



September 26, 2003

VIA E-Mail

Jan Rayboun
Loan Closing Coordinator
Florida Housing Finance Corporation
City Centre Building
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Re: Tower View Homes
FHFC #02HH-016

Dear Jan:

Tower View Homes ("Development"), a proposed 22-home development, will consist of single-family detached affordable housing located at NW 6th Street and NW 6th Avenue in Florida City, Miami-Dade County, Florida. The Development will target low-income households in Miami-Dade County.

The applicant proposes to utilize funds from the FHFC HOME program for permanent second mortgage loans only. The applicant does not intend to use HOME funds for the Development's construction. AmeriNational Community Services, Inc. ("AmeriNational") has reviewed the Applicant's loan application to Florida Housing. AmeriNational has not performed any specific due diligence or reviewed any third party reports. AmeriNational has not performed any due diligence relating to the Applicant. AmeriNational has performed an analytical review of the Applicant's development costs, sources of funds, home sell-out pro forma and affordability analysis.

Ownership Structure:

12 Florida City Corp. ("Applicant"), a Florida For-profit corporation, was established on September 16, 2002. The Applicant is owned 100% by the president, Jay Mirmelli and he has adequate experience to complete a development of this type.

HOME Loan:

The Borrower has applied for an \$816,767 HOME Construction Loan. A rule waiver was requested and received from the Florida Housing Board on September 12, 2003 allowing the use of the funds to be utilized as permanent loans to eligible homebuyers only.

Development Costs:

The sponsor's development budget total is \$2,530,000 (or an average of \$115,000 per single-family home). On an average per unit basis, general development, financing, home construction costs, and developer fee total \$15,841, \$5,088 \$69,934 and \$14,138 respectively. These average costs are reasonable based on AmeriNational's experience with comparable transactions. Developer fees are below the 16% maximum. The contractor's fees are within the 14% maximum.

DEVELOPMENT COSTS		
Actual Construction Cost	Application	AVG / %
Demolition	\$2,000	
New Units	\$1,237,500	
Contractor's fee (Not to Exceed 14%)	\$182,193	13.43%
Total Construction Contract		
Contingency	\$116,852	
Total	\$1,538,545	\$69,934
General Development Costs		
Accounting fees	\$12,000	
Appraisal	\$5,000	
Architect's fee – design	\$10,000	
Builder's risk insurance	\$10,000	
Building permit	\$15,000	
Brokerage fees	\$101,200	
Closing costs-construction	\$10,000	
Environmental report	\$1,200	
FHFC application fee	\$200	
Impact fees	\$38,694	
Inspection fees	\$18,744	
Insurance	\$15,000	
Legal fees	\$10,000	
Marketing and advertising	\$5,000	
Property taxes	\$4,550	
Survey	\$6,800	
Soil Test	\$2,750	
Title insurance	\$1,175	
Utility connection fee	\$81,180	
Total	\$348,493	\$15,841
Financial Costs		
Construction loan origination fee	\$14,800	
Bridge loan interest	\$97,125	
Total	\$111,925	\$5,088
Other Development Costs		
Developer fee	\$311,038	15.56%
Total	\$311,038	\$14,138
Land Acquisition		
Land	\$220,000	
Total	\$220,000	\$10,000
Total Development Costs	\$2,530,000	\$115,000

As indicated earlier, no third party reports were relied upon for our review. A plan and cost review of construction costs has not been performed. However, based upon AmeriNational's experience, the average per unit construction costs estimates appears reasonable at this time.

Construction Financing Sources:

As provided in the application, Dr. Phillip C. Mirmelli, MD ("Lender") will provide up to \$1,450,000 in a construction loan at 8.5% interest and have a term of 24 months in a commitment dated September 30, 2002. The application also provided confirmation of the financial capacity of the lender. In addition, Wachovia provided a letter acknowledging the lender has access to a personal line of credit of \$1,500,000.

Source	Lender Name	# of Homes	Application
Const/Perm	P. Mirmelli, MD/Wachovia	22	\$ 1,450,000
HOME	FHFC	22	\$ 816,757
Deferred Developer Fee	12 FL City Corp	22	\$ 263,243
Total			\$ 2,530,000

Proposed Permanent Financing Sources:

Sources of funds for homebuyers of this development during the permanent period include the homebuyer's first mortgage permanent loan, a HOME Permanent Loan, and homebuyer equity. The single-family home sales price is \$115,000.

Terms and conditions of a typical first mortgage loan include various thirty-year (30) mortgage programs including but not limited to FHA and VA. Since the loan's interest rate will not be determined until closing, AmeriNational has used an underwriting interest rate of seven (7.00%). Depending on model chosen, the average first mortgage loan amount to the individual homebuyer will equal approximately \$88,300.

HOME Permanent Loans are second mortgage loans that bear a 0% interest rate, and are non-amortizing with principal deferment until maturity. The HOME Permanent Loan shall not be assumable and shall be due and payable upon sale, transfer or rental of the home.

The HOME Permanent Loan shall be made available to eligible borrowers purchasing a home in an aggregate amount not exceeding the lesser of 25 percent of the purchase price of the home or the amount necessary to enable the purchaser to meet credit underwriting criteria based on the monthly mortgage payment (which includes the principal, interest, taxes and insurance) to income ratio, established by the financing program offered by the first mortgage lender. The combined loan-to-value ratio of all loans shall not exceed 105% of the lesser of the after-construction appraised value or the purchase price of the home. Proceeds of the HOME Permanent Loan may be used to assist with down payment and closing cost expenses. It is expected that the average HOME Permanent Loan to the individual homebuyer will equal \$28,750.

Source	Lender Name	Total Loan Amount	Average
Homeowner 1st Mortgage	Aegis	\$ 1,942,600	\$ 88,300
HOME 2nd Mtg	FHFC	\$ 632,500	\$ 28,750
Homebuyer Equity	homebuyer	\$ 22,000	\$ 1,000
Closing Costs	homebuyer	\$ (67,100)	\$ (3,050)
Total		\$ 2,530,000	\$ 115,000

Unit Mix:

The Development has one unit type at a purchase price of \$115,000.

Bd / Bth/Garage	No. of Homes	AMI Set Aside	Living Area (Sq. Ft.)	Developer Sales Price	2002 Sales Price Limits	Total Gross Sales
3/2; Model A	22	80%	1391	\$ 115,000	\$ 161,500	\$ 2,530,000
Totals	22			\$ 352,000		\$ 2,530,000

Set-Aside Units:

The applicant committed to the following in the HOME application:

Minimum: 100% of the total units (22) must be sold to homebuyers earning up to eighty (80) percent of the area median income ("AMI").

Affordability Analysis:

Assuming a HOME second mortgage of \$28,750 for the model and a first mortgage loan averaging \$88,300, the monthly housing payment (including principal, interest, taxes and insurance) will be \$807.80. This will allow a family of three or more to purchase the model.

Model	3/2
Sales Price	\$ 115,000
Closing Costs	\$ 3,050.00
Less Down Payment	\$ 1,000.00
Less HOME	\$ 28,750.00
First Mortgage	\$ 88,300.00
Principal and Interest @ 6.50%	\$558.12
Tax and Insurance	\$ 249.69
PAYMENT	\$807.80
Affordability (PMT / 30% X 12)	\$ 32,312.12
Percentage of AMI (family of 4)	83.82%
HOME Loan % of Sales Price	25.00%
Combined LTV	101.78%

Final Credit underwriting Recommendations:

Prior to the disbursement of any HOME funds, AmeriNational recommends the following be submitted by the applicant and reviewed and approved by the credit underwriter/servicer and Florida Housing prior to disbursing funds for each of the proposed site acquisitions:

1. Appraisal – as purchased
2. Homebuyer Purchase and Sale Contract
3. The First Mortgage loan must also be in compliance with Rule Chapter 67-50 F.A.C. Homebuyer applications and loans will be processed by the lenders in accordance with each lender's standard underwriting criteria imposed by FHA, VA, GNMA, RD or FHLMC originators and servicers and any criteria in regard to second mortgages pursuant to Rule Chapter 67-50, F.A.C.
4. Permanent Subordinate Mortgage Financing Commitment and confirmation that the HOME loan will assume a second mortgage position.
5. Homebuyer Income Qualify Analysis prior to the sale of each home and the closing of each HOME Permanent Loan.
6. Confirmation that the sum of the mortgages does not exceed 105% as stated in Rule Chapter 67-50 F.A.C. and that the HOME Permanent Loan doesn't exceed the amount allowed in Rule Chapter 67-50 F.A.C.
7. Confirmation that each home's plans and specs are in accordance with the application submitted and include the required features and amenities as stated in the application.
8. Confirmation that each eligible homebuyer has completed all required homebuyer education classes.
9. Confirmation that the applicant has met all the State and Federal guidelines as mandated.
10. Confirmation that the lots are not in a Special Flood Hazard Area, and that flood insurance will not be required.
11. Confirmation that the applicant has met all the State and Federal guidelines as mandated.
12. Confirmation of meeting any and all requirements of Rule Chapter 67-50 F.A.C., 24 CFR, Part 92, and any commitments given by Florida Housing.

Conclusion and Recommendation:

AmeriNational's review of the development costs, sources of funds, and affordability analysis schedules finds them to be reasonable and internally consistent. AmeriNational is unaware of any other tasks which must be accomplished prior to obtaining construction and permanent financing other than the identification of individual sites and qualified homebuyers.

AmeriNational recommends that the FHFC proceed with approving the HOME loan of \$ 816,757 for the permanent financing of Tower View Homes, but only disbursing funds on a home-by-home basis subject to the conditions outlined above.

Sincerely,

AmeriNational Community Services Group, Inc.

Prepared By:



Richard Velazquez
Credit Underwriter

Reviewed By:



Nancy Griffin
Senior Credit Underwriter