
Florida Housing Finance Corporation

Credit Underwriting Report

St. Croix Apartments
2002 034S
2002 528C

Section A Board Summary

Section B Loan Commitment Conditions & HC Allocation Contingencies

Section C Supporting Information and Schedules

Prepared by

First Housing

Final Report

October 1, 2003

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT

NAME: ST. CROIX APARTMENTS

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 to the Final Review 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	STATUS	NOTE
REQUIRED ITEMS:	Satis. / Unsatis.	
1. The development’s final “as submitted for permitting” plans and specifications. Note: Final “signed, sealed, and approved for construction” plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and/or status of site plan approval.	Satis.	
3. Permit Status.	Satis.	
4. Pre-construction analysis (“PCA”).	Satis.	
5. Survey.	Satis.	
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.	Satis.	
15. Firm commitment letter from the syndicator, if any.	Satis.	
16. Firm commitment letter(s) for any other financing sources.	Satis.	
17. Updated sources and uses of funds.	Satis.	

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: 35% 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.	

Revised 8/14/03

Notes and Applicant's Responses:

None required.

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
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?		2
Does the Applicant have site control at or above the level indicated in the Application?	X	
Does the Applicant have adequate zoning as indicated in the Application?	X	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development costs remained equal to or less than those listed in the Application?		3
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	X	
Is the Development in all other material respects the same as presented in the Application?	X	

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

1. Subsequent to submittal of the Application, Applicant received a HOME loan in the amount of \$222,136 from Broward County. In addition, the Borrower was also provided with an impact fee waiver of \$69,138 from the County. These changes are acceptable.
2. Consultech's review of preliminary plans and specifications indicate that this development, as proposed, is in compliance with the construction features checked in Part III, Section B (Exhibit 2) of the Application, with the exception of the following item:
 - Plans indicate wall insulation of R-11, versus R-13 or better

First Housing's recommendations are contingent upon receipt and satisfactory review of confirmation that this development will be in compliance with the requirements of Part III, Section B of the Application

3. In the Application, the Applicant submitted a total cost (hard and soft costs) estimate equal to \$26,247,948, as compared to a current estimate of \$28,217,240, an 8% difference. Changes are primarily attributed to resizing of the capitalized interest account, due to the extended construction period, higher MMRB Program Cost of Issuance, and associated increases in developer's fees. All changes are considered acceptable.

Section A
Board Summary

Executive Summary

This is a State Apartment Incentive Loan ("SAIL") and Housing Credit ("HC") credit underwriting report for St. Croix Apartments, a proposed new multifamily property located in Lauderdale Lakes, Broward County, Florida. This development is proposed to consist of a 246-unit multifamily residential facility with six three and four level mid-rise apartment buildings with elevators, and a single story pool cabana building. Ground floor levels in two of the buildings will consist of 15,018 square feet of commercial retail space. The ground floor level of another building will contain a clubhouse/gym, business center, laundry, reception, management area, and storage space. All ground floor levels will contain covered parking. Other on-site improvements are to include a swimming pool/patio, a tot lot, covered picnic, and car care areas. The subject is proposed to contain a total of 552 asphalt-paved parking spaces (492 spaces for residential and 60 for commercial retail), with 11 handicapped spaces. This is equal to a total of 2.00 spaces per residential unit, and 1 per 250 square feet of retail space, which is reasonable, and in conformance with current zoning criteria. Additionally, 23 off-site parking spaces are available, per an executed cross easement between the Commercial Retail entity, and the adjacent retail shopping center.

As noted, St. Croix is a mixed-use development that includes construction of commercial retail space, as well as the subject residential development. It is important to note however, that the commercial retail space (the "Condominium Retail Component") was legally separated from the Applicant entity, and conveyed in the form of a condominium to St. Croix Commercial L.L.C., per the Declaration of Condominium dated August 1, 2002, with certain rights to common area via a cross easement agreement, per the Declaration of Reciprocal Easements dated August 1, 2002.

Each component is owned and operated by separate entities; and as such, will remain completely independent from each other. Construction costs estimates were broken down by line item, and allocated towards each component, as applicable. All common costs estimates related to the entire development have been allocated towards each component, based upon their prorata share, respectively. All construction cost estimates were reviewed and analyzed by Consultech, the Plan and Cost Reviewer, and found to be acceptable. First Housing concurs with these cost estimates, as presented herein. Therefore, SAIL Program funds, and Housing Credits will not apply to any part of the Commercial Retail entity; and consequently, the Commercial Retail Component will not benefit from Florida Housing's SAIL and Housing Credit Programs in any which way, or form. This credit underwriting analysis and resulting recommendations presented herein are solely based upon the subject property, which is the residential component of the overall St. Croix development.

The Appraiser projected that the proposed subject improvements would be completed and leased-up within a 14-month interval. The appraiser also projected that this development should begin pre-leasing during the fourth month of construction and units should absorb at rates ranging from 20 to 30 units per month. The Appraiser indicated that most of the recently developed HC properties within the surrounding subject area reported that they were fully stabilized shortly following completion. Construction began during September 2002, and the development is approximately 9% completed, with first COs and move-ins expected to occur within the next six months and 100% completion expected to occur during August 2004, and stabilized lease-up a month later, or during September 2004, for a total construction/lease-up period of 24 months. The extended construction period is primarily due to unexpected delays

attributed to the permitting process, and a delay by the utility company in removing/relocating utility poles and lines.

Ownership Structure:

The Applicant, St. Croix Associates, Ltd., is a Florida limited partnership formed in January 1999 to construct and operate St. Croix Apartments. The General Partner ("GP") of the Applicant (with a 0.01% ownership interest) is Cornerstone St. Croix, L.L.C., a Florida Limited Liability Company. The members of Cornerstone St. Croix L.L.C. are JL Holding Corp. (50%), the Stuart I. Meyers ("SIM") Family Limited Partnership, Ltd. (30%), M3, Inc. (10%) and MSM, Inc. (10%). Principals of the GP Members are Jorge Lopez (JL Holding Corp.), Stuart I. Meyers (SIM Family Partnership, Ltd.), Leon Wolfe (M3, Inc.), and Mara Makes (MSM, Inc.).

The Limited Partner of the Applicant is Lend Lease St. Croix, LLC, an affiliate of Lend Lease Real Estate Investments, Inc. ("Lend Lease" or "LLREI"), with a 99.99% Limited Partnership, per the First Amended and Restated Agreement of Limited Partnership, dated August 1, 2002.

The Developer is Cornerstone Group Development, L.L.C. ("Cornerstone Group"). Alliance Construction, L.L.C., is the General Contractor, and Cornerstone Residential Management, L.L.C., will be the Management Agent. All three entities are affiliated with the subject Applicant.

The Applicant and its Principals have sufficient experience and financial resources to develop, construct and operate the proposed development.

SAIL Program Loan:

The Applicant has applied to Florida Housing for a \$2,000,000 SAIL construction/permanent loan to finance this development. The SAIL loan will have a term co-terminus with the first mortgage, as requested by the syndicator of the Housing Credit equity, and as permitted by the SAIL Rule. It will be non-amortizing and will bear 3% simple interest per annum. Annual payments of all applicable fees will be required. In addition and to the extent that development cash flow is available; interest payments at the 3% rate will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL loan, all principal and unpaid interest will be due. This credit underwriting assumes interest payments at 3.359% (simple interest rate plus applicable fees). Available SAIL loan funds will be drawn pro rata with the First Mortgage loan during construction.

SAIL Loan funds are to be utilized as an additional source, to cover general development costs during construction, as well as cover additional costs associated with the resizing of the capitalized interest account, and cost associated with the SAIL Program (i.e. cost of Issuance, legal fees, additional amenities, etc.). In addition, in order to comply with the SAIL Program debt service coverage requirements, \$545,000 of taxable bonds, and \$1,150,000 of tax-exempt bonds will need to be redeemed; for a total required pay down of the existing first MMRB Program loan in the amount of \$1,695,000.

Housing Credit Program

The Applicant has received tax-exempt bonds greater than 50% of cost, and has applied for 4% federal credits. An analysis of the credits available to the development was performed. Note that this report recommends an amount that is slightly higher than the amount for which the Applicant was approved for in the Syndicator/Limited Partnership Agreement.

The Syndicator/Limited Partnership Agreement, dated August 1, 2002, indicates that Lend Lease St. Croix, LLC (also known as the Investor Limited Partner), a Delaware Limited Liability Company, purchased a 99.99% limited partnership interest at closing of the bond financing. The Partnership Agreement reflects a syndication rate of \$0.815. Capital Contributions total \$6,453,000, of which \$3,345,000 was funded at closing of the Bonds, with two installments of \$1,238,000 each available during construction at 50% and 75% completion, respectively, for a total of \$5,821,000 available during construction. At 100% Completion, \$522,000 will be funded, then \$110,000 at the later to occur: i) IRS Forms 8609, ii) Permanent Loan Conversion, and iii) achievement of 1.12 DSC for 6 consecutive months. Per this Agreement, the final installment could be adjusted upward or downward, in order to reflect applicable IRS rate terms and conditions following final cost certification.

Other Financing Sources:

Additional sources of funds for the St. Croix Apartments development include a first mortgage/permanent MMRB Program loan, a HOME loan, and deferred developer fees.

The Developer has received a MMRB Program financed loan issued by the Broward County HFA to finance this development. The bonds were enhanced by The Florida Affordable Housing Guarantee Program ("Guarantee Fund"), in combination with the HUD Risk Sharing Program. The first mortgage loan amount is currently in the amount of \$18,095,000, which was funded by \$17,500,000 of tax-exempt MMRB Series 2002A bonds, and \$595,000 of MMRB taxable Series 2002B bonds, by the Broward County HFA. Note that, in order to comply with the SAIL Program debt service coverage requirements, \$545,000 of the outstanding taxable bonds, as well as \$1,150,000 of the tax-exempt bonds will need to be redeemed; for a total required pay down of the existing first MMRB Program loan in the amount of \$1,695,000. Therefore, First Housing currently estimates that, in order to comply with SAIL Program requirements, the first mortgage loan should be adjusted in the amount of \$16,350,000 in tax-exempt bonds, and \$50,000 in taxable bonds, for a total of \$16,400,000.

Also note that the analysis presented herein assumes that the current endorsement date of this loan, which is November 2003, will be extended for approximately nine months to September 2004. Therefore, terms and conditions of the first mortgage loan are assumed to include a 42-year term (a 40 year amortization period following a construction/lease-up period of 24 months) a fixed "all in" interest rate equivalent to 6.400% (includes fees), and debt service coverage of not less than 1.15:1. This loan closed on August 1, 2002. This report is subject to approval from all appropriate parties of the necessary pay down, redemption of bonds, and extensions required on this loan.

The Applicant has also been approved for a HOME Loan by Broward County, in the amount of \$222,138 at 1.5% interest for 40 years, with principal and interest payments due upon maturity. This loan closed during August 2003. The closing statement indicates that, during construction, \$199,924 will be disbursed, with the remainder held back, pending construction completion.

This report is subject to receipt and satisfactory review of evidence indicating that Broward County is willing to subordinate to the proposed SAIL Program loan.

Another source of funds for this development is an impact fee waiver in the amount of \$69,138, which will be used to cover a corresponding amount of the total indicated cost of total impact fees.

First Housing's preliminary estimates indicate that, during the remaining construction period, the Applicant must defer all available developer fees totaling \$3,303,808 (82%), and deferral of contractor's profit in the amount of \$423,370 (total deferrable contractor profit is \$874,211). These estimates represent amounts that must be deferred after all available loan proceeds have been received during the construction period.

Deferred developer fees upon stabilization total \$3,072,964 or 77% of total developer fees. This amount represents developer fees that must be deferred after all available loan proceeds and HC equity contributions have been received during the permanent period.

Additional Information:

1. Extension of MMRB Program Loan: As noted, this development is subject to an existing MMRB Program loan, with enhancement from The Florida Affordable Housing Guarantee Program ("Guarantee Fund"), in combination with the HUD Risk Sharing Program. The recommendations presented herein assume that the Endorsement date of the first mortgage loan (November 1, 2003) will be extended for a period of at least 12 months, in order to allow for completion and stabilization of this development. Therefore, this report is subject to approval (**prior to closing**) from all appropriate parties of the necessary extension of the existing first mortgage
2. Pay down of existing MMRB Program Loan, and Redemption of Bonds: As noted, the first mortgage loan amount is currently in the amount of \$18,095,000, which was funded by \$17,500,000 of tax-exempt MMRB Series 2002A bonds, and \$595,000 of MMRB taxable Series 2002B bonds, by the Broward County HFA. Note that, in order to comply with the SAIL Program debt service coverage requirements, \$545,000 of taxable bonds, as well as \$1,150,000 of tax-exempt bonds will need to be redeemed; for a total required pay down of the existing first MMRB Program in the amount of \$1,695,000. Therefore, this report is subject to approval (**prior to closing**) of the required pay down of the existing loan, and redemption of outstanding bonds by the appropriate authorities.

Also note that the pay down amount could change, if rents improve (subject to further verification by the Appraiser) by closing of the SAIL loan. In addition, re-sizing of the estimated capitalized interest could decrease upon reduction of the first mortgage loan and redemption of the bonds, or increase to reflect principal payments if endorsement occurs sooner than projected.

3. Market Analysis: Clobus, McLemore & Duke, Inc. has performed a market study dated March 1, 2002, which was updated on April 10, 2003. First Housing has determined that the market study and subsequent update was satisfactory. The market study concluded there is sufficient demand in the area for this type of development.

The subject is located within the City of Lauderdale Lakes in central Broward County. As an affordable housing development, the subject is projected to draw tenants from Lauderdale Lakes and the surrounding municipalities, particularly Lauderhill, Oakland

Park, and Tamarac. There have been no new apartment developments within the City of Lauderdale Lakes for more than 20 years. In addition, there have been very few new multi-family housing developments introduced in the surrounding area, which would be considered competitive with the subject. The exception is the recently completed Bridgewater Place in Oakland Park, an affordable housing development by Cornerstone, located about five miles east of the subject. Most of the multi-family residential developments within the subject sub-market were constructed in the 1970s and 1980s, and are considered inferior in age and condition. The subject, as proposed, will represent the first new multi-family development in Lauderdale Lakes, and the only mixed-use residential and retail development in this sub-market. As such, this development should be well received within the market.

The Appraiser also concluded that the current 2003 Florida Housing Rent-Restricted rents are supported in this market. The market study also concluded that the subject would only need to capture about 1.43% of the income-qualified pool of renters within the primary market area to achieve stabilized occupancy.

2. Construction Features Verification: Consultech's review of preliminary plans and specifications indicate that this development, as proposed, is in compliance with the construction features checked in Part III, Section B (Exhibit 2) of the Application, with the exception of the following item:

- Plans indicate wall insulation of R-11, versus R-13 or better

First Housing's recommendations are contingent upon receipt and satisfactory review of confirmation that this development will be in compliance with the requirements of Part III, Section B of the Application. According to the Applicant, revisions to the plans and specifications will be completed shortly, in order to reflect the required changes.

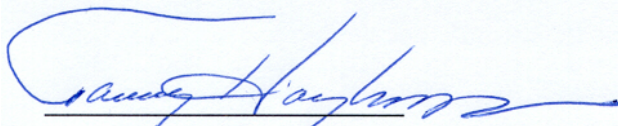
Issues and Concerns:

None noted.

Recommendation:

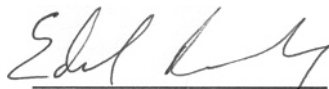
First Housing recommends that a SAIL loan, in the amount of \$2,000,000 and an annual Housing Credit Allocation of \$841,188 be awarded to this development. This recommendation is based upon the assumptions detailed in the Board Summary (Section A) and subject to the Loan Conditions outlined in the Loan Commitment Conditions (Section B). The reader is cautioned to refer to these sections for complete information.

Prepared by:



Tammy Haylock-Moore
Vice President
Senior Underwriter

Reviewed by:



Edward Busansky
Senior Vice President

St. Croix Apartments

**SAIL 2002 034S
& HC 2002 528C**

SAIL Loan Recommendation: \$2,000,000

HC Allocation Recommendation: \$841,188

HC Per Syndication Agreement	\$791,858
HC Per Applicant's Request	\$811,000
HC Per Qualified Basis	\$841,188
HC Per GAP Calculation	\$1,177,431

<u>DEVELOPMENT TYPE</u> New Construction	<u>SET ASIDES</u> 20% @ 50% of AMI & 80% at 60% AMI (SAIL)	<u>SET-ASIDE TERM</u> 50 Years (SAIL & HC)
<u>DEMOGRAPHIC COMMITMENT</u> Large Family	100% at 60% AMI (HC)	
<u>MORTGAGOR</u> St. Croix Associates, Ltd.	<u>GENERAL PARTNER</u> Cornerstone St. Croix, L.L.C. (GP)	<u>DEVELOPER</u> Cornerstone Group Development, LLC
<u>FIRST MORTGAGE</u> FHFC Guarantee Fund in concert with HUD Risk Sharing	<u>SYNDICATOR</u> Lend Lease St. Croix LLC	<u>HC SYNDICATION RATE</u> \$0.815
<u>SITE AREA</u> 12.31 Acres	<u>DENSITY</u> 20 units per acre	<u>ZONING</u> B-3 Commercial with Multi- Family Residential District (Max. Density: 20 Units/Acre)
<u>NET OPERATING INCOME</u> \$1,312,306	<u>APPRAISED VALUE</u> \$21,306,000 Restricted Rents & Favorable Financing \$18,916,000 Market Rents & Market Financing	<u>TOTAL DEVELOPMENT COST</u> \$28,217,240

Rent Roll

Fort Lauderdale PMSA (Broward County)

Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	Max. Gross HC Rents	Utility Allowance	Max Net HC Rents	Applicant Revised Rents	Underwriter Rents	Annual Rents
1	1	11	673	50%	\$564	\$37	\$527	\$527	\$527	\$69,564
1	1	43	673	60%	\$677	\$37	\$640	\$640	\$640	\$330,240
2	2	22	948	50%	\$677	\$48	\$629	\$629	\$629	\$166,056
2	2	84	948	60%	\$813	\$48	\$765	\$765	\$765	\$771,120
3	2	17	1,182	50%	\$782	\$60	\$722	\$722	\$722	\$147,288
3	2	48	1,209	60%	\$939	\$60	\$879	\$879	\$879	\$506,304
3	2	21	1,182	60%	\$939	\$60	\$879	\$879	\$879	\$221,508
Totals		246	239,778							\$2,212,080

Sources of Funds

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
Broward HFA-MMRB	Guarantee Program/ HUD Risk Sharing	\$16,350,000	\$16,780,000	\$16,400,000	6.400%	40	42.00	\$1,121,154
SAIL Loan	FHFC	\$2,000,000	\$2,000,000	\$2,000,000	3.36%	N/A	42.00	\$67,180
HOME Loan	Broward County	\$0	\$222,138	\$222,138	1.50%	40	40.00	\$7,388
Housing Credit Equity	Lend Lease	\$6,690,000	\$6,453,000	\$6,453,000				
Deferred Developer Fee	Cornerstone	\$1,207,948	\$2,452,662	\$3,072,964				
Borrower Equity/Impact Fee Waivers	Developer	\$0	\$0	\$69,138				
Total		\$26,247,948	\$27,907,800	\$28,217,240				\$1,195,722

Ratios

<u>SAIL LOAN TO VALUE¹</u> 86% Restricted Rents & Favorable Financing 97% Market Rents & Market Financing	<u>DEBT SERVICE COVERAGE²</u> 1.104	<u>TOTAL COST PER UNIT</u> \$114,704
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<u>SAIL LOAN TO COST</u> 7.1%	<u>SAIL LOAN PER UNIT</u> \$8,130	<u>FHFC ALLOCATION PER UNIT³</u> \$11,550
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HC ALLOCATION PER UNIT
\$3,419

1. Based on the total SAIL Loan and First Mortgage combined.
2. Based on the total SAIL loan amount, the first mortgage amount. Debt service coverage for subsequent years is shown in Exhibit 1.
3. Based on the SAIL Loan amount recommended, plus the recommended HC allocation.

Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Const. Int. Rate	Construction Debt Service
Broward HFA-MMRB	Guarantee Program/HUD Risk Sharing	\$16,350,000	\$16,780,000	\$16,400,000	5.610%	\$1,702,335
SAIL Loan	FHFC	\$2,000,000	\$2,000,000	\$2,000,000	3.359%	\$38,293
HOME Loan	Broward County	\$0	\$199,924	\$199,924	1.50%	\$7,388
Housing Credit Equity	Lend Lease	\$5,821,000	\$5,821,000	\$5,821,000		
Deferred Developer Fee	Cornerstone	\$2,076,948	\$3,106,876	\$3,303,808		
Borrower Equity/Impact Fee Waiver	Developer	\$0	\$0	\$69,138		
Deferred Contractor Fee	Alliance	\$0	\$0	\$423,370		
Developer's Equity	Cornerstone	\$0	\$0	(\$0)		
Total		\$26,247,948	\$27,907,800	\$28,217,240		\$1,748,016

Notes to the Construction Period Sources of Funds:

- As noted, First Housing currently estimates that, in order to comply with SAIL Program requirements, the first mortgage loan should be adjusted in the amount of \$16,350,000 in tax-exempt bonds, and \$50,000 in taxable bonds, for a total of \$16,400,000. This report is subject to approval from all appropriate parties of the necessary pay down, redemption of bonds, and extensions required on this loan. First Housing's estimate of interest expense during construction is based upon a 24-month construction/stabilization period, and an interest rate of 5.610% (net of fees escrowed at closing). Cap I is calculated as interest on the bonds (plus any Credit Enhancement and bond-related fees not prepaid or escrowed at closing) less GIC earnings on un-disbursed bond funds.
- The Applicant has applied to Florida Housing for a \$2,000,000 SAIL construction/permanent loan to finance this development. The SAIL loan will have a term co-terminus with the first mortgage, as requested by the syndicator of the Housing Credit equity, and as permitted by the SAIL Rule. It will be non-amortizing and will bear 3% simple interest per annum. Annual payments of all applicable fees will be required. In addition and to the extent that development cash flow is available; interest payments at the 3% rate will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL loan, all principal and unpaid interest will be due. This credit underwriting assumes interest payments at 3.359% (simple interest rate plus applicable fees). Available SAIL loan funds will be drawn pro rata with the First Mortgage loan during construction.
- The Applicant has also been approved for a HOME Loan by Broward County, in the amount of \$222,138 at 1.5% interest for 40 years, with principal and interest payments due until maturity. This loan closed during August 2003. The closing statement

indicates that, during construction, \$199,924 will be disbursed, with the remainder held back, pending construction completion. This report is subject to receipt and satisfactory review of evidence indicating that Broward County is willing to subordinate to the proposed SAIL Program loan.

4. The Syndicator/Limited Partnership Agreement, dated August 1, 2002, indicates that Lend Lease St. Croix, LLC (also known as the Investor Limited Partner), a Delaware Limited Liability Company, purchased a 99.99% limited partnership interest at closing of the bond financing. The Partnership Agreement reflects a syndication rate of \$0.815. Capital Contributions total \$6,453,000, of which \$3,345,000 was funded at closing of the Bonds, with two installments of \$1,238,000 each available during construction at 50% and 75% completion, respectively, for a total of \$5,821,000 available during construction.
5. Another source of funds for this development is an impact fee waiver in the amount of \$69,138, which will be used to cover a corresponding amount of the total indicated cost of total impact fees.
6. First Housing's preliminary estimates indicate that, during the remaining construction period, the Applicant must continue to defer 100% of available developer fees totaling \$3,303,808 (82%), and deferral of contractor's profit in the amount of \$423,370 (total deferrable contractor profit is \$874,211). These estimates represent amounts that must be deferred after all available loan proceeds have been received during the construction period.

Permanent Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
Broward HFA-MMRB	Guarantee Program/HUD Risk Sharing	\$16,350,000	\$16,780,000	\$16,400,000	6.400%	40	42.00	\$1,121,154
SAIL Loan	FHFC	\$2,000,000	\$2,000,000	\$2,000,000	3.36%	N/A	42.00	\$67,180
HOME Loan	Broward County	\$0	\$222,138	\$222,138	1.50%	40	40.00	\$7,388
Housing Credit Equity	Lend Lease	\$6,690,000	\$6,453,000	\$6,453,000				
Deferred Developer Fee	Cornerstone	\$1,207,948	\$2,452,662	\$3,072,964				
Borrower Equity/Impact Fee Waivers	Developer	\$0	\$0	\$69,138				
Total		\$26,247,948	\$27,907,800	\$28,217,240				\$1,195,722

Notes to the Permanent Period Sources of Funds

- As noted, First Housing currently estimates that, in order to comply with SAIL Program requirements, the first mortgage loan should be adjusted in the amount of \$16,350,000 in tax-exempt bonds, and \$50,000 in taxable bonds, for a total of \$16,400,000. Terms and conditions of the first mortgage loan are assumed to include a 42-year term (a 40 year amortization period following a construction/lease-up period of 24 months) a fixed "all in" interest rate equivalent to 6.400% (includes fees), and debt service coverage of not less than 1.15:1. This loan closed on August 1, 2002. This report is subject to approval from all appropriate parties of the necessary pay down, redemption of bonds, and extensions required on this loan.
- The Applicant has applied to Florida Housing for a \$2,000,000 SAIL construction/permanent loan to finance this development. The SAIL loan will have a term co-terminus with the first mortgage, as requested by the syndicator of the Housing Credit equity, and as permitted by the SAIL Rule. It will be non-amortizing and will bear 3% simple interest per annum. Annual payments of all applicable fees will be required. In addition and to the extent that development cash flow is available; interest payments at the 3% rate will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL loan, all principal and unpaid interest will be due. This credit underwriting assumes interest payments at 3.359% (simple interest rate plus applicable fees). Available SAIL loan funds will be drawn pro rata with the First Mortgage loan during construction.
- The Applicant has also been approved for a HOME Loan by Broward County, in the amount of \$222,138 at 1.5% interest for 40 years, with principal and interest payments due until maturity. This loan closed during August 2003. The closing statement indicates that, during construction, \$199,924 will be disbursed, with the remainder held back, pending construction completion. This report is subject to receipt and satisfactory review of evidence indicating that Broward County is willing to subordinate to the proposed SAIL Program loan.

4. The Syndicator/Limited Partnership Agreement, dated August 1, 2002, indicates that Lend Lease St. Croix, LLC (also known as the Investor Limited Partner), a Delaware Limited Liability Company, purchased a 99.99% limited partnership interest at closing of the bond financing. The Partnership Agreement reflects a syndication rate of \$0.815. Capital Contributions total \$6,453,000 , of which \$3,345,000 was funded at closing of the Bonds, with two installments of \$1,238,000 each available during construction at 50% and 75% completion, respectively, for a total of \$5,821,000 available during construction. At 100% Completion, \$522,000 will be funded, then \$110,000 at the later to occur: i) IRS Forms 8609, ii) Permanent Loan Conversion, and iii) achievement of 1.12 DSC for 6 consecutive months. Per this Agreement, the final installment could be adjusted upward or downward, in order to reflect applicable IRS rate terms and conditions following final cost certification.
5. Another source of funds for this development is an impact fee waiver in the amount of \$69,138 , which will be used to cover a corresponding amount of the total indicated cost of total impact fees.
6. Deferred developer fees upon stabilization total \$3,072,964 or 77% of total developer fees. This amount represents developer fees that must be deferred after all available loan proceeds and HC equity contributions have been received during the permanent period.

Uses of Funds

	Application Total Costs	Applicant's Revised Costs	Underwriter's Costs	HC Ineligible Costs
Actual Construction Cost				
Site Work	\$0	\$2,029,500	\$2,029,500	
Off-Site	\$0	\$0	\$0	
New Rental Units or Space	\$14,216,257	\$11,889,615	\$11,889,615	
Accessory Buildings	\$356,053	\$301,060	\$301,060	
Recreational Amenities	\$413,795	\$350,000	\$350,000	
Total Construction Costs	\$14,986,105	\$14,570,175	\$14,570,175	\$140,000
Plus Contractor's Overhead & Profit	\$2,042,895	\$2,039,825	\$2,039,825	
Plus: Special Inspector & P&P Bond	\$0	\$160,000	\$160,000	
Total Actual Construction Contract	\$17,029,000	\$16,770,000	\$16,770,000	\$140,000
Plus: Hard Cost Contingency	\$0	\$0	\$0	
Total Actual Construction Cost	\$17,029,000	\$16,770,000	\$16,770,000	\$140,000

Notes to the Actual Construction Costs:

1. Applicant provided FHDC with a copy of a Construction Contract, dated October 4, 2001, in the amount of \$16,770,000 from Alliance Construction, L.L.C., a related company.
2. General Contractor Fees consist of General Conditions at 6%, Overhead at 2% and Contractor Profit at 6%. At \$2,039,825, General Contractor Fees are 14.00% of Net Construction Costs of \$14,570,175. General Contractor Fees are within Florida Housing's Underwriting Guidelines.
3. Underwriting guidelines require a funded hard costs contingency of 3% to 5%. The Applicant has agreed to extend an existing letter of credit to cover the recommended 3% hard cost contingency, which is acceptable.
4. The Other Cost of \$160,000 is comprised of \$60,000 for the Special Inspector and \$100,000 for the Payment and Performance Bond.

	Application Total Costs	Applicant's Revised Costs	Underwriter's Costs	HC Ineligible Costs
General Development Costs				
Accounting Fees	\$20,000	\$24,070	\$24,070	\$6,018
Appraisal & Market Study	\$10,000	\$28,000	\$28,000	
Architect's Fee	\$221,400	\$310,000	\$310,000	
Builder's Risk Insurance	\$92,250	\$175,846	\$175,846	\$123,092
Building Permits	\$100,000	\$213,908	\$213,908	
Brokerage Fees	\$0	\$0	\$0	
Engineering Fee	\$75,000	\$76,000	\$76,000	
Environmental Report	\$4,000	\$4,500	\$4,500	
FHFC Administrative Fee	\$64,880	\$28,109	\$64,880	
FHFC HC Application Fee	\$4,000	\$4,000	\$4,000	
FHFC Compliance Fee	\$78,599	\$100,991	\$100,991	\$100,991
Credit Underwriting Fees	\$12,080	\$36,900	\$36,900	
Furniture & Fixtures and W/D	\$75,000	\$110,000	\$110,000	\$110,000
Impact Fees	\$493,534	\$483,977	\$483,977	
Inspection Fees/Construction Admin.	\$16,900	\$32,500	\$32,500	
Insurance	\$0	\$0	\$0	
Legal Fees	\$60,000	\$161,551	\$161,551	\$121,163
Market Study	\$5,000	\$0	\$0	
Marketing and Advertising	\$125,000	\$200,000	\$125,000	\$125,000
Pre-Construction Analysis	\$0	\$0	\$0	
Property Taxes	\$50,000	\$44,755	\$44,755	\$31,329
Replacement Reserve Escrow	\$49,200	\$49,200	\$49,200	\$49,200
Soil Test	\$6,000	\$4,500	\$4,500	
Survey	\$10,000	\$35,548	\$35,548	\$26,661
Title Insurance	\$85,000	\$104,050	\$104,050	\$78,038
Utility Connection Fees	\$553,500	\$753,500	\$518,500	\$200,000
Soft Cost Contingency	\$50,000	\$51,766	\$50,000	
Total General Development Costs	\$2,261,343	\$3,033,671	\$2,758,676	\$971,491

Notes to the General Development Costs:

1. Administrative, Application, Compliance and Credit Underwriting fees are actual costs.
2. Appraisal, Market Study and Pre-Construction Analysis (PCA) are actual costs.
3. Marketing, Utility Connection, Environmental, Soil Test, Survey and Title Insurance fees were adjusted to reflect the costs associated with the Residential Component, net of costs associated with the Commercial Retail Component.
4. Insurance fees are included in the Builder's Risk Insurance line item, and Pre-Construction Analysis fees are included as part of the Inspection Fees.
5. Replacement Reserves of \$200 per unit per year are normally required, however Applicant elected to prepay Replacement Reserves in the amount of \$49,200 (one-half the required Replacement Reserves for Years 1 and 2). Replacement Reserves to be funded from

Operations will be \$100 per unit per year for Years 1 and 2, followed by \$200 per unit per year thereafter. 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 the Guarantee Fund that evidences an increase in the deposit is excessive or unnecessary.

6. Other General Development Costs are Applicant's estimates, which appear reasonable. Note that all fees represented herein, are net of fees associated with the Commercial Retail Component.

	Application Total Costs	Applicant's Revised Costs	Underwriter's Costs	HC Ineligible Costs
Financial Costs				
Construction Loan Cr. Enhancement Fees	\$192,113	\$0	\$0	\$0
Construction Interest Reserve	\$826,000	\$1,215,000	\$1,702,335	\$510,701
SAIL Loan Commitment Fee	\$20,000	\$0	\$20,000	
Construction Closing Costs	\$0	\$0	\$0	\$0
First Mortgage Cost of Issuance	\$715,034	\$1,025,497	\$1,025,497	\$1,004,987
Other Financing Costs	\$0	\$0	\$0	\$0
SAIL Loan Interest	\$0	\$0	\$38,293	\$0
Debt Service Reserve	\$0	\$0	\$0	0
Total Financial Costs	\$1,753,147	\$2,240,497	\$2,786,125	\$1,515,688

Notes to the Financial Costs:

1. Cap I in the MMRB Program Loan development budget is First Housing's estimate based upon a 24-month construction/stabilization period. Cap I is calculated as interest on the bonds (plus any Credit Enhancement and bond-related fees not prepaid or escrowed at closing) less GIC earnings on un-disbursed bond funds.
2. Bond Loan Issuance Costs are based upon actual estimates, which appear reasonable.
3. SAIL loan commitment fee is based upon an actual cost of 1%. Closing fees and other related SAIL costs are included in soft cost contingencies line items. Based on the information provided, First Housing estimates a Construction Period Debt Service of \$38,293, which is based on a remaining construction/stabilization period of 12 months, and with an average outstanding balance of 57%, with annual payments.

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

	Application Total Costs	Applicant's Revised Costs	Underwriter's Costs	HC Ineligible Costs
Development Cost Before Developer Fee and Land Costs	\$21,043,490	\$22,044,168	\$22,314,800	\$2,627,179
Other Development Costs				
Net Developer Fee	\$3,366,958	\$3,969,000	\$4,007,808	
Hard Cost Contingency	\$0	\$0	\$0	0
Other - Excess Applicant Legal Fees	\$0	\$0	\$0	0
Total Developer's Fee	\$3,366,958	\$3,969,000	\$4,007,808	0

Notes to the Other Development Costs:

1. Total Developer Fees of \$4,007,808 are 18.00% of Development Cost before Land and Developer Fees (net of replacement reserves escrow). They are within the 18% maximum for MMRB developments per FHFC Underwriting Guidelines.

	Application Total Costs	Applicant's Revised Costs	Underwriter's Costs	HC Ineligible Costs
Acquisition Costs				
Land	\$1,837,500	\$1,737,500	\$1,737,500	\$1,737,500
Plus: Land Carrying Costs	\$0	\$157,132	\$157,132	\$157,132
Total Acquisition Costs	\$1,837,500	\$1,894,632	\$1,894,632	\$1,894,632

Notes to the Acquisition Costs:

1. The appraiser's estimate of land value is equal to 1,845,000, which supports the Applicant's land cost. Note that the land cost estimates presented herein, are net of acquisition and carrying costs associated with the Commercial Retail Component.

	Application Total Costs	Applicant's Revised Costs	Underwriter's Costs	HC Ineligible Costs
Total Development Costs	\$26,247,948	\$27,907,800	\$28,217,240	\$4,521,811

Notes to Total Development Costs:

1. Total development cost of \$28,217,240 is exclusively associated with the Residential Component, net of any costs related to the Commercial Retail Component. In the Application, the Applicant submitted a total cost (hard and soft costs) estimate equal to \$26,247,948 , as compared to a current estimate of \$28,217,240 , an 8% difference. Changes are primarily attributed to resizing of the capitalized interest account, due to the extended construction period, higher MMRB Program Cost of Issuance, and associated increases in developer's fees. All changes are considered acceptable.

Operating Proforma

DESCRIPTION	Annual	Per Unit
Revenue		
Gross Potential Rental Revenue	\$2,212,080	\$8,992
Other Income		
Washer/Dryer Rentals	\$82,804	\$337
Cable TV	\$39,262	\$160
Retail Rental Income (not included)	\$0	\$0
Miscellaneous Income	\$44,280	\$180
Gross Potential Income	\$2,378,425	\$9,668
Less:		
Vacancy and Collection Loss (5%)	\$118,921	\$483
Total Effective Gross Revenue	\$2,259,504	\$9,185
Expenses		
Fixed:		
Real Estate Taxes	\$249,198	\$1,013
Insurance	\$91,020	\$370
Variable:		
Management Fee (4%)	\$90,380	\$367
General and Administrative	\$49,200	\$200
Payroll Expenses	\$178,350	\$725
Utilities	\$135,300	\$550
Marketing and Advertising	\$12,300	\$50
Maintenance and Repairs	\$73,800	\$300
Grounds Maintenance and Landscaping	\$43,050	\$175
Miscellaneous	\$0	\$0
Reserve for Replacements	\$24,600	\$100
Total Expenses	\$947,198	\$3,850
Net Operating Income	\$1,312,306	\$5,335
Debt Service Payments		
Broward-HFA-First Mortgage - Bonds (Tax-Exempt & Taxables)	\$1,138,154	\$4,627
Less: Annual GIC from MMRB Program Float Revenue	(\$17,000)	(\$69)
Second Mortgage - SAIL Loan	\$67,180	\$273
Third Mortgage - HOME Loan	\$7,388	\$30
Total Debt Service Payments	\$1,195,722	\$4,861
Operating Income After Debt Service - Before Tax	\$116,583	\$474

Debt Service Coverage Ratios	
Debt Service Coverage - 1st Mtg.-MMRB Loan with GIC	1.170
Debt Service Coverage - 1st & Second Mtgs.	1.104
Debt Service Coverage - All Mortgages	1.098
Debt Service Coverage - All Mortgages and Fees	1.098

Financial Ratios	
Operating Expense Ratio	42%
Break-Even Ratio	90%

Notes to the Operating Proforma and Ratios:

1. Gross Potential Rental Revenue is based upon 2003 Florida Housing Published restricted rents less utility allowance as required by the HC Program. The SAIL program does not impose any rent restrictions. However, for underwriting purposes, First Housing has implemented the HUD restricted rents, as published by Florida Housing, that apply to the required SAIL Program set asides. In addition, this development will also be requesting Housing Credits ("HC"), which will impose rent restrictions.
2. FHDC has underwritten Vacancy and Collection Loss at 5%, which is in accordance with the Appraisal.
3. Washer/Dryer Rentals is based upon 85% of the units renting washers and dryers at \$33 per unit per month, which is supported by the Appraisal. Cable Television Income is the Net Revenues (after Expenses) from bulk cable television service. It is based upon 95% of the units subscribing to the service, generating \$14 per unit. Miscellaneous Income includes Late Fees, Cancellation Fees, Forfeited Deposits, Vending Income and income from other miscellaneous sources, to total \$180 per unit per year. The Appraisal supports this figure.
4. Utilities include monthly Water and Sewer to the tenants, which Applicant will pay, and are based upon the Appraiser's estimate.
5. Based on operating data from comparable properties, third party reports (primarily the subject self-contained appraisal, and market study), and the credit underwriter's independent due diligence, First Housing represents that, in our opinion, estimates for rental income, vacancy and loss allowances, other income, and operating expenses fall within a band of reasonableness. For purposes of this analysis, income utilized is \$282,117 less, and expenses are \$42,122 greater than the Appraiser's estimate.
6. Replacement Reserves of \$200 per unit per year are normally required, however Applicant elected to prepay Replacement Reserves in the amount of \$49,200 (one-half the required Replacement Reserves for Years 1 and 2). Replacement Reserves to be funded from Operations will be \$100 per unit per year for Years 1 and 2, followed by \$200 per unit per year thereafter. 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 the Guarantee Fund that evidences an increase in the deposit is excessive or unnecessary.
7. A 15-year Income and Expense Projection that reflects increasing DSC is attached to this report as Exhibit 1.

HC Allocation Calculation

Section I: Qualified Basis Calculation

Total Development Cost (including land and ineligible costs)	\$28,217,240
Less Land Costs	\$1,894,632
Less Federal Grants & Loans	\$0
Less Other Ineligible Costs	\$2,627,179
Less Disproportionate Standard	\$0
Total Eligible Basis	\$23,695,430
Applicable Fraction	100%
QCT/DDA Basis Credit	100%
Qualified Basis	\$23,695,430
Housing Credit Percentage	3.55%
Annual Housing Credit Allocation	\$841,188

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include brokerage fees, accounting, legal and other fees attributable to land acquisition and syndication, advertising/marketing fees, operating reserves required by lender, the lease up portion of construction interest.
2. The development has a 100% set-aside. Therefore, the Applicable Fraction is 100%.
3. For purposes of this analysis, the development was not located in a Difficult Development Area ("DDA") and/or Qualified Census Tract ("QCT"); therefore the 130% basis credit was not applied.
4. Per Florida Housing Rule – Housing Credit Procedures, 15 basis points are added to the actual percentage (3.40%) reported as of the Date of Invitation to Credit Underwriting, for a total Housing Credit Percentage of 3.55%, which is applied in this analysis

Section II: GAP Calculation

Total Development Cost (including land and ineligible costs)	\$28,217,240
Less Mortgages	\$18,622,138
Less Grants	\$0
Equity Gap	\$9,595,102
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.815
HC Required to meet Equity Gap	\$11,774,309
Annual HC Required	\$1,177,431

Notes to the Gap Calculation:

1. HC Syndication Pricing and Percentage to Investment Partnership are based on the executed syndication agreement, as described in the Syndicator Information.

Section III: 50% HC Test

Tax-Exempt Bond Amount	\$16,350,000
Plus: Investment Income from Bond Proceeds	\$0
Less: DSR Funded With Tax Exempt Bond Proceeds	\$0
Less: Cost of Issuance Funded With Exempt Bond Proceeds	\$0
Equals Net Tax-Exempt Bond Amount	\$16,350,000
Total Depreciable Cost	\$23,695,430
Plus Land Cost	\$1,894,632
Aggregate Basis	\$25,590,062
Net Tax-Exempt Bond To Aggregate Basis Ratio: (50% Test)	63.9%

Notes to the 50% Test:

1. This development falls well within this requirement.

Section IV: Summary

HC Per Syndication Agreement	\$791,858
HC Per Applicant's Request	\$811,000
HC Per Qualified Basis	\$841,188
HC Per GAP Calculation	\$1,177,431
Annual HC Recommended	\$841,188
Syndication Proceeds based upon Annual HC Recommended	\$6,854,997

Notes to the Summary:

1. The annual HC recommendation is limited by the qualified basis calculation. The amount per unit is within the annual allowable HC amount per unit.

FHDC

Section B
Loan Commitment Conditions

October 1, 2003

State Apartment Incentive Loan Program Recommendation

First Housing Development Corporation recommends a loan funded through the Florida Housing Finance Corporation's State Apartment Incentive Loan Program under the conditions detailed in this section.

Loan Amount

The SAIL loan amount recommended by First Housing is \$2,000,000

1. The loan amount is limited to the lesser of:

25% of development cost. The recommended SAIL loan is equal to 7.1% of total development cost.

An amount such that the combined SAIL loan and all superior debt does not exceed 100% of the appraised market value of the development. The combined SAIL loan and first mortgage is equal to 97% of the market value.

The amount necessary to make the development feasible, which is \$2,000,000

Applicant's request, which is \$2,000,000

Therefore, the recommended SAIL loan amount is \$2,000,000

1. Additionally, the combined debt service coverage ratio for the SAIL loan and all superior debt must not be less than 1.10 nor greater than 1.50 (debt service includes interest based on the pay rate, plus permanent loan servicing, and financial monitoring fees).

First Housing estimates the combined debt service coverage for the SAIL loan and the first mortgage to be 1.104.

State Apartment Incentive Loan General Conditions

Purpose:

To provide construction and permanent mortgage financing for St. Croix Apartments, a proposed 246-unit mid-rise residential development with elevators, located within the Broward County, Florida.

Security/Collateral:

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

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 Operation Deficit Guarantees
6. Environmental Indemnity
7. Guarantee of recourse Obligations
8. General Contractor Bond.
9. Other documents as may be required by Florida Housing and Rule Chapter 67-48, F.A.C.

Term:

15 years including the construction/stabilization period. However, the term of the SAIL Loan may be extended to accommodate investment requirements associated with the syndication of the HC awarded to the development, or to meet Fannie Mae requirements if it is financing the development.

Rate:

3% simple interest per annum for family, elderly, homeless, and SRO loans. 1% simple interest per annum for developments that maintain an 80% occupancy of residents qualifying as Farmworkers over the life of the loan.

Repayment Schedule:

Annual payments of interest and loan servicing fees, compliance monitoring fees, and financial monitoring fees. Interest and fees are calculated based on the outstanding principal balance of the loan. Required annual payments consist of all fees. Payments of interest are payable from development cash flow, and may be deferred until there is adequate cash flow. However, all outstanding interest, principal and fees are due at maturity.

Escrows:

The first mortgagee or Florida Housing'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 67-048.012, 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.

Florida Housing shall have the right to attach the escrow accounts in the event of default under the loan documents. The application of funds by Florida Housing 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 Florida Housing'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 Florida Housing, 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 Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing's sole discretion.

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 Assessment study prepared by an independent third party acceptable to Florida Housing or the Servicer that evidences an increase in the deposit is excessive or unnecessary.

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 Florida Housing's written approval.

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 pre-construction analysis, which has been prepared by Consultech.
2. Signed and sealed survey, dated within 90 days of closing, certified to Florida Housing and its legal 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 Florida Housing.
3. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.) or 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). 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 must be bound within the final plans and specifications.
5. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The final 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. SAIL loan funds must be disbursed pro rata with other construction loan funds.
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, in coverages, deductibles and amounts satisfactory to Florida Housing.
8. 100% Payment and Performance Bond or Letter of Credit (LOC) in an amount not less than 25% of the construction contract, to secure the construction contract between Alliance Construction, L.L.C. and the Borrower. In either case, Florida Housing must be listed as co-obligee. Florida Housing, its legal counsel, and Servicer must approve the amounts and all terms of the bond, or LOC.

9. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504, ADA, 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 weeks** before closing. Failure to receive approval of these items 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) of the Borrower, the guarantors, and any limited partners of the Borrower.
2. Signed and sealed survey, dated within 90 days of closing, certified to Florida Housing and its legal 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 Florida Housing.
3. Title insurance binder or commitment for title insurance with copies of all Schedule B exceptions in the amount of the Loan.
4. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership agreement. Florida Housing 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 Florida Housing as Loss Payee/Mortgagee, in coverages, deductibles and amounts satisfactory to Florida Housing.
6. 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 that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP and of any corporate guarantor;
 - b. The due authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
 - c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. 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 and the corporate 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;
 - f. Such other matters as Florida Housing or its legal 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 Florida Housing or its legal counsel in form and substance acceptable to Florida Housing or its legal counsel, in connection with the Loan.
 9. 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 Sections 420.507(22) and 420.5087, Florida Statutes and Rule Chapter 67-48, F.A.C.
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, 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 Florida Housing, First Lender and any other sources) sufficient to complete the Development. If at any time there are not sufficient funds (held by Florida Housing, First Lender and any other sources) to complete the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional Loan funds are disbursed. This condition specifically includes escrowing at closing all syndication and other equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.
4. Construction Completion Guarantees from St. Croix Associates, Ltd., Cornerstone St. Croix, L.L.C., Jorge Lopez, Stuart I. Meyers, Leon Wolfe, and Mara Makes; as well as Cornerstone Group Development L.L.C., Cornerstone Group Development Corporation and Alliance Construction, L.L.C; to be released upon lien-free completion, and receipt of final certificate(s) of occupancy, as approved by the Servicer.

5. Operating Deficit Guarantee from St. Croix Associates, Ltd., Cornerstone St. Croix, L.L.C., Jorge Lopez, Stuart I. Meyers, Leon Wolfe, and Mara Makes as well as Cornerstone Group Development L.L.C. and Cornerstone Group Development Corporation. This guarantee will be released upon achievement of 1.10:1 combined debt service coverage for the First Mortgage and SAIL Loan for six consecutive months.
5. Environmental Indemnity from St. Croix Associates, Ltd., Cornerstone St. Croix, L.L.C., Jorge Lopez, Stuart I. Meyers, Leon Wolfe, and Mara Makes as well as Cornerstone Group Development L.L.C. and Cornerstone Group Development Corporation.
6. Guaranty of Recourse Obligations from St. Croix Associates, Ltd., Cornerstone St. Croix, L.L.C., Jorge Lopez, Stuart I. Meyers, Leon Wolfe, and Mara Makes as well as Cornerstone Group Development L.L.C. and Cornerstone Group Development Corporation.
7. Consultech is to act as Florida Housing's inspector during the construction period.
8. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the Loan to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel.
9. Property tax and hazard insurance escrow to be established and maintained by the First Lender or the Servicer.
10. Closing of the local HOME loan (3rd Mortgage) simultaneous with or prior to closing of the SAIL Program Loan.
11. A 10% retainage holdback on all construction draws until the Development is 50% completed, and 0% retainage thereafter. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy.
13. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s), and/or the Environmental Review.
14. First Housing recommends that this loan be co-terminus with the existing first mortgage, which has a term of 42 years, including a total construction/absorption period of 24 months followed by a 40-year permanent loan term. This extension is intended to accommodate investment requirements associated with the syndication of HC awarded to the development.
15. Satisfactory achievement of the debt service coverage requirement will be based on the receipt and inspection of monthly un-audited and annual audited operating statements on the subject property.
16. In the event that the development contains occupied units at the time of closing, this report is conditioned upon satisfactory completion of a pre-loan closing audit conducted by Florida Housing, or Servicer.

17. Updated financial statements for all guarantors, dated within 90 days of closing of the SAIL Loan.
18. An updated Environmental Audit Report prepared within 90 days of closing, acceptable to Florida Housing or its legal counsel, together with a reliance letter to Florida Housing. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review.
19. First Housing's recommendations are contingent upon receipt and satisfactory review of confirmation that this development will be in compliance with the requirements of Part III, Section B of the Application.
20. The minimum sum of \$200 per unit per year 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. A replacement reserve account maintained by the first mortgagee, with minimum deposits of \$200 per unit per year and terms satisfactory to the Florida Housing, will satisfy this requirement. The Applicant has chosen the option to fund an initial Replacement Reserve deposit of \$49,200 (representing one-half the required Replacement Reserves for Years 1 and 2), which was deposited with the MMRB Program Trustee at loan closing. 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 Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing's sole discretion. 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 Florida Housing or the Servicer that evidences an increase in the deposit is excessive or unnecessary.
21. The developer is only allowed to draw 25% of total development fee during construction. The remainder of the available development fee during construction can be disbursed on a pro rata basis based on the percentage of completion of the development as approved and reviewed by the Servicer.
22. As noted, this development is subject to an existing MMRB Program loan, with enhancement from The Florida Affordable Housing Guarantee Program ("Guarantee Fund"), in combination with the HUD Risk Sharing Program. The recommendations presented herein assume that the Endorsement date of the first mortgage loan (November 1, 2003) will be extended for a period of at least 12 months, in order to allow for completion and stabilization of this development. Therefore, this report is subject to approval (**prior to closing**) from all appropriate parties of the necessary extension of the existing first mortgage.
23. As noted, the first mortgage loan amount is currently in the amount of \$18,095,000, which was funded by \$17,500,000 of tax-exempt MMRB Series 2002A bonds, and \$595,000 of MMRB taxable Series 2002B bonds, by the Broward County HFA. Note that, in order to comply with the SAIL Program debt service coverage requirements, \$545,000 of taxable bonds, as well as \$1,150,000 of tax-exempt bonds will need to be redeemed; for a total required pay down of the existing first MMRB Program in the

amount of \$1,695,000. Therefore, this report is subject to approval (**prior to closing**) of the required pay down of the existing loan, and redemption of outstanding bonds by the appropriate authorities. Also note that the pay down amount could change, if rents improve (subject to further verification by the Appraiser) by closing of the SAIL loan. In addition, re-sizing of the estimated capitalized interest could decrease upon reduction of the first mortgage loan and redemption of the bonds, or increase to reflect principal payments if endorsement occurs sooner than projected.

24. Any other reasonable requirements of the Servicer, Florida Housing and its legal counsel.

Housing Credit Allocation Recommendation

First Housing Development Corporation recommends a preliminary annual Housing Credit ("HC") allocation of **\$841,188**. Please see the HC Allocation Calculation section of this report for further details.

Contingencies

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by FHDC and the Florida Housing Finance Corporation by the deadline established in the Preliminary HC Allocation. Failure to submit these items within this timeframe may result in forfeiture of the HC Allocation.

1. Applicant to comply with any and all recommendations noted in the pre-construction analysis, which has been prepared by Consultech.
2. Any other reasonable requirements of First Housing or Florida Housing.

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
Income														
Gross Potential Rental Revenue	\$2,212,080	\$2,278,442	\$2,346,796	\$2,417,200	\$2,489,716	\$2,564,407	\$2,641,339	\$2,720,579	\$2,802,197	\$2,886,263	\$2,972,851	\$3,062,036	\$3,153,897	\$3,248,514
Other Income														
Washer/Dryer Rentals	\$82,804	\$85,288	\$87,846	\$90,482	\$93,196	\$95,992	\$98,872	\$101,838	\$104,893	\$108,040	\$111,281	\$114,620	\$118,058	\$121,600
Cable TV	\$39,262	\$40,439	\$41,653	\$42,902	\$44,189	\$45,515	\$46,880	\$48,287	\$49,735	\$51,227	\$52,764	\$54,347	\$55,978	\$57,657
Retail Rental Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Income	\$44,280	\$45,608	\$46,977	\$48,386	\$49,838	\$51,333	\$52,873	\$54,459	\$56,093	\$57,775	\$59,509	\$61,294	\$63,133	\$65,027
Gross Potential Income	\$2,378,425	\$2,449,778	\$2,523,271	\$2,598,969	\$2,676,939	\$2,757,247	\$2,839,964	\$2,925,163	\$3,012,918	\$3,103,305	\$3,196,405	\$3,292,297	\$3,391,066	\$3,492,798
Less:														
Vacancy Loss and Collection Loss (5%)	\$118,921	\$122,489	\$126,164	\$129,948	\$133,847	\$137,862	\$141,998	\$146,258	\$150,646	\$155,165	\$159,820	\$164,615	\$169,553	\$174,640
Total Effective Gross Income	\$2,259,504	\$2,327,289	\$2,397,108	\$2,469,021	\$2,543,092	\$2,619,384	\$2,697,966	\$2,778,905	\$2,862,272	\$2,948,140	#####	\$3,127,682	\$3,221,512	\$3,318,158
Expenses														
Fixed:														
Real Estate Taxes	\$249,198	\$259,166	\$269,533	\$280,314	\$291,526	\$303,187	\$315,315	\$327,928	\$341,045	\$354,686	\$368,874	\$383,629	\$398,974	\$414,933
Insurance	\$91,020	\$94,661	\$98,447	\$102,385	\$106,481	\$110,740	\$115,169	\$119,776	\$124,567	\$129,550	\$134,732	\$140,121	\$145,726	\$151,555
Variable:														
Management Fee (4%)	\$90,380	\$93,092	\$95,884	\$98,761	\$101,724	\$104,775	\$107,919	\$111,156	\$114,491	\$117,926	\$121,463	\$125,107	\$128,860	\$132,726
General and Administrative	\$49,200	\$51,168	\$53,215	\$55,343	\$57,557	\$59,859	\$62,254	\$64,744	\$67,334	\$70,027	\$72,828	\$75,741	\$78,771	\$81,922
Payroll Expenses	\$178,350	\$185,484	\$192,903	\$200,619	\$208,644	\$216,990	\$225,670	\$234,696	\$244,084	\$253,848	\$264,002	\$274,562	\$285,544	\$296,966
Utilities	\$135,300	\$140,712	\$146,340	\$152,194	\$158,282	\$164,613	\$171,198	\$178,046	\$185,167	\$192,574	\$200,277	\$208,288	\$216,620	\$225,284
Marketing and Advertising	\$12,300	\$12,792	\$13,304	\$13,836	\$14,389	\$14,965	\$15,563	\$16,186	\$16,833	\$17,507	\$18,207	\$18,935	\$19,693	\$20,480
Maintenance and Repairs	\$73,800	\$76,752	\$79,822	\$83,015	\$86,336	\$89,789	\$93,381	\$97,116	\$101,000	\$105,040	\$109,242	\$113,612	\$118,156	\$122,882
Grounds Maintenance and Landscaping	\$43,050	\$44,772	\$46,563	\$48,425	\$50,362	\$52,377	\$54,472	\$56,651	\$58,917	\$61,274	\$63,725	\$66,273	\$68,924	\$71,681
Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve for Replacements	\$24,600	\$24,600	\$49,200	\$49,200	\$49,200	\$49,200	\$51,168	\$53,215	\$55,343	\$57,557	\$59,859	\$62,254	\$64,744	\$67,334
Total Expenses	\$947,198	\$983,198	\$1,045,211	\$1,084,093	\$1,124,501	\$1,166,496	\$1,212,108	\$1,259,513	\$1,308,782	\$1,359,988	\$1,413,209	\$1,468,522	\$1,526,012	\$1,585,764
Net Operating Income	\$1,312,306	\$1,344,091	\$1,351,896	\$1,384,928	\$1,418,591	\$1,452,889	\$1,485,858	\$1,519,392	\$1,553,490	\$1,588,152	\$1,623,376	\$1,659,160	\$1,695,500	\$1,732,394
Debt Service Payments														
First Mortgage - Bonds	\$1,138,154	\$1,138,154	\$1,138,154	\$1,138,154	\$1,138,154	\$1,138,154	\$1,138,154	\$1,138,154	\$1,138,154	\$1,138,154	\$1,138,154	\$1,138,154	\$1,138,154	\$1,138,154
Less: GIC Income from Float Revenue	(\$17,000)	(\$17,000)	(\$17,000)	(\$17,000)	(\$17,000)	(\$17,000)	(\$17,000)	(\$17,000)	(\$17,000)	(\$17,000)	(\$17,000)	(\$17,000)	(\$17,000)	(\$17,000)
Second Mortgage - SAIL Program Loan	\$67,180	\$67,180	\$67,180	\$67,180	\$67,180	\$67,180	\$67,180	\$67,180	\$67,180	\$67,180	\$67,180	\$67,180	\$67,180	\$67,180
Third Mortgage - HOME Loan	\$7,388	\$7,388	\$7,388	\$7,388	\$7,388	\$7,388	\$7,388	\$7,388	\$7,388	\$7,388	\$7,388	\$7,388	\$7,388	\$7,388
Total Debt Service Payments	\$1,195,722	\$1,195,722	\$1,195,722	\$1,195,722	\$1,195,722	\$1,195,722	\$1,195,722	\$1,195,722	\$1,195,722	\$1,195,722	\$1,195,722	\$1,195,722	\$1,195,722	\$1,195,722
Operating Income After Debt Service - Before Tax Cash Flow	\$116,583	\$148,368	\$156,174	\$189,206	\$222,868	\$257,166	\$290,136	\$323,670	\$357,768	\$392,429	\$427,653	\$463,437	\$499,778	\$536,671
Debt Service Coverage Ratios														
Debt Service Coverage - 1st Mtg.-MMRB Loan with GIC	1.170	1.199	1.206	1.235	1.265	1.296	1.325	1.355	1.386	1.417	1.448	1.480	1.512	1.545
Debt Service Coverage - Second Mortgage	1.104	1.131	1.138	1.165	1.194	1.223	1.250	1.279	1.307	1.336	1.366	1.396	1.427	1.458
Debt Service Coverage - All Mortgages and Fees	1.098	1.124	1.131	1.158	1.186	1.215	1.243	1.271	1.299	1.328	1.358	1.388	1.418	1.449
Financial Ratios														
Operating Expense Ratio	42%	42%	44%	44%	44%	45%	45%	45%	46%	46%	47%	47%	47%	48%
Break-Even Ratio	90%	89%	89%	88%	87%	86%	85%	84%	83%	82%	82%	81%	80%	80%

EXHIBIT 2
St. Croix Apartments (2002 034S
2002 528C)
Broward County

The Development will consist of 246 apartment units located in 6 mid-rise residential buildings with elevators.

Unit Mix:	54	One bedroom / one bath units containing a minimum of 673 square feet of heated and cooled living area
	106	Two bedroom / two bath units containing a minimum of 948 square feet of heated and cooled living area
	38	Three bedroom / two bath units containing a minimum of 1,182 square feet of heated and cooled living area
	48	Three bedroom / two bath units containing a minimum of 1,209 square feet of heated and cooled living area
	246	Total units

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

Each unit will be fully equipped with the following:

1. Air conditioning (window units are not allowed, however, through-wall units are permissible for rehabilitation)
2. Window treatments for each window
3. Termite prevention and pest control throughout the entire affordability period
4. Cable or satellite TV hook-up
5. Range and oven
6. Refrigerator

7. At least two full bathrooms in all three bedroom or larger new construction units
8. Bathtub with shower in at least one bathroom in new construction non-elderly units

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

1. At least 1.5 bathrooms (one full bath and one with at least a toilet and sink) in all two bedroom new construction units.
2. Marble window sills
3. Dishwasher in all new construction units
4. Garbage disposal in all new construction units
5. Laundry hook-ups and space for full-size washer and dryer

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

1. Gated community with “carded” entry or security guard, or if mid- or high-rise, “carded” secure entry to building
2. Exercise room with appropriate equipment
3. Community center or clubhouse
4. Swimming pool
5. Playground/tot lot (must be sized in proportion to Development’s size and expected tenant population with age-appropriate equipment)
6. Thirty-year expected life roofing on all buildings
7. Laundry facilities with full-size washers and dryers available on site
8. Exterior lighting in open and common areas

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

1. Air conditioning with SEER rating of 12 or better
2. Wall insulation of R-13 or better for frame-built construction or wall insulation of R-7 or better for masonry/concrete block construction
3. Attic insulation of R-30 or better
4. Single-pane windows with shading coefficient of .67 or better
5. Ceiling fans in all bedrooms and living area

The Borrower has committed to provide the following Resident Programs:

1. Welfare to Work or Self-Sufficiency Programs: The Borrower commits to actively seek residents who are participating in or who have successfully completed the training provided by these types of programs.
2. Homeownership Opportunity Program – Financial Assistance with Purchase of a Home: Borrower commits to provide a financial incentive which includes the following provisions:
 - a. 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;
 - b. 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.);
 - c. the benefit must be in the form of a gift or grant and may not be a loan of any nature;
 - d. the benefits of the incentive must accrue from the beginning of occupancy;
 - e. the vesting period can be no longer than 2 years of continuous residency; and
 - f. no fee, deposit or any other such charge can be levied against the resident as a condition of participation in this program
3. First Time Homebuyer Seminars: 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.
4. Job Training: Borrower or its Management Agent must provide, at no cost to the resident, regularly scheduled classes in keyboarding, computer literacy, secretarial skills or other useful job skills, which will be provided at least once each quarter. If the training is not provided on-site, transportation at no cost to the resident must be provided.
5. Health Care: At least quarterly visits by health care professionals such as nurses, doctors, or other licensed care providers. At a minimum, the following services must be provided: health screening, flu shots, vision and hearing tests. Regularly scheduled is defined as not less often than once each quarter. On-site space must be provided. Service must be provided at no cost to the residents, with the exception that the residents may be charged for medications.
6. 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 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. Health and Nutrition Classes: At least eight hours per year, provided on site at no cost to the residents.
8. Computer Lab: The Borrower or its Management Agent must provide an area on-site, at no cost to the resident, with a minimum of one computer per 50 units, with basic word processing, spreadsheets and assorted educational and entertainment software programs. At least one printer must also be provided.