Florida Housing Finance Corporation

Credit Underwriting Report

Brownsville Transit Village IV

RFP 2010-04 Tax Credit Exchange Program/Housing Credits

2009-149C/2010-032CX/2011-013CX

Section A: Report Summary

Section B: Tax Credit Exchange Program Loan Conditions & Housing Credit Allocation Recommendation and Contingencies

Section C: Supporting Information and Schedules

Prepared by

AmeriNational Community Services, Inc.

Final Report

September 2, 2010

Brownsville Transit Village IV

TABLE OF CONTENTS

Section A

Section B

Section C

Exhibits

Section A

Report Summary

Recommendation

AmeriNational Community Services, Inc. ("AmeriNational") hereby recommends a Tax Credit Exchange Program ("Exchange" or "TCEP") loan in the amount of $5,000,000, which equates to an annual Housing Credit allocation of $588,235, and an annual 9% Housing Credit allocation in the amount of $2,449,000 be awarded to the Applicant by the Florida Housing Finance Corporation ("FHFC" or "Florida Housing") for construction and permanent financing of Brownsville Transit Village IV ("Development").

<table>
<tr><th colspan="2">DEVELOPMENT & SET-ASIDES</th></tr>
<tr><td>Location</td><td>On NW 29th Avenue, SE of the intersection of NW 29th Avenue and NW 53rd Street in unincorporated Miami-Dade County</td></tr>
<tr><td>Number of Units/Unit Mix</td><td><table>
<tr><th>BR</th><th>BA</th><th># units</th><th>Unit Size (SF)</th></tr>
<tr><td>1</td><td>1</td><td>25</td><td>613</td></tr>
<tr><td>2</td><td>2</td><td>50</td><td>836</td></tr>
<tr><td>3</td><td>2</td><td>25</td><td>1,039</td></tr>
<tr><td>3</td><td>2</td><td>2</td><td>1,292</td></tr>
<tr><td>Total</td><td></td><td>102</td><td>85,684</td></tr>
</table></td></tr>
<tr><td>Demographic Commitment</td><td>Family</td></tr>
<tr><td>Set Asides</td><td>10% (11 ELI units) at or below 33% of AMI (Exchange & HC)
90% (the remaining units) at or below 60% of AMI (Exchange & HC)

Of the 11 ELI Units, at least 50% (6 units) must be set-aside for Special Needs Households (Exchange)

Total set-aside: 100%</td></tr>
<tr><td>Set Aside Term</td><td>50 years (Exchange & HC)</td></tr>
<tr><td>County Size</td><td>Large</td></tr>
<tr><td>Development Category</td><td>New Construction</td></tr>
<tr><td>Development Type</td><td>High-rise /Townhouse</td></tr>
<tr><td>Absorption Rate</td><td>An absorption rate of 33 units per month was concluded in the market study with stabilized occupancy occurring within three months of completion. The Applicant projected a much more conservative stabilized occupancy projection of seven months, which equates to approximately 15 units per month. Considering the number of units coming on line in this market area, a more conservative projection is not unreasonable.</td></tr>
<tr><td>Occupancy Rate</td><td>N/A</td></tr>
<tr><td>Parking</td><td>A total of 136 parking spaces will be available for the Development's tenants situated in a 156-space parking garage (portion of master development garage). Twenty of the parking spaces in the garage shall be allocated to the adjacent Metrorail Station for use by commuters. The parking ratio is 1.33 spaces per unit; however, tenants may be able to park in garages spaces dedicated to the other phases as needed. Per the site</td></tr>
</table>

	plan, the parking garage for all phases is situated in the middle of the site with the buildings around the perimeter. Cross-easement/access agreements shall be executed between all phases.
Improvements	A proposed 100 unit, 14-story, elevator serviced, high-rise building and a two-story building containing 5 townhouse units (3 for Phase III and 2 for Phase IV) attached to west side of the Development's three-story parking garage (total of 102 units). For the high-rise building, construction components will consist of 16-inch auger cast pilings embedded 46 feet below grade and pile caps with a four inch post tensioned concrete slab on grade. Exterior and load bearing walls will be framed with 8-inch cast in place concrete and the roof will be flat with single ply roofing over lightweight concrete decking. For the townhouse units, the construction is assumed to be concrete block, stuccoed and painted with barrel tile/flat roofing.
Site Acreage	0.90 acres
Density	113.3 units per acre (Note: zoning density was based on master site plan and not individual phases)
Zoning	The site is located within the Rapid Transit Zone, which permits the development of residential uses at a density of up to 125 units per acre. The site is part of a larger master-planned community that will provide a total of 445 units within the 5.14 acre master site. The site conforms to zoning requirements and the site plan has been approved by Miami-Dade County.
Flood Zone Designation	The site is located within Flood Zone "X", which is outside the 100 year and 500 year flood plains. Flood insurance is not required.

DEVELOPMENT TEAM	
Applicant/Borrower	Brownsville Village IV, Ltd. ("Applicant")
General Partner(s)	Brownsville Village IV, LLC - a Florida limited liability company (0.01% ownership interest)
Limited Partner(s)	The Richman Group Affordable Housing Corporation and/or its Assigns (99.99% ownership interest)
Guarantor(s)	Brownsville Village IV, Ltd., Brownsville Village IV, LLC, Carlisle Development Group, LLC, and Matthew Greer.
Developer(s)	Brownsville Village IV Development, LLC ("Developer Entity"). This entity is wholly owned by 1754 LLC, which is wholly owned by Matthew Greer.
General Contractor	BJ & K Construction, Inc.
Management Company	Carlisle Property Management, Inc.
1st Mortgage Lender	Citi Community Capital for both the first lien construction and permanent loans

FINANCING INFORMATION	
FHFC Programs	TCEP and Housing Credits
First Mortgage – Citi Community Capital	Construction - $6,500,000 Permanent - $1,100,000
“All in” Underwritten Interest Rate	Construction – 5.25% (fixed at Loan Closing) Permanent - 7.35% (fixed at Loan Closing)
Term/Amortization	Construction – 24 months / interest only Permanent - 15 years / 30 years
Second Mortgage – FHFC (Exchange)	$5,000,000
“All in” Underwritten Interest Rate	0.254% (fees only)
Term/Amortization	n/a / no amortization
Third Mortgage – Miami-Dade (Surtax Loan)	$300,000
“All in” Underwritten Interest Rate	0% years 1 - 17 ; 0.50% thereafter
Term/Amortization	35 year term / no amortization (interest only)
Restricted Value at Stabilization	$3,840,000
Restricted Loan To Value – 1st Mortgage	28.27%
Unrestricted Value at Stabilization	$6,900,000
Unrestricted Loan To Value – 1st Mortgage	15.73%
Projected Net Operating Income	$256,405
Debt Service Coverage – 1st Mortgage	2.86
Debt Service Coverage – All Debt	2.50
First Mortgage Loan to Cost	4.11%
FHFC Assistance Per Unit	$245,485 (Exchange and HC)
Annual HC Exchange Allocation Per Unit	$5,767
Exchange Price	$0.85
HC Syndicator, if Applicable	The Richman Group Affordable Housing Corporation
Annual HC Allocation Per Unit	$24,010
HC Syndication Price	$0.8184
Operating Deficit Reserve	$335,197

Construction/Permanent Sources:

Source	Lender	Construction	Permanent	Perm Loan/Unit
First Mortgage	Citi Community Capital	$6,500,000	$1,085,624	$10,643
Exchange Loan	FHFC	$5,000,000	$5,000,000	$49,020
Surtax Loan (Local Contribution)	Miami-Dade County	$300,000	$300,000	$2,941
Housing Credits	The Richman Group	$14,829,243	$20,039,517	$196,466
Deferred Developer Fee	Developer	$1,752,116	$0	$0
TOTAL		**$28,381,359**	**$26,425,141**	**$259,070**

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

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

1. The following table summarizes the changes to funding sources since the Application was prepared and submitted to FHFC:

	Application		Final	
	Source	**Amount**	**Source**	**Amount**
Construction Loan	Wachovia Bank	$5,200,000	Citi Community Capital	$6,500,000
Permanent Loan	Wachovia Bank	$2,354,000	Citi Community Capital	$1,100,000
Surtax Loan	Miami-Dade	$300,000	Miami-Dade	$300,000
LIHTC Equity	Wachovia Bank	$15,672,000	Richman Group	$20,039,517

2. The Total Development Costs have increased by $3,054,902; primarily due to the increase in hard construction costs.

3. On 3/16/10, the Applicant requested an increase in the number of units from 100 to 103, which was approved by FHFC staff on 3/25/10. Subsequent to this approval, the Applicant amended the number of units from 103 to 102.

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

☐ According to the FHFC Asset Management Noncompliance Report dated July 15, 2010, the following non-compliance issues were noted:

Project Name	**Issue**
Dixie Court III	Failure to provide one exterior amenity *(Correction not being addressed in a timely manner)*
Applicant Response:	*"This issue has been resolved and closed out per letter dated July 30, 2010 from Seltzer Management Company "*
Country Manor	Failure to meet 40% farm worker set-aside requirement (SAIL) Failure to document household farmworker status (SAIL)
Applicant Response:	*"This development has seen an increase in traffic and rentals since mid-2009, however we have a shortage of qualified farm workers to meet the 40% farm-worker set-aside requirement. There are 4 farm-worker units remaining to be leased prior to the September 30th correction period. Management is working with local firms including a payroll company specializing in farming to market to potential residents."*
Lenox Court	Failure to perform the first anniversary income determination
Applicant Response:	*"In September 2009, all the general partnership interests in Lenox Court Associates, Ltd. (the "Partnership") were transferred to the tax credit investor, JP Morgan. At the September 28, 2009 meeting of the Florida Housing Board of Directors, Florida Housing approved the Borrower's and/or the Special Limited Partner's request for the Transfer, subject to certain terms and conditions. The final Florida Housing documents in connection with the general partner transfer to JP Morgan were signed and returned to Florida Housing's counsel, Jan Carpenter, last week. JP Morgan will assume all duties, obligations, agreements, indemnities and guaranties of the withdrawing partners. The non-compliance items are being resolved by JP Morgan's property management company and Lenox Court should no longer be listed as a Carlisle property."*

☐ According to the FHFC Past Due Report dated July 20, 2010, no past due item(s) exist.

☐

☐ Per the Financial Monitoring Report dated July 20, 2010, the following items were noted:

Project Name	Issue
Country Manor	2008 and 2009 - auditors advised that there is substantial doubt about the ability of this project to continue as a going concern.
Applicant Response	*"This property's physical and economic occupancy has improved each month and is currently 94% occupied and pre-leased at 96%."*
Jacaranda Trail	2008 and 2009 audited statements reflect the project as a going concern
Applicant Response	*"Jacaranda II is 98% occupied and 100% pre-leased."*
Lenox Court	2008 and 2009 audited statements reflect the project as a going concern
Applicant Response	*"See comments under Noncompliance Report"*
Orchard Park	2008 and 2009 audited statements reflect the project as a going concern
Applicant Response	*"This property was placed under new management in May 2009 and is currently 93% occupied and 99% leased."*
Villas at Lake Smart	2009 audited statements reflect the project as a going concern
Applicant Response	*"This property is currently 93.18% occupied and 96.36% leased."*

☐ Per the FHFC Foreclosure Report dated July 20, 2010, the following two developments in which Carlisle Development Group, Inc. was the identified developer are documented as having been foreclosed with title transferred to an unaffiliated entity in August 2009:

- Oaks at Omni
- Carlisle Lakes II (aka Sherwood Lakes)

Comment: FHFC has approved numerous financings with CDG subsequent to these foreclosures.

This recommendation is subject to satisfactory resolution, as determined by Florida Housing, of any outstanding past due items or non-compliance issues applicable to the Development Team prior to the Exchange Loan closing.

Strengths:

1. Strong demand for affordable housing with a family demographic commitment exists within the submarket as evidenced by reported occupancy rates for comparable properties. The market study completed by Meridian Appraisal Group, Inc. ("Meridian") concluded the weighted average physical occupancy for comparable properties in the submarket is 99%. Meridian also concluded strong capture rates in the 3-, 5- and 10-mile rings of 1%, 0.3% and 0.1% respectively.

2. The Development has good affordability as compared to the concluded market rents (33% set-aside/60% set-aside - 22%/61% for the 1BR units, 27%/64% for the 2BR units, and 29%/67% for the 3BR units).

3. The Guarantors have demonstrated the ability to successfully develop and operate affordable multifamily rental communities using a variety of different subsidies.

4. High combined DSCR (2.50) and low break-even occupancy rate (76%).

Other Considerations:

1. The Development is not expected to negatively impact the existing affordable housing properties located within the submarket. Projects identified by Meridian as comparable to the

Development with a family demographic commitment within the 5-mile ring include Miami Stadium (99% occupied), Viscaya Villas (100% occupied), Hibiscus Pointe (98% occupied), and Alhambra Cove (100% occupied). Meridian concluded that the Development may have some short term impact on these properties, but not to the extent to cause occupancy rates to drop below 90%. No impact on existing Guarantee Fund developments is anticipated beyond leaseup.

2. The Development will include two townhouse units that are not adjacent to the high-rise building but are attached to the parking garage in a five-unit building of which three units are included in Phase III. While somewhat unusual, the fact that each phase is part of a master development and the entire development, when completed, will "feel" like a single project, the inclusion of the non-contiguous townhouse units is not a concern, especially since the units represent such a small fraction of the entire development.

Additional Information:

1. Master Development Comments: The Development represents the 3rd phase of a planned 5 phase, 445-unit development to be constructed on a 5.14 acre site located immediately adjacent to a Metrorail Station ("Master Site"). The following table summarized the Master Site development plan to date:

Phase	# Units	1BR	2BR	3BR	Type	Parking Gross	Parking Net	FHFC Financing	Status
I	96	45	36	15	Family	232	202	SUPP,TCEP,HC	Closed; under construction
II	100	50	50	-	Elderly	232	202	TCEP,HC	Closed; under construction
III	103	62	38	3	Elderly	156	136	TCEP,HC	Sept FHFC Agenda
IV	102	25	50	27	Family	156	136	TCEP,HC	Sept FHFC Agenda
Total to Date	401					776	676		
Approved Ph V	44				Elderly	*	*		Pending
Total Approved	445								
Proposed Ph V	65								
Proposed Total	466								

* Ph V will "buy" parking from other phases

As noted above, the developer is proposing to increase the total number of units to 466.

2. Ground Lease Comments: The Master Site is owned by Miami-Dade County (Lessor") and is being leased under the terms of a 99-year ground lease ("Master Site Lease") to a nonprofit entity known as St. Agnes ("Lessee"). The Master Site Lease requires the Lessee to pay to the Lessor $1,500,000 in 5 installments as each phase is constructed based on each phase's allocation toward the total 445 units (per the Master Site Lease, the per unit allocation indicated in the preceding sentence will not change if additional units are added over and above the initial 445 units). It also requires the Lessee to provide 20 parking spaces for each phase constructed for a total of 100 parking spaces, at no cost to the Lessor. These spaces will be used for Metrorail commuters.

   The Lessee is subleasing the Master Site for a coterminus period (99 years) to CDG Brownsville Holdings, LLC ("Sublessee"), an entity controlled by the principals of the Applicant ("Sublease"). The Sublease is structured so that the Sublessee is responsible for all impositions required of the Lessee. The Sublessee is in turn subleasing the Development's 0.90 acre site to the Applicant, who shall be responsible for impositions of the Sublessee. This similar lease structure was used on Everett Stewart Sr. Village (Phase I) and Brownsville Transit Village II (both approved by FHFC and closed) and will also be used on Phase III.

Issues and Concerns:

1. The total FHFC exposure to CDG and Matthew Greer is quite substantial due to the number of deals approved, or to be approved since 2009. Approximately $143.6M in FHFC-provided financing has been, or recommended to be, approved for CDG of which all has unconditional construction completion guarantees executed by CDG and Mr. Greer. CDG will have seven transactions under construction at the same time (although four of the seven are phases of Brownsville Transit Village).

2. The construction/permanent commitments provided by the Applicant from Citi Community Capital are actually preliminary applications and still subject to full underwriting and approval by their investment loan committee.

3. Mr. Greer provided an updated personal financial statement dated August 12, 2010 that indicated a significant increase in his report net worth (see Schedule C for more detail). In order to substantiate the increase, AmeriNational requested updated financial information to substantiate the increase; however, it has not been provided in time for submission of this report.

Mitigating Factors:

1. CDG has clearly exhibited the competency to successfully complete multiple affordable housing projects in a timely manner. At this time, there is no reason to conclude that any of the deals listed above will fail causing material financial strain on the Guarantors. The demand for affordable units in the submarkets where these new developments are being built is strong.

2. It is assumed that the terms and conditions set forth in the construction and permanent loan applications will not be materially different than what will be stipulated in the commitments. Any material deviation may require re-underwriting and FHFC board approval. Fortunately, Citi Community Capital also provided the construction/permanent financing on the first two phases (and will provide construction financing for Phase III) and are intimately familiar with the master development. Receipt and review of construction and permanent loan commitments from Citi Community Capital shall be a condition precedent to Loan Closing.

3. Mr. Greer's net worth and liquidity was considered acceptable prior to submission of the updated personal financial statement. Even with discounting the reported increase in asset valuation, he is still considered an acceptable Guarantor and valued member of the development team. AmeriNational is requesting updated financial information on both CDG and Mr. Greer to substantiate his increased net worth – see Special Conditions below.

Special Conditions:

1. See Exhibit B-2 for Special Loan Conditions

Waiver Requests:

1. None

Recommendation:

AmeriNational hereby recommends a Tax Credit Exchange Program loan in the amount of $5,000,000 (equivalent to a $588,235 annual Housing Credit allocation), and $2,449,000 in annual 9% Housing Credit allocation for the construction and permanent phase financing of the Development.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A), and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the Tax Credit Exchange Program Loan and Housing Credits Special and General Conditions, and the Housing Credit Recommendation (Section B). This recommendation is only valid for six months from the date of the report. The reader should refer to these sections for more detailed information.

Prepared by:	Reviewed by:
Rex N. Tilley	Michael Drapkin, Jr.
Chief Credit Underwriter	Senior Credit Underwriter

Overview

Construction Financing Sources:

Source	Lender	Applicant's Initial Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Annual Debt Service
First Mortgage	Citi Community Capital	$5,200,000	$6,500,000	$6,500,000	5.25%	$341,250
Exchange Loan	FHFC	$4,400,000	$5,000,000	$5,000,000	0.254%	$12,720
Surtax Loan (Local Contribution)	Miami-Dade County	$300,000	$300,000	$300,000	n/a	None during const.
Housing Credits	The Richman Group	$13,321,200	$14,829,243	$14,829,243		
Deferred Developer Fee	Developer	$149,039	$1,198,728	$1,752,116		
Total		**$23,370,239**	**$27,827,971**	**$28,381,359**		**$353,970**

Note: The underwritten deferred developer fee is increased to 50% of the total developer fee to represent the minimum that must be deferred up to 100% lien-free completion and release of retainage.

Note: The Development appears to be over-sourced during the construction period. However, it must be noted that the equity installment usually funded at 100% lien-free completion (and typically not included in the table above) is being funded at 98% completion. As such, an “overfunding” is implied, but does not take into account the use of those funds after lien-free completion up to stabilization.

Proposed First Mortgage Loan Structure:

A Preliminary Application Letter for construction financing was provided by the Applicant from Citi Community Capital dated August 10, 2010. The loan is in the amount of $6,500,000 with a term of 24 months, plus two, 6-month extensions. The interest rate will be locked at or prior to closing of the loan and shall be based on the greater of 350bps over one-month LIBOR or 5.25%. As of the date of this report, the one-month LIBOR was 0.29% resulting in a rate of 3.79%, which is well below the floor rate; however, the floor rate is used for underwriting purposes. Payments will be interest only.

Additional Construction Sources of Funds:

- Exchange Loan - RFP 2010-04 states that the Proposed Development will be limited to an Exchange amount of up to the lesser of: (a) the amount requested in the response to the RFP; (b) $5,000,000 per development; (c) $50,000 per unit; (d) the amount calculated by taking total development costs and deducting the Housing Credit equity, the first mortgage, any other Florida Housing resources, the deferred Developer fee, any local government subsidy funds, and any other committed resources, subject to maximum limitations provided herein; or, (e) 85 percent of the amount of the development’s eligible basis as determined at the end of the first year of the credit period (as defined in Section 42(f)(1) of the Internal Revenue Code) and which shall be estimated during credit underwriting. The amount of the Exchange funds is determined using (b) above, or $5,000,000 (equivalent to $588,235 in annual HC allocation).

  FHFC will provide the Exchange funds in the form of a forgivable loan whereby 6.67% (1/15th) of the principal will be forgiven each year after being placed in service so long as the property remains in compliance. The “interest rate” on the Exchange Loan is actually based on the annual fees owed to FHFC and AmeriNational as Servicer divided by the amount of the Exchange Loan.

- Surtax Loan – A $300,000 local government contribution in the form of a Surtax loan from Miami-Dade County will be funded during construction. The Surtax Loan will be non-amortizing with a term of 35 years at 0% interest for years 1 through 17 and 0.50% interest thereafter payable from available cash flow with principal and accrued interest due at maturity.

- Housing Credits – An Equity Letter of Intent ("LOI") was provided from The Richman Group Affordable Housing Corporation ("Syndicator") dated August 6, 2010. The amount of annual Housing Credit allocation is estimated to be $2,449,000. According to the LOI, the Syndicator shall purchase a 99.99% limited partnership interest in the Borrower at $0.8184 on the dollar for a total investment of $20,039,517, which shall be paid in as follows:

Syndicator's Capital Contributions	Amount	Percent of Total	Due upon
1st Installment	$3,005,928	15%	Closing of the construction financing.
2nd Installment	$2,404,742	12%	25% completion; no earlier than May 1, 2011
3rd Installment	$2,404,742	12%	50% completion; no earlier than July 1, 2011
4th Installment	$3,005,928	15%	75% completion; no earlier than October 1, 2011
5th Installment	$4,007,903	20%	98% completion; no earlier than January 1, 2012
6th Installment	$5,210,274	26%	Paid upon the latest of the following: (i) achievement of breakeven; (ii) estoppel letter from each lender; (iii) final cost certification; (iv) receipt of Form 8609; and (v) May 1, 2013
Total	**$20,039,517**	**100%**	

Annual HC Allocation:	$2,449,000
HC Syndication Price:	$0.8184
% of Ownership Interest Acquired:	99.99%
Proceeds during Construction:	$14,829,243

As noted on Page A-10, 100% of the estimated Proceeds during Construction shown above are not required to fund all uses required up to lien-free completion, but will be needed to fund certain uses after lien-free completion.

- Deferred Developer Fee – $1,752,116 shall be deferred up to lien-free completion, which represents 50.0% of the total fee to be paid.

Projected Construction Term and Stabilization Period:

The total construction period is estimated to be 458 days or approximately 15 months. Per the market study, the Development should be able to achieve stabilized occupancy within 3 months of construction completion based on an absorption rate of 33 units per month. Adding an additional 5 months for the stabilization period would result in repayment of the construction loan/conversion to permanent financing in less than 24 months.

The Applicant projected the same construction period but based on the absorption period on 15 units leased per month or approximately 7 months with an additional 10 months to pay off the construction loan (total of 32 months). This is a very conservative projection and actually requires an extension of the construction loan. Considering the number of units being added to this market over the next two to three years, a more conservative projection to achieve stabilized occupancy is not unreasonable.

Permanent Financing Sources:

Lender	Applicant's Initial	Applicant's Revised	Underwriter	Interest Rate	Amort. Years	Term Years	Annual Debt Service
Citi Community Capital	$2,354,000	$1,100,000	$1,085,624	7.35%	30	15	$89,756
FHFC	$4,400,000	$5,000,000	$5,000,000	0.254%	n/a	n/a	$12,720
Miami-Dade County	$300,000	$300,000	$300,000	0% years 1 - 17; 0.50% thereafter	0	35	$0
The Richman Group	$15,672,000	$20,039,517	$20,039,517				
Developer	$644,239	$22,387	$0				
	$23,370,239	**$26,461,904**	**$26,425,141**				**$102,476**

First Mortgage Loan Structure:

A Preliminary Application Letter was provided from Citi Community Capital for permanent financing dated August 10, 2010. The permanent loan is in the amount of $1,100,000 with a term of 15 years, amortization period of 30 years, and a 14.5 year yield maintenance period. The interest rate is estimated to be 7.35% and is subject to change up to point of rate lock (construction loan closing).

Conversion of the construction loan to a permanent loan shall be based on satisfactory completion of the improvements, 90% or better physical occupancy for 90 days, and satisfying the minimum DSC of 1.15.

The permanent loan amount is reduced to $1,085,624 in order to balance the permanent sources to the uses; however, the permanent commitment amount should remain at $1,100,000 in case of a future downward equity adjustor or some other need for additional funding at conversion.

Additional Permanent Sources of Funds:

- Exchange Loan – As noted in the Construction Financing Sources section, the Exchange Loan will be forgiven at a rate of 6.67% per year (1/15th) for the 15 years after the Development's placed in service date. Also, the "interest rate" represents the first year annual fees owed to FHFC and AmeriNational divided by the loan amount.

- Miami-Dade Surtax Loan - See Construction Financing Sources section.

- Housing Credits – See Construction Financing Sources section. According to the LOI, the Syndicator shall provide $5,210,274 in capital contribution upon achievement of certain benchmarks summarized in the preceding section.

- Deferred Developer Fee – AmeriNational estimates that no developer fee is needed to be deferred during the permanent financing phase.

Uses of Funds

Actual Construction Costs	Applicant's Initial Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Hard Construction Costs	$11,980,215	$13,431,610	$13,431,610	$97,000
Parking Garage Allocation - Development	$2,400,000	$1,634,972	$1,634,972	
Parking Garage Allocation - Metro spaces	$0	$240,437	$240,437	$240,437
P&P Bonds	$0	$211,266	$211,266	
General Contractor Fees	$488,785	$1,931,715	$1,931,715	
Subtotal	$14,869,000	$17,450,000	$17,450,000	$337,437
Recreational /Owner Items	$325,000	$325,000	$325,000	$162,500
Hard Cost Contingency	$832,450	$872,500	$872,500	
Total Actual Construction Costs	**$16,026,450**	**$18,647,500**	**$18,647,500**	**$499,937**

Notes to Actual Construction Costs:

1. An Owner/Contractor Agreement (Cost plus Fee with a Guaranteed Maximum Price) dated June 21, 2010 was executed between the Applicant and BJ&K Construction, Inc. (“Contractor”). The Contractor guaranteed that the Costs of the Work (as defined in the agreement) shall not exceed $17,450,000 (unless modified by a change order). The Contractor shall substantially complete the work within 458 days (approximately 15 months) from the date of the Owner’s notice to commence. The Construction Contract provides for retainage of 10% of each payment to the Contractor up to 50% of the contract amount expended; then reduced to 0% thereafter.

   A Preliminary Plan and Cost Review dated July 2010 was performed by New Perspective Florida, LLC (“NPF”) and reviewed by AmeriNational. NPF concluded that the construction budget is reasonable and adequate to complete the proposed improvements. Receipt and review of the Final Plan and Cost Review is a condition precedent to Loan Closing.

2. Per the Schedule of Values, the cost of the 156-space parking garage is estimated to be $1,875,409, or $12,022 per space. The Master Site ground lease requires the Lessee to provide 20 parking spaces as each phase is constructed, for a total of 100 parking spaces, at no cost to Miami-Dade County for Metrorail commuters. The garage construction cost attributable to these spaces is calculated as follows: $12,022 per space x 20 spaces = $240,437. This cost is illustrated accordingly as a construction cost; however, it is a land acquisition cost and therefore ineligible toward basis and excluded from the calculation of Developer Fee.

3. The General Contractor will secure a Payment and Performance Bond to secure the Construction Contract and the cost of the bond is included within the Schedule of Values.

4. General Contractor's Fee (consisting of general requirements, overhead, and profit) is equal to 12.4% of the construction contract amount, which is less than the maximum percentage permitted per Rule 67-48.

5. A Hard Cost Contingency equal to 5.00% of hard costs is included in the budget, which is equal to the percentage allowed per Rule 67-48.

General Development Costs	Applicant's Initial Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Accounting Fees	$25,000	$40,000	$40,000	
Application Fees	$0	$30,000	$30,000	$30,000
Appraisal	$16,000	$16,000	$16,000	
Architect's Fee - Design	$495,248	$450,000	$450,000	
Architect's Fee - Supervision	$60,000	$80,000	$80,000	
Builder's Risk Insurance	$125,000	$125,000	$125,000	
Building Permits	$55,500	$56,610	$56,610	
Engineering Fee	$50,000	$50,000	$50,000	
Environmental Report	$18,000	$5,000	$5,000	
FHFC Application Fee	$3,000	$3,000	$3,000	$3,000
FHFC Administrative Fee	$204,880	$204,880	$195,920	$195,920
FHFC HC Compliance Fee	$85,405	$85,991	$87,107	$87,107
FHFC Credit Underwriting Fee	$10,405	$16,000	$14,882	$14,882
Impact Fees	$561,716	$573,294	$573,294	
Inspection Fees/Construction Admin.	$0	$90,000	$90,000	
Insurance - Property/Liability	$15,000	$35,000	$35,000	
Legal Fees - Partnership	$190,000	$85,000	$85,000	$12,750
Legal Fees - Other	$0	$135,000	$135,000	$20,250
Market Study	$15,000	$8,000	$8,000	
Marketing and Advertising	$450,000	$200,000	$200,000	$200,000
Property Taxes(during construction)	$85,000	$35,000	$35,000	
Soil Test	$5,000	$5,000	$5,000	
Survey	$25,000	$15,000	$15,000	
Title Insurance and Recording	$127,623	$132,792	$132,792	$132,792
Utility Connection Fees	$149,800	$152,796	$152,796	
Soft Cost Contingency	$0	$131,468	$131,020	$32,755
Total General Development Costs	**$3,019,547**	**$2,760,831**	**$2,751,421**	**$729,456**

Notes to the General Development Costs:

1. AmeriNational reflects actual costs for the appraisal, market study, pre-construction analysis, inspection fees and FHFC Fees for: Application, Administrative, and Credit Underwriting.

2. FHFC Administrative Fee is based on 8% of the annual Housing Credit allocation.

3. FHFC Housing Credit Compliance Fee is based on the 2010 Compliance Monitoring Fee Chart that provides for a fee of $84,423 plus a Pre-final Allocation Compliance Monitoring Fee of $2,684.

4. Soft Cost Contingency equals 5.00% of total General Development Costs, which is equal to the percentage allowed per Rule 67-48.

5. The remaining general development costs are considered reasonable.

Financial Costs	Applicant's Initial Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Construction Loan Closing Costs	$15,600	$19,500	$19,500	$0
Construction Loan Interest	$610,705	$575,871	$575,871	$287,936
Construction Loan Origination Fee	$52,000	$65,000	$65,000	$0
Permanent Loan Closing Costs	$7,062	$3,300	$3,300	$3,300
Operating Deficit Reserve	$0	$326,963	$335,197	$335,197
Permanent Loan Origination Fee	$23,540	$11,000	$11,000	$11,000
Other Closing Costs	$0	$68,300	$68,300	$28,328
Total Financial Costs	**$708,907**	**$1,069,934**	**$1,078,168**	**$665,761**

Notes to the Financial Costs:

1. In accordance with RFP 2010-04, an Operating Deficit Reserve (“ODR”) in the amount of six (6) months of operating expenses (including reserves) and six (6) months of debt service is required. The total amount of the ODR is estimated to be $335,197.

Other Development Costs	Applicant's Initial Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Development Cost Before Land and Developer Fee	$19,754,904	$22,478,265	$22,477,089	$1,895,154
Other Development Costs				
Developer Fee & Overhead	$3,147,000	$3,539,819	$3,504,232	$0
Total Other Development Costs	**$3,147,000**	**$3,539,819**	**$3,504,232**	**$0**

Notes to the Other Development Costs:

1. Developer Fee is equal to 16.00% of development costs before land less costs associated with the Metrorail parking spaces and the ODR. The Applicant’s revised developer fee does not take into account netting the latter two costs from the calculation.

Land Acquisition Costs	Applicant's Initial Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Development Cost Before Land	**$22,901,904**	**$26,018,084**	**$25,981,321**	**$1,895,154**
Land Acquisition Costs				
Land	$468,335	$443,820	$443,820	$443,820
Total Acquisition Costs	**$468,335**	**$443,820**	**$443,820**	**$443,820**

Notes to Land Acquisition Costs:

1. The land upon which the improvements will be constructed will be provided under the terms of a 99 year ground lease. In addition to the aforementioned 20 parking spaces toward payment of the

lease, the impositions required of the Applicant total $443,820 to satisfy the Applicant's obligations imposed by the Master Site ground lease and is calculated as follows:

Land Cost Calculation	
Total Imposition	$1,500,000
Total Spaces	445
per Space	$3,370.78
# Rental Units	102
Subtotal	$343,820
Additional Rent	$100,000
Total Imposition	$443,820

	Applicant's Initial Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Total Development Cost	**$23,370,239**	**$26,461,904**	**$26,425,141**	**$2,338,974**

Notes to Total Development Cost:

1. None

OPERATING PRO FORMA

DESCRIPTION		Annual	Per Unit
Income			
Gross Potential Rental Revenue		$871,068	$8,540
Other Income			
Ancillary Income		$15,300	$150
Gross Potential Income		$886,368	$8,690
Less:			
Vacancy and Collection Loss	7%	$62,046	$608
Total Effective Gross Income (EGI)		**$824,322**	**$8,082**
Expenses			
Fixed:			
Real Estate Taxes		$97,850	$959
Insurance		$51,500	$505
Variable:			
Management	6%	$49,459	$485
General and Administrative		$45,900	$450
Payroll Expenses		$124,308	$1,219
Utilities		$71,400	$700
Marketing and Advertising		incl in G/A	
Maintenance and Repairs		$71,400	$700
Security		$25,500	$250
Reserve for Replacements		$30,600	$300
Total Expenses		**$567,917**	**$5,568**
Net Operating Income		**$256,405**	**$2,514**
Debt Service Payments			
First Mortgage - Citi Community Capital		$89,756	$880
Second Mortgage - Exchange Loan (Fees)		$12,720	$125
Third Mortgage - Surtax Loan		$0	$0
Total Debt Service Payments		**$102,476**	**$1,005**
Operating Income After Debt Service - Before Tax Cash Flow		**$153,929**	**$1,509**
Debt Service Coverage (DSC) Ratios			
Debt Service Coverage - 1st Mortgage		2.86	
Debt Service Coverage - 1st & Exchange Fees		2.50	
Financial Ratios			
Operating Expense Ratio		69%	
Break-even Economic Occupancy Rate		76%	

Notes to the Operating Pro Forma and Ratios:

1. Gross Potential Rental Revenue is based on the following.
   a) For the 33% setaside units, the 2010 maximum net HC rents are used. These rents were published after the market study was completed. The Development should be able to easily attain these rents.
   b) For the 60% setaside units, the achievable rents concluded in the Market Study were used. None of the properties surveyed are achieving full maximum net housing credit rents in this market area.

Miami-Miami Beach-Kendall, FL MSA (Miami-Dade)

BR	BA	No. of Units	Unit Size (SF)	Median Income %	Max Gross HC Rents (2010)	UA	Max Net HC Rents	Applicant Rents	Market Study Achievable Rents	Market Rents	ACS Rents	Annual Rents
1	1	3	613	33%	$435	$98	$337	$319	$319	$825	$337	$12,132
1	1	22	613	60%	$792	$98	$694	$660	$640	$825	$640	$168,960
2	2	5	836	33%	$522	$132	$390	$374	$368	$1,025	$390	$23,400
2	2	45	836	60%	$949	$132	$817	$764	$750	$1,025	$750	$405,000
3	2	3	1,039	33%	$603	$177	$426	$404	$401	$1,200	$426	$15,336
3	2	22	1,039	60%	$1,097	$177	$920	$877	$855	$1,200	$855	$225,720
3	2	2	1,292	60%	$1,097	$177	$920	$877	$855	$1,200	$855	$20,520
Total		**102**	**85,684**									**$871,068**

2. The concluded ACS Rents exhibit strong affordability compared to the concluded market rents (59% to 65% for the 33% set-aside units and 22% to 29% for the 60% set-aside units).

3. A vacancy and collection loss rate of 7% was utilized by AmeriNational and supported by the appraisal.

4. Ancillary Income of $150 per unit per month is comparable to similar properties in the market. Other Income is comprised of fees associated with, late charges, pet deposits, forfeited security deposits, laundry facility income, etc.

5. Total Expenses and Reserves for replacement amounted to $5,568 per unit, which is reasonable compared to other recently approved developments and comparable data provided in the appraisal report (the Appraiser concluded $$5,565 per unit).

6. Replacement Reserves of $300 per unit per year are recommended by AmeriNational, which satisfies the requirement set forth in RFP 2010-04. The PNA has not been prepared by NPF to date but in no event shall the recommendation be less than what is required per the RFP. It should be noted that the Equity LOI is also requiring $300 per unit per year, but is also requiring a CPI adjustment each year, versus the FHFC requirement of the CPI beginning in Year 7. As such, the FHFC requirement will be amended to require annual CPI adjustments to the reserve funding unless this is amended prior to Loan Closing by the Syndicator.

7. No minimum Debt Service Coverage Ratio (DSCR) is defined in RFP 2010-04. Per Rule 67-48, the DSCR must be no less than 1.10 for all combined debt. The combined DSCR is estimated to be 2.50.

8. The Exchange Loan “debt service” includes the fees owed to FHFC and AmeriNational as Servicer on an annual basis.

9. The Break-even Economic Occupancy Rate is strong at 76%.

10. A 15-year Operating Pro Forma attached herein as Exhibit 1 reflects rental income increasing at an annual rate of 2%, and expenses increasing at an annual rate of 3%. The model assumes a 3% increase to the annual replacement reserve funding per the requirement set forth in the equity LOI.

Section B

Tax Credit Exchange Program Loan Conditions & HC Allocation Recommendation and Contingencies

Special Conditions

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

1. Receipt and review of construction and permanent loan commitments from Citi Community Capital.
2. Receipt and review of a Final Plan and Cost Review report from NPF.
3. Receipt and review of the following financial information:
   a. Matthew Greer
      i. Updated Schedule of Real Estate Owned; and
      ii. Bank statements to substantiate cash/cash equivalents on personal financial statement

   b. CDG
      i. Updated financial statements, including an income statement;
      ii. Updated Schedule of Real Estate Owned; and
      iii. Bank statements substantiating reported cash/cash equivalents

General Conditions

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

1. Borrower is to comply with any and all recommendations noted in the Plan & Cost Review prepared by NPF.
2. Signed and sealed survey, dated within 90 days of Exchange 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, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). An acceptable alternative to this requirement is receipt and satisfactory review of 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. The final “as permitted” (signed and sealed) site plans, building plans, and specifications. The Geotechnical Report must be bound within the final plans and specifications.

5. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule, documentation of the closing costs, and draft loan closing statement must also be provided. The final sources and uses of funds schedule will be attached to the Loan Agreements as the approved Development budget.

6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. Exchange Loan proceeds may be disbursed during the construction/rehabilitation period in an amount per draw based on completed work and the expenditure of costs associated with eligible costs; provided, however, that at least 30% of its total adjusted basis in land and depreciable property that is reasonably expected to be part of the low income housing development is paid or incurred by December 31, 2010. Prior to approval of any Exchange funds draw in 2011, a CPA certification indicating that the Treasury's 30% test has been met must be approved by FHFC or its Servicer. 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. 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 Applicant. 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, it's Servicer, and it's Legal Counsel.

9. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.

10. The developer is allowed to draw a maximum of 50% of the developer fee during construction/rehabilitation, but in no case more than the payable developer fee, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" during construction/rehabilitation will allowed to be disbursed at closing. The remainder of the "developer's overhead" will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved by FHFC and 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 it's Legal Counsel <u>at least two (2) weeks prior to Loan Closing.</u> Failure to receive approval of these items within this timeframe 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 and purchase of same by The Richman Group Affordable Housing Corporation or assigns under terms consistent with the assumptions of this report.

3. Signed and sealed survey, dated within 90 days of Exchange Loan closings, 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 Exchange Loan 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 property, 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 Exchange 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. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Exchange 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 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 of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, and of any corporate guarantor and any manager;

    b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;

    c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;

    d. The Borrower's and the guarantor's execution, delivery and performance of all the Loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower’s Partnership Agreement and;

    e. Such other matters as Florida Housing or its Legal Counsel may require.

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 Exchange Loan.

11. UCC Searches for the Borrower, its partnerships, as requested by counsel.

12. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

This recommendation is also contingent upon the following additional conditions.

1. Compliance with all applicable provisions of Section 42 of the Internal Revenue Code, as amended, and all related federal regulations, including the provisions of the Exchange Program under the American Recovery and Reinvestment Act of 2009, Florida Statutes and administrative rules, including but not limited to Rule Chapter 67-48, F.A.C. and FHFC Request for Proposal 2010-04.

2. Acceptance by the Borrower and execution of all documents evidencing and securing the Exchange Loan in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note, the Loan Agreement(s), the Mortgage and Security Agreement, and the Extended Low Income Housing Agreement.

3. At all times there will be undisbursed loan funds (collectively held by Florida Housing, First Lender and any other sources) sufficient to complete the Development. If at any time there are not sufficient funds (held by Florida Housing, First Lender and any other sources) to complete the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional Loan funds are disbursed. This condition specifically includes escrowing at closing all 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 Agreement reflecting purchase of the Low Income Housing Tax Credits by the Syndicator, or an affiliate, under terms consistent with the assumptions contained in this report.

5. The Limited Partnership Agreement shall be in a form and substance satisfactory to FHFC, its Legal Counsel, and its Servicer.

6. Receipt and satisfactory review of a Joint Funding Agreement between the Applicant and the Syndicator, or affiliate, that requires funding of all HC Equity installments

7. Guarantors to provide the standard FHFC Construction Completion Guaranty; to be released upon 100% lien-free completion as approved by the Servicer.

8. Guarantors are to provide the standard FHFC Operating Deficit Guaranty for the entire compliance period, or 15 years. The Operating Deficit Guaranty is limited to an amount equal to nine (9) months of operating expenses, inclusive of replacement reserves, and nine (9) months of debt service, or $502,795. The guaranty shall be released upon expiration of the initial 15-year compliance period.

9. Guarantors are to provide the standard FHFC Environmental Indemnity Guaranty.

10. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.

11. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the Exchange Loan is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. The form of the title policy must be approved prior to Exchange Loan closing.

12. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgage Lender. 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 Reserve funds in the amount of $300 per unit per year are required to be deposited on a monthly basis into a designated escrow account, to be maintained by Florida Housing's Loan Servicing Agent, or the permanent lender, as approved by FHFC and AmeriNational. The Borrower will be required to maintain a minimum amount of $1,500 per unit at all times, allowing for an initial period to accumulate this minimum. **Per the Equity LOI, the annual replacement reserve funding requirement shall be adjusted by the Consumer Price Index beginning the first year of funding. If this adjustment to the annual funding deposit is amended or eliminated prior to Loan Closing, the base FHFC language shall apply as follows:** 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 Borrower provides a Physical Needs Assessment prepared by an independent third party acceptable to FHFC that evidences an increase in the deposit is excessive or unnecessary.

14. Operating Deficit Reserves ("ODR") in the collective amount of six (6) months of expenses and six (6) months of debt service will be permitted within the Applicant's budget, unless the Credit Underwriter deems a larger reserve is necessary. The calculation of developer fee will be exclusive of the budgeted ODR and any ODR "proposed or required by a limited partner or other lender" in excess of the amount of the ODR deemed satisfactory by the credit underwriter will be a subset of developer fee.

    Upon expiration of the ODR, the balance in the reserve will be used to pay down any FHFC administered loan debt, if any, and if there is no FHFC administered loan debt, then the balance of the reserve shall be deposited into a replacement reserve account.

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 Construction Contract indicates a 10% retainage holdback through 50% completion and a 0% retainage holdback thereafter, which satisfies the minimum requirement.

16. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.

17. Receipt and satisfactory resolution of any outstanding past due items or non-compliance issues.

18. NPF will act as inspector for FHFC during the construction period.

19. Closing of the First Mortgage Loan must close prior to or simultaneously with the closing of the Exchange Loan.

20. Any other reasonable requirements of Florida Housing, its Legal Counsel, or its Servicer.

Housing Credit Allocation Recommendation

AmeriNational hereby recommends an annual Housing Credit Allocation in the amount of $2,449,000. Please see the HC Allocation analysis in Exhibit 3 of this report for further details.

Housing Credit Contingencies

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by AmeriNational and FHFC by the deadline established in the Preliminary Determination. Failure to resolve these contingencies within this timeframe may result in forfeiture of the HC allocation:

1. Closing of the Exchange Loan consistent with the assumptions of this credit underwriting report.

2. Purchase of the Housing Credits by The Richman Group Affordable Housing Corporation under the terms consistent with the most recent Letter of Intent.

3. NPF to act as FHFC inspector during the construction period.

4. Any other reasonable requirements of FHFC or AmeriNational.

Exhibit 1
Brownville Transit Village IV
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		$871,068	$888,489	$906,259	$924,384	$942,872	$961,729	$980,964	$1,000,583	$1,020,595	$1,041,007	$1,061,827	$1,083,064	$1,104,725	$1,126,819	$1,149,356
Other Income																
Ancillary Income		$15,300	$15,606	$15,918	$16,236	$16,561	$16,892	$17,230	$17,575	$17,926	$18,285	$18,651	$19,024	$19,404	$19,792	$20,188
Gross Potential Income		$886,368	$904,095	$922,177	$940,621	$959,433	$978,622	$998,194	$1,018,158	$1,038,521	$1,059,292	$1,080,478	$1,102,087	$1,124,129	$1,146,612	$1,169,544
Less:																
Vacancy & Collection Loss @	7%	$62,046	$63,287	$64,552	$65,843	$67,160	$68,504	$69,874	$71,271	$72,696	$74,150	$75,633	$77,146	$78,689	$80,263	$81,868
Total Effective Gross Income		$824,322	$840,809	$857,625	$874,777	$892,273	$910,118	$928,321	$946,887	$965,825	$985,141	$1,004,844	$1,024,941	$1,045,440	$1,066,349	$1,087,676
Expenses																
Fixed:																
Real Estate Taxes		$97,850	$100,786	$103,809	$106,923	$110,131	$113,435	$116,838	$120,343	$123,953	$127,672	$131,502	$135,447	$139,511	$143,696	$148,007
Insurance		$51,500	$53,045	$54,636	$56,275	$57,964	$59,703	$61,494	$63,339	$65,239	$67,196	$69,212	$71,288	$73,427	$75,629	$77,898
Variable:																
Management Fee @	6%	$49,459	$50,449	$51,457	$52,487	$53,536	$54,607	$55,699	$56,813	$57,949	$59,108	$60,291	$61,496	$62,726	$63,981	$65,261
General and Administrative		$45,900	$47,277	$48,695	$50,156	$51,661	$53,211	$54,807	$56,451	$58,145	$59,889	$61,686	$63,536	$65,442	$67,406	$69,428
Payroll Expenses		$124,308	$128,037	$131,878	$135,835	$139,910	$144,107	$148,430	$152,883	$157,470	$162,194	$167,060	$172,071	$177,233	$182,550	$188,027
Utilities		$71,400	$73,542	$75,748	$78,021	$80,361	$82,772	$85,255	$87,813	$90,447	$93,161	$95,956	$98,834	$101,799	$104,853	$107,999
Marketing and Advertising		incl in G/A														
Maintenance and Repairs		$71,400	$73,542	$75,748	$78,021	$80,361	$82,772	$85,255	$87,813	$90,447	$93,161	$95,956	$98,834	$101,799	$104,853	$107,999
Security Services		$25,500	$26,265	$27,053	$27,865	$28,700	$29,561	$30,448	$31,362	$32,303	$33,272	$34,270	$35,298	$36,357	$37,448	$38,571
Reserve for Replacements		$30,600	$31,518	$32,464	$33,437	$34,441	$35,474	$36,538	$37,634	$38,763	$39,926	$41,124	$42,358	$43,628	$44,937	$46,285
Total Expenses		$567,917	$584,460	$601,490	$619,020	$637,065	$655,642	$674,765	$694,451	$714,717	$735,579	$757,055	$779,164	$801,924	$825,354	$849,475
Net Operating Income		$256,405	$256,348	$256,135	$255,758	$255,207	$254,476	$253,556	$252,436	$251,108	$249,563	$247,789	$245,778	$243,516	$240,995	$238,201
Debt Service Payments																
First Mortgage		$89,756	$89,756	$89,756	$89,756	$89,756	$89,756	$89,756	$89,756	$89,756	$89,756	$89,756	$89,756	$89,756	$89,756	$89,756
Exchange Fees		$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720	$12,720
Miami Dade -Surtax		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service Payments		$102,476	$102,476	$102,476	$102,476	$102,476	$102,476	$102,476	$102,476	$102,476	$102,476	$102,476	$102,476	$102,476	$102,476	$102,476
Operating Income After Debt Service - Before Tax Cash Flow		$153,929	$153,873	$153,660	$153,282	$152,732	$152,001	$151,080	$149,960	$148,633	$147,087	$145,314	$143,302	$141,041	$138,519	$135,725
Debt Service Coverage Ratios																
Debt Service Coverage - First Mortgage		2.86	2.86	2.85	2.85	2.84	2.84	2.82	2.81	2.80	2.78	2.76	2.74	2.71	2.69	2.65
Debt Service Coverage - All Mortgages		2.50	2.50	2.50	2.50	2.49	2.48	2.47	2.46	2.45	2.44	2.42	2.40	2.38	2.35	2.32
Financial Ratios																
Operating Expense Ratio		69%	70%	70%	71%	71%	72%	73%	73%	74%	75%	75%	76%	77%	77%	78%
Break-even Economic Occupancy		76%	76%	76%	77%	77%	77%	78%	78%	79%	79%	80%	80%	80%	81%	81%

Exhibit 2
Brownsville Transit Village IV
2009-149C/2010-032CX/2011-013CX
Miami-Dade County

A. The Development will consist of:

100 High-Rise Apartment units located in 1 residential building and 2, Townhouse apartment units for a total of 102 units.

Unit Mix:

Twenty-five (25) one bedroom/one bath units containing a minimum of 613 square feet of heated and cooled living area.

Fifty (50) two bedroom/two bath units containing a minimum of 836 square feet of heated and cooled living area.

Twenty-five (25) three bedroom/two bath units containing a minimum of 1,039 square feet of heated and cooled living area.

Two (2) three bedroom/two bath townhouse units containing a minimum of 1,292 square feet of heated and cooled living area.

102 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 and glass door 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. Full-size 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. 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. At least 1.5 bathrooms (one full bath and one with at least a toilet and sink) in all 2 bedroom new construction units

5. Dishwasher in all new construction units

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

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. Playground/tot lot, accessible to children with disabilities (must be sized in proportion to Development’s size and expected resident population with age-appropriate equipment)

5. Outside recreation facility: Domino Court

6. Library consisting of a minimum of 100 books and 5 current magazine subscriptions

7. 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

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

E. The Applicant has committed to provide the following energy conservation features for all buildings in the 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 of 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

F. By initialing each item, the Applicant commits to the following 10 Green Building options for this Development:

1. _X__ Programmable thermostats in each unit

2. _X__ Energy Star rated reversible ceiling fans in all bedrooms and living areas

3. _X__ Showerheads that use less than 2.5 gallons of water per minute

4. _X__ Faucets that use 2 gallons of water per minute or less in the kitchen and all bathrooms

5. _X__ Toilets that have dual flush options which include 1.6 gallons of water or less

6. _X__ Energy Star qualified lighting in all open and common areas

7. _X__ Motion detectors on all outside lighting that is attached to the units

8. _X__ Low VOC paint (less than 50 grams per gallon) in all units and common areas

9. ____ Reduced Heat-Island Effect paving (use light colored or porous paving materials)

10. _X__ Energy Star rating for all refrigerators, dishwashers and washing machines that are provided by the Applicant

11. ____ Energy Star rating for all windows in each unit

12. ____ Carpet and Rug Institute Green Label certified carpet and pad for all carpeting provided

13. ____ Florida Yards and Neighborhood certification on all landscaping

14. _X__ Install daylight sensors or timers on all outdoor lighting

G. The Applicant has committed to provide the following Resident Programs:

1. Welfare to Work or Self-Sufficiency Type Programs - The Applicant commits to actively seek residents who are participating in or who have successfully completed the training provided by these types of programs.

2. <u>Homeownership Opportunity Program</u>

   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;
- 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.

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. Job Training – Applicant or its Management Agent must provide, at no cost to the resident, regularly scheduled classes in keyboarding, computer literacy, secretarial skills or other useful job skills, which will be provided at least once each quarter. If the training is not provided on-site, transportation at no cost to the resident must be provided. Electronic media, if used, must be used in conjunction with live instruction.

5. 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.

6. 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." Electronic media, if used, must be used in conjunction with live instruction.

7. 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. Electronic media, if used, must be used in conjunction with live instruction

8. 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. Electronic media, if used, must be used in conjunction with live instruction.

Exhibit 3
Housing Credit Allocation Calculation

Section I: Qualified Basis Calculation

Total Development Cost	$26,425,141
Less Land Costs	$443,820
Less Federal Grants	$0
Less Other Ineligible Costs	$1,895,154
Less Disproportionate Standard	$0
Total Eligible Basis	$24,086,167
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	130%
Qualified Basis	$31,312,017
Housing Credit Percentage (Federal allocation)	9.00%
Annual Housing Credit Allocation	$2,818,082

Notes to the Qualified Basis Calculation:

1. The Development has a 100% set-aside; therefore, the Applicable Fraction is 100%.

2. The Development is located within a Difficult Development Area; therefore, a multiple of 130% is utilized.

3. The Housing and Economic Recovery Act of 2008 provides for a Housing Credit Percentage of not less than 9% for buildings placed in service after the bills enactment and before December 31, 2013. For purposes of this report, a Housing Credit Percentage of 9% is applied.

Section II: Gap Calculation

Total Development Cost (including land and ineligible costs)	$26,425,141
Less: Mortgages	$1,385,624
Less: Other	$0
Equity Gap	$25,039,517
% of Ownership Interest acquired by Syndicator	99.99%
HC Syndication Pricing (rounded to 4 decimal places)	$0.8184
HC Required to meet Equity Gap	$30,598,755
Annual HC Required	$3,059,876

Notes to the Gap Calculation:

1. The Mortgages deducted from Total Development Cost include the First Mortgage from Citi Community Capital and the Surtax Loan from Miami-Dade County.

2. The % of Ownership Acquired by Syndicator and HC Syndication Pricing are based on the Equity LOI.

Section III: Summary

HC per Applicant's Request	$2,449,000
HC per Qualified Basis	$2,818,082
HC per Gap Calculation	$3,059,876
Annual HC Recommended	$2,449,000
Total Syndication Proceeds per Equity LOI	$20,040,611

Notes to the Summary:

1. The Annual HC Exchange Recommended is limited by the lesser of the Applicant's Request, Qualified Basis or the Gap Calculation; therefore, the Applicant's Request applies.

EXHIBIT 4
COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Brownsville Transit Village IV
DATE: September 2, 2010

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 timeframe. 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.**	
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.	
Final site plan and/or status of site plan approval.	Satis.	
Permit Status.	Satis.	
Pre-construction analysis ("PCA").	Satis.	
Survey.	Satis.	
Complete, thorough soil test reports.	Satis.	
Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
Market Study separate from the Appraisal.	Satis.	
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.	
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.	
Resumes and experience of applicant, general contractor, and management agent.	Satis.	
Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
Management Agreement and Management Plan.	Satis.	
Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
Firm commitment letter from the syndicator, if any.	Satis.	
Firm commitment letter(s) for any other financing sources.		1
Updated sources and uses of funds.	Satis.	
Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
Fifteen-year income, expense, and occupancy projection.	Satis.	

EXHIBIT 4
COMPLETENESS AND ISSUES CHECKLIST

FINAL REVIEW **REQUIRED ITEMS:**	**STATUS** **Satis. / Unsatis.**	**NOTE**
Executed general construction contract with "not to exceed" costs.	Satis.	
HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis	
Any additional items required by the credit underwriter.	Satis	

NOTES AND DEVELOPER RESPONSES:

1. As noted, the Applicant has not provided commitments for the construction and permanent financing to be provided by Citi Community Capital. Receipt and review of the commitments are a condition to Loan Closing.