
Florida Housing Finance Corporation

Credit Underwriting Report

Whispering Pines Apartments

HOME Program

2002-722H

Section A - Board Summary

Section B – Loan Commitment Conditions

Section C - Supporting Information and Schedules

Prepared by

FLORIDA COMMUNITY PARTNERS

Final Report

October 3, 2003

FINAL REVIEW CHECKLIST

DEVELOPMENT NAME: Whispering Pines Apartments

DATE: October 3, 2003

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 time frame. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

FINAL REVIEW REQUIRED ITEMS:	STATUS	NOTE
	Satis. / Unsatis.	
1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and/or status of site plan approval.	Satis.	1
3. Permit Status.	Satis.	
4. Pre-construction analysis ("PCA").	Satis.	
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 time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in 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.	NA	
15. Firm commitment letter from the syndicator, if any.	NA	
16. Firm commitment letter(s) for any other financing sources.	Satis.	
17. Updated sources and uses of funds.	Satis.	

FINAL REVIEW REQUIRED ITEMS:	STATUS	NOTE
	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. Any additional items required by the credit underwriter.	NA	

Notes and Applicant's Responses:

1. Final site plan has been submitted for approval to City and should receive final approval Oct. 16th.

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?	x	
Are all local government recommendations/contributions still in place at the level described in the Application?	n/a	
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?	x	
Does the Applicant have site control at or above the level indicated in the Application?	x	
Does the Applicant have adequate zoning as indicated in the Application?	x	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	x	
Have the Development costs remained equal to or less than those listed in the Application?	x	
Is the Development feasible using the set-asides committed to in the Application?	x	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	x	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	x	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	NA	
Is the Development in all other material respects the same as presented in the Application?	x	1

THE FOLLOWING ARE EXPLANATIONS OF EACH ITEM CHECKED "NO" IN THE TABLE ABOVE:

1. The number of units has increased from 61 to 71, and the configuration now includes 4 QUAD units. The number of buildings has increased from 16 with dwelling units to 19. In addition the community center building will contain the managers unit. The overall impact to the project tends to be slightly positive, but is not material. The project still conforms to zoning density, etc.

Section A
Board Summary

Executive Summary

This is a HOME Program Credit Underwriting Report for Whispering Pines Apartments, a proposed 71-unit affordable rental apartment project located on 101st Street, east of Willow Street, in Fellsmere, Indian River County. The currently proposed improvements consist of 19 buildings with rental units, one daycare building and one community building which contains the manager's unit, on 12.0 gross acres.

It is projected that completion of the subject will be during November 2004 (12 months construction), and stabilized occupancy (91% occupancy) will occur 8 months later, or during July 2005. This is based on the appraiser's estimate of absorption of approximately 9 units per month, for a total construction/absorption period of 20 months.

Ownership Structure:

The Applicant is a Certified Community Housing Development Organization (CHDO) for the Florida Housing Finance Corporation (FHFC) HOME Program. The applicant, Fellsmere Community Enrichment Program, Inc., (FCEP) is a Florida non-profit corporation formed on December 15, 2000. The corporation will retain 100% of the ownership of the project.

The Applicant will set policy and give directions to its Developer, Florida Non-Profit Housing, Inc. Florida Non-Profit Housing has significant experience in the development of multi-family projects and has produced almost 1000 units of multi-family housing in Florida. FCEP has also engaged Southwind Management Services to act as management agent for this project. These entities have sufficient experience and financial resources to complete a development of this type and manage it.

HOME Loan:

The applicant has applied to FHFC for a \$5,996,000 HOME Loan to finance this development. The HOME Loan will be co-terminus with the proposed first mortgage loan from USDA RD for a term of 33 years as recommended by FCP and provided for in the Rule. The loan shall be non-amortizing with interest-only annual payments, and the repayment of principal shall be deferred until maturity. As a qualified non-profit Applicant that owns 100% interest in the development they will receive a 0% interest rate on the loan.

Note that, per HOME rule, principal disbursements during construction are prorata with other sources of funds.

Other Financing Sources:

Additional sources of funds for the subject development include the above mentioned first mortgage loan from USDA RD of \$1,450,000, which includes a 33 year term with an interest rate of 1%. Also there will be a grant from USDA RD of \$1,050,000, which is made in conjunction with the first mortgage loan.

Additional Information:

None.

Issues and Concerns:

None.

Recommendation:

1. FCP recommends that a HOME loan of \$5,996,000 be awarded to Whispering Pines Apartments.
2. FCP recommends that a Rule Waiver be approved to allow the calculation of Debt Service Coverage to be set at 1.0x for the Operating Deficit Guarantee.

This recommendation is based upon the assumptions detailed in the Board Summary (Section A) and subject to the General Conditions & HOME Allocation Recommendations and Contingencies (Section B), with Supporting Information and Schedules (Section C).

The reader is cautioned to refer to these sections for complete information.

Prepared by:

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Whispering Pines Apartments

2002- 722H

70 HOME Assisted Units

HOME Loan Recommendation: \$5,996,000

<u>Development Type</u> New Construction	<u>Set Aside</u> 20% of HOME Asst. Units at or below 50% AMI	<u>Set Aside Term</u> 50 years
<u>Special Target Group</u> Farmworker Housing (for the purposes of USDA only)	80% of HOME Asst. Units at or below 60% AMI	<u>Developer</u> Florida Non-Profit Housing, Inc.
<u>Mortgagor</u> USDA	<u>Principals</u> Hope C. Leet, President	<u>Applicant</u> Fellsmere Community Enrichment Program, Inc.
<u>Site Area</u> 12+/- acres	<u>Density</u> 5.917 units per acre	<u>Zoning</u> R-3, Multi-family Residential
<u>Net Operating Income</u> \$56,161	<u>Appraised Value</u> \$3,915,000 Rest. Rents/Favorable Financing \$3,270,000 Market Rents/Market Financing	<u>Total Development Cost</u> \$8,496,000

Rent Roll

Fellsmere/Indian River County

Bed-rooms	Baths	No. of Units	Unit Size (SF)	HOME Median Income %	Low HOME Rents	High HOME Rents	Max. Gross HOME Rents	Utility Allowance	Max Net HOME Rents	Applicant Revised Rents	Underwriter Rents	Annual Rents
1	1	2	693	50%	\$491		\$491	\$90	\$401	\$400	\$400	\$9,600
1	1	6	693	60%		\$513	\$513	\$90	\$423	\$400	\$400	\$28,800
2	1.5	4	959	50%	\$590		\$590	\$107	\$483	\$440	\$440	\$21,120
2	1.5	16	959	60%		\$660	\$660	\$107	\$553	\$440	\$440	\$84,480
2	1.5	1	1,062	Mgmt.			\$0	\$0	\$0	\$0	\$0	\$0
3	2	7	1,216	50%	\$681		\$681	\$119	\$562	\$480	\$480	\$40,320
3	2	27	1,216	60%		\$826	\$826	\$119	\$707	\$480	\$480	\$155,520
4	2	1	1,576	50%	\$760		\$760	\$134	\$626	\$520	\$520	\$6,240
4	2	3	1,576	60%		\$924	\$924	\$134	\$790	\$520	\$520	\$18,720
QUAD	2	1	1,582	50%	\$760		\$760	\$134	\$626	\$624	\$624	\$7,488
QUAD	2	3	1,582	60%		\$924	\$924	\$134	\$790	\$624	\$624	\$22,464
Totals		71	17,954									\$394,752

Note: The underwriter's estimate of rents is supported by the Appraisal.

Sources of Funds

Source	Lender/Enhancer	Application	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
First Mortgage	USDA RD	\$1,450,000	\$1,450,000	\$1,450,000	1.000%	30.0	33	\$55,965
HOME Loan	FHFC	\$5,996,000	\$5,996,000	\$5,996,000	0.000%	30.0	33	\$0
Grant Funds	USDA RD	\$1,050,000	\$1,050,000	\$1,050,000				
Total		\$8,496,000	\$8,496,000	\$8,496,000				\$55,965

Ratios

Loan to Value*

190% First Mtg. & HOME Loan Restricted Rents
228% First Mtg. & HOME Loan Market Rents

Debt Service Coverage

1.00x First Mtg. And HOME Loan

Total Cost Per Unit

\$119,662

Average HOME Loan Per Unit

\$84,450.70

*Based on the combined 1st mtg. and HOME loan amts recommended.

There are no LTV guidelines for the HOME program. The only restriction is that the accumulation of all development financing including the HOME loan and any other debt of the development may not exceed the total development cost as determined by the underwriter.

HOME Loan To Cost

71%

Max. HUD 2003 Per Unit Subsidy

1 Bedroom	\$81,665	times 8 units =	\$653,320
2 Bedroom	\$99,304	times 20 units =	\$1,986,080
3 Bedroom	\$128,466	times 34 units =	\$4,367,844
4 Bedroom	\$141,016	times 8 units =	\$1,128,128
		70 units	8,135,372

Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Const. Int. Rate	Construction Debt Service
First Mortgage	USDA RD	\$1,450,000	\$1,450,000	\$1,450,000	1.000%	\$13,943
HOME Loan	FHFC	\$5,996,000	\$5,996,000	\$5,996,000	0.000%	\$0
Grant Funds	RD	\$1,050,000	\$1,050,000	\$1,050,000		
Total		\$8,496,000	\$8,496,000	\$8,496,000		\$13,943

Notes to the Construction Period Sources of Funds:

1. Terms and conditions of the first mortgage loan during construction are as follows: annual payments of interest in arrears, at a rate of 1%, paid each January.
2. The application included documentation of the USDA RD commitment for a grant as indicated above.

Permanent Financing Sources

Source	Lender/ Enhancer	Application	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
First Mortgage	USDA RD	\$1,450,000	\$1,450,000	\$1,450,000	1.000%	30.0	33	\$55,965
HOME Loan	FHFC	\$5,996,000	\$5,996,000	\$5,996,000	0.000%	30.0	33	\$0
Grant Funds	USDA RD	\$1,050,000	\$1,050,000	\$1,050,000				
Total		\$8,496,000	\$8,496,000	\$8,496,000				\$55,965

Notes to the Permanent Period Sources of Funds:

1. Terms and conditions of the proposed first mortgage loan include a loan term of 30 years following conversion, with annual payments of principal and interest in arrears, at a rate of 1%, paid each calendar year.
2. The application included documentation of the USDA RD commitment for a grant as indicated above.

Uses of Funds

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HOME Ineligible Costs
Actual Construction Cost				
New Rental Units	\$5,031,760	\$4,608,825	\$4,608,825	
Accessory Buildings	\$580,000	\$1,033,249	\$1,033,249	\$1,033,249
Recreational Amenities	\$34,000	\$33,653	\$33,653	
Off Site	\$56,000	\$56,000	\$56,000	
General Contractor Fees	\$798,240	\$730,273	\$730,273	
Total Construction Contract	\$6,500,000	\$6,462,000	\$6,462,000	\$1,033,249
Hard Cost Contingency	\$350,000	\$318,000	\$323,100	
Total Actual Construction Cost	\$6,850,000	\$6,780,000	\$6,785,100	\$1,033,249

Notes to the Actual Construction Costs:

1. The G/C fees are within the guideline of 14% of hard costs.
2. FCP has estimated a hard cost contingency equal to 5% of hard costs.
3. The Applicant has a 100% Payment and Performance Bond in order to secure the construction contract.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HOME Ineligible Costs
General Development Costs				
Accounting Fees	\$8,000	\$0	\$0	
Appraisal	\$6,000	\$7,500	\$6,000	
Architect's Fees	\$390,000	\$387,720	\$387,720	
Builder's Risk Insurance	\$0	\$0	\$0	
Building Permits	\$0	\$3,200	\$3,200	
Engineering Fee	\$10,000	\$10,000	\$10,000	
Environmental Report	\$6,000	\$6,000	\$6,000	
FHFC Application Fee	\$100	\$100	\$100	\$100
Impact Fees	\$287,990	\$362,900	\$362,900	
Inspection Fees/Construction Admin.	\$37,260	\$37,300	\$37,300	
Insurance	\$0	\$0	\$0	
Legal Fees	\$15,000	\$15,000	\$15,000	
Market Study	\$5,000	\$5,000	\$5,000	
Marketing and Advertising	\$0	\$0	\$0	
Pre-Construction Analysis	\$0	\$1,550	\$1,550	
Property Taxes	\$2,450	\$2,130	\$2,130	
Soil Test	\$8,000	\$4,800	\$4,800	
Survey	\$25,200	\$21,800	\$21,800	
Title Insurance	\$27,000	\$27,000	\$27,000	
Soft Cost Contingency	\$0	\$6,000	\$26,715	
Total General Development Costs	\$828,000	\$898,000	\$917,215	\$100

Notes to the General Development Costs:

1. Builder's Risk Insurance is not included as a separate line item because it is being covered by the contractor per the construction contract.
2. Soft Cost Contingency has been established at 3%.
3. The remaining General Development Costs are the applicant's updated estimates, which appear reasonable.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HOME Ineligible Costs
Financial Costs				
Construction Interest Reserve	\$14,000	\$14,000	\$13,943	
Lender Required Reserves	\$50,000	\$50,000	\$50,000	
Total Financial Costs	\$64,000	\$64,000	\$63,943	\$0

Notes to the Financial Costs:

1. All Financial Costs are based on estimates provided by the Applicant, which appear reasonable at this time.
2. Based on the appraiser's projections, completion of construction is expected to occur within a 12-month period following closing, and stabilization (91% occupancy) is expected to occur 8 months later. The first mortgage loan will require payments of interest only during the construction period.
3. Interest reserve is based on an estimate of the actual construction interest, based upon an estimated draw schedule, and assumes a 12 month construction period, plus an additional 8 months absorption until stabilized occupancy occurs, for a total of 20 months.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HOME Ineligible Costs
Development Cost Before Developer Fee and Land Costs	\$7,742,000	\$7,742,000	\$7,766,258	\$1,033,349
Other Development Costs				
Net Developer Fee	\$620,000	\$620,000	\$595,742	
Total Developer's Fee	\$620,000	\$620,000	\$595,742	\$0

Notes to the Other Development Costs:

1. The Total Developer's Fee is limited to 16% of total development costs exclusive of land acquisition and developer fees and the fee projected here is well within those guidelines.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HOME Ineligible Costs
Non-Land Acquisition Costs				
Building Acquisition Costs	\$0	\$0	\$0	
Total Non-Land Acquisition Costs	\$0	\$0	\$0	\$0

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HOME Ineligible Costs
Acquisition Costs				
Purchase Price of Land	\$134,000	\$134,000	\$134,000	
Total Acquisition Costs	\$134,000	\$134,000	\$134,000	\$0

Notes to Acquisition Costs:

The appraiser has estimated a land value of \$165,000, versus the contract purchase price of \$134,000 as evidenced by the Contract for Purchase and Sale dated April 2001.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HOME Ineligible Costs
Total Development Costs	\$8,496,000	\$8,496,000	\$8,496,000	\$1,033,349

Operating Pro Forma

DESCRIPTION		Annual	Per Unit
Revenue			
Gross Potential Rental Revenue		\$394,752	\$5,560
Other Income			
Washer/Dryer Rentals		\$0	\$0
Cable TV		\$0	\$0
Miscellaneous Income		\$7,668	\$108
Gross Potential Income		\$402,420	\$5,668
Less:			
Vacancy and Collection Loss	10.0%	(\$40,242)	(\$567)
Total Effective Gross Revenue		\$362,178	\$5,101
Expenses			
Fixed:			
Real Estate Taxes		\$0	\$0
Insurance		\$37,630	\$530
Variable:			
Management Fee	9%	\$32,596	\$459
General and Administrative		\$14,200	\$200
Payroll Expenses		\$68,870	\$970
Utilities		\$28,400	\$400
Marketing and Advertising		\$3,550	\$50
Maintenance and Repairs		\$35,855	\$505
Reserve for Replacements		\$84,916	\$1,196
Total Expenses	84.5%	\$306,017	\$4,310
Net Operating Income	15.5%	\$56,161	\$791
Debt Service Payments			
First Mortgage		\$55,965	\$788
Other: All Mortgages and Fees		\$0	\$0
Total Debt Service Payments		\$55,965	\$788
Operating Income After Debt Service - Before Tax		\$196	\$3
Cash Flow			

Debt Service Coverage Ratios	
Debt Service Coverage - First Mortgage	1.00
Debt Service Coverage - All Mortgages and Fees	1.00

Financial Ratios	
Operating Expense Ratio	84%
Break-even Ratio	90%

Notes to the Operating Proforma and Ratios:

1. The rent schedule is based upon the 2003 restricted HOME rents published by HUD, less utility allowances, as required by the HOME Program, or per the Appraiser's estimate, whichever is less.
2. Vacancy loss and collection loss exceed appraisal estimates but are reflective of overall market conditions and a conservative approach to underwriting.
3. Miscellaneous income includes late fees, vending income, cancellation fees, forfeited deposits, and other sources equal to \$9 per unit per month, which is lower than the Appraiser's estimate and reflective of a conservative approach to underwriting.
4. Based on operating data from other affordable properties (see Exhibit 1), third party reports (primarily the subject self-contained appraisal, and market study), and the credit underwriter's independent due diligence, FCP represents that, in our opinion, estimates for rental income, other income, and operating expenses fall within a band of reasonableness. A higher level of vacancy and loss allowance was applied than in the appraisal, to adequately address the higher potential for turnover with a largely farmworker population. For purposes of this analysis, income utilized is approximately \$5,166 per unit, or \$229 less, and expenses utilized are \$4,310 per unit, or \$876 more than the Appraiser's estimates. Expenses are higher largely due to the level of RD required reserves, and income is less due to a higher vacancy factor being applied.
5. The Applicant has submitted a Management Agreement that contains the appropriate verbiage regarding compliance with tenant income and rent restrictions.
6. Replacement Reserves of \$1,196 per unit per year are included. (Appraiser estimate was \$200). These are based on the level required by RD as part of their mortgage financing.
7. The developments estimated Net Operating Income ("NOI") of \$56,161 can support the total loan amount of \$1,450,000 at 1.00x debt service coverage, based on the interest rate of 1%, and a 30-year amortization period. This debt service coverage of 1.00x is acceptable to FHFC given the RD financing being employed.
8. A 15-year income and expense projection assuming a annual increase in revenues necessary to achieve breakeven operations with a 4% increase in expenses. The projection is attached to this report as Exhibit 2. Per section 67-48.021 (2) (f)(1) as this development receives its first mortgage from USDA RD, it is not required to meet the debt service coverage standards if RD is providing rental assistance and has acknowledged that rents will be set at an amount sufficient to pay all operating expenses, replacement reserves requirements and debt service on the HOME and all superior mortgages.

HOME PROGRAM REPORT

FCP

	Dunwoodie Place Orange	Sawyer Estates Osceola	Whistler's Green Collier	Glen Oaks Leon	Madison Chase Clay	Average	Realvest Appraisal of Subject Property	FCP Subject
County								
# of Units	172	192	168	256	230			
Leasing Commenced	1999	1999	1999	1998	2001			
Management	Reliance Mgmt.	Reliance Mgmt.	Reliance Mgmt.	Reliance Mgmt.	Reliance Mgmt.			
Expenses per unit	\$3,224	\$4,086	\$4,043	\$3,255	\$3,522	\$3,657	\$3,434	\$4,310
Property Taxes	\$497	\$692	\$688	\$622	\$615	\$654	\$355	\$0
Property Insurance	\$273	\$282	\$447	\$130	\$339	\$294	\$530	\$530
Management Fees	\$343	\$403	\$424	\$323	\$447	\$388	\$324	\$459
General & Administrative	\$218	\$163	\$161	\$106	\$199	\$169	\$200	\$200
Payroll	\$680	\$724	\$781	\$764	\$877	\$765	\$970	\$970
Utilities	\$505	\$858	\$843	\$730	\$437	\$675	\$300	\$400
Marketing & Advertising	\$91	\$250	\$148	\$86	\$72	\$129	\$50	\$50
Maintenance & Repairs	\$417	\$514	\$351	\$294	\$336	\$382	\$505	\$505
Replacement Reserves	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$1,196
Total	\$3,224	\$4,086	\$4,043	\$3,255	\$3,522	\$3,657	\$3,434	\$4,310

NOTES

Property to be tax exempt based on appraiser estimates
 based on management contract
 based on appraiser estimates
 based on appraiser estimates
 Considers comparables and appraiser estimate
 based on appraiser estimates
 based on appraiser estimates
 Per RD requirements

Section B

General Conditions

HOME Loan Program Recommendation

FCP recommends a loan funded through the FHFC's HOME Loan Program under the conditions detailed in this section.

Loan Amount

The HOME loan amount recommended by FCP is \$5,996,000.

The loan amount is limited to the lesser of:

- a) An amount such that the accumulation of all Development financing, including the HOME loan and all existing debt within a Development, may not exceed the Total Development Cost, as determined and certified by the Credit Underwriter.
- b) The amount necessary to make the development feasible, which is \$5,996,000.
- c) Applicant's request, which is \$5,996,000.

Therefore, the recommended HOME loan amount is \$5,996,000.

HOME Loan General Conditions

Purpose:

To provide construction and permanent mortgage financing for Whispering Pines Apartments, containing 71 total units on approximately 12 acres located in Fellsmere, Indian River County, Florida.

Security/Collateral:

1. A second mortgage lien on the land and improvements
2. A security interest in all personalty of the development
3. Additional collateral as required by FHFC

Typical Documents:

1. Note, Mortgage, and Land Use Restriction Agreement
2. Assignment of leases, rents, profits
3. Assignment of management contract, service contracts, etc.
4. Loan Agreement
5. Construction Completion and Operating Deficit Guarantee
6. Environmental Indemnity
7. Other documents as may be required by FHFC and Rule Chapter 67-48, F.A.C.

Term:

The term of the HOME loan shall be for a period of 15 years for rehabilitation developments and 20 years for new construction. However, the term of the HOME loan may be extended to be co-terminus with the first mortgage term, upon the recommendation of the Credit Underwriter, and approval by FHFC.

Rate:

All for-profit applicants that own 100% of the ownership interest in the development held by the general partner entity will receive a 3% per annum interest rate loan. All qualified non-profit applicants that own 100% of the ownership in the development held by the general partner entity will receive a 0% interest rate loan.

Repayment Schedule:

Annual payments of interest only are required unless otherwise recommended by Credit Underwriter and approved by FHFC. Interest is calculated based on the outstanding principal balance of the loan. Loan servicing fees, compliance monitoring fees and financial monitoring fees will be paid by FHFC, pursuant to the FHFC's contract with its loan servicer. All outstanding interest and principal are due at maturity.

Escrows:

The first mortgagee or FHFC's loan servicing agent shall maintain escrows for hazard insurance and property taxes throughout the term of the loan.

Replacement Reserves:

In accordance with Rule 67-048.021, F.A. C., a minimum of \$200 per unit per year, paid monthly, will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by Florida Housing's loan servicing agent beginning on the first day of the first month after the final certificate of occupancy or at loan closing. At the borrower's election, the Borrower may pre-pay up to one-half of the required reserve amount for years one and/or two, so that only one-half of the reserve will be paid from development operations. Full replacement reserve deposits will be required beginning in year two or three.

FHFC will have the right to attach the escrow accounts in the event of default under the loan documents. The application of funds by FHFC shall not be restricted and may include debt service payments and/or repairs.

The escrow account funds are to be used by the Borrower for capital expenditures only, and not for normal maintenance and repairs. Capital expenditures shall include, at FHFC's sole discretion, building structural repairs, roof replacement, kitchen appliance replacement, carpet replacement and major building systems replacement. The per unit per year amount may be increased based on a physical needs assessment.

A replacement reserve account maintained by the first mortgagee, with minimum deposits of \$200 per unit per year and terms satisfactory to the FHFC, will satisfy this requirement. The account shall be subject to the rights of the first mortgagee to hold replacement reserves and to disburse such funds. In the event the reserve account is held by the FHFC' loan servicing agent, the release of funds shall be at FHFC's sole discretion.

Prepayment Penalty:

Prepayment is allowed at any time, without penalty.

Assumption:

Assumable in some cases, subject to conditions specified in Rule Chapter 67-48, FAC, and subject to FHFC's written approval.

Conditions

This recommendation is contingent upon the review and approval of the following items by the Servicer and FHFC 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 a pre-construction analysis ("PCA"), which will have been prepared by Newbanks, who also serves as FHFC's inspector during the construction period.
2. Signed and sealed survey, dated within 90 days of closing, certified to FHFC and its counsel indicating the legal description, exact boundaries of the Development, easements, utilities, roads means of access to public streets, total acreage and flood hazard area and any other requirements of FHFC.
3. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.) or a letter from the local permitting and approved authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions). If a letter is provided, copies of all permits will be required as a condition to the first post-closing draw.
4. The final "as permitted" (signed and sealed) site plans, building plans, and specifications. The Geotechnical Report will be bound within the final plans and specifications.
5. Final sources and uses of funds, itemized by source and line item, in a format approved by FCP. A detailed calculation of the construction loan interest based upon the final draw schedule, documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved Development budget.
6. Final draw schedule to be approved prior to closing, itemized by line item, and showing the sources of funds for monthly draws. The schedule must reflect HOME loan proceeds being drawn pro-rata with other funding sources.
7. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received), reflecting the FHFC as Loss Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to FHFC.
8. 100% Payment and Performance Bond to secure the construction contract between the general contractor and the Borrower. In either case, FHFC must be listed as co-obligee. FHFC, its legal counsel, and Servicer must approve the amount and terms of the Payment and Performance Bond.
9. Architect, Construction Consultant, and Borrower certifications on forms provided by FHFC will be required for both design and as built with respect to Section 504, ADA and Fair Housing requirements, if applicable.

This recommendation is contingent upon the review and approval of the following items by FHFC and its legal counsel at least **two weeks before closing**. Failure to receive approval of these items within this time frame may result in postponement of the loan closing:

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower.
2. Signed and sealed survey, dated within 90 days of closing, certified to FHFC and its counsel indicating the legal description, exact boundaries of the Development, easements, utilities, roads means of access to public streets, total acreage and flood hazard area and any other requirements of FHFC.
3. Title insurance binder or commitment for title insurance with copies of all Schedule B exceptions in the amount of the Loan.
4. FHFC and its legal counsel shall review and approve all other lender's closing documents. FHFC shall be satisfied in its sole discretion that all legal and program requirements for the Loan have been satisfied.
5. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received), reflecting the FHFC as Loss Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to FHFC.
6. Receipt of a legal opinion from the Borrower's counsel acceptable to FHFC addressing the following matters:
 - a. The legal existence and good standing of the Borrower;
 - b. The due authorization, execution and delivery by the Borrower of all Loan documents.
 - c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. That the Borrower and the Development are in compliance with all laws and regulations applicable to the construction, development and operation of the Development, and that all permits required for construction, rehabilitation and operation of the Development and any improvements related thereto have been obtained and are in full force and effect;
 - e. The Borrower'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;
 - f. Such other matter as FHFC or its counsel may require.
7. Evidence of compliance with local concurrency laws prior to closing of the Loan.
8. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by FHFC or

its counsel, in a form and substance acceptable to FHFC or its legal counsel, in connection with the Loan.

9. Any other reasonable conditions established by FHFC and its legal counsel.

This recommendation is also contingent upon satisfaction of the following additional conditions:

1. Compliance with all provisions of Sections 420.5089, Florida Statutes, Rule Chapter 67-48, FAC, and HUD Rule 24CFR Part 92 and any other State or Federal requirement.
2. Execution of all documents evidencing and securing the Loan in a form and substance satisfactory to FHFC, including, but not limited to, the Promissory Note, the Loan Agreement, the Mortgage and Security Agreement, and the Land Use Restriction Agreement.
3. At all times there will be undisbursed loan funds (collectively held by FHFC, the First Lender, and any other sources) sufficient to complete the Development. If at any time there are not sufficient funds (held by FHFC, the First Lender, and any other sources) to complete the project, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with FHFC which is sufficient (in FHFC's judgment) to complete the Development before additional Loan funds are disbursed.
4. The standard Construction Completion Guarantee from the Applicant, Fellsmere Community Enrichment Program, Inc., to be released upon lien-free completion as approved by the Servicer.
5. An Operating Deficit Guarantee from the Applicant, Fellsmere Community Enrichment Program, Inc., to be released upon achievement for twelve consecutive months, 90% occupancy and a 1.10 debt service coverage on the first mortgage and HOME loan, combined. *Additionally*, \$250,000 of the developer fee shall be used to create an Operating Reserve Account to collateralize this guarantee. This amount will remain undisbursed from the Developer Fee until the completion of construction, when it will be deposited into a Reserve Account. 50% of this amount can be released upon achievement of the test above for a period of six-months. The remaining 50% will be held until the property demonstrates 90% occupancy and a 1.10 debt service coverage on the first mortgage and HOME loan, combined, for a full calendar year, as reported in the financial audit, at which time the guarantee will be released. *(The 1.10 level is required by the Rule, although the Rule has made allowance in other sections for RD funded projects to operate below 1.10. It is assumed that a Rule Waiver will be done to allow the debt service coverage level in this condition to be set at 1.00, at a later date).*
6. Environmental Indemnity from the Applicant, Fellsmere Community Enrichment Program, Inc.
7. Guarantee of Recourse Obligations from the Applicant, Fellsmere Community Enrichment Program, Inc.
8. Newbanks, Inc. is to act as the FHFC inspector during the construction period.

9. A mortgage title insurance policy in the amount of the Loan to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to FHFC and its legal counsel.
10. Award of first mortgage in the amount and under the terms and conditions consistent with this report.
11. Property tax and hazard insurance escrow to be established and maintained by the First Mortgage Lender or the Servicer.
12. Replacement reserves in the amount of no less than \$200 per unit per year, to be held by the first mortgagee or FHFC's loan servicing agent.
13. Closing of the first mortgage loan simultaneously with or prior to closing of the Loan.
14. A 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy.
15. An updated Environmental Audit Report prepared within 90 days of closing, acceptable to FHFC or its legal counsel, together with a reliance letter to FHFC. Borrower to comply with any and all recommendations noted in the Environmental Assessment and Update and the Environmental Review.
16. Satisfactory completion of a pre-loan closing compliance audit conducted by FHFC or its Servicer if applicable.
17. Any other reasonable requirements of FCP, FHFC, and FHFC's legal counsel.

EXHIBIT 2
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
Income															
Gross Potential Rental Revenue	\$394,752	\$403,000	\$411,500	\$420,000	\$429,500	\$439,000	\$449,000	\$459,000	\$470,000	\$481,000	\$493,000	\$505,000	\$517,500	\$530,500	\$544,000
<i>Growth Factor</i>		2.09%	2.11%	2.07%	2.26%	2.21%	2.28%	2.23%	2.40%	2.34%	2.49%	2.43%	2.48%	2.51%	2.54%
Other Income															
Miscellaneous Income	\$7,668	\$7,898	\$8,135	\$8,379	\$8,630	\$8,889	\$9,156	\$9,431	\$9,714	\$10,005	\$10,305	\$10,614	\$10,933	\$11,261	\$11,599
Gross Potential Income	\$402,420	\$410,898	\$419,635	\$428,379	\$438,130	\$447,889	\$458,156	\$468,431	\$479,714	\$491,005	\$503,305	\$515,614	\$528,433	\$541,761	\$555,599
Less:					\$0										
Vac. and Collect. Loss	\$40,242	\$41,090	\$41,964	\$42,838	\$43,813	\$44,789	\$45,816	\$46,843	\$47,971	\$49,101	\$50,331	\$51,561	\$52,843	\$54,176	\$55,560
Total Effective Gross Income	\$362,178	\$369,808	\$377,672	\$385,541	\$394,317	\$403,100	\$412,340	\$421,588	\$431,742	\$441,905	\$452,975	\$464,053	\$475,589	\$487,585	\$500,039
Expenses															
Fixed:															
Real Estate Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance	\$37,630	\$39,135	\$40,701	\$42,329	\$44,022	\$45,783	\$47,614	\$49,519	\$51,499	\$53,559	\$55,702	\$57,930	\$60,247	\$62,657	\$65,163
Variable:															
Management Fee	\$32,596	\$32,596	\$32,596	\$32,596	\$32,596	\$32,596	\$32,596	\$32,596	\$32,596	\$32,596	\$32,596	\$32,596	\$32,596	\$32,596	\$32,596
General and Administrative	\$14,200	\$14,768	\$15,359	\$15,973	\$16,612	\$17,276	\$17,968	\$18,686	\$19,434	\$20,211	\$21,019	\$21,860	\$22,735	\$23,644	\$24,590
Payroll Expenses	\$68,870	\$71,625	\$74,490	\$77,469	\$80,568	\$83,791	\$87,143	\$90,628	\$94,253	\$98,023	\$101,944	\$106,022	\$110,263	\$114,674	\$119,261
Utilities	\$28,400	\$29,536	\$30,717	\$31,946	\$33,224	\$34,553	\$35,935	\$37,372	\$38,867	\$40,422	\$42,039	\$43,720	\$45,469	\$47,288	\$49,180
Marketing and Advertising	\$3,550	\$3,692	\$3,840	\$3,993	\$4,153	\$4,319	\$4,492	\$4,672	\$4,858	\$5,053	\$5,255	\$5,465	\$5,684	\$5,911	\$6,147
Maintenance and Repairs	\$35,855	\$37,289	\$38,781	\$40,332	\$41,945	\$43,623	\$45,368	\$47,183	\$49,070	\$51,033	\$53,074	\$55,197	\$57,405	\$59,701	\$62,089
Reserve for Replacements	\$84,916	\$84,916	\$84,916	\$84,916	\$84,916	\$84,916	\$84,916	\$84,916	\$84,916	\$84,916	\$84,916	\$84,916	\$84,916	\$84,916	\$84,916
Total Expenses	\$306,017	\$313,557	\$321,399	\$329,555	\$338,036	\$346,857	\$356,031	\$365,572	\$375,494	\$385,813	\$396,545	\$407,707	\$419,315	\$431,387	\$443,942
Net Operating Income	\$56,161	\$56,251	\$56,272	\$55,987	\$56,281	\$56,243	\$56,309	\$56,016	\$56,248	\$56,091	\$56,429	\$56,346	\$56,275	\$56,198	\$56,097
Debt Service Payments															
First Mortgage	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965
Other: HOME Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965	\$55,965
Operating Income After Debt Service - Before Tax Cash Flow	\$196	\$286	\$307	\$21	\$316	\$278	\$344	\$51	\$283	\$126	\$464	\$381	\$310	\$233	\$132
Debt Service Coverage Ratios															
DSC - First Mortgage	1.003	1.005	1.005	1.000	1.006	1.005	1.006	1.001	1.005	1.002	1.008	1.007	1.006	1.004	1.002
DSC - Total Mtgs. & HOME	1.003	1.005	1.005	1.000	1.006	1.005	1.006	1.001	1.005	1.002	1.008	1.007	1.006	1.004	1.002
Financial Ratios															
Operating Expense Ratio	84%	85%	85%	85%	86%	86%	86%	87%	87%	87%	88%	88%	88%	88%	89%

EXHIBIT 3
Whispering Pines Apartments (2002-722H)
Indian River County

The Development will consist of 61 units located in 16 residential garden style buildings. A clubhouse and library will be constructed in one of the residential buildings.

Unit Mix:	13	Two bedroom / one bath containing a minimum of NA* square feet of heated and cooled living area
	24	Three bedroom / two bath containing a minimum of NA* square feet of heated and cooled living area
	24	Four bedrooms / two bath containing a minimum of NA* square feet of heated and cooled living area
	61	Total units

* Square footage of units was not provided in the application

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

Each unit will be fully equipped with the following:

1. Range/oven and Refrigerator
2. Air conditioning (window units are not allowed; however, through-wall units are permissible for rehabilitation) in all units
3. Window treatments for each window inside each unit
4. At least two full bathrooms in all three bedrooms or larger new construction units
5. Bathtub with shower in at least one bathroom in new construction, non-elderly units
6. Cable or satellite TV hook-up in all units
7. Exterior lighting in open and common areas
8. Termite prevention and pest control throughout the entire affordable period

The Borrower has committed to provide the following features in each unit:

1. 30 Year expected life roofing on all buildings
2. At least 1.5 bathrooms (one full bath and one with at least a toilet and sink) in all 2 bedroom

EXHIBIT 3
Whispering Pines Apartments (2002-722H)
Indian River County

3. Double compartment kitchen sink
4. Pantry in kitchen area – must be no less than 20 cubic feet of storage space. Pantry cannot be just an under – or over-the-counter cabinet
5. Dishwasher in all new construction units
6. Garbage disposal in all new construction units

The Borrower has committed to the following amenities in the Development:

1. Playground/tot lot (must be sized in proportion to development size and expected tenant population, with age appropriate equipment)
2. Community center or clubhouse
3. Car care area (for car cleaning/washing)
4. Two or more parking lot spaces per total number of units
5. 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
6. Outside recreation facility – full basketball court
7. Library consisting of a minimum of 100 books and 5 current magazine subscriptions
8. Laundry facilities with full-size washers and dryers available on site
9. Heat pump with a minimum HSPF of 7.5 instead of electric resistance
10. Air conditioning with SEER rating of 12 or better
11. Wall insulation of R-13 or better for frame built construction or wall insulation of R-7 or better for masonry/concrete block construction
12. Attic insulation of R-30 or better
13. Double-pane glass on all windows

The Borrower has committed to provide the following Resident Programs:

EXHIBIT 3
Whispering Pines Apartments (2002-722H)
Indian River County

1. Homeownership Opportunity Program.

Financial Assistance with Purchase of a Home. Borrower commits to provide a financial incentive which includes the following provisions:

- The incentive must be applicable to the home selected by the resident and may not be restricted to or enhanced by the purchase of homes in which the Borrower, Developer, or other related party has an interest;
 - The incentive must be not less than 5% of the rent for the resident's unit during the resident's entire occupancy (Note: Resident will receive the 5% credit for all months for which the resident is in compliance with the terms and conditions of the lease. Damages to the unit in excess of the security deposit will be deducted from the incentive.)
 - The benefit must be in the form of a gift or grant and may not be a loan or any nature;
 - The benefits of the incentive must accrue from the beginning of occupancy;
 - The vesting period can be no longer than 2 years of continuous residency; and
 - No fee, deposit or any other such charge can be levied against the resident as a condition of participation in this program.
2. First Time Homebuyer Seminars – Borrower or its Management Agent must arrange for and provide, at no cost to the resident, in conjunction with local realtors or lending institutions, semiannual on-site seminars for residents interested in becoming homeowners.
3. Literacy Training – Borrower 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 on-site.
4. Resident Activities – These specified activities are planned, arranged, provided and paid for by the Borrower or its Management Agent. These activities must be an integral part of the management plan. The Borrower must develop and execute a comprehensive plan or 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 special occasion parties, community picnics, newsletters children's special functions, etc.
5. Health and Nutrition Classes – At least 8 hours per year, provided on site at no cost to the residents.
6. Financial Counseling – This service must be provided by the Borrower or its Management Agent, at no cost to the resident, and must include the following components: must be regularly scheduled at least once each quarter; must include tax preparation assistance by qualified professionals; must include educational workshops on such topics as "Learning to Budget", "Handling

EXHIBIT 3
Whispering Pines Apartments (2002-722H)
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Personal Finances”, “Predatory Lending”, or “Comparison Shopping for the Consumer”.

7. English as a Second Language – The Borrower or its Management Agent must make available, at no cost to the resident, literacy tutor(s) who will provide weekly English lessons to residents in private space-on-site
8. Life Safety Training – The Borrower or its Management Agent must provide courses such as fire safety, first aide (including CPR), etc., on-site, at least twice each year, at no cost to the resident.

EXHIBIT 4
Whispering Pines Apartments (2002-722H)
Indian River County

Subsidy Layering Review

Whispering Pines Apartments

Section 1: HUD Subsidy Layering Review Background

Section 102 of the Department of Housing and Urban Development Reform Act of 1989 requires that all of the projects receiving HUD Housing Assistance (HHA) combined with any form of Other Government Assistance (OGA: HOME funds are a form of OGA), HUD must review that project's subsidy layering and certify that there is "no more assistance than is necessary to provide affordable housing."

HUD was in the process of reviewing its method of review when Congress passed Section 911 of the Housing and Community Development Act of 1992. This statute allows HUD to delegate subsidy-layering review (SLR) authority to Housing Credit Agencies (HCA) where HCs are involved in a transaction.

Applicability

The terms "subsidy" and "assistance" may be used interchangeably in the context of SLRs, and include all assistance offered or provided through any government source. Combining HHA and OGA triggers a SLR. In cases involving clear potential program overlap, where HHA and OGA are both available to pay for capital improvement costs, Sponsors must demonstrate to the HCA that no actual overlap in Project Uses is proposed, and that both subsidy sources are necessary to provide the affordable multifamily housing.

911 Standards

Standard 1	Builder's Profit Non "Identity of Interest"	6% Profit 2% Overhead 6% General Requirements
Standard 2	Sponsor's Profit Non "Identity of Interest"	10% Safe Harbor 15% Ceiling
Standard 1 & 2	Combined if "Identity of Interest"	10% of Total Development Costs or apply Standards 1 & 2 individually
Standard 3	Syndication Expenses	15% Safe Harbor Public 10% Safe Harbor Private
Standard 4	Syndication Proceeds	Gap Filler – balance Source and Use

EXHIBIT 4
Whispering Pines Apartments (2002-722H)
Indian River County

Section 2: Project Information

Source and Use Statement

Development Sources

Debt Sources

RD First Mortgage	\$1,450,000	
Other Debt - HOME Loan	\$5,996,000	
Other Government Assistance	\$0	
Total Debt Sources		\$7,446,000

Equity Sources

Grants Available for Development Use	\$1,050,000	
Deferred Developer & General Contractor Fees	\$0	
Developer's Equity Contribution	\$0	
Total Equity Sources		\$1,050,000

Total Development Sources **\$8,496,000**

Development Uses

Proposed Debt Uses

Estimated Hard Cost (Excluding Contractor's Profit)	\$5,731,727	
Total Acquisition Costs	\$134,000	
General Development Costs (Excluding Legal Fees, Furnishings and Fixtures)	\$875,500	
Total Debt Uses		\$6,741,227

Profit, Reserves, and Fee Uses

General Contractor's Fee/Profit	12.74%	\$730,273	
Developer's Fees (Net of Hard Cost Contingencies)	7.67%	\$595,742	
Working Capital Reserves/Construction Interest Reserve		\$13,943	
Contingency Reserves (Soft and Hard Costs)		\$349,815	
Furnishings and Fixtures		\$0	
Developer Legal Fees		\$15,000	
Lender Required Reserves		\$50,000	
Replacement Reserve Deposit		\$0	
Total Profit, Reserve and Fee Uses			\$1,754,773

Total Development Uses **\$8,496,000**

EXHIBIT 4
Whispering Pines Apartments (2002-722H)
Indian River County

Identity of Interest

The Sponsor must identify all identity of interest relationships:

The Sponsor has indicated no identity of interest between the sponsor (borrowing entity, the management company, the developer and the general contractor.

Bridge Loan Information

The Sponsor must identify all bridge loans necessary to facilitate the project, including the associated costs of the interim financing:

The property does not require the use of a bridge loan.

Section 3: Section 911 Certification

Pursuant to section 911 of the Housing and Community Development Act of 1992 (HCDA '92) and in accordance with HUD's Administrative Guidelines for implementation thereof, Florida Community Partners, contracted by the Florida Housing Finance Corporation (FHFC), has performed the subsidy layering review and determines:

- HOME Funds, CDBG, or any other state or Local assistance
- Standards 1 and 2 have been applied in accordance with alternatively funded amounts
- Standards 2 and 3 Safe Harbor or Ceiling amounts have been applied, as applicable, with all supporting Governing Board, Approval Authority or Qualified Allocation Plan Documentation attached and ; OR
- At least one Ceiling Standard was exceeded, but it has been determined that this case presents extraordinary circumstances warranting an Applicability Exception; (copy attached)
- Project costs estimates reflected on the Sources and Uses Statement are deemed reasonable.

Florida Housing through its credit underwriter certifies that it has properly implemented the Administrative Guidelines and that the mandates of section 911(b) of HCDA '92 as amended, have been satisfied. FHFC through its credit underwriter further certifies that, in accordance with Section 911 and the Administrative Guidelines, the combination HOME funds, HUD Assistance and

EXHIBIT 4
Whispering Pines Apartments (2002-722H)
Indian River County

any other Government Assistance being provided to meet allowable project uses,
is not more than is necessary to provide affordable housing.

Catherine L. Sterba

Catherine L. Sterba, Credit Underwriter
Florida Community Partners

Orlando J. Cabrera, Executive Director
Florida Housing Finance Corporation

Date: October 3, 2003

Date: _____

