
Florida Housing Finance Corporation
Credit Underwriting Report

Friendship Tower

2006-330CHR
2007-013C

Section A: Board Summary

**Section B: Rental Recovery Loan Program Conditions &
HC Allocation Recommendation**

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

Final Report

October 11, 2007

Friendship Tower
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Section A
Board Summary

Recommendation

First Housing recommends a total Rental Recovery Loan Program (“RRLP”) loan in the amount of **\$5,024,814** including a base loan non-ELI amount of **\$2,579,860**, a base loan ELI amount of **\$859,953**, an RRLP supplemental loan in the amount of **\$1,585,000** and an annual Housing Credit Allocation of **\$2,425,009** be awarded to Friendship Tower for its construction and permanent financing.

DEVELOPMENT & SET-ASIDES				
Location	1551 NW 36 th Street Miami, Miami-Dade County, FL 33142			
Number of Units/Unit Mix	Bedrooms	Baths	No. of Units	Sq. Ft.
	1	1	54	556
	2	2	38	768
	Total		92	59,208
Demographic Commitment	Elderly			
Set Asides	25% (23 ELI units) @ 33% AMI (RRLP) 75% (remaining units) @ 60% AMI (RRLP) 100% @ 60% (HC)			
Set Aside Term	50 Years (RRLP & HC) ELI Set Asides are for 20 years, which then convert to serve families at or below 60% AMI for the remaining 30 years of the 50 year period.			
County Size	Large			
Development Category	New Construction			
Development Type	High-Rise			
Occupancy Rate	N/A			
Parking	Per the site plan, 85 parking spaces or 0.92 spaces per unit will be provided via a detached 3-story parking garage to be constructed adjacent to the development, including 4 spaces which are handicapped accessible.			
Improvements	A 92 unit 10-story high-rise apartment rental community consisting of one building with a detached 3-story parking garage. Amenities will include a community center, fitness center, laundry area, computer lab, putting green and leasing offices.			
Site Acre	0.78 acres			
Density	117.9 units per acre			
Zoning	C-2, Liberal Commercial District which permits multifamily development to a maximum density of 150 units per acre.			

Flood Zone Designation	Zone "X" The subject site is not located in an area of flooding and is outside of the 500-year flood plain. No flood insurance is required.
DEVELOPMENT TEAM	
Applicant/Borrower	Friendship Tower, Ltd.
General Partner (0.01%)	PHG-Friendship, LLC
Limited Partner/Syndicator (99.99% ownership)	Wachovia Affordable Housing Community Development Corporation
Guarantors	Friendship Tower, Ltd., PHG-Friendship, LLC, David Deutch, Mitchell Friedman, Michael Wohl and Louis Wolfson III, individually.
Developer	Pinnacle Housing Group, LLC
General Contractor	PHG Builders, Inc.
Architect/Engineer	Perez & Perez Architects
Management Company	Professional Management, Inc.
First Mortgage Lender	Citicorp USA, Inc.
FINANCING INFORMATION	
FHFC Programs	RRLP and Housing Credits
First Mortgage Construction Loan Amount	\$6,104,395
"All in" Underwritten Interest Rate	The first \$500,000 fixed not to exceed 8.0% with the remaining at 200 bps over 1 month LIBOR, adjustable monthly.
Term/Amortization	24 months
First Mortgage Permanent Loan Amount	\$500,000
"All in" Underwritten Interest Rate	To be fixed at construction loan closing not to exceed 8.0%.
Term/Amortization	15 years after conversion with payments based on a 30-year amortization period
RRLP Loan Amount	The total RRLP loan amount is \$5,024,814 (\$3,439,814 base loan plus \$1,585,000 supplemental loan). The base loan amount is further subdivided into a pro rata portion attributable to extremely low income units ("ELI portion") equal to 25% of the base loan amount or \$859,953 and a pro rata portion attributable to non-ELI units ("non-ELI portion") equal to 75% of the base loan amount or \$2,579,860. The supplemental loan is based on \$65,000 per minimum required (15%) ELI unit (14 units equates to \$910,000) and \$75,000 per additional eligible ELI unit (9 units equates to \$675,000) for a total supplemental loan amount of \$1,585,000; with the principal forgivable as long as the units are targeted to ELI households for at least 20 years. Friendship Tower has 23 ELI units.
Interest Rate on pro rata ELI Units	0.00% plus servicing, financial monitoring, and compliance monitoring fees.
Interest Rate on pro rata non-ELI Units	1.00% plus servicing, financial monitoring, and compliance monitoring fees.

Interest Rate on Supplemental Loan	0.00% plus servicing, financial monitoring, and compliance monitoring fees.
Term/Amortization	Base loan - 50 years, (as requested by the Syndicator and allowed per Rule) / N/A Supplemental loan - 20 years / N/A (Principal is forgivable as long as the units are targeted to ELI households for at least 20 years)
Rent-Restricted / Favorable Financing Value at Stabilization	\$5,350,000
Market Rent / Market Financing Value at Stabilization	\$6,200,000
Restricted Loan To Value - All Mortgages	Permanent Phase: 103.3%
Market Loan To Value – All Mortgages	Permanent Phase: 89.1%
Projected Net Operating Income	\$108,347
Debt Service Coverage – First Mortgage	2.46
Debt Service Coverage All Mortgages	1.34
Total FHFC Assistance Per Unit	\$80,976(RRLP & HC)
Annual HC Allocation Per Unit	\$26,359
Syndication Price	\$0.92

Construction/Permanent Sources

Source	Lender	Construction	Permanent	Permanent Loan/Unit
First Mortgage	Citicorp	\$6,104,395	\$500,000	\$5,435
RRLP - Non ELI Units	FHFC	\$0	\$2,579,860	\$28,042
RRLP - ELI Units	FHFC	\$0	\$859,953	\$9,347
Supplemental RRLP	FHFC	\$0	\$1,585,000	\$17,228
Housing Credit Equity	Wachovia	\$20,159,784	\$22,399,760	\$243,476
Deferred Developer Fee	Pinnacle	\$1,712,236	\$51,841	\$563
Total		\$27,976,415	\$27,976,415	\$304,091

Changes from the Application

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	X	
Are all funding sources the same as shown in the Application?	X	
Are all local government recommendations/contributions still in place at the level described in the Application?	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?	X	
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	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?		1.

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

1. See the Waiver Requests/Special Conditions section of this report for more information. The application indicated one building and 38 two bed/one bath units. The Carryover Agreement dated, August 1, 2007, indicates two changes from the application. (a.) two buildings consisting of one residential structure and one parking garage will be constructed and (b.) 38 two bed/two bath units will be constructed at the development.

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

According to the FHFC, September 11, 2007 Asset Management Non-Compliance Report, Pinnacle Housing Group, LLC has the following non-compliance item(s):

- None

According to the FHFC Past Due report dated September 11, 2007, Pinnacle Housing Group, LLC has the following past due item(s):

- None

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 and legally suited for a multi-family development. The subject's amenities are similar or superior to the amenities offered at comparable developments. The subject neighborhood is located within a mixed use area that has all necessary supporting commercial services for residential development.
2. The principals and development team are experienced in this field.
3. The Applicant and its principals, as well as the Limited Partner/Syndicator have sufficient experience and substantial financial resources to operate the proposed development.

Other Considerations:

None

Mitigating Factors:

None

Waiver Requests/Special Conditions:

A Petition for Waiver of Part III.D.1.f of the 2006 Rental Recovery Loan Program Application Instructions' Requirement to Provide Specific Features in Units Developed for Elderly Residents was filed by Friendship Tower, Ltd. to allow for the use of non-skid ceramic floor tile in lieu of tight-napped Berber-type carpet required under the RRLP Rule. An order granting the variance from the Rule will remain a condition of this report.

Additional Information:

The site is currently improved with an office building that will be demolished.

Issues and Concerns:

None

Recommendation:

First Housing recommends a total RRLP loan in the amount of **\$5,024,814** consisting of a base loan ELI portion of **\$859,953**, a base loan Non-ELI portion of **\$2,579,860**, and a Supplemental Loan in the amount of **\$1,585,000** be awarded to Friendship Tower for the construction and permanent financing of this development. First Housing also recommends an annual HC allocation of **\$2,425,009** for the construction and permanent financing of this development.

These recommendations are based upon the assumptions detailed in the Board Summary (Section A), and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the Rental Recovery Loan Program Conditions & HC Allocation Recommendation (Section B). **This recommendation is only valid for six months from the date of the report.**

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

Prepared by:

Reviewed by:



Scott M. Eberhard
Senior Credit Underwriter
First Housing Development Corporation



Edward Busansky
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Overview

Construction Financing Sources:

Source	Lender	Application	Revised Applicant	Underwriter	Interest Rate	Max Term Yrs.	Construction Debt Service
First Mortgage Construction Loan	Citibank	\$5,060,000	\$6,708,762	\$6,104,395	8.00%	2	\$488,352
RRLP Base Loan Non-ELI Units	FHFC	\$3,000,000	\$0	\$0	0.00%	50	\$0
RRLP Base Loan ELI Units	FHFC	\$1,000,000	\$0	\$0	0.00%	50	\$0
RRLP Supplemental Loan	FHFC	\$1,585,000	\$0	\$0	0.00%	20	\$0
HC Equity	Wachovia	\$20,159,784	\$20,159,784	\$20,159,784	N/A	N/A	N/A
Deferred Developer Fee	Pinnacle	\$3,495,646	\$1,468,055	\$1,712,236	N/A	N/A	N/A
Total		\$34,300,430	\$28,336,601	\$27,976,415			\$488,352

First Mortgage Construction Loan Structure:

First Housing has received a draft commitment letter from Citibank, N.A., dated September 20, 2007, outlining the terms of the first mortgage construction and permanent financing. The construction loan amount is revolving up to a \$9,500,000 maximum at any one time. The construction loan shall be for a term of up to 24 months with interest-only payments due monthly. The first \$500,000 will be fixed rate at closing not to exceed 8.0% with the remaining amount at 200 basis points over the 1-month LIBOR, adjustable monthly.

RRLP Loan Structure:

As outlined in the Permanent Financing Sources section of this report, the Applicant has applied for a \$4,000,000 base loan and a \$1,585,000 supplemental loan. However, First Housing recommends a total RRLP loan in the amount of \$5,024,814 (consisting of a RRLP base loan non-ELI amount of \$2,579,860, a RRLP base loan ELI amount of \$859,953 and a \$1,585,000 supplemental loan). Per the Rule, available RRLP loan funds can be drawn down pro rata with the total development costs during the construction phase of the development. However, since the Developer is providing a 10% Letter of Credit to secure the construction contract in lieu of the standard required amount of 25%, the Underwriter recommends withholding funding of all RRLP proceeds until lien free completion of the development.

Please refer to the Permanent Financing Section of this report for details of the RRLP loan.

Housing Credits ("HC") Equity Investment:

A preliminary estimate of the credits available to the property was performed. The housing credit calculation is contained in Exhibit 2 of this report. A proposal dated, September 4, 2007, from Wachovia Affordable Housing Community Development Corporation ("Wachovia") was received and reviewed. The schedule indicates that Wachovia will purchase a 99.99% interest in the Applicant, in exchange for \$22,399,759. The first installment of \$7,839,916 is 35% of the total equity. This satisfies the FHFC requirement that 35% of the HC equity must be funded to the development prior to construction closing.

During the construction phase, Applicant will receive 9% competitive housing credit equity of \$20,159,784 .

During the construction phase, the developer will be required to defer \$1,712,236 or 50.00% of Total Developer Fees. If the Debt Service Coverage ratio including RRLP and all superior

mortgages is less than 1.0:1, the Rule requires at least 30% of Total Developer Fee must be deferred for permanent financing. The 50% deferral requirement applies.

Permanent Financing Sources:

Source	Lender	Application	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
First Mortgage Permanent Loan	Citibank	\$60,000	\$500,000	\$500,000	8.000%	30	15	\$44,026
RRLP Base Loan Non-ELI Units	FHFC	\$3,000,000	\$2,800,000	\$2,579,860	1.216%	N/A	50	\$31,366
RRLP Base Loan ELI Units	FHFC	\$1,000,000	\$1,000,000	\$859,953	0.216%	N/A	50	\$1,856
RRLP Supplemental Loan	FHFC	\$1,585,000	\$1,585,000	\$1,585,000	0.216%	N/A	20	\$3,421
HC Equity	Wachovia	\$22,399,760	\$22,399,760	\$22,399,760	N/A	N/A	N/A	N/A
Deferred Developer Fee	Pinnacle	\$3,495,646	\$51,841	\$51,841	N/A	N/A	N/A	N/A
Total		\$31,540,406	\$28,336,601	\$27,976,415				\$80,668

First Mortgage Permanent Loan Structure:

First Housing has received a draft commitment letter from Citibank, N.A. outlining the terms of the first mortgage construction and permanent financing. The permanent loan amount is up to \$500,000, or an amount that conforms to a loan-to-value maximum of 90% using stabilized restricted rents with favorable financing, presuming that restricted rents are at least 10% below market rate rents, otherwise 80% loan-to-value. The permanent loan term is 15 years after conversion, with monthly payments of principal and interest due, based on a 30-year amortization. The interest rate will be fixed prior to construction loan closing at a rate not to exceed 8.00%

RRLP Loan Structure:

The Applicant originally applied for a total RRLP loan in the amount of \$5,585,000. However, First Housing recommends a total RRLP loan of \$5,024,814 (consisting of a RRLP base loan non-ELI amount of \$2,579,860, a RRLP base loan ELI amount of \$859,953 and a \$1,585,000 supplemental loan).

The RRLP loan will have a base loan of \$3,439,814. For the subject development, 25% of the units will be set aside for tenants with an income at or below 33% AMI, so 25% or \$859,953 of the base loan is attributable to ELI units and per Rule will have a rate of 0% simple interest per annum plus servicing, compliance, and financial monitoring fees for a total "all in" rate of 0.2158%. The remaining 75% of the base loan in the amount of \$2,579,860 will have a rate of 1% simple interest per annum plus servicing, compliance and financial monitoring fees for a total "all in" rate of 1.2158%. The RRLP base loan is non-amortizing and will be for a total term of 50 years, as requested by the Syndicator and allowed per the Rule. The annual interest payment will be based upon the development cash flow, determined pursuant to the RRLP Cash Flow Reporting Form RRLP-1. Any unpaid interest will be deferred until cash flow is available. Annual payment of all applicable fees will be required. At the maturity of the base loan all principal and deferred interest will be due.

The RRLP loan request also includes a supplemental loan. The supplemental loan is based on \$65,000 per minimum required ELI unit (14 units equates to \$910,000) and \$75,000 per additional eligible ELI unit (9 units equates to \$675,000) for a total supplemental loan amount of \$1,585,000. The interest rate will be 0% simple interest per annum plus servicing, compliance and financial monitoring fees for a total "all in" rate of 0.2158%. Annual payment of all applicable fees will be required. The RRLP supplemental loan is non-amortizing and will be for a term of 20 years, with principal due at loan maturity. Principal is forgivable provided the units for which the supplemental loan is awarded are targeted to ELI Households for at least 20 years. Applicant has committed to set aside 25% of the units for a period of 50 years. ELI set

asides are for 20 years, which then convert to serve families at or below 60% AMI for the remaining 30 years of the 50 year period. The RRLP loan will be secured by a second mortgage.

HC Equity Investment:

The pay-in schedule outlines the amounts to be paid as follows:

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$7,839,916	35%	Prior to or simultaneous with construction loan closing
2nd Installment	\$7,839,916	35%	50% completion
3rd Installment	\$4,479,952	20%	95% completion
4th Installment	\$2,239,975	10%	Issuance of form 8609
Total	\$22,399,759	100%	

Annual Credit Per Syndication Agreement:	\$2,435,000
Calculated HC Exchange Rate:	\$0.9200
Syndication Percentage:	99.99%
Proceeds Available During Construction	\$20,159,784

Other Permanent Funding Sources:

During the permanent period, \$51,841 of Developer Fees must be deferred to balance the Sources and Uses of Funds after receipt of all funded proceeds.

Uses of Funds

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Actual Construction Cost				
Demolition	\$0	\$144,200	\$144,200	\$144,200
New Rental Units	\$14,976,950	\$14,163,842	\$14,163,842	\$600,000
Parking	\$0	\$1,275,000	\$1,275,000	
General Contractor Fees (max 14%)	\$2,095,275	\$1,117,332	\$1,117,332	
Total Construction Contract	\$17,072,225	\$16,556,174	\$16,556,174	\$744,200
Other: FFE and Washer/Dryer	\$302,120	\$351,200	\$351,200	\$101,200
Other - Hard Cost Contingency	\$733,871	\$827,809	\$827,809	
Total Actual Construction Cost	\$18,108,216	\$17,879,383	\$17,879,383	\$845,400

Notes to the Actual Construction Costs:

1. The Applicant has provided an executed construction contract dated September 6, 2007, in the amount of \$16,556,174. This is a Standard Form of Agreement between the Owner, Friendship Tower, Ltd., and Contractor, PHG Builders, Inc., where the basis for payment is a Stipulated Sum. Per this contract, substantial completion is to be achieved no later than 455 days after the date of commencement. The Owner will make monthly progress payments to the Contractor, based upon Applications for Payment approved by the Architect. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The GC contract indicates a 10% retainage holdback through 50% completion then 0% retainage thereafter, which satisfies the minimum requirement.
2. \$600,000 of the new rental units is ineligible for basis as it represents \$400,000 for costs associated with the construction of retail space and \$200,000 other ineligible costs.
3. First Housing recommends a funded hard cost contingency equal to 5.00% of the total construction contract or \$827,809.
4. The General Contractor fees are within the guideline of 14% of hard costs.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
General Development Costs				
Accounting Fees	\$82,000	\$105,000	\$105,000	
Appraisal	\$12,500	\$12,950	\$12,950	
Architect's Fee - Design	\$405,000	\$555,000	\$555,000	
Architect's Fee - Supervision	\$45,000	\$30,000	\$30,000	
Building Permits	\$110,400	\$125,000	\$125,000	
Engineering Fee	\$100,000	\$140,000	\$140,000	
Environmental Report	\$50,000	\$50,000	\$50,000	\$50,000
FHFC Administrative Fee	\$194,800	\$194,800	\$194,800	\$194,800
FHFC Application Fee	\$2,000	\$2,000	\$2,000	\$2,000
FHFC Compliance Fee	\$68,993	\$72,865	\$69,865	\$69,865
FHFC Credit Underwriting Fee	\$14,541	\$14,817	\$14,817	\$14,817
Impact Fees	\$15,500	\$15,500	\$15,500	
Inspection Fees/Construction Admin.	\$95,000	\$95,000	\$95,000	
Insurance	\$230,000	\$388,000	\$388,000	\$138,000
Legal Fees	\$250,000	\$250,000	\$250,000	\$125,000
Market Study	\$6,500	\$6,800	\$6,800	
Marketing	\$150,000	\$40,000	\$40,000	\$40,000
Lease-up Expense	\$0	\$160,000	\$160,000	\$160,000
Property Taxes	\$235,200	\$176,722	\$176,722	\$70,689
Soil Test	\$10,000	\$10,000	\$10,000	
Survey	\$40,000	\$40,000	\$40,000	
Title Insurance and Recording Fees	\$200,000	\$200,000	\$200,000	
Utility Connection Fees	\$161,000	\$161,000	\$161,000	
Other - Contingency	\$107,373	\$151,804	\$151,804	\$151,804
Total General Development Costs	\$2,585,807	\$2,997,258	\$2,994,258	\$1,016,975

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. The projected impact fees are lower than normal for Miami-Dade county developments. The Developer has indicated that since this development is targeted to elderly individuals, the school board impact fees are anticipated to be waived by the county.
3. The insurance cost includes the builders risk policy.
4. The property taxes represent 3 years of land taxes at 28 mils per year.

5. The inspection fees appear high but, the Developer has indicated that in addition to standard construction inspection fees, a threshold inspector will also be required since this is high-rise construction.
6. The FHFC Administrative Fee is based on 8% of the annual housing credit allocation.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Financial Costs				
RRLP Closing Costs	\$0	\$0	\$20,000	
Construction Loan Interest	\$961,530	\$752,280	\$752,280	\$221,446
Construction Loan Origination Fee	\$75,900	\$71,250	\$71,250	\$71,250
Closing Costs - Construction Loan	\$0	\$8,875	\$8,875	\$8,875
Closing Costs - Permanent Loan	\$90,000	\$110,500	\$42,500	\$42,500
RRLP Commitment Fee	\$40,000	\$0	\$34,398	
Reserves & Escrows Required by Syndicator	\$0	\$300,000	\$0	
Total Financial Costs	\$1,167,430	\$1,242,905	\$929,303	\$344,071

Notes to the Financial Costs:

1. Included in the construction loan interest costs are pre-development loan interest costs and capitalized interest costs.
2. The RRLP commitment fee is 1% of the RRLP Base loan amount.
3. The Underwriter has included the debt service reserves in the developer fee section of the report.

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

Notes to the Non-Land Acquisition Costs:

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

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Development Cost Before Developer Fee and Land	\$21,861,453	\$22,119,546	\$21,802,944	\$2,206,446
Developer Fee	\$3,495,646	\$3,468,055	\$3,124,471	
Other - Operating Deficit Reserves	\$0	\$0	\$300,000	\$300,000
Total Developers Fee	\$3,495,646	\$3,468,055	\$3,424,471	\$300,000

Notes to the Other Development Costs:

1. The recommended Total Developer's Fee of \$3,424,471 is equal to or less than 16% of the total development cost before developer fee, retail space (\$400,000), land costs and includes an adjustment of \$300,000 of Syndicator required operating deficit reserves.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Acquisition Costs				
Land	\$2,725,000	\$2,749,000	\$2,749,000	\$2,749,000
Total Acquisition Costs	\$2,725,000	\$2,749,000	\$2,749,000	\$2,749,000

Notes to Acquisition Costs:

1. The subject property is currently owned by the Applicant, who purchased the site on January 31, 2007 for the contract price of \$2,749,000, which includes \$24,000 of contract extension fees, from 665 Investment, Inc. This was an arms length transaction. The appraised "as is" value of the property is \$2,760,000 supporting the purchase price.

	Applicant Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Total Development Costs	\$28,082,099	\$28,336,601	\$27,976,415	\$5,255,446

Notes to Development Costs:

The total development costs are \$27,976,415 or \$304,091 per unit.

OPERATING PROFORMA – Friendship Tower

DESCRIPTION	Annual	Per Unit
Revenue		
Gross Potential Rental Revenue	\$616,428	\$6,700
Other Income		
Washer/Dryer Rentals	\$23,184	\$252
Ancillary Income	\$16,560	\$180
Gross Potential Income	\$656,172	\$7,132
Less:		
Vacancy Loss & Collection Loss @ 5.00%	\$32,809	\$357
Total Effective Gross Revenue	\$623,363	\$6,776
Expenses		
Fixed:		
Real Estate Taxes	\$54,648	\$594
Insurance	\$75,900	\$825
Variable:		
Management @ 5.00%	\$31,168	\$339
General and Administrative	\$32,200	\$350
Payroll Expenses	\$100,000	\$1,087
Utilities	\$90,000	\$978
Marketing and Advertising	\$29,900	\$325
Maintenance and Repairs	\$27,600	\$300
Grounds Maintenance and Contract Services	\$46,000	\$500
Reserve for Replacements	\$27,600	\$300
Total Expenses	\$515,016	\$5,598
Net Operating Income	\$108,347	\$1,178
Debt Service Payments		
First Mortgage - Citicorp	\$44,026	\$479
Second Mortgage -RRLP plus Fees	\$36,643	\$398
Total Debt Service Payments	\$80,668	\$877
Operating Income After Debt Service - Before Tax	\$27,679	\$301
Cash Flow		

Debt Service Coverage Ratios	
Debt Service Coverage - First Mortgage	2.46
Debt Service Coverage - First and Second plus Fees	1.34

Financial Ratios	
Operating Expense Ratio	83%
Break-Even Ratio	91%

Notes to the Operating Pro Forma and Ratios:

1. Gross Potential Rental Revenue is based upon the FHFC 2007 restricted rents less utility allowance as required by the HC Program, which are supported by the Market Study, and Appraisal. Note that the Applicant is requesting RRLP funds, which are rent restricted. Below is the rent roll for the subject property:

Miami-Miami Beach-Kendall HMFA (Miami-Dade County)

Bed-rooms	Baths	No. of Units	Net Unit Size (SF)	Median Income %	Max. Gross HC Rents	Utility Allowance	Max Net HC Rents	Underwriter Rents	Annual Rents
1	1	14	556	33%	\$366	\$75	\$291	\$291	\$48,888
1	1	40	556	60%	\$666	\$75	\$591	\$591	\$283,680
2	2	9	768	33%	\$440	\$93	\$347	\$347	\$37,476
2	2	29	768	60%	\$801	\$93	\$708	\$708	\$246,384
Totals		92	59,208						\$616,428

2. The vacancy and collection loss rate of 5% is based on the Appraiser's estimate.
3. Washer/Dryer Income is estimated at \$23,184 annually based upon a tenant participation rate of 60%. Ancillary Income is comprised of vending income, late charges, pet deposits, forfeited security deposits, etc. Ancillary Income is estimated at \$16,560 annually based upon 2.7% of potential gross rental income. The appraisal supports these other income estimates.
4. Based upon operating data from comparable properties, third-party reports (Appraisal and Market Study) and the Credit Underwriter's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.
5. The Applicant has submitted a Management Agreement, dated August 16, 2007, which reflects a management fee of 5% of actual receipts and contains the appropriate verbiage regarding compliance with tenant income and rent restrictions.
6. Replacement Reserves of \$300 per unit per year are recommended by the Credit Underwriter, which meets the minimum Rule requirement.
7. Refer to Exhibit I, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 3%, and expenses increasing at an annual rate of 4%.

Section B

**Rental Recovery Loan Program Conditions & HC Allocation
Recommendation**

Special Conditions

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

1. Per Rule, the Applicant may elect to have the RRLP loan underwritten without a minimum DSC ratio. If the Debt Service Coverage ratio including RRLP and all superior mortgages is less than 1.0:1, the Rule requires at least 30% of Total Developer Fee must be deferred for permanent financing.
2. Consultech will act as Florida Housing's inspector during the construction period.
3. Satisfactory receipt of an order granting a variance to the Rule requiring Berber-type carpet.

General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least two weeks prior to real estate loan closing.** Failure to submit and 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 final plan and cost review which will be prepared by Consultech.
2. Signed and sealed survey, dated within 90 days of RRLP loan 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. Building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, 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), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
4. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geo-technical report must be bound within the final plans and specs.
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 loan interest based upon the final draw schedule, documentation of the closing costs, and draft loan

closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.

6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. RRLP loan proceeds shall be disbursed on a pro rata basis during the construction phase in an amount per Draw which does not exceed the ratio of the RRLP loan to the Total Development Cost, net of deferred developer fees, unless otherwise approved by the Credit Underwriter. The closing draw must include appropriate backup and ACH wiring instructions.
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, with coverages, deductibles and amounts satisfactory to Florida Housing.
8. If the development is not 100% lien-free completed, a 100% Payment and Performance Bond 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 GC 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. FHFC, and/or legal counsel must approve the source, amount(s) and all terms of the P&P bonds, or LOC. If the LOC option is utilized, the LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.
9. Architect, Construction Consultant, and Developer Certifications on forms provided by FHFC will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.
10. The developer is only allowed to draw a maximum of 50% of the total developer fee (if available) during construction, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" will be funded at closing. The remainder of the "developer's overhead" will be disbursed during construction on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and the Servicer. The remaining unpaid developer fee shall be considered attributable to "developer's profit", and may not be funded until the development has achieved 100% lien free completion, and retainage has been released.

This recommendation is contingent upon the review and approval by Florida Housing, and its Legal Counsel **at least two weeks prior to a requested date for funding**. Failure to receive approval of these items within this time frame may result in postponement of the loan closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/managers(s) of the Borrower, the guarantors, and any limited partners of the Borrower.
2. Award of Housing Credits ("HC") and purchase of HC by Wachovia Affordable Housing Community Development Corporation or assigns under terms consistent with the assumptions of this report.

3. 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.
4. 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 is to comply with any and all recommendations noted in the updated Environmental Audit Report(s) and all other environmental reports related to the party, as deemed appropriate by Florida Housing in its sole discretion.
5. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan(s) naming FHFC as the insured. All endorsements required by FHFC shall be provided.
6. 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 Loan(s) have been satisfied.
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 coverage, deductibles and amounts satisfactory to Florida Housing.
8. 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 or limited liability company that is the general partner or member 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(s) documents;
 - c. The Loan(s) 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(s) 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.

9. Evidence of compliance with local concurrency laws, if applicable.
10. 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(s).
11. UCC Searches for the Borrower, its members, as requested by counsel.
12. Any other reasonable conditions established by Florida Housing and its legal counsel.

Additional Conditions

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

1. Compliance with all provisions of Chapter 2006-69, L.O.F., Chapter 420, Rule Chapter 67ER06-25 through 06-41, F.A.C. (RRLP Program Loan) and all other applicable statutes and rules.
2. Acceptance by the Borrower and execution of all documents evidencing and securing the Loan(s) in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), and the Land Use Restriction Agreement(s) and/or Extended Land Use Agreement(s).
3. RRLP Program Loan - 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. A copy of an Amended and Restated Limited Partnership or Member Agreement reflecting purchase of the Low Income Tax Credits ("HCs") by the Syndicator, or an affiliate under terms consistent with the assumptions contained within this credit underwriting report.
5. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and Wachovia Affordable Housing Community Development Corporation, or affiliate, that requires funding of all HC Equity Installments during construction, even if the Borrower is in default under the Limited Partnership or Member Agreement.

6. The limited partnership or member agreement from Wachovia Affordable Housing Community Development Corporation, or affiliate shall be in a form and of financial substance satisfactory to FHFC, its Counsel and its Servicer.
7. Guarantors to provide the standard FHFC Construction Completion Guarantee, to be released upon lien-free completion, as approved by the Servicer.
8. RRLP Program Loan - Guarantors to provide the standard FHFC Operating Deficit Guarantee to be released upon achievement for six consecutive months, of 1.00 debt service coverage on the combined debt service of the First Mortgage and RRLP loans.
9. Guarantors to provide the Standard FHFC Environmental Indemnity.
10. Guarantors to provide Standard FHFC Guarantee of Recourse Obligations.
11. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the Loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel. The form of the title policy must be approved prior to closing.
12. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgage Lender, Trustee, or the Servicer. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release of funds shall be at Florida Housing's sole discretion.
13. Replacement Reserves in the amount of \$300 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. The Applicant has the option to prepay Replacement Reserves, as allowed per Rule 67-048.0072 (12), in the amount of one-half the required Replacement Reserves for Years 1 and 2, in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s), 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 \$300 per unit per year for Years 1 and 2, followed by \$300 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.
14. Closing of the first mortgage loan simultaneous with or prior to closing of the RRLP Loan.
15. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The GC contract indicates a 10% retainage holdback through 50% completion then 0% retainage thereafter, which satisfies the minimum requirement.
16. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or the Servicer, if applicable.

17. Any other reasonable requirements of FHFC, its legal counsel or the servicer.
18. Satisfactory resolution of any outstanding past due or non compliance issues.

Housing Credit Allocation Recommendation

First Housing Development Corporation has estimated a preliminary annual HC allocation of \$2,425,009. Please see the HC Allocation Calculation in Exhibit 2 of this report for further details.

Contingencies

The HC allocation will be contingent upon the receipt and satisfactory review of the following items by First Housing and Florida Housing by the deadline established in the Preliminary Determination. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. Closing of the First Mortgage and RRLP Loans consistent with the assumptions of this Credit Underwriting Report.
2. Building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.).
3. Final (signed and sealed) Site Plans and Building Permits and Specifications. The Geotechnical Report shall be bound within the final Plans and Specifications.
4. Purchase of the HC's by Wachovia Affordable Housing Community Development Corporation or its assigns, under terms consistent with assumptions of this report.
5. Any other reasonable requirements of Florida Housing, and the lender.

FRIENDSHIP TOWER 15-YEAR PRO FORMA

DESCRIPTION	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
Income															
Gross Potential Rental Revenue	\$616,428	\$634,921	\$653,968	\$673,588	\$693,795	\$714,609	\$736,047	\$758,129	\$780,873	\$804,299	\$828,428	\$853,281	\$878,879	\$905,245	\$932,403
Other Income															
Washer/Dryer Rentals	\$23,184	\$23,880	\$24,596	\$25,334	\$26,094	\$26,877	\$27,683	\$28,513	\$29,369	\$30,250	\$31,157	\$32,092	\$33,055	\$34,046	\$35,068
Ancillary Income	\$16,560	\$17,057	\$17,569	\$18,096	\$18,638	\$19,198	\$19,774	\$20,367	\$20,978	\$21,607	\$22,255	\$22,923	\$23,611	\$24,319	\$25,048
Gross Potential Income	\$656,172	\$675,857	\$696,133	\$717,017	\$738,527	\$760,683	\$783,504	\$807,009	\$831,219	\$856,156	\$881,840	\$908,296	\$935,544	\$963,611	\$992,519
Less:															
Vacancy & Collection Loss @ 5%	\$32,809	\$33,793	\$34,807	\$35,851	\$36,926	\$38,034	\$39,175	\$40,350	\$41,561	\$42,808	\$44,092	\$45,415	\$46,777	\$48,181	\$49,626
Total Effective Gross Income	\$623,363	\$642,064	\$661,326	\$681,166	\$701,601	\$722,649	\$744,328	\$766,658	\$789,658	\$813,348	\$837,748	\$862,881	\$888,767	\$915,430	\$942,893
Expenses															
Fixed:															
Real Estate Taxes	\$54,648	\$56,834	\$59,107	\$61,472	\$63,930	\$66,488	\$69,147	\$71,913	\$74,790	\$77,781	\$80,892	\$84,128	\$87,493	\$90,993	\$94,633
Insurance	\$75,900	\$78,936	\$82,093	\$85,377	\$88,792	\$92,344	\$96,038	\$99,879	\$103,874	\$108,029	\$112,351	\$116,845	\$121,518	\$126,379	\$131,434
Variable:															
Management @ 5%	\$31,168	\$32,103	\$33,066	\$34,058	\$35,080	\$36,132	\$37,216	\$38,333	\$39,483	\$40,667	\$41,887	\$43,144	\$44,438	\$45,772	\$47,145
General and Administrative	\$32,200	\$33,488	\$34,828	\$36,221	\$37,669	\$39,176	\$40,743	\$42,373	\$44,068	\$45,831	\$47,664	\$49,570	\$51,553	\$53,615	\$55,760
Payroll Expenses	\$100,000	\$104,000	\$108,160	\$112,486	\$116,986	\$121,665	\$126,532	\$131,593	\$136,857	\$142,331	\$148,024	\$153,945	\$160,103	\$166,507	\$173,168
Utilities	\$90,000	\$93,600	\$97,344	\$101,238	\$105,287	\$109,499	\$113,879	\$118,434	\$123,171	\$128,098	\$133,222	\$138,551	\$144,093	\$149,857	\$155,851
Marketing and Advertising	\$29,900	\$31,096	\$32,340	\$33,633	\$34,979	\$36,378	\$37,833	\$39,346	\$40,920	\$42,557	\$44,259	\$46,030	\$47,871	\$49,786	\$51,777
Maintenance and Repairs	\$27,600	\$28,704	\$29,852	\$31,046	\$32,288	\$33,580	\$34,923	\$36,320	\$37,773	\$39,283	\$40,855	\$42,489	\$44,188	\$45,956	\$47,794
Grounds Maintenance and Contract Services	\$46,000	\$47,840	\$49,754	\$51,744	\$53,813	\$55,966	\$58,205	\$60,533	\$62,954	\$65,472	\$68,091	\$70,815	\$73,647	\$76,593	\$79,657
Reserve for Replacements	\$27,600	\$27,600	\$27,600	\$27,600	\$27,600	\$27,600	\$28,428	\$29,281	\$30,159	\$31,064	\$31,996	\$32,956	\$33,945	\$34,963	\$36,012
Total Expenses	\$515,016	\$534,201	\$554,144	\$574,875	\$596,426	\$618,828	\$642,944	\$668,005	\$694,049	\$721,115	\$749,242	\$778,473	\$808,851	\$840,421	\$873,230
Net Operating Income	\$108,347	\$107,863	\$107,182	\$106,291	\$105,175	\$103,821	\$101,385	\$98,653	\$95,609	\$92,233	\$88,506	\$84,408	\$79,917	\$75,009	\$69,663
Debt Service Payments															
First Mortgage	\$44,026	\$44,026	\$44,026	\$44,026	\$44,026	\$44,026	\$44,026	\$44,026	\$44,026	\$44,026	\$44,026	\$44,026	\$44,026	\$44,026	\$44,026
Second Mortgage - RRLP Loan & Fees	\$36,643	\$36,643	\$36,643	\$36,643	\$36,643	\$36,643	\$36,643	\$36,643	\$36,643	\$36,643	\$36,643	\$36,643	\$36,643	\$36,643	\$36,643
Total Debt Service Payments	\$80,668	\$80,668	\$80,668	\$80,668	\$80,668	\$80,668	\$80,668	\$80,668	\$80,668	\$80,668	\$80,668	\$80,668	\$80,668	\$101,385	\$101,385
Operating Income After Debt Service - Before Tax Cash Flow	\$27,679	\$27,195	\$26,514	\$25,622	\$24,507	\$23,153	\$20,716	\$17,985	\$14,941	\$11,565	\$7,838	\$3,740	(\$752)	(\$26,376)	(\$31,723)
Debt Service Coverage Ratios															
DSC - First Only	2.46	2.45	2.43	2.41	2.39	2.36	2.30	2.24	2.17	2.09	2.01	1.92	1.82	1.70	1.58
DSC - First and RRLP	1.34	1.34	1.33	1.32	1.30	1.29	1.26	1.22	1.19	1.14	1.10	1.05	0.99	0.93	0.86
Financial Ratios															
Operating Expense Ratio	83%	83%	84%	84%	85%	86%	86%	87%	88%	89%	89%	90%	91%	92%	93%
Break-Even Ratio	91%	91%	91%	91%	92%	92%	92%	93%	93%	94%	94%	95%	95%	98%	98%

HC Allocation Calculation

Section I: Qualified Basis Calculation

Total Development Cost (including land and ineligible costs)	\$27,976,415
Less Land Costs	\$2,749,000
Less Other Ineligible Costs	\$2,506,446
Total Eligible Basis	\$22,720,969
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	130%
Qualified Basis	\$29,537,260
Housing Credit Percentage (Federal allocation)	8.21%
Annual Housing Credit Allocation	\$2,425,009

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 and 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 is assumed to be located in a Difficult Development Area ("DDA") and/or Qualified Census Tract ("QCT"); therefore the 130% basis credit was applied.
4. The Applicant locked-in the Housing Credit Percentage at 8.21% in the Carryover Agreement dated August 1, 2007.

Section II: GAP Calculation

Total Development Cost (including land and ineligible costs)	\$27,976,415
Less Mortgages	\$5,524,814
Equity Gap	\$22,451,601
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.9200
HC Required to meet Equity Gap	\$24,406,355
Annual HC Required	\$2,440,635

Notes to the Gap Calculation:

Section III: Summary

HC Per Applicant's Request	\$2,435,000
HC Per Qualified Basis	\$2,425,009
HC Per GAP Calculation	\$2,440,635
Preliminary Annual HC Recommended	\$2,425,009

Notes to the Recommendation:

1. The preliminary annual HC recommendation is limited by the Qualified Basis Calculation.

FRIENDSHIP TOWER (2006-330CHR/2007-013C)

Miami-Dade County

Description of Features and Amenities

A. The Development will consist of:

92 High-Rise Apartment units located in 1 residential building.

Unit Mix:

Fifty-four (54) one bedroom/one bath units containing a minimum of 556 sq. ft of heated and cooled living area

Thirty-eight (38) two bedroom/two bath units containing a minimum of 768 sq. ft of heated and cooled living area

92 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 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.

B. Each unit will be fully equipped with the following:

1. Air conditioning in all units (window units are not allowed; however, through-wall units are permissible for rehabilitation).
2. Window treatments for each window inside each unit.
3. Termite prevention and pest control throughout the entire affordability period.
4. Peephole on all exterior doors.
5. Exterior lighting in open and common areas.
6. Cable or satellite TV hook-up in all units.
7. Range, oven and refrigerator in all units.
8. At least two full bathrooms in all 3 bedroom or larger new construction units.
9. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units.

C. Elderly requirements.

The following will be provided in all units:

FRIENDSHIP TOWER (2006-330CHR/2007-013C)

Miami-Dade County

Description of Features and Amenities

1. Thermostat placed at 48" maximum height.
2. Tight-napped Berber-type carpet.
3. 36" entrances on all exterior doors.
4. All wall electrical outlets placed between 18" and 48" above the floor.
5. Scald control valves on all bathtub and shower faucets.
6. Peephole at 4' 10" on all exterior doors.
7. Toggle type switches for each light and each fan throughout the unit.
8. Adjustable shelving in master bedroom closets.
9. Lever action handles on all doors in units and public areas.
10. Horizontal grab bars around shower per ANSI requirements.
11. Horizontal grab bars around toilet per ANSI requirements.
12. A minimum of one elevator per residential building must be provided for all new construction Developments that consist of more than one story if any of the Elderly set-aside units will be located on a floor higher than the first floor.

The following will be provided in at least fifteen percent (15%) of all new construction units and at least ten percent (10%) of all rehabilitation units:

13. Roll-in showers (1/3 of the 15% new construction requirement or 1/2 of the 10% rehabilitation requirement may be met with walk-in type shower stalls with permanently affixed seat).

D. The Applicant has committed to provide the following features in each new construction unit:

1. Ceramic tile bathroom floors in all units
2. Marble window sills in all units
3. Steel exterior entry door frames for all units
4. Pantry in kitchen area in all units – must be no less than 20 cubic feet of storage space. Pantry cannot be just an under- or over-the-counter cabinet
5. Dishwasher in all new construction units

E. The Applicant has committed to the following amenities in the Development:

FRIENDSHIP TOWER (2006-330CHR/2007-013C)

Miami-Dade County

Description of Features and Amenities

1. Gated community with "carded" entry or security guard, or if 2 or more stories, "carded" secure entry to building
 2. Exercise room with appropriate equipment
 3. Community center or clubhouse
 4. Outside recreation facility: putting green
 5. Library consisting of a minimum of 100 books and 5 current magazine subscriptions
 6. Computer lab on-site with minimum one computer per 50 units, with basic word processing, spreadsheets and assorted educational and entertainment software programs and at least one printer
 7. Laundry hook-ups and space for full-size washer and dryer inside each unit
 8. Laundry facilities with full-size washers and dryers available in at least one common area on site
- F.** The Applicant has committed to provide the following energy conservation features for all buildings in the Development:
1. Air conditioning with SEER rating of 13 or better
 2. Electric water heater with energy factor of .91 or better
 3. Wall insulation of R-7 or better for masonry/concrete block construction
 4. All windows single-pane with shading coefficient of .67 or better
 5. Ceiling fans in all bedrooms and living area in each unit
- G.** The Applicant has committed to provide the following Resident Programs:
- Required Resident Programs:
1. Homeownership Opportunity Program - Financial Assistance with Purchase of a Home: Applicant commits to provide a financial incentive for the purchase of a home which includes the following provisions:
 - the incentive must be applicable to the home selected by the resident and may not be restricted to or enhanced by the purchase of homes in which the Applicant, Developer, or other related party has an interest;
 - the incentive must not be less than five percent (5%) of the rent for the resident's unit during the resident's entire occupancy (Note: Resident will receive the incentive for all months for which the resident is in compliance with the terms and conditions of the lease. Damages to the unit in excess of the security deposit will be deducted from the incentive.);
 - the benefit must be in the form of a gift or grant and may not be a loan of any nature;

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- the benefits of the incentive must accrue from the beginning of occupancy;
 - the vesting period can be no longer than 2 years of continuous residency; and
 - no fee, deposit or any other such charge can be levied against the resident as a condition of participation in this program.
2. First Time Homebuyer Seminars – Applicant or its Management Agent must arrange for and provide, at no cost to the resident, in conjunction with local realtors or lending institutions, semiannual on-site seminars for residents interested in becoming homeowners.
 3. Financial Counseling – This service must be provided by the Applicant 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.”

Resident Programs selected by Applicant:

4. Daily Activities – The Applicant or its Management Agent must provide on-site supervised, structured activities, at no cost to the resident, at least five days per week.
5. Manager On-Call 24 Hours Per Day – Applicant must provide management personnel on the Development’s premises at all times who will be available and accessible to the residents 24 hours per day, seven days per week, at no cost to the resident.
6. Resident Activities – These specified activities are planned, arranged, provided and paid for by the Applicant or its Management Agent. These activities must be an integral part of the management plan. The Applicant 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 8 hours per year, provided on site at no cost to residents.
8. Resident Assistance Referral Program - The Applicant 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 to the resident.

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9. Life Safety Training - The Applicant or its Management Agent must provide courses such as fire safety, first aid (including CPR), etc., on-site, at least twice each year, at no cost to the resident.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT

NAME: FRIENDSHIP TOWER

DATE: OCTOBER 11, 2007

In accordance with the applicable Program Rule(s), the applicant is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by the Florida Housing Finance Corporation ("FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the applicant that the transaction can close within the allowed time frame. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

FINAL REVIEW	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.	

COMPLETENESS AND ISSUES CHECKLIST

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.	

8/14/03

NOTES AND DEVELOPER RESPONSES:

Notes:

Applicant's Response: