's Max Net HC Rents are based on 2009 allowable rents as published by Florida Housing. The market rents are based on Appraiser's estimate of achievable market rents. The Appraisal confirmed the rents below are achievable based on supply and demand analysis.

Below are the rent rolls for the subject property:

Orange County Orlando-Kissimmee MSA

Bedrooms	Baths	No. of Units	Unit Size (SF)	Median Income %	Max Gross HC Rents	Utility Allowance	Max Net HC Rents	Underwriter Rents	Annual Rents
1	1	5	712	33%	$375	$92	$283	$283	$16,980
1	1	36	712	60%	$683	$92	$591	$591	$255,312
1	1	5	712	MKT	$725	$0	$725	$725	$43,500
2	2	4	988	33%	$450	$112	$338	$338	$16,224
2	2	28	988	60%	$819	$112	$707	$707	$237,552
2	2	4	988	MKT	$900	$0	$900	$900	$43,200
3	2	1	1,236	33%	$520	$132	$388	$388	$4,656
3	2	8	1,236	60%	$947	$132	$815	$815	$78,240
3	2	1	1,236	MKT	$999	$0	$999	$999	$11,988
Total		92	80,680						$707,652

2. The vacancy and collection loss rate was estimated by the Appraisal at 7% for the restricted scenario and 9% for the Market scenario.

3. The Developer indicated that the Market three-bedroom unit will be reserved for Management; therefore that revenue was subtracted by the underwriter on the proforma.

4. Other Income is comprised of revenue generated from washer and dryer rental, cable TV, and miscellaneous income such as interest income, late charges, special service fees, vending machines, community laundry facilities. Based on the Appraisal report, washer and dryer fees are estimated at $35 with a capture rate of 50%. Cable TV was estimated at $40 with a capture rate of 95% based on comparable data. Finally, miscellaneous income was estimated at $500 per unit per year for a total Other Income estimate of $1,166 per unit per year.

5. Based upon operating data from comparable properties, third-party reports (Appraisal and Market Study) and the Credit Underwriter's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

6. The Appraiser has estimated insurance expense at $350 per unit based on average of comparables. However the underwriter used the Developer's estimate at $545 per unit, which is more conservative.

7. The Appraisal has estimated Management Fee at 5% of gross receipts. The Applicant has submitted an executed Management Agreement which reflects a management fee of 4.5% of the actual gross rental income collected, which was utilized by the underwriter.

8. All of the units are individually metered for electricity and gas (heating, cooking, hot water), which will be the tenants responsibility. The Appraisal estimated utilities expense at $850 per unit per year for common area water, sewer and electric, plus an additional $100 per unit per year for trash collection and pest control (Building Services), for a total of $950 per unit per year. However the underwriter used the Developer's estimate of $1,060 to be conservative.

9. Replacement Reserves of $300 per unit per year are required by the applicable rule.

10. Refer to Exhibit I, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses increasing at an annual rate of 3%.

Expense Comparables

Development	Crescent Club	Lee Vista Club	Oak Glen	Sumerset				
County	Orange County	Orange County	Orange County	Orange County				
Management Company	American Realty CDC	Atlantic Housing	Steadfast Companies	Richelson Enterprises				
Number of Units	215	312	88	148	**Average**	**Appraiser**	**Developer**	**First Housing**
Real Estate Taxes	$749	$862	$573	$497	$670	$712	$625	$712
Insurance	Included	$227	$589	$582	$466	$350	$545	$545
Management Fee	$300	$504	$329	$331	$366	$406	$435	$365
General and Adminstrative	$635	$0	$791	$292	$430	$550	$654	$550
Payroll Expenses	$583	$1,177	$1,149	$980	$972	$1,035	$1,072	$1,035
Utilities	$593	$826	$1,395	$1,033	$962	$950	$1,060	$1,060
Marketing and Advertising	$0	$100	$4	$104	$52	$0	$211	$0
Maintenance and Repairs	$536	$654	$1,019	$1,080	$822	$365	$382	$365
Grounds Maintenance and Landscaping	$0	$0	$0	$0	$0	$150	$168	$150
Security	$0	$0	$0	$0	$0	$0	$0	$0
Other	$8	$496	$0	$132	$159	$0	$0	$0
Reserve for Replacements	$250	$200	$200	$200	$213	$250	$300	$300
Total Expenses Per Unit	**$3,655**	**$5,046**	**$6,049**	**$5,231**	**$5,112**	**$4,768**	**$5,453**	**$5,081**

Exhibit B

Section B

TCEP Program Special & General Conditions

HC Allocation Recommendations & Contingencies

Special Conditions

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

1. All developments must have a minimum of six (6) months debt service and operating expense reserves in the amount of $360,054, with no releases during the 15 year federal compliance period. Any reserves required in excess of the minimum of six months shall be allocated as a subset of the developer fee.

2. In addition to the above, the underwriter recommends an Operating Deficit Guaranty in the amount of nine (9) months of operating expenses (inclusive of replacement reserves) and nine (9) months of debt service, or $540,081 be deposited in an escrow account upon closing of TCEP, for the full 15 years of the compliance period, which will come out of developer fee. Upon the expiration of the Compliance Period, any remaining balance may be placed in a replacement reserve account for the proposed Development. In no event shall the remaining balance of the ODR be paid to the Developer.

3. Receipt of organizational documents for Fountains at Pershing Park Group Partners, Ltd, the TO BE FORMED SOLE MEMBER of the Limited Partner entity that is acceptable to First Housing as an agent of FHFC, at its sole discretion.

4. Syndication of Housing Credits to Bank of America or to a similar entity acceptable to FHFC or First Housing at its sole discretion, in the terms described in this credit underwriting report.

5. FHFC requires that the Applicant close on its tax credit partnership and Exchange funding, and commence construction on or before November 1, 2010.

6. FHFC requires the Applicant certify that it has incurred at least 10 percent of the reasonably expected basis (10 percent test) of the proposed development on or before November 1, 2010.

7. Receipt of a satisfactory PCA is a condition to closing.

8. Borrower to comply with any and all recommendations and outstanding issues noted in the Pre-Construction Review ("PCR"), and is a condition to close.

9. Receipt and satisfactory resolution (as determined by FHFC) of any outstanding past due items or non-compliance issues, according to the latest FHFC Past Due and/or Non-Compliance Reports.

10. The Developer is only allowed to draw a maximum of 50% of the total developer fee (developer fee minus acquisition developer fee) during construction/rehabilitation, but in no case more than the payable developer fee, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" during construction/rehabilitation 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.

11. Receipt of payment and performance bond ("P&P Bond") equal to 100 percent of the total construction cost issued in the name of the General Contractor by a company rated at least "A-" by AMBest & Co. in lieu of the General Contractor's audited financial statements or financial statements compiled or reviewed by a licensed Certified Public Accountant for the most recent fiscal year ended. If a Letter of Credit is provided instead of the P&P Bond, receipt of audited or compiled statements as indicated above will be required before closing.

12. Any other reasonable requirements of First Housing, Florida Housing, or its Legal Counsel.

General Conditions

This recommendation is contingent upon the review and approval of the following items by the Servicer and Florida Housing at **least two weeks** before 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 final Pre-Construction Analysis ("PCA").

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, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, 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 showing all features and amenities committed to in the application. The Geotechnical report must be bound within the final plans and specs.

5. Final sources and uses of funds, itemized by source and line item, in a format and amounts approved by the Servicer. A detailed calculation of the construction interest based upon 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. No draws will be taken from the first mortgage lender until all of the Exchange funds are drawn, unless the first mortgage is used to acquire the land prior to closing the Exchange funds. The closing draw must include appropriate backup and ACH wiring instructions. Prior to approval of any Exchange fund draws in 2011, a CPA certification indicating that the Treasury's 30% test has been met must be approved by FHFC or its Servicer.

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 coverage, deductibles and amounts satisfactory to Florida Housing.

8. If the development is not 100% lien-free completed, 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 GC and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds must be from a company rates at least "A-" by A.M. Best & Co with a financial size category of a lest 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.

9. Architect, Construction Consultant, and Developer Certifications on forms provided by FHFC 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.

This recommendation is contingent upon the review and approval of the following items by Florida Housing, and its legal counsel **at least two (2) weeks** before closing. Failure to receive approval of these items, along with all other items listed on Florida Housing 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 Borrower, the guarantors, and any limited partners of the Borrower.

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(s) 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 or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) 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, of any corporate guarantor and any manager;

   b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan(s) documents;

   c. The Loan(s) 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 the 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 Loan(s).

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 satisfaction of the following additional conditions:

1. Compliance with all provisions of Section 42 of the Internal Revenue Code, as amended, and all related federal regulations, including the provision of the HC Exchange Program under the American Recovery and Reinvestment Act of 2009, Florida Statutes and administrative rules, including, but not limited to Rule Chapter 67-48, F.A.C. and FHFC Request for Proposals 2010-04.

2. Acceptance by the Borrower and execution of all documents evidencing and securing the Loan in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), 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 construction or another alternative acceptable to Florida Housing in its sole discretion.

4. The Limited Partnership Agreement shall be in a form and of financial substance satisfactory to FHFC, it's Legal Counsel, and it's Servicer.

5. Guarantors to provide the standard FHFC Construction Completion Guarantee, to be released upon 100% lien-free completion, as approved by the Servicer.

6. Guarantors to provide an Operating Deficit Guaranty for the full 15 years of the compliance period. The amount of the Guaranty will be limited to nine (9) months of operating expenses (inclusive of replacement reserves) and nine (9) months of debt service.

7. Guarantors to provide the Standard FHFC Environmental Indemnity.

8. Guarantors to provide the Standard FHFC Guarantee of Recourse Obligations.

9. Closing of the first mortgage loan prior to or simultaneously with the TCEP loan.

10. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the Loan(s) 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 closing.

11. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender or the Servicer. In the event the reserve account is held by Florida Housing's Loan servicing agent, the release funds shall be at Florida Housing's sole discretion.

12. Replacement Reserves in the amount of $300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's Loan(s) servicing agent. An Applicant may choose to fund a portion of the Replacement Reserves at closing. The amount cannot exceed 50 percent of the required Replacement Reserves for two (2) years and must be placed in escrow at closing. Replacement reserves shall be a minimum of $300/unit with a requirement to maintain a minimum amount of $1,500 per unit at all times, allowing for an initial period to accumulate this minimum. Allowed uses for replacement reserves in order to fall below the minimum amount: life safety, structural and systems as determined by Florida Housing and its Servicers. Traditional replacement reserve draws shall be limited to items which can be depreciated. 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 FHFC or servicer, if applicable.

15. Satisfactory resolution of any outstanding past due items or non compliance issues prior to loan closing.

16. Satisfactory confirmation that the Management Company has received approval from FHFC's Compliance Department to manage developments, to which Rule Chapter 67-53 F.A.C. applies, is a condition of this report.

17. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

HC Allocation Recommendation

First Housing Development Corporation has estimated a preliminary annual HC allocation of **$1,502,550**. Please see the HC Allocation Calculation in Exhibit 2 of this report for further details.

Contingencies

The HC allocation will be contingent upon the receipt and satisfactory review of the following items by First Housing and Florida Housing by the deadline established in the Preliminary Determination. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. Purchase of the Housing Credits by FL Capital Holdings Fountains at Pershing Park I, L.L.C. or an affiliate under terms consistent with this report.

2. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

Section C

Supporting Information & Schedules

Additional Development & Third Party Supplemental Information

Site Inspection:

First Housing completed a site inspection on April 22, 2010 and observed that the neighborhood is a mix of single-family homes, multi-family apartments, services, and retail. To the North of the property was Ashley Place Apartments. South of the property was more subdivisions. East of the property is a small retirement trailer park, more apartments, police department and an elementary school and going west are single-family homes. The property is located near a variety of business opportunities (ex. business offices, retail stores, restaurants); however they are located at about a mile or two on Semoran Blvd. The entrance to the property is located off of Pershing Avenue, a four lane divided road. There are sidewalks and a bus stop directly across the street from the subject development. First Housing believes the neighborhood is suitable for the proposed development.

Appraised Value:

The appraisal, dated May 11, 2010, as prepared by Novogradac & Company, LLP indicated a prospective market value of the real estate assuming achievable market rents "As Complete and Stabilized", in May 2012, of $6,200,000. Furthermore, the subject's prospective market value of the real estate assuming achievable rents with Section 42 LIHTC encumbrances "As Complete and Stabilized" of $4,000,000. The appraisal also indicated a market value "As Vacant" of the fee simple interest in the Subject (land value), free and clear of financing, as of May 11, 2010 of $1,350,000. First Housing concluded that the appraisal was satisfactory.

Market Study:

Novogradac & Company, LLP ("Novogradac") prepared a Market Study ("Study") for the subject property dated April 5, 2010 (date of report). This report concluded that the Subject is located in a neighborhood that has a variety of commercial and residential uses. All necessary amenities are located within a few miles of the Subject property, including convenient access to public transportation. The Subject is a compatible use and is considered an enhancement to the existing neighborhood.

The subject development is located in the Orlando-Kissimmee MSA (MSA), which includes Lake, Orange, Osceola and Seminole Counties. The Primary Market Area (PMA) encompasses much of southeast Orlando and is bounded by State Route 408 to the north, State Route 528 to the south, State Route 417 to the east, and South Conway Road to the west. This area was defined based on interviews with local market participants. Competition for the Subject will come from other tax credit properties and older market rate properties in the primary market area. Property managers at comparable properties indicated that the majority of the competition is from nearby properties within several miles of the respective properties and that the majority of tenants are from the local area. Therefore, we have estimated that 30 percent of the tenants will come from outside the PMA boundaries.

The PMA and MSA have experienced population and household growth between 2000 and 2009; these trends are projected to continue through 2014. Growth in the PMA is anticipated to outpace the nation through 2014. Household incomes in the PMA are lower than the MSA and the nation. The senior growth rates are greater and household incomes are significantly lower than the general population in the PMA. This indicates that there is a sustained need for affordable senior housing in the PMA.

The city of Orlando's economy is largely driven by tourism, an industry that is susceptible to declining demand during the current recession. Due to the recession, annual total employment growth slowed significantly in 2008 and dropped in 2009 with a 5.7 percent decrease. The year-over-year comparison shows a decrease of 3.5 percent as of January 2010. As of January 2010, the unemployment rate in the MSA has surpassed that of the nation by nearly 1.8 percentage points.

The senior housing market is approaching a point at which supply and demand will change dramatically, according to *Housing America's Seniors*, published by the Joint Center for Housing Studies (JCHS) of Harvard University in 2000. One in eight Americans is a senior citizen, compared with only one in 25 at the dawn of the 20th century. By 2030, when most baby boomers will have retired, this ratio will have increased to one in five. At this time, the senior population is expected to have nearly doubled to about 71.5 million – bringing their share of the entire U.S. population to 20 percent. According to JCHS's October 2001 publication *Aging in Place*, the ratio of working Americans to retired Americans is currently 5 to 1, but by 2050 the ratio is expected to be 2 to 1. With these increases in population and retirees come an increase and a change in housing needs.

The demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. When viewing total income-eligible renter households the calculation illustrates an overall capture rate of 1.77 percent at the 33 percent level and 12.59 percent at the 60 percent level. This is considered very reasonable taking into account the other indications of demand, such as the low vacancy rate at the LIHTC comparables, the presence of waiting lists and the lack of concessions being offered at the LIHTC comparables.

The Subject offers an untested unit type for seniors in the Orlando, Florida market area, with ten three-bedroom senior units. In addition, the capture rate appears to be high for the Subject's three-bedroom units, particularly at 60 percent AMI. However, it should be noted that while the Subject targets tenants who are 55 years of age and older, the capture rate is based on using a conservative tenant population that is 65 years of age and older. Nevertheless, difficulty achieving stabilized occupancy could result in the Subject needing to offer a reduced rent for the three-bedroom units in order to fill vacancies.

Comparable properties are examined on the basis of physical characteristics, building type, building age/quality, the level of common amenities, absorption rates, and similarity in rent structure. The Market Study illustrates that there are approximately 419 units of demand in the first year of the Subject's operation. The Subject will need to accommodate 87 units of demand in order to stabilize at 95 percent occupancy. Any un-accommodated households will most likely leave the PMA or remain severely rent-overburdened. This annual capture rate is 20.9 percent for annual demand for the first year of operation. This suggests that the Subject will need to capture only a fraction of the available demand in its first year of operation in order to stabilize.

The Market Study identified all the LIHTC properties in the subject's PMA, which total seven properties with a total of 1,385 units. The weighted average physical occupancy rate for those properties is 97.26%.

The Market Study identified two guaranteed fund developments, Wentworth I (no longer a guarantee fund) and Wentworth II, within a five mile radius of the Subject, which target family households and will not directly compete with the Subject's units. Both properties are currently and have historically exhibited lower occupancies. LIHTC properties located near the Subject and within the PMA appear to be performing well. It is anticipated that the Subject development will not negatively impact the two guarantee fund developments, as both properties are outside the PMA and target different populations.

Environmental Report: First Housing reviewed a Phase I Environmental Site Assessment ("ESA") Report, dated September 5, 2009, prepared by E Sciences, Inc. ("ESI"). ESI conducted the ESA in conformance with the scope and limitations of ASTM Practice E 1527-05. Based on the site reconnaissance, ESI observed presence of several debris areas on the site including a buried truck frame, wooded debris, construction debris, and landscaping. Two out-of-service water supply wells were observed adjacent to the car port/pole barn area that were 2 and 4 inches in diameter. ESI concluded that a Phase II ESA should be performed to include vegetative removal and/or clear cutting, to perform test pits and soil and groundwater sampling to assess the nature and extent for the buried subsurface debris and soil/ground water impacts that may exist.

First Housing reviewed a Phase II ESA as prepared by ESI on October 29, 2009. ESI concluded that the site does not appear to be significantly impacted by the suspect debris at this time. Therefore, no further assessment is warranted at this time regarding the characterization of the suspect debris area. However a geotechnical evaluation was recommended to address the development suitability of the debris material.

This credit underwriting report is conditioned upon compliance with all recommendations in the Phase I and Phase II ESA.

Soils Test Report:

The underwriter reviewed a Subsurface Soil and Groundwater Level Investigation, dated April 28, 2010, as prepared by Yovaish Engineering Sciences, Inc. The purpose of the study was to evaluate the subsoil and groundwater level conditions on the site with respect to the suitability for support of the proposed site development. The field investigation for this study consisted of performing a total of 10 auger borings to the depths of 7 to 20 feet throughout the proposed development area. Below the topsoil layers, 2 to 3 feet of lighter colored fine sands to slightly silty fine sands were encountered, followed by darker colored slightly silty to silty fine sand and clayey fine sands were encountered below 13 feet and continued to a depth of twenty feet at the location of the pond borings.

Based on the evaluation of the encountered conditions and with the exception of the topsoils layers, the reviewed concluded the subsoils are suitable for the support of the proposed site development. Site preparation for the development should be typical for the Central Florida area and shall include the usual clearing, stripping and grubbing to remove the topsoil layer, followed by compaction from the stripped grade and compaction of any fill soils needed to achieve the final grades with the buildings and pavement areas. Applicable design bearing pressures should range from 2,000 and 2,500 psf.

Based on the topographic information depicted on the Location Plan and interpretation of the groundwater level conditions within the site, the design parameters recommended for the pond area are 94+ feet for high groundwater elevation, 92.5 feet for average on-site groundwater elevation, and 91+ feet for low groundwater elevation. It is also recommended the pond be provided a liner to help minimize the

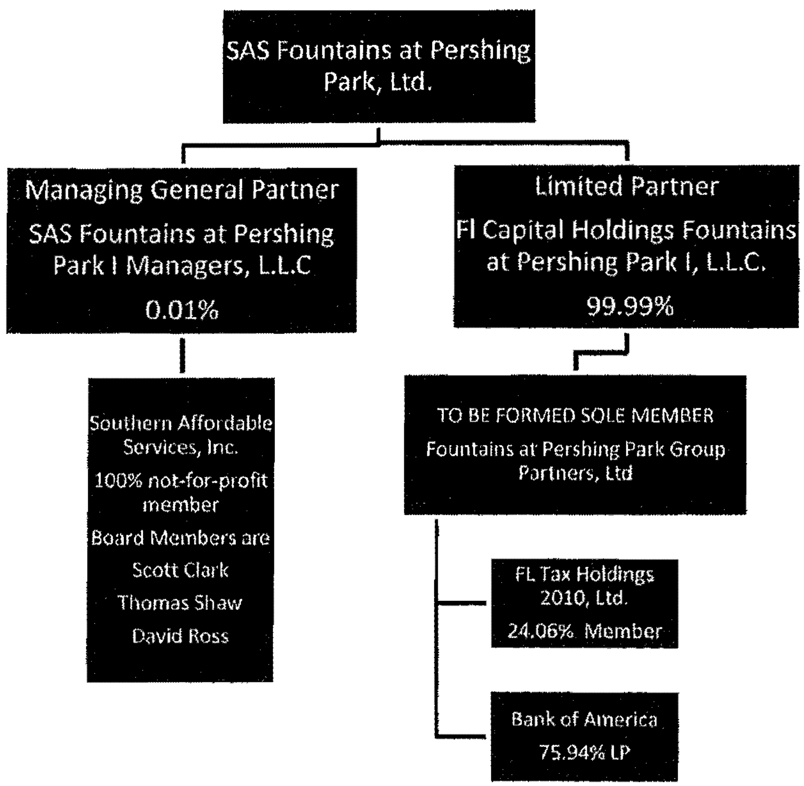
	seasonal water level fluctuations.
	This credit underwriting report is conditioned upon all recommendations in the Soil Report being met.
Pre-Construction Analysis ("PCA" or "PCR"):	First Housing engaged Consultech & Associates, Inc. ("Consultech") to perform a Pre-Construction Plan & Cost Review for the subject development, which was due June 1, 2010. However, based on Consultech, the Developer did not provide all documents necessary for the review. Receipt of a satisfactory PCA is a condition to finalization of this report.
Features, Amenities & Resident Programs:	The Applicant committed to provide Features, Amenities and Resident Programs in Part III, Section B & F (Exhibit 3) of the Application.

Borrower Information

Borrower Name: SAS Fountains at Pershing Park, Ltd.

Borrower Type: A Florida Limited Liability Company

Ownership Structure: The general partner ("GP") with 0.01% ownership interest is SAS Fountains at Pershing Park I, L.L.C. The member of the GP is Southern Affordable Services, Inc., a not-for-profit with 100% interest and controlled by a Board of Directors. FL Capital Holdings Fountains at Pershing Park I, L.L.C., or an affiliate, is anticipated to be the syndicator with a 99.99% limited partnership interest in applicant, and Bank of America will be the second tier investor with 75.94% interest.



Copies of the Limited Partnership Agreements and (or) Articles of Incorporation and current Certificates of Status have been provided on the Applicant and General Partner entities.

The Developer entity, Southern Affordable Development, L.L.C. is a single member entity that did not elect to be classified as an association they are disregarded as an entity separate from its owner, Southern Affordable Services, Inc. The underwriter received the IRS determination of 501(c)(3), Articles of Incorporation, and Bylaws.

Contact Person(s):

Scott Clark
655 W. Morse Boulevard, Suite 212
Winter Park, Fl 32789

Telephone: (407) 472-0325
Facsimile: (407) 647-7622
E-mail: sclark@clarkandalbaugh.com

Federal Employer ID: 27-0769888

Experience:

Since all of the entities in the ownership structure are newly formed, we must look to the principals and Developer in order to determine the experience of the Applicant.

Southern Affordable Services, Inc. ("SAS") was organized under the laws of Florida as a not-for-profit organization on May 1, 2009. As stated in its Articles of Incorporation, as filed with the State of Florida, its primary purpose is to relieve the poor and distressed by developing, owning and operating housing for rental to eligible persons with low and moderate annual incomes at affordable rates. SAS Applied for determination for exempt status with the Internal Revenue Service on or about June 3, 2009. SAS received a favorable determination from the IRS on November 20, 2009. The Executive Director, David W. Welday III, is a management consultant with a rich and varied background in serving non-profit organizations, publishing and marketing firms. He has served on multiple non-profit boards and has been a consultant to compassion ministries, service organizations, associations and religious denominations. SAS Board of Directors is comprised of Scott D. Clark, Thomas C. Shaw, and David J. Ross. Mr. Clark practice law for nearly 30 years, with focus on real estate transactions and the related disciplines of land use law, banking and real property litigation. Mr. Shaw practices law in the areas of estate planning, corporation and business law, and probate and trust matters.

As part of our due diligence, First Housing has undertaken a review of the Developer's experience and qualification to perform as Developer for the proposed transaction. The proposed Developer is Southern Affordable Development, LLC which is wholly owned by Southern Affordable Services, Inc. The application indicates that Mr. Larry White is the Principal of the Developer and indicated two prior affordable housing transactions to qualify under the requirements of the Application. One of the properties listed is Holly Creek Phase I in Woodlands, Texas and is indicated to be a HUD Section 8 property. The second is Woodbridge Apartments located in Orlando, FL and is indicated to have been funded with Tax Exempt Bonds.

Mr. White has provided a resume which indicates that he worked for the Woodland Commercial Development Corporation prior to his involvement with Whitemark Homes, which he founded in 1984. This would indicate that Mr. White was involved in the development of Holly Creek prior to 1984 and the inception of the LIHTC program. We have also researched Woodbridge and have found it was developed with a bond issue in 1985, again prior to the creation of the LIHTC program. We also note that the development was foreclosed in 1992. We are still attempting to ascertain Mr. White's direct involvement in the Woodbridge Development.

While researching Mr. White's involvement with Whitemark Homes, we further discovered that Whitemark and Mr. White were subject to an SEC investigation beginning in 2003 and subsequent Accounting and Enforcement Action on December 29, 2006 regarding violation of financial reporting. Mr. White resigned from Whitemark in 2005 and the company is no longer active as a homebuilder.

Given Mr. White's limited experience with affordable housing, the fact that his involvement was over 25 years ago and predates the creation of the LIHTC programs, and that Mr. White has a history that includes an SEC enforcement action for violation of financial reporting, we cannot accept Southern Affordable Development LLC as a qualified developer for Fountains at Pershing Park.

Credit Evaluation:

SAS Fountains at Pershing Park, Ltd. and SAS Fountains at Pershing Park I Managers, L.L.C. are entities with no credit history, created solely to own and operate the subject development.

A D&B business information report dated April 22, 2010 for Southern Affordable Services, Inc. indicated a D&B rating of DS, which means that the information available does not permit classification. Furthermore, the D&B report a moderate risk of severe financial stress over the next 12 months and moderate to high risk of severe payment delinquency over the next 12 months.

Banking and Trade References:	SAS Fountains at Pershing Park, Ltd. and SAS Fountains at Pershing Park I Managers, L.L.C., are entities with no bank or trade references because they were created solely to own and operate the subject development. The underwriter reviewed a form which states that Southern Affordable Services, Inc. has no banking or trade references.
Financial Statements:	First Housing received 2009 tax extension form for Southern Affordable Services, Inc. Also, 2009 tax returns were provided for SAS Fountains at Pershing Park, Ltd. The General Partner does not file taxes. First Housing has reviewed financial statements, which are summarized below:

SAS Fountains at Pershing Park, Ltd.

Un-Audited Financial Statements April 30, 2010

Total Assets	$110
Total Liabilities	$170
Total Equity	($60)

The above financial statement was certified by Scott D. Clark, President, on June 4, 2010.

SAS Fountains at Pershing Park I Managers, L.L.C.

Un-Audited Financial Statements April 30, 2010

Total Assets	$105,095
Total Liabilities	$106,101
Total Equity	($1,005)

The above financial statement was certified by Scott D. Clark, President, on June 4, 2010.

Southern Affordable Services, Inc. (Single member of Developer)

Un-Audited Financial Statements April 30, 2010

Cash and Cash Equivalents	$2,727
Total Assets	$128,750
Total Liabilities	$268,121
Total Equity	($139,371)

The above financial statement was certified by Scott D. Clark, President, on June 4, 2010.

Contingent Liabilities: First Housing received contingent liabilities forms for SAS Fountains at Pershing Park, Ltd. SAS Fountains at Pershing Park I Managers, LLC, and for Southern Affordable Services, Inc. all saying there are no contingent liabilities for those entities.

Summary: The Underwriter has received and reviewed the partnership agreements and articles of incorporation on the applicant entity and general partner. Based on a review of the information provided, the Applicant, General Partner and Developer are newly formed entities with weak financial resources necessary to develop the proposed property. The Developer's Board members collectively represent to have experience in non-profit organizations and real estate transactions.

Guarantor Information

Guarantor(s) Name:	SAS Fountains at Pershing Park, Ltd., SAS Fountains at Pershing Park I Managers, LLC, and Southern Affordable Services, Inc.
Contact Person(s):	Scott Clark 655 W. Morse Boulevard, Suite 212 Winter Park, Fl 32789 Telephone: (407) 472-0325 Facsimile: (407) 647-7622 E-mail: southernaffordable@gmail.com
Guarantor Description:	The Applicant, SAS Fountains at Pershing Park, Ltd., was formed expressly to own and operate The Fountains at Pershing Park. The general partner ("GP") with 0.01% ownership interest is SAS Fountains at Pershing Park I Managers, LLC. The member of the GP is Southern Affordable Services, Inc. a not-for profit entity.
Nature of the Guarantees:	The Guarantors shall provide a Guarantee of Recourse Obligations: standard guarantees of Construction Completion, Operating Deficits, and Environmental Indemnity guarantees. The construction completion guarantees will be released upon 100% lien free completion. TCEP - Guarantors to provide an Operating Deficit Guaranty for the full 15 years of the compliance period. The amount of the Guaranty will be limited to nine (9) months of operating expenses (inclusive of replacement reserves) and nine (9) months of debt service.
Financial Statements:	Financial statements for the Guarantors were summarized in the previous Borrower's Information Section.
Contingent Liabilities:	Summarized in previous section.
Summary:	Based upon the financial information provided, First Housing finds the above referenced Guarantors have insufficient Net Worth for the purpose of collateralizing the FHFC Guarantees. This is mitigated by the Operating Deficit Reserve held during the compliance period. Furthermore, Atlantic Housing is involved as some of its principals are involved in the General Contractor, and the Syndicator.

Syndicator Information

Syndicator Name:	FL Capital Holdings Fountains at Pershing Park I, L.L.C.
Contact Person:	Paul M. Missigman 407-741-8532 phone 407-629-6979 fax
Address:	700 West Morse Blvd. Winter Park, FL 32789

Experience: FL Capital Holdings Fountains at Pershing Park I, L.L.C. is newly formed entity affiliated with the principals of Atlantic Housing. Fountains at Pershing Park Group Partners, Ltd. (a to be formed entity) is the sole member of the Syndicator, which is owned by Florida Tax Holdings 2010, Ltd. (24.06% Member), and Bank of America (75.94% Limited Partner). In order to analyze the experience of the Syndicator, we should examine the experience of Atlantic Housing.

Atlantic Housing Partners, L.L.L.P. ("Atlantic Housing") is a recognized leader in the development of affordable housing. The Principals of Atlantic Housing have been a strong force in the affordable housing (multifamily and single family) industry by utilizing their expertise in real estate, finance and construction, and by working effectively with local government entities to expedite approvals in the development process. Atlantic Housing's principals have developed 18,131 affordable residences utilizing Section 42 Tax Credits and have assisted in closing $734,526,000 in tax-exempt/taxable Bond financing for the development of 14,895 residences.

Furthermore, Michael Sciarrino has ownership interest in Florida tax Holdings 2010, Ltd. as well as Fl Tax Holdings, Ltd. Through Fl Tax Holdings, Ltd., Mr. Sciarrino has experience syndicating many of its own properties.

Financial Statements: First Housing has reviewed financial statements, which are summarized below:

Florida Tax Holdings 2010, Ltd.

Un-Audited Financial Statements May 31, 2010

Total Assets	$150
Total Liabilities	$1,062
Total Equity	($912)

Florida Tax Holdings (combined)

Un-Audited Financial Statements May 31, 2010

Total Assets	$51,689,606
Total Liabilities	$14,981,437
Total Equity	$36,708,169

Please note, the above financials were management prepared, not certified and reflect combined financial statements from Florida Tax Holdings, Ltd., Florida Tax Holdings II, Ltd. and Florida Tax Holdings 2010, Ltd. which have Michael Sciarrino as a common principal. These three entities are not connected in their ownership structure.

Summary: FL Capital Holdings Fountains at Pershing Park I, L.L.C. ("Fl Capital"), will be the tax credit syndicator. Fl Capital will be purchasing a 99.99% interest in the Applicant for an estimated total capital contribution of $9,014,400 or $.60 per tax credit. Fl Capital will then transfer the credits to its sole member, Fountains at Pershing Park Group Partners, Ltd, a to be formed entity, which in turn will sell 75.94% ownership interest in the partnership project ("Second Tier") for $9,014,400 or $.79 per tax credit to Bank of America. Fl Capital will retain the remaining tax credits by transferring to its affiliate, Fl Tax Holdings 2010, Ltd., and can either sell them to another institution or keep them to reduce its tax liabilities. It should be noted that Fl Tax Holdings 2010, Ltd. and Mike Sciarrino are providing guarantees to Bank of America for operating deficits, tax credit delivery, tax credit recapture and construction completion. It is our understanding that Bank of America is requiring these guarantees from Fl Tax Holdings 2010, Ltd. and its principal (which are typically provided by the Developer Entity and its principals) due to the limited experience and financial resources provided by the Developer. Fl Tax Holdings 2010, Ltd. is requiring the $0.19/credit profit on the sale of the credits to compensate for the assumption of these risks. We are not aware of another transaction utilizing such a capital structure with large syndicator profits in return for guarantees.

Based on the information reviewed by the underwriter, the Syndicator does not possess the financial strength to act as the syndicator of the housing credits for this transaction. However, the underwriter is comfortable due to the second tier investor ownership interest in the partnership by Bank of America.

General Contractor Information

General Contractor:	CPG Construction, L.L.L.P.
Type:	Florida Limited Liability Limited Partnership
Contact Person:	Scott Culp, General Contractor
	(407) 741-8500 Telephone (407) 629-6979 Facsimile
Address:	700 West Morse Blvd. Winter Park, Florida 32789

Experience:

CPG Construction, L.L.L.P. ("CPG") is recognized as a leader in general contracting for multi-family affordable housing communities. CPG and its principals have constructed over of 100 multi-family communities in 7 different states, producing more than 20,000 units.

Scott Culp is the licensed general contractor and qualifying agent for CPG Construction, L.L.L.P. In this capacity he directs the management of all estimating, bidding, contract negotiations, construction management and general contracting for all community development.

Mr. Culp has over 25 years of development and construction experience having participated in the construction management of high rise commercial, high rise residential, mid-rise residential, mixed use infrastructure, single family community development, multi-family garden style development, townhomes and condominiums. Mr. Culp has been directly responsible for the development and construction of over 20,000 residential units.

Mr. Culp earned his Bachelor of Science in Building Construction from Auburn University and holds a Florida State Certified General Contractor license. He has been appointed by Florida's Governor to serve on the Affordable Housing Study Commission and the Hurricane Housing Work Group. He is a member of the local and national HBA and the Greater Orlando Leadership Foundation. He has served as Chairman, Vice Chairman and Director of the Florida Coalition of Affordable Housing Providers.

Applicant has submitted a copy of Scott Culp Florida General Contractor License #CGC1512998, which is valid through August 31, 2010.

Credit Evaluation:	A D&B Business Information Report, dated May 7, 2010, indicates a D&B Rating of DS, which means that the information available does not permit classification. The 12 month D&B paydex indicates payments with an average of 67 days beyond terms. Furthermore, the D&B reported a medium to high risk of severe financial stress over the next 12 months and high risk of severe payment delinquency over the next 12 months.
	The Underwriter received verification that CPG Construction, L.L.L.P. does not have any contingent liabilities.
Banking References:	The underwriter has received satisfactory banking references for CPG Construction, L.L.L.P. Furthermore, satisfactory Trade references have been reviewed by the underwriter.
Financial Statements:	First Housing reviewed the latest audited financial statement, which is summarized as follows:

CPG Construction, L.L.L.P.

Audited Financial Statements 12/31/2009

Cash and cash equivalents	$2,559,414
Total Assets	$16,648,202
Total Liabilities	$8,909,286
Total Equity	$7,738,916

Summary:	First Housing recommends CPG Construction, L.L.L.P. as the General Contractor for this development based on its proven experience and financial strength.

Property Manager Information

Management Company:	Concord Management, Ltd.
Type:	A Florida Limited Liability Limited Partnership
Contact Person:	Ed Kleiman Telephone: (407) 741-8600 Facsimile: (407) 975-9109
Address:	1551 Sandspur Road Maitland, FL 32751
Experience:	Concord Management, Ltd. ("Concord") is America's leading company managing affordable housing and HC properties exclusively. Concord's team members have collectively managed more than 100,000 rental residences.
Management Agreement:	The applicant has submitted an executed Management Agreement between SAS Fountains at Pershing Park, Ltd. and Concord Management, Ltd., dated March 1, 2010, which reflects a management fee of 4.5% of "the Partnership's Gross Receipts." The Management Agreement contains the appropriate verbiage regarding compliance with tenant income and rent restrictions.
Management Plan:	The applicant has submitted a Preliminary Management Plan, which outlines the various policies and procedures to be implemented in managing the subject development. The Plan references the appropriate record keeping requirements.
Summary:	The underwriter recommends Concord to act as the management entity in the subject development. Concord is an approved management company by FHFC.

15 Year Proforma

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 Revenue	$707,652	$721,805	$736,241	$750,966	$765,985	$781,305	$796,931	$812,870	$829,127	$845,710	$862,624	$879,876	$897,474	$915,423	$933,732
Other Income															
Washer/Dryer	$19,320	$19,706	$20,101	$20,503	$20,913	$21,331	$21,757	$22,193	$22,636	$23,089	$23,551	$24,022	$24,502	$24,992	$25,492
Cable	$41,952	$42,791	$43,647	$44,520	$45,410	$46,318	$47,245	$48,190	$49,153	$50,137	$51,139	$52,162	$53,205	$54,269	$55,355
Miscellaneous	$46,000	$46,920	$47,858	$48,816	$49,792	$50,788	$51,803	$52,840	$53,896	$54,974	$56,074	$57,195	$58,339	$59,506	$60,696
Gross Potential Revenue	**$814,924**	**$831,222**	**$847,847**	**$864,804**	**$882,100**	**$899,742**	**$917,737**	**$936,092**	**$954,813**	**$973,910**	**$993,388**	**$1,013,256**	**$1,033,521**	**$1,054,191**	**$1,075,275**
Vacancy and Collection Loss @ 7%	($57,045)	($58,186)	($59,349)	($60,536)	($61,747)	($62,982)	($64,242)	($65,526)	($66,837)	($68,174)	($69,537)	($70,928)	($72,346)	($73,793)	($75,269)
Management Unit	($11,988)	($12,228)	($12,228)	($12,228)	($12,228)	($12,228)	($12,228)	($12,228)	($12,228)	($12,228)	($12,228)	($12,228)	($12,228)	($12,228)	($12,228)
Total Effective Gross Revenue	**$745,891**	**$760,809**	**$776,270**	**$792,040**	**$808,125**	**$824,532**	**$841,267**	**$858,337**	**$875,749**	**$893,508**	**$911,623**	**$930,100**	**$948,946**	**$968,170**	**$987,778**
Expenses															
Fixed															
Real Estate Taxes	$65,481	$67,445	$69,469	$71,553	$73,699	$75,910	$78,188	$80,533	$82,949	$85,438	$88,001	$90,641	$93,360	$96,161	$99,046
Insurance	$50,140	$51,644	$53,194	$54,789	$56,433	$58,126	$59,870	$61,666	$63,516	$65,421	$67,384	$69,405	$71,488	$73,632	$75,841
Variable															
Management Fee @ 4.5%	$33,565	$34,236	$34,932	$35,642	$36,366	$37,104	$37,857	$38,625	$39,409	$40,208	$41,023	$41,854	$42,703	$43,568	$44,450
General and Adminstrative	$50,600	$52,118	$53,682	$55,292	$56,951	$58,659	$60,419	$62,232	$64,099	$66,022	$68,002	$70,042	$72,144	$74,308	$76,537
Payroll Expenses	$95,200	$98,056	$100,998	$104,028	$107,148	$110,363	$113,674	$117,084	$120,597	$124,214	$127,941	$131,779	$135,732	$139,804	$143,999
Utilities	$97,520	$100,446	$103,459	$106,563	$109,760	$113,052	$116,444	$119,937	$123,535	$127,241	$131,059	$134,990	$139,040	$143,211	$147,508
Maintenance and Repairs	$33,580	$34,587	$35,625	$36,694	$37,795	$38,928	$40,096	$41,299	$42,538	$43,814	$45,129	$46,483	$47,877	$49,313	$50,793
Grounds Maintenance and Landscaping	$13,800	$14,214	$14,640	$15,080	$15,532	$15,998	$16,478	$16,972	$17,481	$18,006	$18,546	$19,102	$19,676	$20,266	$20,874
Reserve for Replacements	$27,600	$27,600	$27,600	$27,600	$27,600	$27,600	$28,428	$29,281	$30,159	$31,064	$31,996	$32,956	$33,945	$34,963	$36,012
Total Expenses	$467,486	$480,347	$493,598	$507,240	$521,283	$535,741	$551,454	$567,630	$584,283	$601,429	$619,080	$637,254	$655,964	$675,227	$695,059
Net Operating Income	**$278,405**	**$280,462**	**$282,672**	**$284,800**	**$286,842**	**$288,791**	**$289,814**	**$290,708**	**$291,465**	**$292,080**	**$292,542**	**$292,846**	**$292,983**	**$292,943**	**$292,719**
Debt Service Payments															
Bank of America	$239,901	$239,901	$239,901	$239,901	$239,901	$239,901	$239,901	$239,901	$239,901	$239,901	$239,901	$239,901	$239,901	$239,901	$239,901
TCEP	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720
Total Debt Service Payments	**$252,621**	**$252,621**	**$252,621**	**$252,621**	**$252,621**	**$252,621**	**$252,621**	**$252,621**	**$252,621**	**$252,621**	**$252,621**	**$252,621**	**$252,621**	**$252,621**	**$252,621**
Cash Flow After Debt Service	**$25,784**	**$27,841**	**$30,051**	**$32,179**	**$34,221**	**$36,170**	**$37,193**	**$38,087**	**$38,844**	**$39,459**	**$39,921**	**$40,225**	**$40,362**	**$40,322**	**$40,098**
Debt Service Coverage Ratios															
Bank of America	1.16	1.17	1.18	1.19	1.20	1.20	1.21	1.21	1.21	1.22	1.22	1.22	1.22	1.22	1.22
TCEP	1.10	1.11	1.12	1.13	1.14	1.14	1.15	1.15	1.15	1.16	1.16	1.16	1.16	1.16	1.16
Total Debt Service Payments	1.10	1.11	1.12	1.13	1.14	1.14	1.15	1.15	1.15	1.16	1.16	1.16	1.16	1.16	1.16
Financial Ratios															
Operating Expense Ratio	63%	63%	64%	64%	65%	65%	66%	66%	67%	67%	68%	69%	69%	70%	70%
Break-Even Occupancy Rate	88%	88%	88%	88%	88%	88%	88%	88%	88%	88%	88%	88%	88%	88%	88%

HC ALLOCATION CALCULATION

Qualified Basis

Total Development Costs(including land and ineligible Costs)	$16,562,506
Less Land Costs	$1,350,000
Less Federal Grants and Loans	$0
Less Other Ineligible Costs	$499,903
Total Eligible Basis	$14,712,603
Applicable Fraction	89%
DDA/QCT Basis Credit	130%
Qualified Basis	$17,022,482
Housing Credit Percentage	9.00%
Annual Housing Credit Allocation	$1,532,023

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include legal fees, advertising/marketing fees, operating reserves required by lender, the lease-up portion of construction interest, and certain administrative cost.

2. The development has an 89% set-aside; therefore, the Applicable Fraction is 89%.

3. For purposes of this analysis, the development is located in a Qualified Census Tract ("QCT") and/or Difficult Development Area ("DDA") therefore; the 130% basis credit was applied to the Rehabilitation Calculation.

4. The Rehabilitation Housing Credit Percentage is 9.00% based on the Housing and Economic Recovery Act of 2008 for developments placed in service after July 30, 2008 and before December 31, 2013.

GAP Calculation

Total Development Costs(including land and ineligible Costs)	$16,562,506
Less Mortgages	$2,600,000
Less Grants	$0
Equity Gap	$13,962,506
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$0.60
HC Required to meet Equity Gap	$23,273,171
Annual HC Required	$2,327,317

Notes to the GAP Calculation:

1. HC Syndication Pricing and Percentage to Investment Partnership are based on the proposal provided by the Applicant.

Recommendation

HC Per Applicant's Request	$1,502,550
HC Per Qualified Basis	$1,532,023
HC Per GAP Calculation	$2,327,317
Annual HC Recommended	$1,502,550
Syndication Proceeds based upon Syndication Agreement	$9,014,400

Notes to Recommendation:

1. The Annual Housing Credit Recommendation is limited by the Applicant's request.

The Fountains at Pershing Park 2009-240C / 2010-013CX / RFP 2010-04
Orange County
<u>Description of Features and Amenities</u>

A. The Development will consist of:

92 Garden Apartment units located in 3 residential buildings.

Unit Mix:

Forty-six (46) one bedroom/one bath units containing a minimum of 712 square feet of heated and cooled living area.

Thirty-six (36) two bedroom/two bath units containing a minimum of 988 square feet of heated and cooled living area.

Ten (10) three bedroom/two bath units containing a minimum of 1,236 square feet of heated and cooled living area.

92 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. Elderly requirements

The following will be provided in all units:

1. Thermostat placed at 48" maximum height
2. Tight-napped Berber-type carpet or non-skid/non-glossy tile in all living areas or a combination of both
3. 36" entrances on all exterior doors
4. All wall electrical outlets placed between 18" and 48" above the floor
5. Scald control valves on all bathtub and shower faucets
6. Peephole at 4' 10" on all exterior doors
7. Toggle type switches for each light and each fan throughout the unit
8. Adjustable shelving in master bedroom closets (style of shelving must be re-adjustable by resident)
9. Lever action handles on all doors in units and public areas
10. Horizontal grab bars in place installed around each tub and/or shower, the installation of which meets or exceeds the Universal Federal Accessibility Standards (UFAS 4.34.5)
11. Horizontal grab bars in place installed around each toilet, the installation of which meets or exceeds the Universal Federal Accessibility Standards (UFAS 4.34.5).
12. Roll-out shelving or drawers in all bottom bathroom vanity cabinets
13. Roll-out shelving or drawers in at least one bottom kitchen cabinet
14. Roll-in showers will be provided in at least fifteen percent (15%) of all new construction units and at least ten percent (10%) of all Rehabilitation/Substantial Rehabilitation units. 1/3 of the 15% NC requirement or 1/2 of the 10% SR requirement may be met with walk-in type shower stalls with permanently affixed seat which meet or exceed the Universal Federal Accessibility Standards (UFAS)

15. A minimum of one elevator per residential building must be provided for all new construction Developments that consist of more than one story if any of the Elderly set-aside units will be located on a floor higher than the first floor

D. The Applicant has committed to provide the following features in each new construction unit:

1. Ceramic tile bathroom floors in all units

2. Double compartment kitchen sink in all units

3. 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

4. Dishwasher in all new construction units

5. Garbage disposal in all new construction units

E. The Applicant has committed to the following amenities in the Development:

1. 30 Year expected life roofing on all buildings

2. Exercise room with appropriate equipment

3. Community center or clubhouse

4. Swimming pool

5. Car care area (for car cleaning/washing)

6. Picnic area with hard cover permanent roof of a design compatible with the Development, open on all sides, containing at least three permanent picnic tables with benches and an adjoining permanent outdoor grill

7. Outside recreation facility: Putting Green

8. Each unit wired for high speed internet

9. Laundry hook-ups and space for full-size washer and dryer inside each unit

F. The Applicant has committed to provide the following energy conservation features for all buildings in the Development:

1. Gas water heater with energy factor of .61 or better

2. Wall insulation of R-15 or better for frame built construction

3. Attic insulation of R-30 or better

4. Double-pane glass on all windows

5. Energy Star certified refrigerator and dishwasher in each unit

6. Ceiling fans in all bedrooms and living area in each unit

G. By initialing each item, the Applicant commits to the following 10 Green Building options for this Development:

1. _X__ Programmable thermostats in each unit

2. ____ Energy Star rated reversible ceiling fans in all bedrooms and living areas

3. _X__ Showerheads that use less than 2.5 gallons of water per minute

4. _X__ 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. _X__ Energy Star qualified lighting in all open and common areas

7. _X__ Motion detectors on all outside lighting that is attached to the units

8. _X__ Low VOC paint (less than 50 grams per gallon) in all units and common areas

9. ____ Reduced Heat-Island Effect paving (use light colored or porous paving materials)

10. _X__ Energy Star rating for all refrigerators, dishwashers and washing machines that are provided by the Applicant

11. ____ Energy Star rating for all windows in each unit

12. _X__ Carpet and Rug Institute Green Label certified carpet and pad for all carpeting provided

13. _X__ Florida Yards and Neighborhood certification on all landscaping

14. _X__ Install daylight sensors or timers on all outdoor lighting

H. The Applicant has committed to provide the following Resident Programs:

1. Manager On-Call 24 Hours Per Day – Applicant must provide management personnel on the Development's premises at all times who will be available and accessible to the residents 24 hours per day, seven days per week, at no cost to the resident.

2. Literacy Training - Applicant or its Management Agent must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space onsite. Electronic media, if used, must be used in conjunction with live instruction.

3. Computer Training – The Applicant or its Management Agent shall make available computer and internet training classes (basic and/or advanced level depending on the needs and requests of the residents). The training classes must be provided at least once a week, at no cost to the resident, in a dedicated space on site. Electronic media, if used, must be used in conjunction with live instruction.

4. Health and Nutrition Classes – At least 8 hours per year, provided on site at no cost to the residents. Electronic media, if used, must be used in conjunction with live instruction.

5. Mentoring – Establish a partnership with a primary or secondary education institution to encourage mentoring, tutoring and/or financial support that will benefit the residents of the proposed affordable housing community. This service must be provided at no cost to the resident. Electronic media, if used, must be used in conjunction with live instruction.

6. 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.

7. Resident Assistance Referral Program - The Applicant or its Management Agent will make available to residents information about services such as crisis 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 used in conjunction with live instruction.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: **The Fountains at Pershing Park**
DATE: **July 16, 2010**

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 in the "Issues and Concerns" section of the Executive Summary.

FINAL REVIEW **REQUIRED ITEMS:**	**STATUS** **Satis. / Unsatis.**	**NOTE**
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.	Unsatis.	
2. Final site plan and/or status of site plan approval.	Unsatis.	1.
3. Permit Status.	Unsatis.	2.
4. Pre-construction analysis ("PCA").	Unsatis.	3.
5. Survey.	Satis.	
6. Complete, thorough soil test reports.	Satis.	
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.	
9. 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 timeframe 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 Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor.	Satis.	
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.	Satis.	
15. Firm commitment letter from the syndicator, if any.	Unsatis.	4.
16. Firm commitment letter(s) for any other financing sources.	Satis.	
17. Updated sources and uses of funds.	Satis.	

COMPLETENESS AND ISSUES CHECKLIST

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	**Satis. / Unsatis.**	
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.	
21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis.	
22. Any additional items required by the credit underwriter.	Satis.	

8/14/03

NOTES AND APPLICANT'S RESPONSES:

Notes:

1. Final site plans and status of approval are condition to closing.
2. Orange County Planning Department does not provide preliminary site plan approval. Site plan approval will be a condition to closing.
3. A PCA has been engaged by First Housing, however has not been completed. Receipt of a satisfactory PCA is a condition to finalization of this report.
4. First Housing understands that if you follow the ownership of Fl. Capital, it is owned by some of the same principals who own the General Contractor. Therefore, the underwriter is requiring the syndication of Housing Credits to Bank of America or to a similar entity acceptable to FHFC or First Housing at its sole discretion, in the terms described in this credit underwriting report. The underwriter reviewed a letter of interest from BOA, which is not a firm commitment.

Applicant's Response: