

# **Florida Housing Finance Corporation**

*Credit Underwriting Report*

## **Brookwood Forest Apartments**

**SAIL Program**

**2006-12-SEL**

**Section A Report Summary**

**Section B SAIL Loan Conditions**

**Section C Supporting Information and Schedules**

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*Prepared by*

***Seltzer Management Group, Inc.***

*Final Report*

*June 27, 2006*

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**BROOKWOOD FOREST APARTMENTS**

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**Section A**  
**Report Summary**

## Recommendation

Seltzer Management Group, Inc. ("SMG" or "Seltzer") recommends a Supplemental State Apartment Incentive Loan ("SAIL") Program loan in the amount of \$1,000,000 (for a total SAIL loan of \$4,000,000) be awarded to this development by the Florida Housing Finance Corporation ("FHFC" or "Florida Housing") for its permanent financing.

<b>DEVELOPMENT &amp; SET-ASIDES</b>				
Location	1251 Fromage Way, Jacksonville, Duval County, Florida 32225			
Number of Units/Unit Mix	<b>Bed-rooms</b>	<b>Baths</b>	<b>No. of Units</b>	<b>Unit Size (SF)</b>
	1	1	20	822
	1	1	8	822
	2	2	42	1,086
	2	2	18	1,086
	3	2	28	1,209
	3	2	12	1,209
	4	3	28	1,460
	4	3	12	1,460
	<b>Totals</b>		<b>168</b>	<b>194,936</b>
Demographic Commitment	Family			
Set Asides	The applicant has committed to set-aside 70.00% of units (118 units) for residents earning 60% or less of the AMI, excluding any exempt management units.			
Set Aside Term	50 Years			
County Size	Large			
Development Category	New Construction			
Development Type	Garden Style			
Occupancy Rate	65% as of June 7, 2006			
Parking	Site plans for the proposed development reflect 365 total parking spaces, 9 of which are handicapped accessible. This exceeds the requirement for 2 parking spaces per unit (336 spaces).			
Improvements	The development will consist of seven garden style buildings and three accessory buildings - a clubhouse, maintenance building and mail kiosk. Construction will be wood frame on concrete slab on grade foundation.			
Site Acreage	10.407 gross acres per survey			
Density	Up to 206 units on this site			

Zoning	RMD-E, Medium Density Residential, which allows up to 206 multifamily units on this site
Flood Zone Designation	Zone X. Flood insurance is not required.
<b>DEVELOPMENT TEAM</b>	
Applicant/Borrower	Brookwood Forest Partners, Ltd. is a Florida Limited Partnership formed in December 2003
General Partner	CED Capital Holdings 2004 F, LLC with .01% ownership. The sole member of the general partner is CED Capital Holdings XVI, Ltd., whose 1% general partner is CED Capital Holdings XVI, LLC (.5% owned by Alan Ginsburg, individually) and CED Construction Services, Inc. (.5% owned by Ginsburg Construction Services Voting Trust dated March 14, 2000) and whose 99% limited partners consist of nine various entities.
Limited Partner/Syndicator	Amtax Holdings 675, LLC, an Ohio limited liability company, as 99.98% Investor Limited Partner, and Protech 2005-C, LLC, an Ohio limited liability company, as .01% Special Limited Partner, replaced CED Capital Holdings XVI, Ltd. as the limited partner and purchased a combined 99.99% limited partner interest concurrent with closing.
Guarantors	Brookwood Forest Partners, Ltd., CED Capital Holdings 2004 F, LLC, CED Capital Holdings XVI, Ltd., CED Capital Holdings XI, Inc., and Alan H. Ginsburg, individually
Developer	Sandspur Housing Group, Ltd.
General Contractor	ASM Construction, Ltd.
Management Company	Concord Management, Ltd.
First Mortgage Lender	Jacksonville Housing Finance Authority
Credit Enhancer on First Mortgage – Construction	JPMorgan Chase Bank, N.A.
Credit Enhancer on First Mortgage – Permanent	ARCS Commercial Mortgage Co., L. P.
<b>FINANCING INFORMATION</b>	
FHFC Programs	State Apartment Incentive Loan Program
Total Bond Amount	\$10,000,000
“All in” Underwritten Interest Rate	5.92%
Term/Amortization	33/ 30
SAIL Loan Amount	\$4,000,000
Underwritten Interest Rate	3.31%
Term/Amortization	32.25/ N/A

Restricted Rent-Favorable Financing Value at Stabilization	\$16,030,000
Market Rent-Market Financing Value at Stabilization	\$20,190,000
Restricted Loan To Value – First Mortgage and SAIL	87.34%
Market Loan To Value – First Mortgage and SAIL	69.34%
Projected Net Operating Income	\$985,142
Debt Service Coverage – First Mortgage Only	1.38
Debt Service Coverage – First Mortgage and SAIL	1.16
Debt Service Coverage - All debt	1.11
FHFC SAIL Loan to Cost	20.43%
FHFC Assistance Per Unit	\$23,810 (SAIL Loan Only)
Syndication Price	\$0.950 per dollar of HC
Bond Structure	Weekly Variable Rate Demand Bonds
Debt Service Reserve	None

Construction / Permanent Sources:

<u>Source</u>	<u>Lender</u>	<u>Construction</u>	<u>Permanent</u>	<u>Perm Loan/Unit</u>
Jacksonville HFA MMRB Program Loan	Jax HFA	\$10,000,000	\$10,000,000	\$59,524
SAIL Loan	FHFC	\$4,000,000	\$4,000,000	\$23,810
Local Loan	City of Jax	\$1,700,000	\$1,700,000	\$10,119
HC Equity	Amtax	\$3,046,820	\$3,808,525	\$22,670
Deferred Developer Fee	Sandspur	\$835,155	\$73,450	\$437
<b>TOTAL</b>		\$19,581,975	\$19,581,975	\$116,559

Changes from the Application:

<b>COMPARISON CRITERIA</b>	<b>YES</b>	<b>NO</b>
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?	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?		2
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?		3

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

1. The developer, Sandspur Housing Partners, Ltd., shown in the application has been replaced by Sandspur Housing Group, Ltd. by virtue of an Order granting the Applicant's Petition for Variance/Waiver from Florida Administrative Code Rules 67-48.002 (31), 67-48.004(14) and (15) regarding a change of the Developer prior to the completion of construction of the development.

The syndicator has changed from AmSouth Bank and or its affiliates to Paramount Financial Group, Inc. or its affiliates.

2. Development costs have increased from \$17,446,632 in the application to \$19,581,975, primarily due to increases in construction costs, general development costs, and land costs.
3. The unit mix has changed from that shown in the application by virtue of a decrease in the number of two bedroom units from 84 to 60 and an increase in the number of three bedroom units from 16 to 40. The total number of units remains the same at 168.

These changes have no material impact to the loan recommendation for this development.

Does the Development Team have any FHFC Financed Developments on the Past Due/Non-Compliance Report?

Florida Housing's Past Due Report dated May 30, 2006 reflects eight properties as past due. Florida Housing's Asset Management Non-Compliance Report dated June 23, 2006 reflects no properties as non-compliant.

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

Strengths:

1. The market study concluded that the subject site is physically well suited for multifamily development. The appraiser conducted a survey of both market rate and affordable complexes which reflected average occupancy at market rate units was 95% and average occupancy at rent restricted units was 96%. According to the appraiser's survey there are 2780 market rate units and 712 affordable rental units within the defined market. After deducting this supply from the potential demand of 4,784 and the subject's 168 units, there still remains excess demand for 179 units. Further the planning department reports no other properties entering the market.
2. The appraiser projects Brookwood Forest Apartments to have approximately 70 units leased by construction completion and the remaining units to be absorbed at a rate of approximately 25 units per month to reach a stabilized occupancy of 95% within four months of construction completion.
3. The appraiser concludes the subject's market rate units will command market rents and that the subject's 2005 Housing Credit maximum net rent is 66%-73% of market rent, and therefore, should be readily achievable.
4. The principals, developer, general contractor, and the management company are highly experienced in affordable multifamily housing.
5. The principals, as well as the Limited Partner/Syndicator have sufficient experience and substantial financial resources to develop, construct and operate the proposed development.

Other Considerations: None

Mitigating Factors: None

Waiver Requests/Special Conditions: None

Additional Information:

Applicant closed May 19, 2006, on a Year 2005 SAIL Second Mortgage Loan of \$3,000,000 (FHFC 2005-080S). All references to "the application" herein are referring to the 2005 SAIL application as no detailed application is required for the End of Line SAIL Request.



The subject SAIL in the amount of \$1,000,000 (FHFC 2006-12-SEL) will be consolidated with the Year 2005 SAIL through an Allonge to Promissory Note, First Global Modification and Amendment to Florida Housing Finance Corporation SAIL Mortgage and Loan Documents and First Global Modification and Amendment to Florida Housing Finance Corporation SAIL Loan Guaranty Documents.

Issues and Concerns: None.

Recommendation:

SMG recommends a Supplemental SAIL Program loan of \$1,000,000 (for a total SAIL Program loan of \$4,000,000) for the permanent financing of this development.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the Loan Conditions (Section B). The reader is cautioned to refer to these sections for complete information.

This recommendation is only valid for six months from the date of the report.

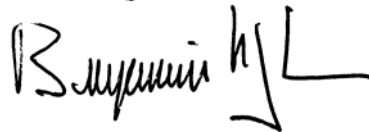
Prepared by:



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Cindy Highsmith  
Senior Credit Underwriter

Reviewed by:



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Benjamin S. Johnson  
President

## Overview

### Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
First Mortgage	Jax HFA	\$10,000,000	\$10,000,000	\$10,000,000	5.92%	\$337,440
SAIL Loan	FHFC	\$3,000,000	\$4,000,000	\$4,000,000	3.31%	\$132,402
Third Mortgage	Jax Hsg Com	\$1,700,000	\$1,700,000	\$1,700,000	0.00%	\$0
HC Equity	Amtax	\$2,808,900	\$3,046,820	\$3,046,820		
Defer. Developer Fee	Sandspur	(\$62,268)	\$1,080,919	\$835,155		
<b>Total</b>		<b>\$17,446,632</b>	<b>\$19,827,739</b>	<b>\$19,581,975</b>		<b>\$469,842</b>

#### County MMRB Loan:

The first mortgage from the Jacksonville Housing Finance Authority closed in July 2005 and was funded with proceeds from tax-exempt MMRB. The MMRB financed loan requires payments of interest only during the construction period. The construction period debt service is calculated based upon an "all in" mortgage interest rate (5.92%). The calculation is also based on a 12-month construction period and an average outstanding loan balance of 57% of the total loan amount during construction.

#### County MMRB Loan Credit Enhancement:

During the construction/stabilization period credit enhancement for the MMRB has been provided via a direct pay irrevocable letter of credit issued by JPMorgan Chase Bank, N.A. in the amount of \$10,111,781 consisting of a principal amount not to exceed \$10,000,000 plus interest not to exceed \$111,781 (representing 34 days of interest on the maximum aggregate principal amount of outstanding bonds that may be issued calculated at the rate of 12% per annum and computed on the basis of a 365/366 day year). The letter of credit was issued July 1, 2005 and expires October 15, 2007 unless extended (up to two six-month extensions) under terms stated in the Letter of Credit Reimbursement Agreement.

#### Proposed SAIL Loan:

As outlined in the Permanent Financing Sources section, the applicant has applied for a supplemental \$1,000,000 SAIL (for a total \$4,000,000 SAIL Program loan) to be issued by Florida Housing to finance this development. Please refer to that section for details of the SAIL.

#### Other Construction Sources of Funds:

Additional sources of funds for this development during construction are a loan from the City of Jacksonville of \$1,700,000, housing credit equity of \$3,046,820, and deferred developer fees.

The developer will have to defer \$835,155 of developer fee after all available loan proceeds and the HC capital contributions have been received during the construction period.

Construction/Stabilization Period:

Based upon demographic and market analysis, including existing and proposed developments, the appraiser projects Brookwood Forest Apartments to have approximately 70 units leased by construction completion and the remaining units to be absorbed at a rate of approximately 25 units per month. The construction phase will last approximately twelve months. Stabilization is anticipated to occur within four months of construction completion. For purposes of this Credit Underwriting, Seltzer Management Group, Inc. ("SMG" or "Seltzer"), assumes a 16-month construction/ stabilization period.

Construction permits were issued in May 2005. A site inspection report dated June 8, 2006 reported the development as 100% complete. Management reports 65% of units occupied.

**Permanent Financing Sources**

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
First Mortgage	Jax HFA	\$9,500,000	\$10,000,000	\$10,000,000	5.92%	30	33	\$713,300
SAIL Loan	FHFC	\$3,000,000	\$4,000,000	\$4,000,000	3.31%	N/A	32.25	\$132,402
Third Mortgage	Jax Hsg Com	\$1,700,000	\$1,700,000	\$1,700,000	2.50%	N/A	40	\$42,500
HC Equity	Amtax	\$3,120,999	\$4,058,525	\$3,808,525				
Defer. Developer Fee	Sandspur	\$125,633	\$69,214	\$73,450				
<b>Total</b>		<b>\$17,446,632</b>	<b>\$19,827,739</b>	<b>\$19,581,975</b>				<b>\$888,202</b>

County MMRB Loan:

The applicant closed a \$10,000,000 Multifamily Mortgage Revenue Bond ("MMRB") first mortgage construction/permanent loan from the Jacksonville Housing Finance Authority in July 2005. Terms include a 33-year term (a 30-year permanent period after a maximum 36-month construction/stabilization period), and a variable interest rate subject to the Bond Market Association Municipal Swap Index for tax-exempt bonds. The interest rate is set weekly by the Remarketing Agent in an amount to generate revenues sufficient to pay debt service on the bonds, plus all associated HFA, credit enhancement, Trustee, compliance monitoring, and financial monitoring fees. For purposes of the SAIL underwriting, SMG has assumed an "all-in" interest rate of 5.92%. The MMRB loan is secured by a first mortgage lien on the Brookwood Forest Apartments development and a first security interest in all personalty of the development.

County MMRB Loan Credit Enhancement:

During the permanent phase credit enhancement of the MMRB will be provided by ARCS Commercial Mortgage Co., L. P. ("ARCS") as a qualified lender under the Fannie Mae DUS Multifamily Affordable Housing New Construction Forward Commitment Program. Under the terms of the program, upon completion and achievement of stabilization (90% occupancy for 90 consecutive days), ARCS will make a first mortgage loan and deliver it to Fannie Mae in exchange for the issuance of a credit facility which will be pledged to the trustee for the bonds, thereby allowing the bonds to become rated "AAA" by Standard and Poor's.

The bonds are structured as Weekly Variable Rate Demand Bonds. This structure requires a liquidity facility, also to be provided by Fannie Mae. In addition, an interest rate cap must be purchased prior to conversion. The cap must be for a minimum of five years and set at least 200 basis points over the 52-week average Bond Market Association Municipal Swap Index. The borrower must make annual deposits to an escrow account in an amount sufficient to purchase a replacement five-year interest rate cap at the end of the initial cap period. Further, permanent phase guaranty and servicing fees commence upon conversion to permanent status. These fees will be set based upon certain loan to value and debt service coverage determinations prior to conversion to permanent.

The minimum debt service coverage requirement upon conversion to permanent status is 1.20 to 1.00 and the maximum loan to value ratio is 85% for a Fannie Mae Tier 2 development. The ARCS commitment requires replacement reserves equal to \$200 per unit per year in years 1 through 5 and a minimum of \$200 per unit per year thereafter based upon a future physical needs assessment. An interest rate cap reserve and an operating reserve are also required.

#### Proposed SAIL Loan:

The applicant has applied for a supplemental \$1,000,000 SAIL (for a total \$4,000,000 SAIL Program loan) to be issued by Florida Housing to finance this development.

If recorded prior to conversion to permanent financing, the SAIL loan will be in a third lien position as it will be subordinate to the first mortgage of the Jacksonville Housing Finance Authority ("Bond Issuer") and to the second mortgage (securing the letter of credit as enhancement for the bonds) of JP Morgan Chase Bank. During the permanent period, the SAIL loan will be in the second lien position, subordinate only to the first mortgage of the Bond Issuer.

The SAIL loan will have a term co-terminus with the maturity date of the first mortgage (September 15, 2038), as required by Section 1214 of the Subordinate Financing Requirements for Targeted Affordable Housing Properties of the Fannie Mae Delegated Underwriting Servicers Guide, 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 3.31% (simple interest rate plus applicable fees). Proceeds from the SAIL loan will be used to fund construction costs pursuant to Rule 67-48.013(1), F.A.C. Specifically, the SAIL loan proceeds will be used to fund construction costs and developer fees.

#### City of Jacksonville Loan:

Pursuant to a Settlement Agreement and Complete Release executed in July 2003 settling a lawsuit between various CED companies and affiliates of the applicant and the City of Jacksonville and a subsequent Jacksonville Housing Commission Resolution dated December 13, 2004, the City of Jacksonville has provided a local government contribution to this property in the form of a \$1,700,000 loan. Pursuant to a Promissory Note dated July 1, 2005, the loan shall bear interest at 0% per annum until substantial completion of the development, occupancy of 85% of the units, cash flow indicating an ability to repay the Note or establishment of a

sinking or reserve fund to repay the Note. At that time interest shall be computed at 2.5% per annum and paid monthly. No payments of principal are due until maturity of the Note on June 30, 2045. The Note is secured by Guaranty Agreements from Alan Ginsburg, CED Construction Partners, Ltd., and Sandspur Housing Partners, Ltd. These Guarantees will be released and replaced with a subordinate mortgage at the time of the interest rate increase to 2.5%.

Housing Credits ("HC") Equity Investment:

The applicant has not yet applied to Florida Housing to receive 4% Housing Credits directly from the Federal Treasury. Therefore, this report does not include a HC recommendation.

An Amended and Restated Agreement of Limited Partnership with Amtax Holdings 675, LLC, an Ohio limited liability company, the Investor Limited Partner, and Protech 2005-C, LLC, an Ohio limited liability company, the Special Limited Partner, dated July 1, 2005 is summarized as follows:

Capital Contributions	Amount	Percent of Total	When Due
1st Installment	\$1,011,410	20%	Closing
2nd Installment	\$1,011,410	20%	25% construction completion
3rd Installment	\$1,011,410	20%	50% construction completion
4th Installment	\$1,011,410	20%	75% construction completion
5th Installment	\$758,557	15%	Later of Substantial Completion or 7/1/06
6th Installment	\$252,852	5%	Later of Form 860, 1.15 DSC for 3 months or 10/1/06
Total	\$5,057,049	100%	

Annual Tax Credits per Syndication Agreement:	\$532,321
Total HC Syndication:	\$5,322,678
Syndication Percentage (limited partner interest):	99.99%
Calculated HC Exchange Rate (per dollar):	\$0.950
Proceeds Available During Construction:	\$4,045,640

However, the above calculations are based upon the applicant setting aside 100% of the units for residents earning 60% or less of the AMI. It is anticipated that the applicant will avail itself of the option afforded by the ARCS/Fannie Mae permanent financing commitment to reduce the number of set aside units to 70% upon award and funding of the 2005 SAIL financing prior to conversion. A reduction in set aside units will reduce the HC allocation calculation and thereby reduce the amount of the capital contributions available to the property.

Paragraph 5.1(d)(i) of the Amended and Restated Partnership Agreement dated July 1, 2005 allows for the downward adjustment of the sixth capital contribution should the certified HC be determined to be less than the amount of the projected HC after the State Designation and issuance of Forms 8609.

Therefore, a projected adjustment to the HC equity calculation results in the following:

Annual Tax Credits per Syndication Agreement:	\$401,299
Total HC Syndication:	\$4,012,589
Syndication Percentage (limited partner interest):	99.99%
Calculated HC Exchange Rate (per dollar):	\$0.95
Proceeds Available During Construction:	\$3,046,820
Total Capital Contributions:	\$3,808,525

**Other Permanent Sources of Funds:**

The developer will have to defer \$73,450 of developer fees for payment from development operations after all loan proceeds and capital contributions payable under the syndication agreement, as adjusted, have been received.

## Uses of Funds

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs
<b>Actual Construction Costs</b>			
Construction Contract			
Site Work	\$0	\$0	\$2,792,231
Off-Site	\$0	\$0	\$0
New Rental Units	\$9,800,000	\$10,400,000	\$7,514,769
Rehabilitation of Existing Units	\$0	\$0	\$0
Accessory Buildings	\$0	\$0	\$0
Recreational Amenities	\$0	\$0	\$93,000
Rehabilitation of Common Areas	\$0	\$0	\$0
Contractor's Fee (Not to Exceed 14%)	\$1,371,999	\$1,456,000	\$1,456,000
Total Construction Contract	\$11,171,999	\$11,856,000	\$11,856,000
Other-Hard Cost Contingency	\$200,000	\$520,000	\$520,000
<b>Total Actual Construction Costs</b>	<b>\$11,371,999</b>	<b>\$12,376,000</b>	<b>\$12,376,000</b>

### Notes to the Actual Construction Costs:

1. The applicant has provided an executed construction contract between the applicant and ASM Construction, Ltd. dated April 15, 2005. The contract is a "Cost of the Work Plus a Fee with a Negotiated Guaranteed Maximum Price" contract. This contract includes all construction hard costs and contractor's fees. The contract provides for retainage of 10% until 50% completion and 5% retainage thereafter, which meets or exceeds Florida Housing's retainage requirements. Final payment will be made when the contract has been fully performed and within 30 days after issuance of the Architect's final Certificate for Payment.
2. General contractor fees are within underwriting guidelines.
3. Other represents an amount for hard cost contingency equal to 4.39% of the construction hard costs. This hard cost contingency is included in the construction contract amount; however, no general contractor fee is calculated on the hard cost contingency as appropriate.
4. SMG received a Pre-Construction Analysis ("PCA") from Construction Analysis Systems, Inc. ("CASI") dated June 22, 2005. Complete results of the PCA are provided in Section C of this report.
5. SMG has received copies of Site Observation Report Nos. 1-12 from CASI, the latest being dated June 8, 2006 and reflecting the development as 100% complete.

	<b>Applicant Total Costs</b>	<b>Applicant Revised Total Costs</b>	<b>Underwriter Total Costs</b>
<b>General Development Costs</b>			
Accounting Fees	\$5,000	\$0	\$0
Appraisal	\$10,000	\$16,225	\$20,025
Architect's Fee - Design	\$143,800	\$317,037	\$317,037
Architect's Fee - Supervision	\$0	\$16,205	\$16,205
Builder's Risk Insurance	\$29,400	\$24,152	\$24,152
Building Permit	\$40,000	\$0	\$0
Brokerage Fees - Land	\$80,860	\$0	\$205,260
Brokerage Fees - Buildings	\$0	\$0	\$0
Closing Costs - Construction Loan	\$0	\$0	\$0
Closing Costs - Permanent Loan	\$0	\$0	\$0
Engineering Fee	\$128,200	\$0	\$0
Environmental Report	\$25,000	\$9,963	\$9,963
FHFC Administrative Fee	\$29,377	\$57,741	\$32,104
FHFC Application Fee	\$2,000	\$0	\$2,000
FHFC Compliance Fee	\$53,811	\$68,831	\$72,888
FHFC Credit Underwriting Fee	\$19,728	\$0	\$16,194
Impact Fees	\$0	\$187,813	\$187,813
Inspection Fees	\$0	\$0	\$0
Insurance	\$0	\$0	\$0
Legal Fees	\$50,000	\$1,022,111	\$1,022,111
Market Study	\$0	\$0	\$0
Marketing and Advertising	\$144,000	\$144,000	\$144,000
Pre-Constr. Analysis / Existing Prop. Eval.	\$0	\$0	\$0
Property Taxes	\$20,000	\$26,662	\$26,662
Soil Test	\$25,000	\$0	\$0
Survey	\$25,000	\$0	\$0
Title Insurance	\$80,000	\$66,466	\$66,466
Utility Connection Fees	\$303,490	\$0	\$0
Other-Photos, Prints, Organizational, Etc.	\$439,900	\$331,732	\$301,732
Contingency	\$0	\$0	\$0
<b>Total General Development Costs</b>	<b>\$1,654,566</b>	<b>\$2,288,938</b>	<b>\$2,464,612</b>

*Notes to the General Development Costs:*

1. Accounting fees are included in other line items.
2. The Appraisal fee budget includes the cost of the initial appraisals, a Value Tech market study (\$5,300), and an appraisal update (\$3,800) for the SAIL underwriting.
3. Architect's Fee-Design includes the architect's fee, the engineer's fee, and the cost of the survey and soils test.
4. Building permit fees are included in the Impact Fee budget.



5. Brokerage Fees of \$205,260 were paid to Coldwell Banker, Colliers Dickinson, Raker Realty, and Global Realty in connection with the purchase of the land.
6. Closing Costs-Construction and Closing Costs-Permanent are included in other line items.
7. The FHFC Administrative Fee is based on 8% of the applicant's annual estimate of HC after adjustment based on 70% of units being set aside at affordable rents.
8. The Compliance Monitoring fee is based on 70% of units (118 units) being set aside for 50 years per the 2006 FHFC fee chart.
9. The FHFC Credit Underwriting fee reflects the 2005 SAIL underwriting fee and the 2006 SAIL underwriting fee.
10. Impact Fees include utility connection fees and the cost of building permits.
11. Inspection fees are included in Architect's Fee-Supervision.
12. Insurance is included in Builder's Risk Insurance.
13. Legal fees reflect legal fees in connection with the land settlement of approximately \$833,450 which have been verified by SMG in addition to ordinary development related legal fees including bond closing.
14. The cost of the market study update required by the SAIL program is included in the Appraisal line item.
15. The cost of the Pre-Construction Analysis is included in the Architect-Supervision line item.
16. The Other line item has been reduced by the amount of the SAIL commitment fee which is included in the Financial Costs section.
17. Other General Development Costs are based on the applicant's estimates, which appear reasonable.

	<b>Applicant Total Costs</b>	<b>Applicant Revised Total Costs</b>	<b>Underwriter Total Costs</b>
<b>Financial Costs</b>			
Construction Loan Cr. Enhancement	\$0	\$0	\$0
Construction Loan Interest	\$454,480	\$344,552	\$344,552
Construction Loan Orig. & Bond Issuance Costs	\$150,000	\$128,968	\$128,968
Bridge Loan Interest (Imputed)	\$0	\$250,000	\$0
Interest Rate Cap	\$0	\$50,000	\$50,000
Permanent Loan Cr. Enhancement	\$0	\$0	\$0
Permanent Loan Orig. Fee/SAIL Commit. Fee	\$100,000	\$106,865	\$146,865
Reserves Required By Lender	\$0	\$0	\$0
<b>Total Financial Costs</b>	<b>\$704,480</b>	<b>\$880,384</b>	<b>\$670,384</b>

*Notes to the Financial Costs:*

1. Construction Loan Interest is based on the applicant's estimate of capitalized interest plus additional interest and fees paid outside of Cap I.

2. Construction Loan Origination fees Bond Issuance Costs include the HFA Issuer fee, the bond trustee fee, the bond underwriter's fee, the rating agency fee, the TEFRA fee, and printing costs.
3. Permanent Loan Origination Fee/SAIL Commitment Fee reflects the ARCS/Fannie Mae permanent financing costs, plus the SAIL loan commitment fee in the amount of 1% of the recommended SAIL loan amount (\$40,000).
4. The applicant included a budget for bridge loan interest expense to offset imputed interest on an internal loan it included as a source of funds. Seltzer does not recognize this as either a source or use of funds as the loan is from one partner of the applicant to the partnership in lieu of contributions from the limited partner being made pursuant to the partnership agreement.

	<b>Applicant Total Costs</b>	<b>Applicant Revised Total Costs</b>	<b>Underwriter Total Costs</b>
<b>Non-Land Acquisition Costs</b>			
Building Acquisition Costs	\$0	\$0	\$0
Other	\$0	\$0	\$0
<b>Total Non-Land Acquisition Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*Notes to the Non-Land Acquisition Costs:*

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

	<b>Applicant Total Costs</b>	<b>Applicant Revised Total Costs</b>	<b>Underwriter Total Costs</b>
Development Cost Before Land & Developer Fee	\$13,731,045	\$15,545,322	\$15,510,996
<b>Other Development Costs</b>			
Developer Fee on Acquisition of Buildings	\$0	\$0	\$0
Developer Fee	\$2,471,587	\$2,798,157	\$2,791,979
Other-	\$0	\$0	\$0
<b>Total Other Development Costs</b>	<b>\$2,471,587</b>	<b>\$2,798,157</b>	<b>\$2,791,979</b>

*Notes to the Other Development Costs:*

1. The Developer Fee has been limited to the underwriting guideline of 18% of development costs exclusive of land acquisition and developer fees for tax exempt bond transactions.

	<b>Applicant Total Costs</b>	<b>Applicant Revised Total Costs</b>	<b>Underwriter Total Costs</b>
Development Cost Before Land	\$16,202,632	\$18,343,479	\$18,302,975
<b>Land Acquisition Costs</b>			
Land	\$1,244,000	\$1,484,260	\$1,244,000
Other-Land Loan Interest	\$0	\$0	\$35,000
<b>Total Land Acquisition Costs</b>	<b>\$1,244,000</b>	<b>\$1,484,260</b>	<b>\$1,279,000</b>

*Notes to the Land Acquisition Costs:*

1. The applicant submitted a Warranty Deed dated April 1, 2005, from Jacksonville Christian Center, Incorporated, to Brookwood Forest Partners, Ltd. A closing statement dated April 1, 2005 reflects a purchase price of \$1,244,000. The appraisal estimated a land value of \$1,510,000, which supports the reported purchase price.

The applicant included \$205,560 of brokerage fees paid by the buyer on the land in its land costs; however, SMG includes the brokerage fees as general development costs above.

2. Other costs include \$35,000 interest paid on the loan made to purchase the land.

	<b>Applicant Total Costs</b>	<b>Applicant Revised Total Costs</b>	<b>Underwriter Total Costs</b>
<b>Total Development Cost</b>	<b>\$17,446,632</b>	<b>\$19,827,739</b>	<b>\$19,581,975</b>

## Operating Pro forma

DESCRIPTION	ANNUAL	PER UNIT
<b>Revenue</b>		
Gross Potential Rental Revenue	\$1,641,288	\$9,770
Other Income:		
Washer/Dryer Rentals	\$45,360	\$270
Cable Television Income	\$57,456	\$342
Miscellaneous Income	\$50,400	\$300
Interest Income	\$0	\$0
Gross Potential Income	\$1,794,504	\$10,682
Less:		
Vacancy Loss - 5.0%	(\$89,725)	(\$534)
Collection Loss - 1.0%	(\$17,945)	(\$107)
<b>Total Effective Gross Revenue</b>	\$1,686,834	\$10,041
<b>Expenses</b>		
Fixed:		
Taxes	\$126,000	\$750
Insurance	\$42,000	\$250
Variable:		
Management Fees 5.0%	\$84,342	\$502
General and Administrative	\$65,520	\$390
Payroll Expenses	\$159,550	\$950
Utilities	\$107,520	\$640
Marketing and Advertising	\$16,800	\$100
Maintenance and Repairs	\$45,360	\$270
Grounds Maintenance	\$21,000	\$125
Security	\$0	\$0
Replacement Reserve	\$33,600	\$200
Other: Resident Programs	\$0	\$0
Other: Pest Control	\$0	\$0
<b>Total Expenses</b>	\$701,692	\$4,177
<b>Net Operating Income</b>	\$985,142	\$5,864
<b>Debt Service Payments</b>		
First Mortgage	\$713,300	\$4,246
SAIL Loan	\$132,402	\$788
Other - City of Jax Loan	\$42,500	\$253
Other Fees - Letter of Credit/Guarantee	\$0	\$0
Other Fees - Agency/Trustee/Service	\$0	\$0
<b>Total Debt Service Payments</b>	\$888,202	\$5,287
<b>Operating Income After Debt Service - Before Tax Cash Flow</b>	\$96,940	\$577

<b>Debt Service Coverage Ratios</b>	
Debt Service Coverage - First Only	1.38
Debt Service Coverage - First and Second	1.16
Debt Service Coverage - All Mortgages	1.11
Debt Service Coverage - All Mortgages and Fees	1.11

<b>Financial Ratios</b>	
Operating Expense Ratio	41.6%
Break-Even Ratio	88.6%

*Notes to the Operating Pro forma and Ratios:*

1. The SAIL program does not impose any rent restrictions. However, this development will be requesting Housing Credits ("HC") in conjunction with the tax exempt bond financing, which will impose rent restrictions. Therefore, restricted rents are based upon the 2005 restricted rents published by Florida Housing, less utility allowances as required by the HC Program. Utility allowances are based on the 2005 Jacksonville Housing Finance Authority chart and reflect the resident paying electricity, water, and sewer, and the applicant paying trash disposal. The market rents are based upon the appraisal except in instances where the applicant projected a lower rate. No manager/employee units are anticipated. The rent roll is shown below:

**MSA/County: Jacksonville / Duval**

Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	Max Gross HC Rents	Utility Allowance	Max Net HC Rents	Applicant Rents	Underwriter Rents	Annual Rents
1	1	20	822	60%	\$651	\$86	\$565	\$565	\$565	\$135,600
1	1	8	822	Mkt				\$735	\$735	\$70,560
2	2	42	1,086	60%	\$781	\$98	\$683	\$683	\$683	\$344,232
2	2	18	1,086	Mkt				\$880	\$880	\$190,080
3	2	28	1,209	60%	\$903	\$114	\$789	\$788	\$788	\$264,768
3	2	12	1,209	Mkt				\$1,130	\$1,130	\$162,720
4	3	28	1,460	60%	\$1,006	\$133	\$873	\$874	\$873	\$293,328
4	3	12	1,460	Mkt				\$1,250	\$1,250	\$180,000
<b>Totals</b>		168	<b>194,936</b>							<b>\$1,641,288</b>

2. Washer/Dryer Rental Income is based upon a penetration rate of 75% of the units at \$30 per unit per month per the applicant's estimate.
3. Cable Television Income reflects gross revenues from cable television service based upon a penetration rate of 75% of the units at \$38 per subscriber per month per the applicant's estimate. Cable television expense to the applicant under the master cable contract is estimated at \$255/unit per year or \$21.25 per unit per month per the appraisal. This cost to the applicant is included in the Utilities expense.
4. Miscellaneous income typically includes application fees, cancellation fees, late fees, and forfeited deposits as well as excessive cleaning charges, clubhouse rental, and vending machine income of approximately \$25 per unit per year per the applicant's estimate.

5. Vacancy Loss and Collection Loss are based on the applicant's estimate.
6. Insurance is based on a premium estimate from the insurance carrier.
7. Management fees are based on the management agreement, which stipulates compensation of 5% of gross receipts.
8. Other operating expense estimates are supported by the appraisal.
9. Replacement Reserves of \$200 per unit per year meet the minimum underwriting guidelines.
10. The cost of Resident Programs is included in the Administrative budget and/or the Advertising budget. These costs primarily reflect resident activities, after-school programs, and health care services. Most other resident programs are provided without charge by various local organizations.
11. A 15-year income and expense projection shows increasing debt service coverage. This projection is attached to this report as Exhibit 1.

**Section B**  
**SAIL Loan Conditions**

**Special Conditions**

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

None at this time.

**General Conditions**

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

1. 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 sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.
2. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL Program loan proceeds shall be disbursed during the construction phase in an amount per Draw which does not exceed the ratio of the SAIL loan to the Total Development Cost, unless approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.
3. If the development is not 100% lien-free completed, 100% Payment and Performance ("P&P") Bonds or a Letter of Credit ("LOC") in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the general contractor and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds must be from a company rated at least "A-" by A.M. Best & Co with a financial size category of at least FSC VI. Florida Housing and/or legal counsel must approve the source, amount(s) and all terms of the P&P bonds or LOC.
4. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or its Servicer, if applicable.
5. Satisfactory resolution of any outstanding past due or non-compliance notices applicable to the development team by closing of the loan(s).

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, along with all other items listed on counsel's due diligence list, within this time frame may result in postponement of the closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/manager(s) of the Applicant, the guarantors, and any limited partners of the Applicant.



2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of closing, unless otherwise approved by Florida Housing, and legal counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.
4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan naming FHFC as the insured. All endorsements required by FHFC shall be provided.
5. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the SAIL Loan have been satisfied.
6. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee / Mortgagee, with coverages, deductibles and amounts satisfactory to Florida Housing.
7. Receipt of a legal opinion from the Applicant's legal counsel acceptable to Florida Housing addressing the following matters:
  - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager.;
  - b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan 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. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement and;
  - e. Such other matters as Florida Housing or its legal counsel may require.
8. Evidence of compliance with local concurrency laws.
9. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its legal counsel in form and substance acceptable to Florida Housing or its legal counsel, in connection with the SAIL Loan.

10. UCC Searches for the Borrower, its partnerships, as requested by counsel.
11. Any other reasonable conditions established by Florida Housing and its legal counsel.

### **Additional Conditions**

This recommendation is also contingent upon 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 Applicant and execution of all documents evidencing and securing the SAIL 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 un-disbursed 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. If applicable, Guarantors are to provide the standard FHFC Construction Completion Guarantee, to be released upon lien free completion as approved by the Servicer.
5. Guarantors are to provide the standard FHFC Operating Deficit Guarantee. This guarantee will be released upon achievement of 1.00 combined debt service coverage for the first mortgage and the SAIL Loan for six consecutive months.
6. Guarantors are to provide the standard FHFC Environmental Indemnity.
7. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.
8. Closing of the first mortgage loan simultaneous with or prior to closing of the SAIL loan.
9. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the SAIL Loan is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel.
10. Property tax and hazard insurance escrows are to be established and maintained by the First Lender or the Servicer. 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.
11. Replacement Reserves in the amount 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 the First Mortgagee or Florida Housing's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per Rule 67-048.12, F.A.C., in the amount of \$33,600 (one-half the required Replacement Reserves for Years 1 and 2), in

order to meet the SAIL Program 1.10:1 DSC requirement. Applicant can waive this election, if at closing of the SAIL Loan the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of \$200 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 FHFC that evidences an increase in the deposit is excessive or unnecessary.

12. CASI is to act as Florida Housing's inspector during the construction period.
13. A minimum of 10% retainage holdback on all construction draws until the Development is 50% completed, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The Brookwood Forest Apartments general construction contract indicates a 10% retainage holdback through 50% completion then 5% retainage holdback thereafter, which satisfies the minimum requirement.
14. Any other reasonable requirements of the Servicer, Florida Housing or its legal counsel.

**Exhibit 1**

**Brookwood Forest Apartments Credit Underwriting Report  
15 Year Income and Expense Projection**

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
<b>Revenue</b>															
Gross Potential Rental Revenue	\$1,641,288	\$1,690,527	\$1,741,242	\$1,793,480	\$1,847,284	\$1,902,703	\$1,959,784	\$2,018,577	\$2,079,135	\$2,141,509	\$2,205,754	\$2,271,926	\$2,340,084	\$2,410,287	\$2,482,595
Other Income:															
Washer/Dryer Rentals	\$45,360	\$46,721	\$48,122	\$49,566	\$51,053	\$52,585	\$54,162	\$55,787	\$57,461	\$59,185	\$60,960	\$62,789	\$64,673	\$66,613	\$68,611
Cable Television Income	\$57,456	\$59,180	\$60,955	\$62,784	\$64,667	\$66,607	\$68,605	\$70,664	\$72,784	\$74,967	\$77,216	\$79,533	\$81,919	\$84,376	\$86,907
Miscellaneous Income	\$50,400	\$51,912	\$53,469	\$55,073	\$56,726	\$58,427	\$60,180	\$61,986	\$63,845	\$65,761	\$67,733	\$69,765	\$71,858	\$74,014	\$76,235
Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Potential Income	\$1,794,504	\$1,848,339	\$1,903,789	\$1,960,903	\$2,019,730	\$2,080,322	\$2,142,732	\$2,207,014	\$2,273,224	\$2,341,421	\$2,411,663	\$2,484,013	\$2,558,534	\$2,635,290	\$2,714,348
Less:															
Vacancy Loss - 5.0%	(\$89,725)	(\$92,417)	(\$95,189)	(\$98,045)	(\$100,987)	(\$104,016)	(\$107,137)	(\$110,351)	(\$113,661)	(\$117,071)	(\$120,583)	(\$124,201)	(\$127,927)	(\$131,764)	(\$135,717)
Collection Loss - 1.0%	(\$17,945)	(\$18,483)	(\$19,038)	(\$19,609)	(\$20,197)	(\$20,803)	(\$21,427)	(\$22,070)	(\$22,732)	(\$23,414)	(\$24,117)	(\$24,840)	(\$25,585)	(\$26,353)	(\$27,143)
<b>Total Effective Gross Revenue</b>	\$1,686,834	\$1,737,439	\$1,789,562	\$1,843,249	\$1,898,546	\$1,955,503	\$2,014,168	\$2,074,593	\$2,136,831	\$2,200,935	\$2,266,964	\$2,334,972	\$2,405,022	\$2,477,172	\$2,551,487
<b>Expenses</b>															
Fixed:															
Taxes	\$126,000	\$131,040	\$136,282	\$141,733	\$147,402	\$153,298	\$159,430	\$165,807	\$172,440	\$179,337	\$186,511	\$193,971	\$201,730	\$209,799	\$218,191
Insurance	\$42,000	\$43,680	\$45,427	\$47,244	\$49,134	\$51,099	\$53,143	\$55,269	\$57,480	\$59,779	\$62,170	\$64,657	\$67,243	\$69,933	\$72,730
Variable:															
Management Fees - 5.0%	\$84,342	\$86,872	\$89,478	\$92,162	\$94,927	\$97,775	\$100,708	\$103,730	\$106,842	\$110,047	\$113,348	\$116,749	\$120,251	\$123,859	\$127,574
General and Administrative	\$65,520	\$68,141	\$70,866	\$73,701	\$76,649	\$79,715	\$82,904	\$86,220	\$89,669	\$93,255	\$96,986	\$100,865	\$104,900	\$109,096	\$113,459
Payroll Expenses	\$159,550	\$165,932	\$172,569	\$179,472	\$186,651	\$194,117	\$201,882	\$209,957	\$218,355	\$227,089	\$236,173	\$245,620	\$255,445	\$265,662	\$276,289
Utilities	\$107,520	\$111,821	\$116,294	\$120,945	\$125,783	\$130,815	\$136,047	\$141,489	\$147,149	\$153,034	\$159,156	\$165,522	\$172,143	\$179,029	\$186,190
Marketing and Advertising	\$16,800	\$17,472	\$18,171	\$18,898	\$19,654	\$20,440	\$21,257	\$22,108	\$22,992	\$23,912	\$24,868	\$25,863	\$26,897	\$27,973	\$29,092
Maintenance and Repairs	\$45,360	\$47,174	\$49,061	\$51,024	\$53,065	\$55,187	\$57,395	\$59,691	\$62,078	\$64,561	\$67,144	\$69,830	\$72,623	\$75,528	\$78,549
Grounds Maintenance and Landscaping	\$21,000	\$21,840	\$22,714	\$23,622	\$24,567	\$25,550	\$26,572	\$27,635	\$28,740	\$29,890	\$31,085	\$32,329	\$33,622	\$34,967	\$36,365
Security	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserve	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$34,944	\$34,944	\$34,944	\$34,944	\$34,944	\$34,944	\$34,944	\$34,944	\$34,944
Other: Resident Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other: Pest Control	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	\$701,692	\$727,572	\$754,462	\$782,402	\$811,432	\$841,596	\$874,282	\$906,849	\$940,688	\$975,849	\$1,012,385	\$1,050,349	\$1,089,798	\$1,130,789	\$1,173,384
<b>Net Operating Income</b>	\$985,142	\$1,009,867	\$1,035,100	\$1,060,847	\$1,087,114	\$1,113,906	\$1,139,885	\$1,167,744	\$1,196,143	\$1,225,086	\$1,254,579	\$1,284,623	\$1,315,224	\$1,346,383	\$1,378,103
<b>Debt Service Payments</b>															
First Mortgage	\$713,300	\$713,300	\$713,300	\$713,300	\$713,300	\$713,300	\$713,300	\$713,300	\$713,300	\$713,300	\$713,300	\$713,300	\$713,300	\$713,300	\$713,300
Second Mortgage	\$132,402	\$132,402	\$132,402	\$132,402	\$132,402	\$132,402	\$132,402	\$132,402	\$132,402	\$132,402	\$132,402	\$132,402	\$132,402	\$132,402	\$132,402
Third Mortgage	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500
Other Fees - Letter of Credit/Guarantee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Fees - Agency/Trustee/Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Debt Service Payments</b>	\$888,202	\$888,202	\$888,202	\$888,202	\$888,202	\$888,202	\$888,202	\$888,202	\$888,202	\$888,202	\$888,202	\$888,202	\$888,202	\$888,202	\$888,202
<b>Operating Income After Debt Service - Before Tax Cash Flow</b>	\$96,940	\$121,665	\$146,898	\$172,645	\$198,912	\$225,704	\$251,683	\$279,542	\$307,941	\$336,884	\$366,376	\$396,421	\$427,022	\$458,181	\$489,901
<b>Debt Service Coverage Ratios</b>															
Debt Service Coverage - First Only (incl. Negative Arbitrage)	1.38	1.42	1.45	1.49	1.52	1.56	1.60	1.64	1.68	1.72	1.76	1.80	1.84	1.89	1.93
Debt Service Coverage - First and Second	1.16	1.19	1.22	1.25	1.29	1.32	1.35	1.38	1.41	1.45	1.48	1.52	1.56	1.59	1.63
Debt Service Coverage - All Mortgages	1.11	1.14	1.17	1.19	1.22	1.25	1.28	1.31	1.35	1.38	1.41	1.45	1.48	1.52	1.55
Debt Service Coverage - All Mortgages and Fees	1.11	1.14	1.17	1.19	1.22	1.25	1.28	1.31	1.35	1.38	1.41	1.45	1.48	1.52	1.55
<b>Financial Ratios</b>															
Operating Expense Ratio	41.6%	41.9%	42.2%	42.4%	42.7%	43.0%	43.4%	43.7%	44.0%	44.3%	44.7%	45.0%	45.3%	45.6%	46.0%
Break-Even Ratio	88.6%	87.4%	86.3%	85.2%	84.2%	83.2%	82.3%	81.3%	80.5%	79.6%	78.8%	78.0%	77.3%	76.6%	76.0%

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- A. The Development will consist of 168 garden apartment units located in 7 residential buildings.

Unit Mix:	28	One bedroom / one bath units
	60	Two bedroom / two bath units
	40	Three bedroom / two bath units
	40	Four bedroom / three bath units
	168	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 and federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act and Americans with Disabilities Act ("ADA"), as applicable.

- B. Each UNIT will be fully equipped with the following:
1. Air conditioning (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. Peephole on all exterior doors
  5. Cable or satellite TV hook-up
  6. Range, oven and 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 at least 90% of the new construction non-Elderly units
- C. 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

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2. Dishwasher in all new construction units
  3. Garbage disposal in all new construction units
  4. Double compartment kitchen sink
  5. Pantry in kitchen area in all new construction units - must be no less than 20 cubic feet of storage space. Pantry cannot be just an under- or over-the-counter cabinet.
  6. Laundry hook-ups and space for full-size washer and dryer
- D. The Borrower has committed to the following amenities in the DEVELOPMENT:
1. Exercise room with appropriate equipment
  2. Community center or clubhouse
  3. Swimming pool
  4. Playground/tot lot, accessible to children with disabilities (must be sized in proportion to Development's size and expected resident population with age-appropriate equipment)
  5. Two or more parking spaces per total number of units
  6. Outside recreation facility (such as shuffleboard court, putting green, tennis court, full basketball court, volleyball court, etc.)
  7. Thirty-year expected life roofing on all buildings
  8. Exterior lighting in open and common areas
- E. The Borrower has committed to provide the following energy conservation features for all UNITS in the Development:
1. Heat pump with minimum HSPF of 7.5 instead of electric resistance
  2. Air conditioning with SEER rating of 12 or better
  3. Electric water heater with energy factor of .91 or better
  4. Wall insulation of R-13 or better for frame-built construction
  5. Attic insulation of R-30 or better
  6. Ceiling fans in all bedrooms and living area in each unit

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- F. The Borrower has committed to provide the following Resident Programs:
1. 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
  2. After School Program for Children: This program requires the Borrower or its Management Agent to provide supervised, structured, age-appropriate activities for children during the after school hours, Monday through Friday. Activities must be on-site at no charge to the residents.
  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. 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.
  5. 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

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such as holiday and special occasion parties, community picnics, newsletters, children's special functions, etc.

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 Personal Finances", "Predatory Lending", or "Comparison Shopping for the Consumer".
7. Resident Assistance Referral Program: The Borrower or its Management Agent will make available to residents information about services such as crisis intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self sufficiency, and advocacy to assist clients in securing needed resources. This service must be provided at no cost the resident.



## COMPLETENESS AND ISSUES CHECKLIST

**DEVELOPMENT NAME:** Brookwood Forest Apartments

**DATE:** June 27, 2006

In accordance with 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 ("Florida Housing" or "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 allotted time frame. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

<b>CREDIT UNDERWRITING</b>	<b>STATUS</b>	<b>NOTE</b>
<b>REQUIRED ITEMS:</b>	<b>Satis. / Unsatis.</b>	
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 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 the 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.	
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.	

## NOTES AND APPLICANT'S RESPONSES:

None at this time.