



Ms. Jan Rayboun  
Florida Housing Finance Corporation  
227 North Bronough Street  
Suite 5000  
Tallahassee, FL 32301

September 25, 2003

Re: Sonrise Villas Apartments  
#2002-020CS

Dear Ms. Rayboun:

Sonrise Villas, LLC ("the Applicant") has requested four modifications to the Credit Underwriting Report ("Report") for the above referenced development which was approved by Florida Housing's Board at their September, 2003 meeting.

The first modification involves Condition No. 20 on Page B-7 of the report, which reads:

"The Fourth Housing Credit Installment of \$1,486,530 shall be escrowed with First Housing with any cash shortfalls at Permanent Loan closing funded with monies from this escrow and any remaining funds returned to the Borrower. Before returning any funds to the Buyer, Florida Housing and First Housing shall be satisfied in their sole discretion, that the combined annual debt service does not exceed \$362,701 at Permanent Loan closing."

These funds would be used to paydown the first mortgage at the time of permanent loan conversion so that the combined First Mortgage and SAIL debt service did not exceed \$362,701. After consulting with the Tax Credit Syndicator, the Applicant is requesting the following condition replace the one currently in the report:

"Before disbursement of the Fourth Housing Credit Installment of \$1,486,530, the Applicant and Tax Credit Syndicator shall agree that the combined debt service on the permanent first mortgage and SAIL loan shall not exceed \$362,701. If the annual debt service exceeds \$362,701, the Applicant shall paydown the first mortgage to an amount, which provides a combined annual debt service with the SAIL loan of \$362,701. Upon confirmation of the combined debt service not exceeding \$362,701, Florida Housing's Servicer shall provide a letter authorizing the release of the Fourth Housing Credit Installment."

The Credit Underwriter is recommending this modification to the mechanics for the release of the Fourth Housing Credit Installment. The funds from the Fourth Housing Credit Installment will be available if needed for a paydown of the permanent First Mortgage.

The second modification is the Applicant's request that up to \$3,450,000 be funded during the construction period under the Wachovia First Mortgage Construction Loan. This amount had been capped in our Report at \$3,221,780, with the developer deferring 100% of their developer fee or \$1,939,127. As stated in the Report, the Applicant has received a commitment from Wachovia for a \$3,450,000 construction loan. The underwriter's cap of \$3,221,780 was based on the interest rate risk upon conversion to a permanent first mortgage. As noted above, this risk is substantially mitigated by the holdback of the Fourth Housing Credit Installment. In addition, as noted in the Report, if the construction first mortgage was converted to a permanent first mortgage today, the combined debt service on the first mortgage of \$3,450,000 at a 7.5% interest (current rate based on conversion formula) and SAIL loan would not exceed \$362,701. The additional monies will be used to either cover increased cost during construction or to paydown the deferred developer fee. The Credit Underwriter is recommending this modification.

The third modification involves reclassifying the AHP Grant of \$500,000 to a Loan. Due to adverse tax consequences for the tax credit syndicator, the original AHP Grant needs to be structured as a Loan with an interest rate of 1% accruing but no monthly payments due on the Loan. The Loan would be forgiven at the end of 15 years if the Applicant meets the set-aside requirements. This Loan would be subordinate to the SAIL loan. The Credit Underwriter recommends this modification as Florida Housing's SAIL remains in a second position and the property's proforma remains unchanged.

The fourth modification is the release of one of the guarantors, Luis Gonzalez. The original Credit Underwriting Report had all three principals of The Carlisle Group, of which Mr. Gonzalez is one, providing the standard guarantees for the SAIL Loan. Mr. Gonzalez has elected to reduce his day-to-day activities with The Carlisle Group and will be pursuing other business endeavors. The other two principals, Bruce Greer and Lloyd Boggio, will be assuming Mr. Gonzalez's present

duties. As noted in the Credit Underwriting Report, Mr. Gonzalez's March, 2003 Financial Statement showed \$165,000 in cash and equity of \$6,901,573. The July, 2003 Financial Statements for Mr. Greer and Mr. Boggio showed combined cash of \$1,459,000 and combined equity of \$25,064,000. The remaining 2 guarantors have sufficient financial strength to provide guarantees under the SAIL loan. The Credit Underwriter recommends the release of Mr. Gonzalez as a guarantor under the SAIL loan.

If you have any questions regarding this letter, please do not hesitate to call us at 813-289-9410.

Sincerely,

A handwritten signature in blue ink, appearing to read "M.F.", is positioned above a horizontal line.

Mark Foushee

Senior Underwriter