

Florida Housing Finance Corporation

Credit Underwriting Report

Biscayne Court

Supplemental Loan and Housing Credits Programs

2007-081C

2007 Supplemental Loan

Section A Report Summary

Section B Housing Credit Allocation Recommendation and Contingencies

Section C Supporting Information and Schedules

Prepared by

Seltzer Management Group, Inc.

Final Report

October 17, 2008

SMG

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Section A
Report Summary

October 17, 2008

Recommendation

Seltzer Management Group, Inc. ("Seltzer" or "SMG") recommends:

1. A Supplemental Program Loan in the amount of \$510,000 be awarded to Georgia Apartments, LLC ("Applicant" or "Borrower"), by Florida Housing Finance Corporation ("Florida Housing" or "FHFC") for Construction/Permanent Financing of the Subject Development.
2. An annual Federal Low Income Housing Tax Credit ("HC") allocation in the amount of \$1,566,967 be awarded to Biscayne Court Apartments based upon Applicant Request.

DEVELOPMENT & SET-ASIDES				
Location	5211 NW 17th Avenue, Miami, Miami-Dade County, Florida 33142			
Number of Units/Unit Mix				
	Bed-rooms	Baths	No. of Units	Unit Size (SF)
	1	1	8	557
	1	1	8	580
	1	1	44	585
	Totals		60	34,836
Demographic Commitment	Elderly			
Set-Asides	HC – 20% of the units (12 units) designated as Extremely Low Income ("ELI") units at or below 33% of Area Median Income ("AMI") and 80% (remaining units) at or below 60% of AMI. Supplemental – 10% (6 ELI units) at or below 33% of AMI			
Set-Aside Term	HC – 50 Years Supplemental Loan – 15 years Note: ELI Set-Asides above the 10% Threshold Minimum Requirement may then convert to serve families at or below 60% AMI for the remaining 35 years of the 50-year period.			
County Size	Large (E)			
Development Category	New Construction			
Development Type	High-Rise			
Occupancy Rate	N/A			

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**

Parking	The Subject Development will have ground level parking and a Parking Garage on the second and third floors. There will be a total of 76 parking spaces of which 4 will be handicap spaces. In addition there will be 2 loading berths on the ground level.
Improvements	The Subject Development will consist of 60 Residential Units in a 7-story High-Rise. Residential Units will be located on the Ground Floor and Floors 4-7. Offices, a Community Room, a Coin Laundry, an Exercise Room, a Library/Computer Lab and a retail storefront will also be located on the Ground Floor. The Subject Development will have 2 elevators.
Site Acreage	0.4530 acres per an August 30, 2007, ALTA/ACSM Land Title Survey by Sun-Tech Engineering, Inc., ("Sun-Tech"), Fort Lauderdale, Florida 33311.
Density	132.45 units per acre
Zoning	C-2 – 60 Residential Units permitted per a Local Government Zoning and Land Use Verification signed May 23, 2007, by Lourdes Slazyk, Zoning Administrator for the City of Miami.
Flood Zone Designation	Flood Zone "X" per the Sun-Tech Survey; Flood Insurance is not required.
DEVELOPMENT TEAM	
Applicant/Borrower	Georgia Apartments, LLC
Managing Member	Biscayne Housing Group, LLC ("Biscayne Housing"), at a 0.01% ownership interest.
Investor Member/Syndicator	The current 99.99% Investor Member is Michael C. Cox and/or assigns. Enterprise Community Investment, Inc. ("Enterprise"), Columbia Maryland, or its designee, will be the Syndicator of the HC, acquiring a 99.99% Investor Member Interest upon closing.
Guarantors	Georgia Apartments, LLC, and Biscayne Housing plus Michael C. Cox and Gonzalo DeRamon, individually
Developer	Biscayne Court Development, LLC ("Biscayne Development"), Miami, Florida
General Contractor	Design Management & Builders Corporation ("Design Builders"), Miami, Florida
Management Company	Royal American Management, Inc. ("Royal American"), Panama City, Florida
First Mortgage Lender	Neighborhood Lending Partners, Inc. ("NLP"), Tampa, Florida
FINANCING INFORMATION	
FHFC Programs	Supplemental Loan and HC Programs
First Mortgage Loan Amount	\$3,450,000 (Construction Loan only)
Underwritten Interest Rate	6.250%
Term/Amortization	2 / n/a

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT

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Second Mortgage Loan Amount	\$2,100,000 Mid-Cycle 2008 Surtax Loan from Miami-Dade County Note: The Surtax Loan is not funded until Permanent Loan Conversion and moves to First Lien Position at that time
Underwritten Interest Rate	0.000%
Term/Amortization	30 / n/a
Third Mortgage Loan Amount	\$510,000 Supplemental Loan from FHFC Note: The Supplemental Loan moves to Second Lien Position at Permanent Loan Conversion
Underwritten Interest Rate	0.000%
Term/Amortization	15 / n/a Note: Principal is forgivable at maturity provided the units for which it is awarded are targeted to ELI Households for at least 15 years
Market Rents/Market Financing Appraised Value	\$4,400,000
Market Rents/Market Financing Loan to Value ("LTV") -- First Mortgage	78.41% Construction/Stabilization Phase (NLP Loan) 47.73% Permanent/Amortization Period (Surtax Loan)
Market Rents/Market Financing LTV – All Debt	90.00% Construction/Stabilization Phase (NLP and FHFC Supplemental Loans) 59.32% Permanent/Amortization Period (Surtax and FHFC Supplemental Loans)
Restricted Rents/Market Financing Appraised Value	\$2,765,000
Restricted Rents/Market Financing LTV First Mortgage	124.77% Construction/Stabilization Phase (NLP Loan) 75.95% Permanent/Amortization Period (Surtax Loan)
Restricted Rents/Market Financing LTV – All Debt	143.22% Construction/Stabilization Phase (NLP and FHFC Supplemental Loans) 94.39% Permanent/Amortization Period (Surtax and FHFC Supplemental Loans)
Projected Net Operating Income	\$65,787
Debt Service Coverage ("DSC") – First Mortgage	n/a
DSC – All Debt	n/a
Total Cost per Unit	\$268,624
FHFC Assistance Per Unit	\$8,500 Supplemental Loan Only
HC Annual Allocation Per Unit	\$26,116
Syndication Price	\$0.840

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG****Construction / Permanent Sources:**

Source	Lender	Construction	Permanent	Permanent Loan/Unit
First Mortgage Loan	NLP	\$3,450,000	\$0	\$0
Mid-Cycle 2008 Surtax Loan	Miami-Dade County	\$0	\$2,100,000	\$35,000
Supplemental Loan	FHFC	\$510,000	\$510,000	\$8,500
Housing Credits	Enterprise	\$10,528,800	\$13,161,000	\$219,350
Deferred Developer Fees	Biscayne Development	\$1,628,637	\$346,437	\$5,774
Total		\$16,117,437	\$16,117,437	\$268,624

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	X	
Are all funding sources the same as shown in the Application?		1
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?		2
Does the Applicant have site control at or above the level indicated in the Application?	X	
Does the Applicant have adequate zoning as indicated in the Application?	X	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development Costs remained equal to or less than those listed in the Application?	3	
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	N/A	

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**

Is the Development in all other material respects the same as presented in the Application?		4
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(Revised 8/14/03)

The following are explanations of each item numbered in the table above.

1. Changes in Funding Sources from the Subject Application are:

- a. First Mortgage – NLP will be the First Mortgage Lender, however it will provide a \$3,450,000 Construction Loan only. It had previously committed to a Construction Loan of \$4,000,000 and a Permanent Loan up to a maximum of \$500,000.
- b. Second Mortgage Surtax Loan – Applicant reflected in its FHFC Application a \$300,000 Year 2007 Surtax Loan from Miami-Dade County as a Source of Funds. Per an August 1, 2008, Award/Allocation Letter from Carlos Alvarez, Mayor of Miami-Dade County, Applicant will receive a Mid-Cycle 2008 Surtax Loan in the amount of \$2,100,000. Applicant states the \$2,100,000 Surtax Loan takes the place of the \$300,000 Year 2007 Surtax Loan. Applicant expects the \$2,100,000 Surtax Loan to be funded following Construction Completion; Seltzer's Credit Underwriting reflects Applicant's expectation as to timing.

2. Features/Amenities Changes:

- a. Biscayne Development received approval from FHFC on July 30, 2008, to substitute ceramic tile bathroom floors for all Biscayne Court units in place of at least 1.5 bathrooms in all two-bedroom new construction units.
- b. Biscayne Development received approval from FHFC on August 20, 2008, to substitute "Energy Star" certified refrigerators and dishwashers for all Biscayne Court units in place of insulation of R-19 with a radiant barrier for the top floor.
- c. Applicant is changing its Demographic Commitment from Family to Elderly, necessitating a new set of Construction Features/Amenities. Seltzer's recommendations are contingent upon receipt and satisfactory review prior to Supplemental Loan Closing of an updated Pre-Construction Analysis ("PCA") from Consultech & Associates, Inc. ("Consultech"), Tampa, Florida, that verifies the presence of the Elderly Features/Amenities requirements in the Architectural Plans and Specifications.

3. Development Costs:

Total Development Costs decreased \$610,655 (3.65%), from \$16,728,092 in the FHFC Application to \$16,117,437. A reduction in Construction Hard Costs is the principal change.

4. Other Changes from the Supplemental Loan Application:

- a. Biscayne Development received FHFC Staff approval of its October 16, 2008, request for a change to Biscayne Court's Demographic Commitment, from Family to Elderly. Applicant's basis for the change is a request from Enterprise, Syndicator of the HC, and a perceived desire by the neighborhood that is largely comprised of Senior Citizens. The change to an Elderly Demographic requires the addition of a new set of

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**

Construction Features/Amenities (see Exhibit 2 to this Credit Underwriting Report). Seltzer's recommendations are contingent upon FHFC Board approval for a change in Biscayne Court's Demographic Commitment to Elderly.

- b. Biscayne Development received approval from FHFC on December 17, 2007, for a change in Unit Mix for Biscayne Court, from 58 one-bedroom/one-bath and 2 two-bedroom/two-bath units to 60 one-bedroom/one-bath units.

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

According to Florida Housing's Past Due Report as of September 16, 2008, Biscayne Development has no Past Due items.

According to the FHFC Asset Management Non-Compliance Report of September 12, 2008, Biscayne Development has no violations.

Seltzer's recommendation is subject to satisfactory resolution (as determined by FHFC) of any outstanding Past Due or Non-Compliance Issues. Failure to correct such deficiencies could reflect poorly on the Development Team's past performance, which may cause the recommended HC to be in jeopardy.

Strengths:

1. Novogradac and Company, LLP ("Novo"), Austin Texas, states in its November 5, 2007, Market Conditions and Project Evaluation Summary the Development Site is located in a commercial area of Northwest Miami with little available land for development. Population growth within Miami is greater than that of the nation as a whole.

The focus of Novo's Market Study is on the Elderly Market. Novo states approximately 52.27% of Senior Households are renter households of 1 to 2 persons, with the high percentage being a good indicator of demand for the Subject. Year 2007 Median Household Income and Senior Median Income within the PMA trail far behind that of the Miami MSA and the nation. The income gap within the PMA is expected to widen in the foreseeable future, indicating to Novo a strong and growing need for Affordable Housing in the PMA to serve that market.

With approximately 62% of the Housing Stock in the PMA constructed between 1950 and 1979 and only 15% being constructed since 1980, the Subject will have a decided market advantage in terms of age/condition. Multifamily residential construction has dominated in Miami, generally, since 2000 due to high costs and the lack of available land. Novo states Multifamily (5 or more units) similar to the proposed Subject represents 94.3% of new residential construction. According to municipal officials, the vast majority of new developments have been for-sale condominiums. The availability of rental housing has been further constricted, since many rental properties have been acquired, renovated and converted to condominiums. The only Elderly Affordable Property currently under construction within the PMA is Amber Gardens (110 units), which is expected to be completed in October 2008. Based upon its analysis of demographics and the competitive

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**

market in the PMA, Novo projects an Absorption Rate of 25 units per month and a minimum Stabilized Occupancy Rate of 95.0% at Maximum Restricted Rents.

2. Biscayne Development has considerable experience developing Affordable Housing for a variety of demographics in Miami-Dade County, and Royal American is an experienced Manager of Affordable Housing.

Other Considerations:

None

Mitigating Factors:

None

Waiver Requests/Special Conditions:

None

Additional Information:

1. DSC is calculated at infinity for the Supplemental Loan following Permanent Loan Conversion since there is no Debt Service required. Infinity exceeds the 1.50 maximum DSC Ratio reflected in FHFC Rule 67-48.0072(11). The Rule provides, however, for extenuating circumstances in the case of a Developer having, "Deep or Short-Term Subsidy". Aside from the \$510,000 Supplemental Loan, debt during the Permanent/Amortization Period consists solely of a \$2,100,000 Mid-Cycle Year 2008 Surtax Loan from Miami-Dade County. Since Debt Service for the Miami-Dade Surtax Loan is not required until Year 18, SMG considers it to be Deep Subsidy and qualifying under the extenuating circumstances exception.
2. Set-Asides related to the Mid-Cycle 2008 Surtax Loan from Miami-Dade County are identical to the HC Set-Asides per an Affordable Housing Funding Agreement executed September 29, 2008.
3. SMG will perform a Subsidy Layering Review ("SLR") for Miami-Dade County following FHFC Board approval of Seltzer's Supplemental Loan and HC recommendations for the Subject Development. The SLR will size the Miami-Dade County Mid-Cycle 2008 Surtax Loan; it may result in a reduction of the \$2,100,000 award/allocation. Seltzer's recommendations are contingent upon there being sufficient funding to complete construction of the Subject Development considering the amount of the Surtax Loan determined by the SLR.
4. Although the Subject Development has a "Family" demographic designation, Biscayne Development considers Miami-Dade County Seniors to be the natural target market for Biscayne Court. This appears reasonable for a Miami-Dade High-Rise Development offering only one-bedroom units.

Issues and Concerns:

None

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**Recommendations:

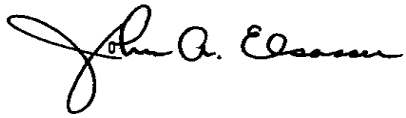
SMG recommends FHFC approve a Supplemental Loan in the amount of \$510,000 for the Construction/Permanent Financing of the Subject Development.

SMG recommends an annual HC Allocation of \$1,566,967 be awarded to the Subject Development based upon Applicant Request.

Seltzer's recommendations are based upon the assumptions detailed in the Report Summary (Section "A") and Supporting Information and Schedules (Section "C"). In addition, Seltzer's recommendation is subject to HC Allocation Contingencies (Section "B"). The reader is cautioned to refer to these sections for complete information.

These recommendations are valid for six months from the date of this Credit Underwriting Report.

Prepared by:



John A. Elsasser
Credit Underwriter

Reviewed by:



Benjamin S. Johnson
President

OVERVIEW

Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
First Mortgage Construction Loan	NLP	\$4,000,000	\$3,450,000	\$3,450,000	6.250%	\$133,148
Mid-Cycle 2008 Surtax Loan	Miami-Dade County	\$300,000	\$0	\$0	0.000%	\$0
Supplemental Loan	FHFC	\$510,000	\$510,000	\$510,000	0.000%	\$0
Housing Credits	Enterprise	\$11,030,400	\$11,881,610	\$10,528,800	n/a	\$0
Deferred Developer Fees	Biscayne Development	\$887,692	\$152,791	\$1,628,637	n/a	\$0
Total		\$16,728,092	\$15,994,401	\$16,117,437		\$133,148

First Mortgage:

First Mortgage Construction Financing will be provided by NLP in the amount of \$3,450,000 per a Firm Commitment dated September 30, 2008. The term of the Construction Financing will be 18 months, extendable to 24 months upon payment of a 0.25% Extension Fee. Interest will be variable, payable monthly during construction at a rate of 2.25% over the London InterBank Offered Rate ("LIBOR"). SMG assumes a Construction/Stabilization Phase of 24 months and NLP's underwriting interest rate of 6.250% for purposes of this Credit Underwriting Report. Construction Debt Service is Seltzer's calculated estimate based upon an average outstanding balance of 57% of the NLP Bank First Mortgage Loan during construction, Capitalized Interest in the Development Budget is inclusive of this amount, but it also takes into account Debt Service during the Stabilization Period

The NLP Bank Construction Loan will be secured by a First Mortgage on Biscayne Court and a First Security Interest in all Personalty of the Subject Development.

Other Construction Sources of Funds:

Additional Sources of Funds for the Subject Development will be a FHFC Supplemental Loan of \$510,000, HC of \$10,528,800 and Deferred Developer Fees of \$1,628,637.

Note: Applicant will sign Miami-Dade County's Mid-Cycle 2008 Second Mortgage Surtax Loan Documents in the amount of \$2,100,000 at or prior to closing of the FHFC Supplemental Loan, however Applicant does not expect it to be funded until Permanent Loan Conversion.

Construction/Stabilization Period:

An August 18, 2008, Construction Contract with Design Builders specifies Construction Completion within 397 days (13 months). Based upon demographic and market analysis, including existing and proposed developments, Novo projects Absorption at 25 units per month and Stabilization at 95.0% Occupancy. Biscayne Court should reach Stabilized Occupancy within 2 months from the commencement of leasing activities. The Subject Development should be fully stabilized at Construction Completion. For purposes of this Credit Underwriting, SMG utilizes a conservative 24-month Construction/Stabilization Phase.

Permanent Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
First Mortgage Loan	NLP	\$500,000	\$0	\$0	n/a	n/a	2	\$0
Mid-Cycle 2008 Surtax Loan	Miami-Dade County	\$300,000	\$2,100,000	\$2,100,000	0.000%	n/a	30	\$0
Supplemental Loan	FHFC	\$510,000	\$510,000	\$510,000	0.000%	n/a	15	\$0
Housing Credits	Enterprise	\$13,788,000	\$13,161,000	\$13,161,000	n/a	n/a	n/a	\$0
Deferred Developer Fees	Biscayne Development	\$1,630,092	\$365,086	\$346,437	n/a	n/a	n/a	\$0
Total		\$16,728,092	\$16,136,086	\$16,117,437				\$0

First Mortgage:

NLP's First Mortgage Construction Loan will be paid off at Permanent Loan Conversion.

Other Permanent Sources of Funds for the Subject Development are:

Miami-Dade County Mid-Cycle 2008 Surtax Loan:

Per an August 1, 2008, letter from Carlos Alvarez, Mayor of Miami-Dade County, Applicant received an award/allocation for a Mid-Cycle 2008 Surtax Loan in the amount of \$2,100,000. Applicant expects the \$2,100,000 Surtax Loan to be funded following Construction Completion; Seltzer's Credit Underwriting reflects Applicant's expectation as to timing. With the pay off of the NLP Loan at Permanent Loan Conversion, Miami-Dade County moves into a First Lien Position. Loan Terms are interest at 0.000% during a 17-year Compliance Period with 2 years for construction, followed by 0.50% during years 18-30. Payments are subject to Available Cash Flow, and any unpaid interest plus principal is due at maturity. The Set-Asides for the Surtax Loan will be identical to the HC Set-Asides per an Affordable Housing Funding Contract with Miami-Dade County executed September 29, 2008.

FHFC Supplemental Loan:

Applicant has applied for a FHFC Supplemental Loan of \$510,000. Originally a Third Mortgage, the Supplemental Loan will move into Second Lien Position with the pay off of the NLP Loan at Permanent Loan Conversion. The Supplemental Loan will have a 15-year term and be non-amortizing, with the principal forgivable at maturity provided the units for which it is awarded are targeted to ELI Households for at least 15 years. It will bear 0.00% simple interest per annum. No fees are required.

Note: DSC is infinity for the Supplemental Loan following Permanent Loan Conversion since there is no Debt Service required. Infinity exceeds the 1.50 maximum DSC Ratio reflected in FHFC Rule 67-48.0072(11). The Rule provides, however, for extenuating circumstances in the case of a Developer having, "Deep or Short-Term Subsidy". Aside from the \$510,000 Supplemental Loan, debt during the Permanent/Amortization Period consists solely of a \$2,100,000 Mid-Cycle Year 2008 Surtax Loan from Miami-Dade County. Since Debt Service for the Miami-Dade Surtax Loan is not required until Year 18, SMG considers it to be Deep Subsidy and qualifying under the extenuating circumstances exception.

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**HC Equity:

Applicant applied to FHFC to receive 9% HC. Per a July 29, 2008, Terms and Conditions (Syndication) Letter countersigned by Applicant, Enterprise will purchase a 99.99% Limited Partnership interest in exchange for \$13,161,000, to be paid as follows:

Capital Contributions	Amount	Percent of Total	When Due
1st Installment	\$2,632,200	20.00%	Admission to Limited Partnership
2nd Installment	\$2,632,200	20.00%	During Construction prior to January 1, 2009
3rd Installment	\$2,632,200	20.00%	During Construction prior to May 1, 2009
4th Installment	\$2,632,200	20.00%	During Construction prior to September 1, 2009
5th Installment	\$1,352,810	10.28%	Later of Substantial Completion, November 1, 2009
6th Installment	\$489,730	3.72%	Later of Cost Certification, December 1, 2009
7th Installment	\$774,660	5.89%	Later of Receipt of Form(s) 8609, Break-Even for 3 mos., 95% Occupancy for 3 mos., May 1, 2010
8th Installment	\$15,000	0.11%	Later of Year 2010 Audit Report and Tax Returns, April 1, 2011
Total	\$13,161,000	100.0%	

Annual Credit per Syndication Agreement: \$1,566,967

Total HC Syndication: \$15,668,103

Calculated HC Exchange Rate: \$0.840

HC Proceeds Available during Construction: \$10,528,800

Syndicated Investor Member Percentage: 99.99%

Deferred Developer Fees:

Applicant must defer Developer Fees in the amount of \$346,437 in order to balance the Sources and Uses of Funds during the Permanent Period after receipt of all Mortgage Loan Proceeds plus HC Equity.

Uses of Funds

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
Actual Construction Costs				
Construction Contract				
Site Work	\$0	\$0	\$774,291	\$0
Off-Site	\$0	\$200,000	\$200,000	\$200,000
New Rental Units	\$8,875,200	\$8,064,000	\$7,597,538	\$80,640
Building Permits	\$0	\$0	\$0	\$0
Payment and Performance Bond	\$0	\$0	\$92,136	\$0
Recreational Amenities	\$412,504	\$378,664	\$0	\$0
Contingency	\$0	\$0	\$0	\$0
Contractor's Fee (Not to Exceed 14%)	\$1,300,279	\$1,181,973	\$1,160,672	\$0
Total Construction Contract	\$10,587,983	\$9,824,637	\$9,824,637	\$280,640
Hard Cost Contingency	\$399,384	\$481,232	\$481,232	\$0
Total Actual Construction Costs	\$10,987,367	\$10,305,869	\$10,305,869	\$280,640

Notes to the Actual Construction Costs:

- Applicant provided SMG a copy of an executed August 18, 2008, Owner/Contractor Agreement with Design Builders. The Construction Contract in the amount of \$9,824,637 specifies Substantial Completion within 397 days (approximately 13 months). Retainage will be 10% until 50% completion and none thereafter.

Note: Applicant estimates a cost of \$35,000 for the Elderly Features/Amendments required by a change in the Demographic Commitment from Family to Elderly. SMG considers the Hard Cost Contingency sufficient to absorb this cost.

- Applicant states \$80,640 of Ineligible Costs in the "New Rental Units" line item are its estimate of the costs to construct 454 square feet of retail space on the first floor of the Subject Development.
- General Contractor Fees consist of General Requirements, Overhead and Profit. At \$1,160,672, General Contractors Fees are 13.54% of Net Construction Costs (i.e., the original Construction Contract figure of \$9,824,637 less Payment and Performance Bonds of \$92,136 and the General Contractor Fee, itself). General Contractor Fees are within Florida Housing's 14.00% Cap.
- Applicant's Development Budget contains a Hard Cost Contingency of \$481,232 (4.90%) of the Construction Contract Amount, which amount SMG considers adequate.
- Consultech reviewed the Construction Contract as part of its PCA. See details of the PCA in Section "C" of this Credit Underwriting Report.

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT

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	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
General Development Costs				
Accounting Fees	\$25,000	\$25,000	\$25,000	\$0
Appraisal and Appraisal Review Costs	\$9,000	\$9,000	\$10,450	\$0
Architect's Fee - Design	\$400,000	\$385,000	\$385,000	\$0
Architect's Fee - Supervision	\$50,000	\$50,000	\$50,000	\$0
Builder's Risk Insurance	\$165,000	\$84,427	\$84,427	\$0
Building Permit	\$62,640	\$62,640	\$62,640	\$0
Broker Fee	\$0	\$0	\$0	\$0
Closing Costs - Construction Loan	\$8,000	\$7,100	\$7,100	\$0
Closing Costs - Permanent Loan	\$1,500	\$0	\$0	\$0
Other Loan Costs	\$2,372	\$3,602	\$3,602	\$2,641
Engineering Fee	\$25,000	\$25,000	\$25,000	\$0
Environmental Report	\$4,000	\$4,000	\$4,000	\$0
FHFC Administrative Fee	\$125,357	\$125,357	\$125,357	\$125,357
FHFC Application Fee	\$2,000	\$3,000	\$2,000	\$2,000
FHFC Compliance Fee	\$60,893	\$60,893	\$63,121	\$63,121
FHFC Credit Underwriting Fee	\$13,440	\$13,440	\$13,695	\$0
Impact Fees	\$134,201	\$391,703	\$391,703	\$0
Inspection Fees	\$144,100	\$123,200	\$123,200	\$0
Insurance Expense	\$25,000	\$60,000	\$60,000	\$0
Legal Fees	\$140,000	\$180,000	\$180,000	\$9,250
Market Study	\$6,000	\$6,000	\$6,500	\$0
Marketing and Advertising	\$75,000	\$75,000	\$75,000	\$75,000
Pre-Construction Analysis ("PCA")	\$1,800	\$1,800	\$1,800	\$0
Property Taxes	\$50,000	\$20,000	\$20,000	\$0
Soil Test	\$25,000	\$15,000	\$15,000	\$0
Survey	\$18,000	\$20,000	\$20,000	\$0
Title Insurance and Recording Fees	\$113,492	\$100,850	\$100,850	\$67,126
Utility Connection Fees	\$126,000	\$126,000	\$126,000	\$0
Operating Funds Advance for Lease-Up	\$200,000	\$160,500	\$160,500	\$160,500
Contingency	\$60,000	\$100,000	\$100,000	\$100,000
Total General Development Costs	\$2,072,795	\$2,238,512	\$2,241,945	\$604,995

Notes to the General Development Costs:

1. Appraisal and Appraisal Review Costs are for reports engaged by a Great Florida Bank, Miami, Florida, another potential First Mortgage Lender, with SMG designated as an intended user.
2. FHFC Administrative Fees are based upon the annual HC recommended by SMG.
3. The FHFC Application Fee is \$2,000.
4. The FHFC Compliance Fee is based upon 60 units for 50 years from Florida Housing's 2008 Chart plus a Year 2007 Pre-Final Allocation Compliance Fee of \$2,196 paid in 2007.

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**

5. Credit Underwriting Fee reflects the Year 2007 HC Underwriting Fee at \$10,102 and the Supplemental Loan Underwriting Fee of \$3,593.
6. The Market Study and PCA Fees are actual costs of reports engaged by SMG.
7. Other General Development Costs are based upon Applicant's estimates, which appear reasonable.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
Financial Costs				
Construction Loan Interest	\$350,816	\$183,618	\$183,618	\$24,923
Construction Loan Origination & Extension Fees	\$40,000	\$34,500	\$43,125	\$0
Permanent Loan Origination Fee	\$5,000	\$0	\$0	\$0
Surtax Loan Commitment Fee	\$0	\$0	\$21,000	\$21,000
Supplemental Loan Commitment Fee	\$0	\$0	\$5,100	\$5,100
Bridge Loan Origination Fee	\$0	\$20,000	\$6,375	\$6,375
Bridge Loan Interest	\$0	\$40,122	\$40,000	\$0
Prepaid Replacement Reserves	\$0	\$0	\$0	\$0
Total Financial Costs	\$395,816	\$278,240	\$299,218	\$57,398

Notes to the Financial Costs:

1. Applicant's projected figure of \$183,618 for Construction Loan Interest appears reasonable.
2. Construction Loan Origination and Extensions Fees consist of a 1.00% Origination Fee (\$35,500) to NLP based upon the NLP First Mortgage Construction Loan of \$3,450,000 plus a 0.25% Extension Fee (\$8,625) .
3. There is a 1.00% Commitment Fee (\$21,000) payable to Miami-Dade County for the Mid-Cycle 2008 Surtax Loan of \$2,100,000.
4. There is a 1.00% Commitment Fee (\$5,100) payable FHFC for the Supplemental Loan of \$510,000.
5. Applicant paid a 1.00% Commitment Fee (\$20,000) on an October 29, 2007, Bridge Loan from Enterprise in an amount up to \$2,000,000. Applicant states it has drawn \$1,644,000 on the Bridge Loan, of which \$1,120,000 went to acquire the Land. SMG allocates \$13,625 of the Bridge Loan Origination Fee to Other Land Costs.
6. The Enterprise Bridge Loan is still outstanding; it will be repaid from the first HC Equity Installment. SMG projects repayment on or around November 30, 2008. SMG estimates Interest Expense for a period of approximately 13 months at 7.00% to total \$125,000 and allocates \$85,000 of it to Other Land Costs.

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT

SMG

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
Non-Land Acquisition Costs				
Building Acquisition Costs	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Total Non-Land Acquisition Costs	\$0	\$0	\$0	\$0

Notes to the Non-Land Acquisition Costs:

1. None

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
Development Cost Before Land & Developer Fee	\$13,455,978	\$12,822,621	\$12,847,032	\$943,033
Other Development Costs				
Developer Fee on Acquisition of Buildings	\$0	\$0	\$0	\$0
Developer Fee	\$2,152,114	\$2,051,780	\$2,051,780	\$0
Other	\$0	\$0	\$0	\$0
Total Other Development Costs	\$2,152,114	\$2,051,780	\$2,051,780	\$0

Notes to the Other Development Costs:

1. Developer Fee at \$2,051,780 is slightly less than 16.00% of Development Cost Before Land & Developer Fees.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
Development Cost Before Land	\$15,608,092	\$14,874,401	\$14,898,812	\$943,033
Land Acquisition Costs				
Land	\$1,120,000	\$1,120,000	\$1,120,000	\$1,120,000
Other - Land Carry Costs	\$0	\$0	\$98,625	\$98,625
Total Land Acquisition Costs	\$1,120,000	\$1,120,000	\$1,218,625	\$1,218,625

Notes to the Land Acquisition Costs:

1. Applicant provided SMG copies of an October 29, 2007, Warranty Deed recorded in the Official Records of Miami-Dade County at Book 26022, Page 0438 plus a December 6, 2006, joint Purchase and Sale Agreement with ALCO Group and Mayor Realty in the amount of \$1,120,000 and October 29, 2007, Closing Statements in the amounts of \$840,000 and \$280,000.
2. Other Land Costs are that portion of the Enterprise Bridge Loan costs attributable to the purchase of the Land. The \$98,625 figure represents a \$13,625 allocation of the \$20,000

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**

Bridge Loan Origination Fee and an \$85,000 allocation of \$125,000 in estimated Bridge Loan Interest.

3. Total Land Acquisition Costs of \$1,218,625 are supported by an "As Is" valuation of \$1,500,000 to the property as of April 21, 2008, per a May 7, 2008, Appraisal by Clobus McLemore Duke ("CMD"), Fort Lauderdale, Florida.
4. Applicant provided SMG a copy of First American Title Insurance Company Policy No. FA-35-1519563 dated October 31, 2007, in the amount of \$2,000,000.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
Total Development Cost	\$16,728,092	\$15,994,401	\$16,117,437	\$2,161,658

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT

SMG

Operating Pro forma

DESCRIPTION	ANNUAL	PER UNIT
Revenue		
Gross Potential Rental Revenue	\$381,456	\$6,358
Other Income:		
Washer/Dryer Rental Income	\$2,160	\$36
Cable Television Income	\$8,100	\$135
Miscellaneous Income	\$17,184	\$286
Interest Income	\$0	\$0
Gross Potential Income	\$408,900	\$6,815
Less:		
Vacancy/Collection Loss - 4.0%	(\$16,356)	(\$273)
Collection Loss 1.0%	(\$4,089)	(\$68)
Total Effective Gross Revenue	\$388,455	\$6,474
Expenses		
Fixed:		
Taxes	\$51,645	\$861
Insurance	\$54,000	\$900
Variable:		
Management Fees 5.0%	\$19,423	\$324
General and Administrative	\$28,400	\$473
Payroll Expenses	\$50,400	\$840
Utilities	\$23,400	\$390
Marketing and Advertising	\$6,000	\$100
Maintenance and Repairs	\$30,300	\$505
Grounds Maintenance and Landscaping	\$3,000	\$50
Contract Services (Security, Trash Removal, Pest Control, etc.)	\$41,100	\$685
Replacement Reserve	\$12,000	\$200
Other: Resident Programs	\$3,000	\$50
Other:	\$0	\$0
Total Expenses	\$322,668	\$5,378
Net Operating Income	\$65,787	\$1,096
Debt Service Payments		
First Mortgage - Neighborhood Lending Partners, Inc.	n/a	n/a
Second Mortgage - Miami-Dade County Mid-Cycle 2008 Surtax Loan	\$0	\$0
Third Mortgage - FHFC Supplemental Loan	\$0	\$0
Other Fees - Letter of Credit/Guarantee	\$0	\$0
Other Fees - Agency/Trustee/Service	\$0	\$0
Total Debt Service Payments	\$0	\$0
Operating Income After Debt Service - Before Tax Cash Flow	\$65,787	\$1,096

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT

SMG

Debt Service Coverage Ratios		
	Debt Service Coverage - First Mortgage	n/a
	Debt Service Coverage - First and Second Mortgages	n/a
	Debt Service Coverage - First, Second and Third Mortgages	n/a
	Debt Service Coverage - All Mortgages and Fees	n/a
Financial Ratios		
	Operating Expense Ratio	83.1%
	Break-Even Ratio	78.9%

Notes to the Operating Pro forma and Ratios:

1. The Rent Roll below reflects Year 2008 Maximum HC Gross Restricted Rents and current Utility Allowances per a Schedule for Mid/High Rise units in Miami-Dade County (Except Homestead) effective April 1, 2008. Biscayne Court Residents will pay electric utilities and water/sewer. Trash collection will be provided. No Manager/Employee units are contemplated.

PMSA: Miami County: Miami-Dade

Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	Gross HC Rents	Utility Allowance	Max Net HC Rents	Applicant Rents	Underwriter Rents	Annual Rents
1	1	2	557	33%	\$372	\$87	\$285	\$285	\$285	\$6,840
1	1	6	557	60%	\$678	\$87	\$591	\$591	\$591	\$42,552
1	1	2	580	33%	\$372	\$87	\$285	\$285	\$285	\$6,840
1	1	6	580	60%	\$678	\$87	\$591	\$591	\$591	\$42,552
1	1	8	585	33%	\$372	\$87	\$285	\$285	\$285	\$27,360
1	1	36	585	60%	\$678	\$87	\$591	\$591	\$591	\$255,312
Totals		60	34,836							\$381,456

2. CMD projected Income from Washer/Dryer Rental at \$30 per month per unit with a market penetration of just 10%. SMG considers the projection appropriate for an Affordable Property that is likely to have Seniors as its principal residents.
3. Cable Television Income reflects Revenues from retailing Cable TV service to residents based at a net of \$15 per unit per month with a Penetration Rate of 75%. Market Comparables and the Appraisal support the projection.
4. Miscellaneous Income includes projections for Coin Laundry at \$5,184 plus \$200 per unit per year for items to include Application Fees, Cancellation Fees, Late Fees, Forfeitures and Other Vending. Market Comparables and the Appraisal support the projection.
5. Vacancy Loss at 4.0% and Collection Loss at 1.0% are consistent with Market Comparables and the Appraisal.

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**

6. Management Fees are based upon a March 1, 2008, Management Agreement with Royal American that stipulates payment of 5.0% of Effective Gross Income, payable on the first day of the following month.
7. Replacement Reserves of \$200 per-unit per-year, paid monthly, are required. An inflation factor based upon the Consumer Price Index will be applied to the Replacement Reserve deposit beginning in Year Seven, unless waived or reduced in the event Obligor provides a Physical Needs Study prepared by an independent third party acceptable to FHFC or the Loan Servicer that evidences an increase in the deposit is excessive or unnecessary.
8. Estimated costs associated with Resident Programs committed to in the HC Application are estimated at \$50 per unit per year.
9. Projections for other Operating Expenses are those of Applicant. They are greater than those of the Appraiser in some cases. Since the Subject is a Miami High Rise Development and costs in Miami generally exceed those in other parts of the state, SMG will utilize Applicant's higher figures out of an abundance of caution.
10. A 15-year Income and Expense Projection reflecting increasing DSC is attached to this Credit Underwriting Report as Exhibit 1.

SMG

Section B

Supplemental Loan Commitment Conditions

HC Allocation Contingencies

October 17, 2008

Special Conditions

Seltzer's recommendations are contingent upon receipt and satisfactory review of the following items by Seltzer Management Group, Inc. ("Seltzer" or "SMG") and Florida Housing Finance Corporation ("Florida Housing" or "FHFC") **at least 30 days prior to Supplemental Loan Closing**. Failure to receive approval of these items within this time frame may result in postponement of the Supplemental Loan Closing Date.

1. A determination by SMG that there is sufficient funding in place to complete construction of the Subject Development, considering the sizing of the Miami-Dade County Mid-Cycle 2008 Surtax Loan through Subsidy Layering Review.
2. Approval by FHFC of Applicant's request for a change in the Demographic Commitment, from Family to Elderly.
3. An updated Pre-Construction Analysis ("PCA") from Consultech & Associates, Inc. ("Consultech"), Tampa, Florida, reflecting the Elderly Features/Amenities requirements to be present in the Architectural Plans and Specifications.

General Conditions

Seltzer's recommendations are contingent upon receipt and satisfactory review of the following items by SMG and FHFC **at least 30 days prior to Supplemental Loan Closing**. Failure to receive approval of these items within this time frame may result in postponement of the Supplemental Loan Closing Date.

1. Borrower to comply with any and all recommendations noted in a PCA by Consultech.
2. Signed and sealed Survey, dated within 90 days of Supplemental Loan Closing, unless otherwise approved by FHFC and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to FHFC and its Legal Counsel, as well as the Title Insurance Company, and shall indicate the Legal Description, Exact Boundaries of the Subject Development, Easements, Utilities, Roads and Means of Access to Public Streets, Total Acreage, Flood Hazard Area, and any other requirements of FHFC.
3. Building Permits and any other necessary Approvals and Permits (e.g., Final Site Plan Approval, Water Management District, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.) or a letter from the local Permitting and Approval Authority that the above referenced Permits and Approvals will be issued upon receipt of Applicable Fees (with no other conditions). If a letter is provided, copies of all Permits will be required as a condition to the first Post-Closing Draw.
4. Final "as permitted" (signed and sealed) Site Plans and Building Plans and Specifications. The Geotechnical Report must be bound within the final Plans and Specifications.
5. Final Sources and Uses of Funds, itemized by Source and Line Item, in a format and in amounts approved by the Servicer. A detailed calculation of Construction Interest based

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**

upon the Final Draw Schedule (see below), documentation of the Closing Costs and draft Supplemental Loan Closing Statement must also be provided. The Sources and Uses of Funds schedule will be attached to the Loan Agreement as the approved Development Budget.

6. Final Construction Draw Schedule showing itemized Sources and Uses of Funds for each Monthly Draw. Supplemental Loan Program Loan Proceeds shall be disbursed on a pro rata basis during the Construction or Rehabilitation Phase, in an amount per Draw that does not exceed the ratio of the Supplemental Loan to Total Development Cost net of Deferred Developer Fees, unless otherwise approved by the Credit Underwriter. The Closing Draw must include back-up and ACH Wiring Instructions.
7. Evidence of General Liability, Flood (if applicable), Builder's Risk and Replacement Cost Hazard Insurance (as Certificates of Occupancy ["C/O's"] are received) reflecting FHFC as Loss Payee/Mortgagee, in Coverages, Deductibles and Amounts satisfactory to FHFC.
8. Developer is allowed to draw a maximum of 50% of the Total Developer Fee (if available) during construction, which is identified as "Developer Overhead". No more than 35% of Developer Overhead will be funded at Supplemental Loan Closing. The remainder of the Developer Overhead will be disbursed during construction on a pro rata basis, based upon Percentage of Completion of the Subject Development, as reviewed by FHFC and the Servicer. The remaining 50% of Total Developer Fee (if available), identified as "Developer Profit", may not be funded until the Subject Development is 100% complete, and only after Retainage has been released.
9. If the Subject Development is not 100% lien-free completed, a 100% Payment and Performance ("P&P") 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 Applicant and the General Contractor. In either case, FHFC must be listed as Co-Obligee. The P&P Bond(s) must be from a company rated at least "A-" by A.M. Best & Co., with a Financial Size Category at least FSC VI. FHFC and/or its Legal Counsel must approve the Source, Amount(s) and all Terms of the P&P Bond(s) or LOC. If the LOC option is utilized, the LOC must contain "Evergreen" Language and be in a form satisfactory to the Servicer, FHFC and its Legal Counsel.
10. Architect, Construction Consultant and Borrower Certifications on forms provided by FHFC will be required for both Design and As-Built with respect to Section 504, Americans with Disabilities Act ("ADA") and Fair Housing requirements, if applicable.

This recommendation is contingent upon the review and approval of the following items by Florida Housing and its legal counsel **at least two weeks before Supplemental Loan Closing.** Failure to receive approval of these items within this time frame may result in postponement of the Supplemental 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)/Manager(s) of Borrower, the Guarantors and any Limited Partners of Borrower.

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**

2. Award of the Federal Low Income Housing Tax Credits ("HC") and purchase of the HC by Enterprise Community Investment, Inc. ("Enterprise"), Columbia, Maryland, or assigns, under terms consistent with the assumptions of this Credit Underwriting Report.
3. Signed and sealed Survey, dated within 90 days of Supplemental Loan Closing, unless otherwise approved by FHFC and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to FHFC and its Legal Counsel, as well as the Title Insurance Company, and shall indicate the Legal Description, Exact Boundaries of the Subject Development, Easements, Utilities, Roads and Means of Access to Public Streets, Total Acreage, Flood Hazard Area, and any other requirements of FHFC.
4. An acceptable, updated Environmental Audit Report, together with a Reliance Letter to FHFC, prepared within 90 days of Supplemental Loan Closing, unless otherwise approved by FHFC 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), Update and Environmental Review, if applicable.
5. Title Insurance Pro Forma or Commitment for Title Insurance, with copies of all Schedule B exceptions, in the amount of the Supplemental Loan 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. FHFC shall be satisfied in its sole discretion that all Legal and Program Requirements for the Supplemental Loan 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 FHFC as Loss Payee/Mortgagee, in Coverages, Deductibles and Amounts satisfactory to FHFC.
8. Receipt of a Legal Opinion from Borrower's Legal Counsel acceptable to FHFC addressing the following matters:
 - a. The Legal Existence and Good Standing of Borrower and of any Partnership that is the General Partner of Borrower ("GP") and of any Corporation or Partnership that is the Managing General Partner of GP, Guarantor or Manager;
 - b. Authorization, execution, and delivery by Borrower and the Guarantors of all Supplemental Loan Documents;
 - c. The Supplemental Loan Documents being in Full Force and Effect and enforceable in accordance with their terms, subject to Bankruptcy and Equitable Principles only;
 - d. Borrower's and Guarantor's execution, delivery and performance of the Supplemental Loan Documents shall not result in a violation of, or conflict with, any Judgments, Orders, Contracts, Mortgages, Security Agreements or Leases to which Borrower is a party or to which the Subject Development is subject to Borrower's Partnership Agreement, and;
 - e. Such other matters as FHFC or its Legal Counsel may require.
9. Evidence of compliance with local Concurrency Laws.

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**

10. Such other Assignments, Affidavits, Certificates, Financial Statements, Closing Statements and other documents as may be reasonably requested by FHFC or its Legal Counsel, in form and substance acceptable to FHFC or its Legal Counsel, in connection with the Supplemental Loan.
11. Uniform Commercial Code ("UCC") Searches for Borrower and its Partnerships, as requested by Legal Counsel.
12. Any other reasonable Conditions established by FHFC and its Legal Counsel.

Additional Conditions

Seltzer's recommendations are also contingent upon the following additional conditions:

1. Compliance with all provisions of 420.507(22) and 420.5987 Florida Statutes, Rule Chapter 47-68, FAC, (SAIL and Supplemental Program Loans).
2. Acceptance by Borrower and execution of all documents evidencing and securing the Supplemental Loan in form and substance satisfactory to FHFC, including but not limited to the Promissory Note, Loan Agreement, Mortgage and Security Agreement and Land Use Restriction Agreement ("LURA").
3. Copy of an Amended and Restated Limited Partnership Agreement reflecting purchase of the HC by Enterprise, or an affiliate, under terms consistent with the assumptions contained within this Credit Underwriting Report.
4. The Amended and Restated Limited Partnership Agreement from Enterprise, or an affiliate, shall be in a form and of financial substance satisfactory to Servicer and to FHFC and its Legal Counsel.
5. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and Enterprise, or an affiliate, that requires funding of all HC Equity Installments during construction, even if Borrower is in default under the Limited Partnership Agreement. If the Syndicator refuses to sign the Joint Funding Agreement, the Supplemental Loan cannot be funded until after Construction Completion.
6. At all times there will be un-disbursed Loan Funds (collectively held by FHFC, the First Mortgage Lender and any other sources) sufficient to complete the Subject Development. If at any time there are not sufficient funds (held by FHFC, the First Mortgage Lender and any other sources) to complete the Subject Development, Borrower will be required to expend additional Equity on Development Costs or to deposit additional Equity with FHFC that is sufficient (in Florida Housing's judgment) to complete the Subject Development before additional Supplemental Loan funds are disbursed. This Condition specifically includes escrowing at Supplemental Loan Closing all Syndication and other Equity necessary to complete construction, or another alternative acceptable to FHFC in its sole discretion.
7. If applicable, Guarantors to provide standard FHFC Construction Completion Guarantees, to be released upon Lien-Free Completion as approved by the Servicer.

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT**SMG**

8. Guarantors to provided standard FHFC Operating Deficit Guarantees, to be released upon achievement for six consecutive months of a 1.10 combined Debt Service Coverage ("DSC") for the First Mortgage and Second Mortgage Loans.
9. Guarantors to provide standard FHFC Environmental Indemnity.
10. Guarantors to provide standard FHFC Guaranty of Recourse Obligations.
11. Consultech to act as Florida Housing's inspector during the construction period.
12. Closing of the Neighborhood Lending Partners, Inc., First Mortgage and Miami-Dade County Mid-Cycle 2008 Surtax Second Mortgage Loans prior to or simultaneous with closing of the Supplemental Loan.
13. A Mortgagee Title Insurance Policy naming FHFC as the insured in the amount of the Supplemental Loan is to be issued immediately after Supplemental Loan Closing. Any exceptions to the Title Insurance Policy must be acceptable to FHFC or its Legal Counsel.
14. Property Tax and Hazard Insurance Escrow are to be established and maintained by the First Mortgage 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.
15. Replacement Reserves at \$200 per unit per year are 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, Borrower has the option to prepay Replacement Reserves as allowed per Rule 67-48.12, FAC, in the amount of \$12,000 (one-half the required Replacement Reserves for years 1 and 2), in order to meet the applicable DSC requirement. Applicant can waive this election if at closing of the Loan(s), the required DSC is met without the need to exercise the option. 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 Replacement Reserve Deposit is excessive or unnecessary.
16. A minimum of 10% Retainage Holdback on all Construction Draws until the Development is 50% complete, with 0% Retainage thereafter. Retainage will not be released until successful Construction Completion and issuance of all C/O's. The Construction Contract reflects Retainage language that satisfies the minimum requirement.
17. Satisfactory completion of a Pre-Loan Closing Compliance Audit conducted by FHFC or the Servicer, if applicable.
18. Receipt and satisfactory resolution (as determined by FHFC) of any Past Due Items or Non-Compliance Issues according to the latest FHFC Past Due and/or Non-Compliance Reports.
19. Any other reasonable requirements of the Servicer, FHFC or its Legal Counsel.

Housing Credit Allocation Contingencies

Seltzer Management Group, Inc. (“Seltzer” or “SMG”) recommends an annual HC allocation of \$1,566,967 for Biscayne Court based upon Applicant Request. For further details, please see Exhibit 4, the HC Allocation Calculation, within this Credit Underwriting Report.

Contingencies

Seltzer’s HC Allocation recommendation is contingent upon receipt and satisfactory review of the following items by FHFC and SMG by the deadline established in the Preliminary HC Allocation. Failure to submit the items within this timeframe may result in forfeiture of the HC Allocation.

1. Award and purchase of the HC by Enterprise, or assigns, under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Agreement of Limited Partnership shall be in form and substance satisfactory to Servicer, FHFC and its Legal Counsel.
2. Satisfactory resolution (as determined by FHFC) of any Past Due Items or Non-Compliance Issues according to the latest FHFC Past Due and/or Non-Compliance Reports.
3. Any other reasonable requirement(s) of FHFC and/or SMG.

**Exhibit 1
Biscayne Court
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
Revenue															
Gross Potential Rental Revenue	\$381,456	\$392,900	\$404,687	\$416,827	\$429,332	\$442,212	\$455,478	\$469,143	\$483,217	\$497,714	\$512,645	\$528,024	\$543,865	\$560,181	\$576,986
Other Income:															
Washer/Dryer Rentals	\$2,160	\$2,225	\$2,292	\$2,360	\$2,431	\$2,504	\$2,579	\$2,657	\$2,736	\$2,818	\$2,903	\$2,990	\$3,080	\$3,172	\$3,267
Cable Television Income	\$8,100	\$8,343	\$8,593	\$8,851	\$9,117	\$9,390	\$9,672	\$9,962	\$10,261	\$10,569	\$10,886	\$11,212	\$11,549	\$11,895	\$12,252
Miscellaneous Income	\$17,184	\$17,700	\$18,231	\$18,777	\$19,341	\$19,921	\$20,519	\$21,134	\$21,768	\$22,421	\$23,094	\$23,787	\$24,500	\$25,235	\$25,992
Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Potential Income	\$408,900	\$421,167	\$433,802	\$446,816	\$460,221	\$474,027	\$488,248	\$502,895	\$517,982	\$533,522	\$549,527	\$566,013	\$582,994	\$600,483	\$618,498
Less:															
Vacancy/Collection Loss - 4.0%	(\$16,356)	(\$16,847)	(\$17,352)	(\$17,873)	(\$18,409)	(\$18,961)	(\$19,530)	(\$20,116)	(\$20,719)	(\$21,341)	(\$21,981)	(\$22,641)	(\$23,320)	(\$24,019)	(\$24,740)
Collection Loss 1.0%	(\$4,089)	(\$4,212)	(\$4,338)	(\$4,468)	(\$4,602)	(\$4,740)	(\$4,882)	(\$5,029)	(\$5,180)	(\$5,335)	(\$5,495)	(\$5,660)	(\$5,830)	(\$6,005)	(\$6,185)
Total Effective Gross Revenue	\$388,455	\$400,109	\$412,112	\$424,475	\$437,210	\$450,326	\$463,836	\$477,751	\$492,083	\$506,846	\$522,051	\$537,713	\$553,844	\$570,459	\$587,573
Expenses															
Fixed:															
Taxes	\$51,645	\$53,711	\$55,859	\$58,094	\$60,417	\$62,834	\$65,347	\$67,961	\$70,680	\$73,507	\$76,447	\$79,505	\$82,685	\$85,993	\$89,432
Insurance	\$54,000	\$56,160	\$58,406	\$60,743	\$63,172	\$65,699	\$68,327	\$71,060	\$73,903	\$76,859	\$79,933	\$83,131	\$86,456	\$89,914	\$93,511
Variable:															
Management Fees - 5.0%	\$19,423	\$20,200	\$21,008	\$21,848	\$22,722	\$23,631	\$24,576	\$25,559	\$26,581	\$27,645	\$28,750	\$29,900	\$31,096	\$32,340	\$33,634
General and Administrative	\$28,400	\$29,536	\$30,717	\$31,946	\$33,224	\$34,553	\$35,935	\$37,372	\$38,867	\$40,422	\$42,039	\$43,720	\$45,469	\$47,288	\$49,180
Payroll Expenses	\$50,400	\$52,416	\$54,513	\$56,693	\$58,961	\$61,319	\$63,772	\$66,323	\$68,976	\$71,735	\$74,604	\$77,588	\$80,692	\$83,920	\$87,276
Utilities	\$23,400	\$24,336	\$25,309	\$26,322	\$27,375	\$28,470	\$29,608	\$30,793	\$32,025	\$33,305	\$34,638	\$36,023	\$37,464	\$38,963	\$40,521
Marketing and Advertising	\$6,000	\$6,240	\$6,490	\$6,749	\$7,019	\$7,300	\$7,592	\$7,896	\$8,211	\$8,540	\$8,881	\$9,237	\$9,606	\$9,990	\$10,390
Maintenance and Repairs	\$30,300	\$31,512	\$32,772	\$34,083	\$35,447	\$36,865	\$38,339	\$39,873	\$41,468	\$43,126	\$44,851	\$46,645	\$48,511	\$50,452	\$52,470
Grounds Maintenance and Landscaping	\$3,000	\$3,120	\$3,245	\$3,375	\$3,510	\$3,650	\$3,796	\$3,948	\$4,106	\$4,270	\$4,441	\$4,618	\$4,803	\$4,995	\$5,195
Contract Services (Security, Trash Removal, Pest Control, etc.)	\$41,100	\$42,744	\$44,454	\$46,232	\$48,081	\$50,004	\$52,005	\$54,085	\$56,248	\$58,498	\$60,838	\$63,272	\$65,802	\$68,435	\$71,172
Replacement Reserve	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,480	\$12,979	\$13,498	\$14,038	\$14,600	\$15,184	\$15,791	\$16,423	\$17,080
Other: Resident Programs	\$3,000	\$3,120	\$3,245	\$3,375	\$3,510	\$3,650	\$3,796	\$3,948	\$4,106	\$4,270	\$4,441	\$4,618	\$4,803	\$4,995	\$5,195
Other:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$322,668	\$335,094	\$348,018	\$361,459	\$375,437	\$389,975	\$405,574	\$421,797	\$438,669	\$456,215	\$474,464	\$493,443	\$513,180	\$533,707	\$555,056
Net Operating Income	\$65,787	\$65,014	\$64,094	\$63,016	\$61,772	\$60,351	\$58,262	\$55,954	\$53,415	\$50,630	\$47,587	\$44,270	\$40,664	\$36,752	\$32,517
Debt Service Payments															
First Mortgage - Neighborhood Lending Partners, Inc.	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Second Mortgage - Miami-Dade County Mid-Cycle 2008 Surtax Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Third Mortgage - FHFC Supplemental Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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
Total Debt Service Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Income After Debt Service - Before Tax Cash Flow	\$65,787	\$65,014	\$64,094	\$63,016	\$61,772	\$60,351	\$58,262	\$55,954	\$53,415	\$50,630	\$47,587	\$44,270	\$40,664	\$36,752	\$32,517
Debt Service Coverage Ratios															
Debt Service Coverage - First Mortgage	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Debt Service Coverage - First and Second Mortgages	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Debt Service Coverage - First, Second and Third Mortgages	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Debt Service Coverage - All Mortgages and Fees	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Financial Ratios															
Operating Expense Ratio	83.1%	83.8%	84.4%	85.2%	85.9%	86.6%	87.4%	88.3%	89.1%	90.0%	90.9%	91.8%	92.7%	93.6%	94.5%
Break-Even Ratio	78.9%	79.6%	80.2%	80.9%	81.6%	82.3%	83.1%	83.9%	84.7%	85.5%	86.3%	87.2%	88.0%	88.9%	89.7%

EXHIBIT 2
 Biscayne Court (2007-081C) and 2007 Supplemental Loan
Features/Amenities and Resident Programs

A. The Subject Development will consist of:

60 High-Rise apartment units located in 1 residential building:

Unit Mix:

Eight	(8)	One-Bedroom/One-Bath units containing a minimum of 557 sq. ft., heated and cooled living area
Eight	(8)	One-Bedroom/One-Bath units containing a minimum of 580 sq. ft., heated and cooled living area
Forty-Four	(44)	One-Bedroom/One-Bath units containing a minimum of 585 square feet of heated and cooled living area
	60	Total Units

The Subject 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 Subject 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

EXHIBIT 2
Biscayne Court (2007-081C) and 2007 Supplemental Loan
Features/Amenities and Resident Programs

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:

1. Thermostat placed at 48" maximum height
2. Non-skid, Non-glossy ceramic tile flooring
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 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. Applicant has committed to provide the following features in each new construction unit:

1. 30 Year expected life roofing on all buildings
2. Gated community with "carded" entry or security guard, or if 2 or more stories, "carded" secure entry to building

EXHIBIT 2
Biscayne Court (2007-081C) and 2007 Supplemental Loan
Features/Amenities and Resident Programs

3. Ceramic tile bathroom floors in all units
 4. Steel exterior entry door frames for all units
 5. 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
- E.** Applicant commits to the following amenities in the Subject Development:
1. Exercise room with appropriate equipment
 2. Community center or clubhouse
 3. Car care area (for car cleaning/washing)
 4. Outside recreation facility: Domino Court
 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. Each unit wired for high speed internet
 8. Laundry hook-ups and space for full-size washer and dryer inside each unit
 9. Laundry facilities with full-size washers and dryers available in at least one common area on site
- F.** Applicant has committed to provide the following energy conservation features for all buildings in the Subject Development:
1. Air conditioning with a minimum SEER rating of 15
 2. Electric water heater with energy factor of .93 or better
 3. Wall insulation a minimum of R-7 for masonry/concrete block construction
 4. All windows single-pane with shading coefficient of .67 or better
 5. Energy Star certified refrigerator and dishwasher in each unit
 6. Ceiling fans in all bedrooms and living area in each unit

EXHIBIT 2
Biscayne Court (2007-081C) and 2007 Supplemental Loan
Features/Amenities and Resident Programs

- G.** Applicant has committed to provide the following Resident Programs:
1. Daily Activities – Applicant or its Management Agent must provide on-site supervised, structured activities, at no cost to the resident, at least five days per week.
 2. 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 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;
 - 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;
 - no fee, deposit or any other such charge can be levied against the resident as a condition of participation in this program.
 3. First Time Homebuyer Seminars – 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. Electronic media, if used, must be used in conjunction with live instruction.
 4. Assistance with Light Housekeeping, Grocery Shopping and/or Laundry – Applicant or its Management Agent will provide residents with a list of qualified service providers for (a) light housekeeping, and/or (b) grocery shopping, and/or (c) laundry and will coordinate, at no cost to the resident, the scheduling of services.

EXHIBIT 2
Biscayne Court (2007-081C) and 2007 Supplemental Loan
Features/Amenities and Resident Programs

5. Resident Assurance Check-In Program – Applicant commits to provide and use an established system for checking in with each resident on a pre-determined basis not less than once per day, at no cost to the resident. Residents may opt out of this program with a written certification that they choose not to participate.
6. Health and Nutrition Classes – At least 8 hours per year, provided on site at no cost to the residents. Electronic media, if used, must be used in conjunction with live instruction.
7. Resident Assistance Referral Program – 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. Electronic media, if used, must be used in conjunction with live instruction.
8. Life Safety Training – 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. Electronic media, if used, must be used in conjunction with live instruction.

COMPLETENESS AND ISSUES CHECKLIST

NAME: Biscayne Court

DATE: October 17, 2008

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.

CREDIT UNDERWRITING REQUIRED ITEMS:	STATUS	NOTE
	Satis. / Unsatis.	
1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and/or status of site plan approval.	Satis.	
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	Satis.	

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT

SMG

current environmental status.		
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: 20% 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

HC Allocation Calculation

Section I: Eligible Basis Calculation	
Development Cost	\$16,117,437
Less Land Cost	(\$1,218,625)
Less Federal Funds	\$0
Less Other Ineligible Cost	(\$943,033)
Less Disproportionate Standard	\$0
Total Eligible Basis	\$13,955,779
Applicable Fraction	100.00%
DDA/QCT Basis Credit	130.00%
Qualified Basis	\$18,142,513
Housing Credit Percentage	9.00%
Annual Housing Credit Allocation	\$1,632,826

Notes to the Qualified Basis Calculation:

1. Land Acquisition Cost is \$1,120,000 plus \$98,625 of Land Carry.
2. Other Ineligible Costs are shown in the HC Ineligible Costs column of the Uses of Funds schedules of Section "A" (Report Summary) within this Credit Underwriting Report.
3. The subject development has a 100% set-aside. The Applicable Fraction is therefore 100.00%.
4. The subject development is located in Miami-Dade County, a Difficult to Develop Area ("DDA"). The DDA/QCT Basis Credit is therefore 130.00%.
5. SMG confirmed with FHFC that Applicant has not yet locked its HC Percentage. Per H.R. 3221, its HC Rate will be 9.00%.

SUPPLEMENTAL LOAN AND HC CREDIT UNDERWRITING REPORT

SMG

Section II: Gap Calculation	
Total Development Cost (Including Land and Ineligible Costs)	\$16,117,437
Less Loan(s)	(\$2,610,000)
Less Grant(s)	\$0
Equity Gap	\$13,507,437
Percentage to Investment Entity	99.99%
HC Syndication Pricing	\$0.840
HC Required to Meet Gap	\$16,081,890
Annual HC Required	\$1,608,189

Notes to the Gap Calculation:

- Loans are a \$2,100,000 Mid-Cycle 2008 Surtax Loan from Miami-Dade County and the \$510,000 Supplemental Loan from FHFC.
- HC Syndication Pricing and Percentage to Investment Entity are based upon a July 29, 2008, Enterprise Community Investment, Inc., Term and Conditions (Syndication) Letter countersigned by Applicant. See "HC Equity" in the Permanent Financing Sources of Section "A" within this Credit Underwriting Report for complete information.

Section III: Summary	
HC per Applicant Request	\$1,566,967
HC per Qualified Basis	\$1,632,826
HC per Gap Calculation	\$1,608,189
Annual HC Recommended	\$1,566,967

Notes to the Summary:

- Seltzer's Annual HC Recommendation is limited Applicant Request.