

Florida Housing Finance Corporation

Credit Underwriting Report

Monterra Apartments

**New Issue Bond Program (“NIBP”) & Home Investment
Partnership (“HOME”) Program**

2010A-202B / RFP 2009-06-06

Section A: Board Summary

**Section B: MMRB & HOME Loan Conditions &
HC Allocation Recommendation**

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

FINAL REPORT

October 8, 2010

Monterra Apartments

TABLE OF CONTENTS

	<u>Page</u>
Section A	
Board Summary	
Recommendation	A1-A7
Overview	A8-A11
Uses of Funds	A12-A16
Operating Pro Forma	A17-A19
Section B	
MMRB & HOME Loan Conditions	B1-B8
Housing Credit Recommendation	B9
Section C	
Supporting Information & Schedules	
Additional Development & Third Party Information	C1-C7
Applicant Information	C8-C10
Guarantor Information	C11
Credit Enhancer	C12
General Contractor Information	C13-C14
Syndicator Information	C15
Property Management Information	C16
Exhibits	
15 Year Pro Forma	1
Housing Credit Allocation	2. 1-3
Description of Features and Amenities	3. 1-5
Completion and Issues Checklist	4. 1-2

Section A
Board Summary

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

Recommendation

First Housing recommends MMRB NIBP tax exempt bond loan financing in the amount of **\$25,780,000**, HOME loan financing in the amount of **\$3,500,000** and an annual Housing Credit Allocation of **\$1,483,870** be awarded to this development for its new construction and permanent financing.

DEVELOPMENT & SET ASIDES				
Location	The northwest corner of the intersection of Sheridan Street and University Drive in Cooper City, Broward County, Florida 33024			
Number of Units/Unit Mix	Bedrooms	Baths	No. of Units	Unit Size (Sf)
	1	1	96	651
	2	2	156	898
	3	2	48	1,187
	Total		300	259,560
2009 HOME Subsidy Limits	96 one-bedroom units at \$87,259 156 two-bedroom units at \$106,108 48 three-bedroom units at \$137,268 Maximum HOME subsidy of \$31,518,576			
Demographic Commitment	Family – Development will serve the general population			
Set Asides	100% (300 units) at or below 60% AMI (HC) 85% (255 units) at or below 60% AMI (MMRB) 100% (300 units) HOME-Assisted Units (HOME) 20% (60 units) 50% or less AMI (HOME Low Rent Units) 80% (240 units) 60% or less AMI (HOME High Rent Units)			
Set Aside Term	50 Years (MMRB, HOME & HC)			
County Size	Large			
Development Category	New Construction			
Development Type	Garden-Style			
Occupancy Rate	N/A			
Parking	2 parking spaces per unit are required (600 parking spaces). The Cooper City Commission approved a			

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

	variance allowing the reduced number of parking spaces on October 13, 2009. 525 parking spaces including 11 handicapped accessible spaces are provided.
Improvements	300 units constructed of concrete block located in 12 garden-style residential structures
Site Acre	12.6 acres
Density	23.8 units per acre
Zoning	PMUD – Planned Mixed-Use Development
Flood Zone Designation	Zone “AH” per the survey, flood insurance is required.
Development Team	
Applicant/Borrower	ZOM Monterra, L.P., a Florida limited partnership formed January 29, 2009
General Partner (0.01% Ownership)	ZOM Monterra GP, LLC, a Florida limited liability company formed January 29, 2009
Limited Partner/Syndicator (99.99% Ownership)	Initially, ZOM Holding, Inc., a Florida corporation to be replaced by the housing credit syndicator Stratford Capital Investments, LLC or an affiliate at closing
Guarantor	ZOM Holding, Inc.
Developer	ZF Development, LLC, a Florida limited liability company
General Contractor	First Florida Building Corporation
Management Company	ZRS Management, LLC
Issuer	FHFC
Construction Lender – Credit Enhancer	JPMorgan Chase Bank, N.A.
Permanent Lender – Credit Enhancer	CW Capital, LLC as an approved lender under the Affordable Housing Program of Freddie Mac. Credit enhancement of the bonds will be provided through the issuance by Freddie Mac of a direct pay credit facility or other acceptable direct pay instrument which will be pledged to the Trustee and thereby cause the bonds to be rated “AAA” by Standard & Poors Corporation
Financing Information	
FHFC Programs	Tax Exempt NIBP, HOME and 4% HC
MMRB Loan Amount	\$25,780,000
MMRB Loan Rate	4.58%
MMRB Loan Term/Amortization	31.5 years / 35 years
HOME Loan Amount	\$3,500,000
HOME Loan Rate	1.00%
HOME Loan Term/Amortization	31.5 years / N/A
Market Rent/Market Financing Value at Stabilization	\$29,250,000
Replacement Value	\$32,075,000 (FHA financing was contemplated originally and HUD does not require an income

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

	approach to value for the appraisal, only replacement value. An updated satisfactory appraisal will be required prior to loan closing)
Replacement Value – First Mortgage MMRB loan	80.37%
Replacement Value – First Mortgage MMRB and HOME loans	91.29%
Market Loan To Value – First Mortgage MMRB loan	88.14%
Market Loan To Value – First Mortgage MMRB and HOME loans	100.10%
Projected Net Operating Income	\$1,869,254
Debt Service Coverage - MMRB	1.26
Debt Service Coverage – MMRB and HOME loans	1.23
Permanent MMRB Loan to Cost	63.55%
FHFC Assistance per Unit (MMRB and HOME)	\$97,600
HC Annual Allocation Per Unit	\$4,946
Syndication Price	\$0.67
Bond Structure	Credit Enhancement Fixed Rate

Construction/Permanent Sources:

Source	Lender	Construction	Permanent	Permanent loan per Unit
Tax Exempt Bonds	JPMorgan/CW Capital	\$25,780,000	\$25,780,000	\$85,933
HOME Loan	FHFC	\$3,500,000	\$3,500,000	\$11,667
SHIP Loan	Broward County	\$750,000	\$750,000	\$2,500
Housing Credit Equity	Stratford Capital	\$6,727,000	\$9,610,000	\$32,033
Deferred Developer Fee	ZF Development, LLC	\$3,808,165	\$925,165	\$3,084
Total		\$40,565,165	\$40,565,165	\$135,217

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	

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

Are all funding sources the same as shown in the Application?	X	
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?		1.
Does the applicant have site control at or above the level indicated in the Application?	X	
Does the applicant have adequate zoning as indicated in the Application?	X	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development costs remained equal to or less than those listed in the Application?	X	
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	X	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?		2.
Is the Development in all other material respects the same as presented in the Application?	X	

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

1. In the energy conservation features section of the Application, the Applicant selected all windows double pane with minimum solar heat gain coefficient of < or equal to .5 and minimum of .75 U Value which is worth 2 points. The Applicant proposes to substitute the Application selection with all windows single pane with shading coefficient of .67 or better which is also worth 2 points.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

2. The Applicant submitted a syndication proposal from Hudson Housing Capital as part of the Supplemental MMRB Application Cycle which listed an exchange price of \$0.71 per housing credit dollar. Subsequently, the Applicant submitted an equity commitment from Stratford Capital Group with an exchange price of \$0.67 per housing credit dollar.

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

According to the FHFC, August 26, 2010 Asset Management Non-Compliance Report, the Development team has the following non-compliance item(s) not in the correction period:

- None

According to the FHFC Past Due report dated September 3, 2010, the Development team has the following past due item(s):

- None

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

Strengths:

The submarket occupancy rate where the subject will be situated is well above 90% and the occupancy rate within Cooper City is 94.5%. The survey of affordable developments within Broward County was 95.9% as of February 2010 and 98.6% as of April 2010.

In the Cooper City market area the demand for additional apartments of the character planned at Monterra is 575 units from 2009 to 2010 and 585 per year from 2010 to 2015.

Other Considerations:

There are twelve Guarantee Fund projects located in Broward County. RW is of the opinion that the subject's units will not negatively impact the Guarantee Fund projects in the Cooper City market area or within the five-mile radius ring of the proposed development site.

Mitigating Factors:

None

Waiver Requests/Special Conditions:

None

Additional Information:

First Housing has reviewed a request from the Developer dated June 1, 2010 to FHFC proposing a bond structure where Broward County, under an inter-local agreement, transfers approximately \$10,000,000 (\$5,000,000 each for the Monterra and Sorrento at Miramar developments) of private bond activity allocation to FHFC for issuance as FHFC market bonds. The structure satisfies the requirements of the Broward County SHIP program which would allow the two developments to remain eligible to receive SHIP loan funds that have been awarded.

With this proposed structure, FHFC would be the Issuer of the entire bond amount. FHFC would charge its full issuer fee on the entire bond allocation amount. Broward County would receive its standard issuer fee of 18 basis points on its contributed portion of the total allocation and FHFC would retain the remaining amount over and above the Broward County fee along with the full issuer fee on the FHFC contributed portion of the total allocation. A final version of the Interlocal Agreement has been approved further detailing the fee payment arrangement and bond allocation structure in an amount up to \$6,000,000.

First Housing reviewed an email dated June 23, 2010 indicating that FHFC is agreeable to handling the fees in this matter.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

Recommendation:

First Housing recommends MMRB NIBP tax exempt bond loan financing in the amount of **\$25,780,000**, HOME loan financing in the amount of **\$3,500,000** and an annual Housing Credit Allocation of **\$1,483,870** be awarded to this development for its new construction and permanent financing.

Based on a 1.0 to 1.0 DSC ratio required by the State Board of Administration in their fiscal sufficiency determination, the current Net Operating Income at the current interest rate would support a tax exempt bond amount of \$31,800,000.

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

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

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Reviewed by:



Ed Busansky, Senior Vice President

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

Overview

Construction Financing Sources:

Construction Sources	Lender	Application	Revised Applicant	Underwriter	Construction Interest Rate	Annual Construction Debt Service
Tax Exempt Bonds	JPMorgan Chase	\$25,825,000	\$25,780,000	\$25,780,000	3.91%	\$1,007,998
HOME Loan	FHFC	\$3,500,000	\$3,500,000	\$3,500,000	1.00%	\$35,000
SHIP Loan	Broward County	\$750,000	\$750,000	\$750,000	0.00%	\$0
Housing Credit Equity	Stratford Capital	\$8,721,850	\$6,793,000	\$6,727,000	N/A	N/A
Deferred Developer Fee	ZF Development, LLC	\$4,837,506	\$4,042,687	\$3,808,165	N/A	N/A
Total		\$43,634,356	\$40,865,687	\$40,565,165		\$1,042,998

MMRB:

First Housing reviewed a term sheet from JPMorgan Chase Bank, N.A. (“JPM”) dated September 15, 2010 which provides for terms that JPM is willing to provide a direct-pay letter of credit to provide construction-period credit enhancement for the loan from FHFC to be funded by the issuance of the tax-exempt bonds. The amount of the letter of credit is \$25,780,000 for an initial term of thirty months with one six-month extension available. Upon construction completion of the development and cost certification the loan is expected to be converted to a permanent loan.

The construction MMRB loan is in an amount up to \$25,780,000. The construction and permanent rate is estimated “all in” at 3.91% which includes a base rate of 3.07%, guaranty fee of 0.48%, issuer/trustee fees of 0.31%, and a market bonds rate adjustment fee of 0.05%. The Applicant has the option of choosing variable rate or fixed rate loan pricing during construction. The construction term is 18 months followed by a 30 year permanent loan term. Amortization of principal and interest begins when the loan converts to permanent and is based on a 35 year schedule. Interest only will be payable during construction.

HOME Loan:

First Housing reviewed a preliminary commitment from FHFC for a HOME Rental Program loan in an amount up to \$3,500,000. Payments are interest-only from available cash flow. The rate is based on a fixed rate of interest of 1% simple interest per annum. FHFC pays the applicable fees. The loan term shall be coterminous with the bonds.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

SHIP Loan:

First Housing reviewed an award letter and preliminary commitment from the Housing Finance and Community Development Division of Broward County, Florida dated June 24, 2010 in the amount of \$750,000 from the Broward County SHIP Program. The loan does not accrue interest and payments are not required until maturity. The loan term shall be coterminous with the bonds.

Housing Credits Equity:

FHDC has reviewed an executed letter of intent dated July 29, 2010 and an update letter dated September 10, 2010 indicating Stratford Capital or an affiliate will be admitted to the partnership as a limited partner concurrent with or prior to the closing of the construction loan with a 99.99% ownership interest in the project partnership. Based on the annual HC allocation estimated to be available in the amount of \$1,434,472 and a syndication rate of \$0.67 per dollar, Stratford Capital anticipates a net capital contribution of \$9,610,000. Of this amount, \$1,922,000 (20.00%) will be available prior to or simultaneous with the closing of construction financing. \$4,805,000 (50.00%) will be available prior to construction completion and \$961,000 (10.00%) will be available at construction completion. A final installment in the amount of \$1,922,000 (20.00%) will be available upon receipt of the Form 8609 for a total invested amount of \$9,610,000. Of this total amount, \$6,727,000 will be available during construction.

Deferred Developer Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer \$3,808,165 or approximately 77.8% of the total developer fee in the amount of \$4,894,652.

Construction/Stabilization:

Construction completion is expected fifteen months from commencement. It is expected that the subject will experience an average monthly absorption rate ranging from 24 to 26 units. This would result in the 300 units being fully absorbed within 11 to 12 months after the first units become available for occupancy.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

Permanent Financing Sources:

Permanent Sources	Lender	Application	Revised Applicant	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
Tax Exempt Bonds	CW Capital/Freddie Mac	\$25,825,000	\$25,780,000	\$25,780,000	31.5	35	4.58%	\$1,479,431
HOME Loan	FHFC	\$3,500,000	\$3,500,000	\$3,500,000	31.5	-	1.00%	\$35,000
SHIP Loan	Broward County	\$750,000	\$750,000	\$750,000	31.5	-	0.00%	\$0
Housing Credit Equity	Stratford Capital	\$10,261,000	\$9,704,000	\$9,610,000	N/A	N/A	N/A	N/A
Deferred Developer Fee	ZF Development, LLC	\$4,837,506	\$1,131,687	\$925,165	N/A	N/A	N/A	N/A
Total		\$45,173,506	\$40,865,687	\$40,565,165				\$1,514,431

MMRB:

First Housing has reviewed a commitment dated July 28, 2010 and an update letter dated September 9, 2010 from CW Capital, LLC to provide permanent financing and credit enhancement of the bonds for the proposed development. The total tax exempt bond amount will be comprised of NIBP and market rate bonds. The loan will be structured as a first mortgage pursuant to the Affordable Housing Program of Freddie Mac and credit enhancement of the bonds will be provided through the issuance of a direct pay credit facility or other acceptable direct pay instrument which will be pledged to the Trustee and thereby cause the bonds to be rated “AAA” by Standard & Poors Corporation.

The permanent MMRB loan is in an amount up to \$25,780,000. The permanent rate is estimated “all in” at 4.58% which includes a base rate of 2.47%, credit enhancement fee of 0.60%, guaranty fee of 1.05%, Freddie Mac servicing fee of 0.10%, issuer/trustee fees of 0.31%, and a market bonds rate adjustment fee of 0.05%. The term is 30 years for the permanent loan. Amortization of principal and interest begins when the loan converts to permanent and is based on a 35 year schedule.

HOME Loan:

First Housing reviewed a preliminary commitment from FHFC for a HOME Rental Program loan in an amount up to \$3,500,000. The loan shall be non-amortizing and bear 1.00% simple interest per annum. FHFC pays the applicable fees. Any unpaid interest will be deferred until cash flow is available. All unpaid interest and principal will be due upon maturity. Payments are interest-only from available cash flow. The loan term shall be coterminous with the bonds.

SHIP Loan:

First Housing reviewed an award letter and preliminary commitment from the Housing Finance and Community Development Division of Broward County, Florida dated June 24, 2010 in the

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

amount of \$750,000 from the Broward County SHIP Program. The loan does not accrue interest and payments are not required until maturity. The loan term shall be coterminous with the bonds.

Housing Credits Equity:

In addition to the proposed bonds, the Applicant has applied for housing credits. Since the subject development expects to receive tax exempt bonds greater than 50% of cost, it has applied for 4% federal credits. The FHFC mandated requirement that 15% of total equity be deposited with the Trustee at closing of the partnership will be satisfied at closing. A preliminary estimate of the credits available to the development was performed. The housing credit calculation is contained in Exhibit 2 of this report. The pay-in schedule is displayed below.

Capital Contributions	Amount	Percentage of Total	When Due
1st Installment	\$1,922,000	20.00%	Closing of Partnership
2nd Installment	\$4,805,000	50.00%	Prior to Construction Completion
3rd Installment	\$961,000	10.00%	Construction Completion
4th Installment	\$1,922,000	20.00%	Receipt of Form 8609
Total	\$9,610,000	100.00%	
Annual Credit Per Syndication Agreement \$1,434,472			
Calculated HC Exchange Rate \$0.67			
Limited Partner Ownership Percentage 99.99%			
Proceeds Available During Construction \$6,727,000			

Deferred Developer Fee:

The development budget indicates that during the permanent stage, the Developer will most likely be required to defer \$925,165 or approximately 18.9% of the total developer fee after all syndication proceeds have been disbursed.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

Uses of Funds

Construction Cost	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Site Work	\$0	\$2,652,825	\$2,112,058	\$0	\$0
New Rental Units	\$19,100,000	\$14,068,699	\$14,068,699	\$176,143	\$0
Accessory Buildings	\$0	\$333,812	\$333,812	\$0	\$333,812
Payment & Performance Bond	\$0	\$123,049	\$123,049	\$0	\$0
Total Hard Costs	\$19,100,000	\$17,178,385	\$16,637,618	\$176,143	\$333,812
General Contractor Fee	\$2,674,000	\$1,842,053	\$1,842,053	\$0	\$0
Total Construction Contract	\$21,774,000	\$19,020,438	\$18,479,671	\$176,143	\$333,812
Hard Cost Contingency	\$0	\$632,385	\$632,385	\$0	\$0
Total Construction Cost	\$21,774,000	\$19,652,823	\$19,112,056	\$176,143	\$333,812

1. The Applicant has provided an executed construction contract dated August 2, 2010 in the amount of \$19,020,438. First Housing has reallocated \$540,767 of the Developer's budgeted line item for site work to the purchase price described further below. This is a Lump Sum Contract on HUD Form 92442 between the Owner, ZOM Monterra, L.P. and the Contractor, First Florida Building Corporation. The contract provides for compliance with the Federal Labor Standards and Wage Determination requirements pursuant to the Davis-Bacon Act as well as the Section 3 Clause. Per this contract substantial completion is to be achieved no later than 15 months from commencement. The Owner will make monthly progress payments to the Contractor, based upon Applications for Payment approved by the Architect. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy.
2. The Hard Cost Contingency is 3.80% of total hard costs which is within the maximum allowable of 5% for new construction developments per Rule.
3. The G/C fees are within the maximum 14% of hard costs per Rule.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

General Development Costs	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Accounting Fees	\$25,000	\$25,000	\$25,000	\$0	\$0
Appraisal	\$7,500	\$7,500	\$7,500	\$0	\$0
Architect's Fee -Design	\$400,000	\$400,000	\$400,000	\$0	\$0
Architect's Fee- Supervision	\$57,000	\$55,500	\$55,500	\$0	\$0
Builder's Risk Insurance	\$265,078	\$58,684	\$58,684	\$14,671	\$0
Building Permits	\$178,663	\$177,758	\$177,758	\$0	\$0
Engineering Fee	\$69,000	\$77,856	\$77,856	\$2,356	\$0
Environmental Report	\$5,190	\$6,190	\$6,190	\$0	\$0
FHFC Administrative Fee	\$115,631	\$115,892	\$118,710	\$118,710	\$0
FHFC Application Fee	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
FHFC HC Compliance Fee	\$88,206	\$88,206	\$0	\$0	\$0
FHFC Credit Underwriting Fee	\$16,130	\$16,130	\$16,130	\$16,130	\$0
Impact Fees	\$1,762,476	\$4,003,180	\$1,450,180	\$0	\$0
Inspection Fees	\$3,500	\$9,500	\$9,500	\$9,500	\$0
Legal Fees	\$185,000	\$295,000	\$295,000	\$160,000	\$0
Market Study	\$9,000	\$11,100	\$11,100	\$11,100	\$0
Marketing and Advertising	\$60,000	\$60,000	\$60,000	\$60,000	\$0
Pre-Construction Analysis	\$0	\$65,000	\$65,000	\$32,500	\$0
Property Taxes	\$60,391	\$96,248	\$96,248	\$28,874	\$0
Soil Test	\$6,868	\$19,368	\$19,368	\$0	\$0
Survey	\$13,284	\$13,284	\$13,284	\$0	\$0
Title Insurance and Recording Fees	\$82,000	\$85,000	\$85,000	\$55,250	\$0
Utility Connection Fees	\$1,055,100	\$1,055,100	\$1,055,100	\$0	\$0
Furniture and Fixtures	\$205,000	\$168,500	\$168,500	\$10,000	\$0
Soft Cost Contingency	\$716,275	\$345,675	\$213,755	\$0	\$213,755
Total General Development Costs	\$5,389,792	\$7,259,171	\$4,488,863	\$522,591	\$217,255

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.
2. The FHFC Administrative Fee is based on 8% of the recommended annual housing credit allocation.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

3. First Housing has reallocated \$2,553,000 of the Developer’s budgeted line item for impact fees to the purchase price described further below.
4. The Soft Cost Contingency line item is equal to 5% of the General Development Costs less the contingency which is within the 5% allowed for new construction developments.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Financial Costs					
Credit Enhancement Fee	\$1,432,021	\$1,289,000	\$1,289,000	\$386,700	\$0
Construction Loan Origination Fee	\$798,518	\$658,421	\$658,421	\$559,658	\$0
Construction Loan Closing Costs	\$482,960	\$94,500	\$94,500	\$61,425	\$0
Application Fees	\$55,500	\$55,500	\$55,500	\$36,075	\$0
Construction Loan Interest	\$1,883,276	\$1,494,173	\$1,494,173	\$448,252	\$0
Operating Deficit/Replacement Reserves	\$568,188	\$1,590,000	\$1,590,000	\$1,590,000	\$1,590,000
Total Financial Costs	\$5,220,463	\$5,181,594	\$5,181,594	\$3,082,110	\$1,590,000

Notes to the Financial Costs:

1. Bond Loan Issuance Costs, LOC Fee, and Other Financing Fees & Interest are the Applicant's detailed estimates, which were adjusted to reflect the actual estimates based upon the recommended MMRB loan amount.
2. The Operating Deficit Reserve in the amount of \$1,500,000 is recommended by First Housing due to the fact that no “warm body” guarantor is available given the Developer’s corporate structure and foreign-based principals. \$500,000 will be funded at closing and \$1,000,000 will be funded via an equity installment at lien-free completion or a date to be established by FHFC and its legal counsel prior to closing. The Applicant has opted to pre-fund replacement reserves in the amount of \$90,000 as allowed by Rule 67-21.

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

Notes to the Non-Land Acquisition Costs:

1. As this is new construction, there are no non-land acquisition costs.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Development Costs Before Developer Fee and Land Costs	\$32,384,255	\$32,093,588	\$28,782,513	\$3,780,844	\$2,141,067
Developer Fee	\$4,837,506	\$5,100,939	\$4,894,652	\$0	\$0
Total Other Development Costs	\$4,837,506	\$5,100,939	\$4,894,652	\$0	\$0

Notes to the Other Development Costs:

1. The recommended Developer's Fee is equal to 18% of the total development cost before developer fee, reserves and escrows, and land costs.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Acquisition Cost					
Land	\$5,669,135	\$3,383,160	\$3,506,233	\$3,506,233	\$0
Brokerage Fees - Land	\$297,375	\$288,000	\$288,000	\$288,000	\$288,000
CDD Impact Fees	\$0	\$0	\$2,553,000	\$0	\$0
Completed Sitework	\$0	\$0	\$540,767	\$0	\$540,767
Total Acquisition Cost	\$5,966,510	\$3,671,160	\$6,888,000	\$3,794,233	\$828,767

Notes to Acquisition Costs:

1. First Housing reviewed an Agreement for Sale and Purchase dated January 29, 2009 and the most recent Amendment to the Agreement for Sale and Purchase dated August 6, 2010 between CC Broward Property III, LLC ("Seller") and ZOM Florida, Inc. ("Buyer"). The purchase price is \$6,600,000 and the closing date is on or before December 31, 2010. The total purchase price if trifurcated into three segments: the land price in the amount of \$3,506,233, the reimbursement for completed sitework costs in the amount of \$540,767, and an assumption of the Seller's obligation to pay an impact fee to the Monterra Community Development District ("CDD") in the amount of \$2,553,000. Goforth Real Estate Consultants has concluded an "as is" value of the land at \$6,750,000 which supports the purchase price. First Housing reviewed an Assignment and Assumption of Agreement for Sale and Purchase dated May 26, 2009 assigning the contract from ZOM Florida, Inc. to the Applicant.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Total Development Costs	\$43,188,271	\$40,865,687	\$40,565,165	\$7,575,077	\$2,969,834

The total development costs are \$40,565,165 or an approximate decrease of 6.1% since the application.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

Operating Pro Forma - Monterra Apartments

Description	Annual	Per Unit
Revenue		
Gross Potential Revenue	\$3,395,904	\$11,320
Other Income		
Storage Units	\$18,480	\$62
Cable	\$32,400	\$108
Miscellaneous	\$217,800	\$726
Gross Potential Revenue	\$3,664,584	\$12,215
Vacancy and Collection Loss @ 7%	(\$256,521)	(\$855)
Total Effective Gross Revenue	\$3,408,063	\$11,360
Expenses		
Fixed		
Real Estate Taxes	\$281,663	\$939
Insurance	\$127,890	\$426
Variable		
Management Fee @ 3%	\$102,242	\$341
General and Administrative	\$68,513	\$228
Payroll Expenses	\$334,950	\$1,117
Utilities	\$274,051	\$914
Marketing and Advertising	\$60,900	\$203
Maintenance and Repairs	\$182,700	\$609
Grounds Maintenance and Landscaping	\$60,900	\$203
Reserve for Replacements	\$45,000	\$150
Total Expenses	\$1,538,809	\$5,129
Net Operating Income	\$1,869,254	\$6,231
Debt Service Payments		
CW Capital MMRB Loan	\$1,479,431	\$4,931
FHFC HOME Loan	\$35,000	\$117
Broward County Loan	\$0	\$0
Total Debt Service Payments	\$1,514,431	\$5,048
Cash Flow After Debt Service	\$354,823	\$1,183

Debt Service Coverage Ratios	
Debt Service Coverage - 1st Mtg	1.26
Debt Service Coverage - 1st & 2nd Mtg	1.23
Debt Service Coverage - All Mtgs plus Fees	1.23
Financial Ratios	
Operating Expense Ratio	45%
Break-Even Occupancy Rate	83%

Notes to the Operating Pro Forma and Ratios:

- HOME Assisted Units are rented at restricted rents as determined on an annual basis by HUD. Twenty percent of the HOME Assisted Units (60 units) will be rented at Low HOME rents, which cannot exceed the lesser of the HUD Section 8 Fair Market Rents

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

or thirty percent of 50% of the AMI, adjusted for family size, less an allowance for utilities paid by the resident. Eighty percent of the HOME Assisted Units (remaining units) will be rented at High HOME rents, which cannot exceed the lesser of the HUD Section 8 Fair Market Rents or 65% of the AMI, adjusted for family size, less an allowance for utilities paid by the resident. The Applicant also committed to set aside 100% of the units (remaining units) at 60% of AMI based on the 2010 restricted rents published by Florida Housing under the HC program less an allowance for utilities paid by the resident. The Gross Potential Rental Revenue at the 50% of AMI is based upon the Low HOME rents. At the 60% of AMI set aside, First Housing has utilized the more conservative 2010 FHFC Housing Credit Program rents as opposed to the High HOME rents. Below is the rent roll for the subject property:

County (MSA) Broward (Fort Lauderdale HMFA)

Bedrooms	Baths	No. of Units	Unit Size (SF)	Median Income %	2010 Max Gross HC Rents	2010 Low HOME Rents	2010 High HOME Rents	Utility Allowance	2010 Max Net HC Rents	Underwriter Rents	Annual Rents
1	1	20	651	50%	N/A	\$743	N/A	\$53	\$690	\$690	\$165,600
1	1	76	651	60%	\$891	N/A	\$946	\$53	\$838	\$838	\$764,256
2	2	30	898	50%	N/A	\$891	N/A	\$63	\$828	\$828	\$298,080
2	2	126	898	60%	\$1,069	N/A	\$1,137	\$63	\$1,006	\$1,006	\$1,521,072
3	2	10	1,187	50%	N/A	\$1,030	N/A	\$70	\$960	\$960	\$115,200
3	2	38	1,187	60%	\$1,236	N/A	\$1,305	\$70	\$1,166	\$1,166	\$531,696
Total		300	259,560								\$3,395,904

2. The vacancy and collection loss rate of 7% is based on the Appraiser's estimate.
3. Other Income is comprised of storage unit rentals, cable income and miscellaneous income (interest income, late charges, special service fees, vending machines, laundry, etc). Total other income of \$896 per unit/ per year is supported by the appraisal.
4. Based upon operating data from comparable properties, third-party reports (Appraisal and Market Study) and the Credit Underwriter's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a ban of reasonableness.
5. The Applicant has submitted a Management Agreement executed June 10, 2010, which reflects a management fee equal to three percent (3%) of the monthly gross receipts (which includes utility reimbursements from tenants or \$10,000 minimum, whichever is

greater). First Housing has utilized a rate of 3% of total effective gross revenue for underwriting purposes.

6. Applicant has opted to prepay Replacement Reserves, as allowed per Rule 67-21 F.A.C., in the amount of \$90,000 (one-half the required Replacement Reserves for Years 1 and 2)
7. Refer to Exhibit I, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses increasing at an annual rate of 3%.

Section B

**MMRB and HOME Loan Conditions & HC Allocation
Recommendation**

October 8, 2010

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least 30 days prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the bond pricing date and/or closing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the notice of bond sale:

1. Reliance letter for appraisal, market study, and PCR
2. Satisfactory final updated appraisal
3. Satisfactory audited financial statements for CW Capital
4. Verification that the features and amenities selected by the Applicant in the Universal Application Cycle are included in the plans and specifications
5. Borrower to comply with the National Environmental Policy Act of 1969 (“NEPA”) Environmental Assessment.

General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least 30 days prior to Real Estate Loan Closings**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the bond pricing date and/or closing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the notice of bond sale:

1. Completion of a Davis-Bacon Federal Labor Standards pre-construction conference.
2. The Developer is only allowed to draw a maximum of 50% of the total developer fee (developer fee minus acquisition 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 be 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 and reviewed 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.

3. Signed and sealed survey, dated within 90 days of 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.
4. Building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, Department of Transportation, etc.) or a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
5. Final "as permitted" (signed and sealed) site plans, building plans and specifications.
6. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction loan interest based upon the final draw schedule, documentation of the bond issuance costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.
7. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. MMRB Program loan proceeds shall be disbursed pro-rata with other funding sources during the construction or rehabilitation period, unless otherwise approved by the Credit Underwriter. The closing draw must include appropriate backup and ACH wiring instructions.
8. 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 coverage, deductibles, and amounts satisfactory to Florida Housing.
9. If the development is not 100% lien-free completed, a 100% Payment and Performance Bond or a Letter of Credit (LOC) in an amount not less than 25% of the construction

contract is required in order to secure the construction contract between the GC and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds must be from a company rated at least "A-" by A.M. Best & Co with a financial size category of at least FSC VI. FHFC, and/or legal counsel must approve the source, amount(s) and all terms of the P&P bonds, or LOC. If the LOC option is utilized, the LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.

10. Architect, Construction Consultant, and Developer Certifications on forms provided by FHFC will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.

This recommendation is contingent upon the review and approval by Florida Housing, and its legal counsel **at least 30 days prior to closing**. Failure to receive approval of these items within this time frame may result in postponement of the loan closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/manager(s) of the Borrower, the guarantor, and any limited partners of the Borrower.
2. Award of Housing Credits ("HC") and purchase of HC by Stratford Capital Investments, LLC or an affiliate under terms consistent with the assumptions of this report.
3. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
4. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of closing, unless otherwise approved by Florida Housing, and legal counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Updates and the 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 Loan(s) naming FHFC as the insured. All endorsements required by FHFC shall be provided.

6. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.
7. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to Florida Housing.
8. Receipt of a legal opinion from the Borrower's legal counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager.;
 - b. Authorization, execution, and delivery by the Borrower and the guarantor, of all Loan(s) documents;
 - c. The Loan(s) documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. The Borrower's and the guarantor's execution, delivery and performance of the Loan(s) documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement and;
 - e. Such other matters as Florida Housing or its legal counsel may require.
9. Evidence of compliance with the local concurrency laws, if applicable.
10. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its legal counsel in form and substance acceptable to Florida housing or its legal counsel, in connection with the Loan(s).

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

Additional Conditions

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

1. New Perspective Florida, LLC is to act as construction inspector during the rehabilitation phase.
2. Compliance with all provisions of Sections 420.507 and 420.5089, Florida Statutes, HUD Rule 24 CFR Part 92, Rule Chapter 67-21, F.A.C. (MMRB Program Loan) and 67-48, F.A.C. (HOME Program Loan and Housing Credits) and FHFC Request for Proposal 2009-06 and any other State and Federal requirements.
3. Acceptance by the Borrower and execution of all documents evidencing and securing the Loan in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), and the Land Use Restriction Agreement(s) and/or Extended Land Use Agreement(s).
4. All amounts necessary to complete construction must be deposited with the Bond Trustee prior to closing, or any phased pay-in of amount necessary to complete construction shall be contingent upon an unconditional obligation of the entity providing HC Equity payments (and evidence that 100% of such amount is on deposit with such entity at closing) to pay, regardless of any default under any documents relating to the HC as long as the First Mortgage continues to be funded. Notwithstanding the foregoing, at least 50% of all HC Equity (but not less than provided for in the Syndication Agreement or such higher amount as recommended by the Credit Underwriter) required to complete construction shall be deposited with the Bond Trustee at the MMRB loan closing unless a lesser amount is approved by FHFC prior to closing.
5. A copy of an Amended and Restated Limited Partnership Agreement reflecting purchase of the Low Income Tax Credits ("HCs") by the Syndicator, or an affiliate under terms consistent with the assumptions contained within this credit underwriting report.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

6. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and Stratford Capital Investments, LLC or an affiliate, that requires funding of all HC Equity Installments during construction, even if the Borrower is in default under the Limited Partnership Agreement.
7. The limited partnership agreement from Stratford Capital Investments, LLC or an affiliate shall be in a form and of financial substance satisfactory to FHFC, FHFC's Counsel and FHDC.
8. If applicable, receipt and satisfactory review of financial statements dated within 90 days from all Guarantors.
9. If applicable, Guarantors to provide the standard FHFC Construction Completion Guarantee, to be released upon lien-free completion, as approved by the Servicer.
10. For the HOME Loan, Guarantors are to provide the standard FHFC Operating Deficit Guarantee to be released upon achievement of an average 1.15 debt service coverage for a minimum of twelve (12) consecutive months for the combined first mortgage and HOME Loan.
11. For the Bonds, Guarantors are to provide the standard FHFC Operating Deficit Guarantee to be released upon achievement for twelve (12) consecutive months, of a 1.15 debt service coverage on the first mortgage (MMRB Program Loan), 90% occupancy, and 90% of the Gross Potential Rental Revenue, all certified by an independent Certified Public Accountant and verified by the FHFC Servicer.
12. The Operating Deficit Reserve fund in the amount of \$1,500,000 shall be terminated in the following manner. Upon the termination of the Operating Deficit Guarantee for the Bonds and HOME loan, \$500,000 of the reserve will be used to pay deferred developer fee; then all outstanding principal, interest and fees on the HOME loan; then other Florida Housing-administered loan debt, if any; then the balance of the reserve will be transferred to fund any deficits in the replacement reserve account or other reserve accounts related to the MMRB or HOME loan; then to the Borrower. The balance in the amount of \$1,000,000 shall remain in the fund for the fifteen (15) year compliance period and be disbursed in the same manner. In the event there are pre-payment penalties associated with any outstanding mortgage loans, the Borrower may request Florida Housing to consider alternative, reasonable uses of the balance (including but not limited to, funding replacement reserve requirements).
13. Guarantors to provide the Standard FHFC Environmental Indemnity.

14. Guarantors to provide the Standard FHFC Guaranty of Recourse Obligations.
15. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the Loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel. The form of the title policy must be approved prior to closing.
16. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender, Trustee, or the Servicer. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release funds shall be at Florida Housing's sole discretion.
17. Replacement Reserves in the amount of \$300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's Loan(s) servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per Rule 67-21 F.A.C., in the amount of \$90,000 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be prefunded in the amount of \$150 per unit per year for Years 1 and 2, followed by \$300 per unit per year thereafter. An inflation factor based upon the Consumer Price Index will be applied to the Replacement Reserve deposit beginning in Year 7, unless waived or reduced in the event Obligor provides a Physical Needs Study prepared by an independent third party acceptable to FHFC that evidences an increase in the deposit is excessive or unnecessary.
18. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The GC contract indicates a 10% retainage holdback through 50% completion then 0% retainage holdback thereafter, which satisfies the minimum requirement.
19. Closing of all funding sources prior to or simultaneous with the MMRB and HOME loans.
20. Satisfactory completion of a pre-loan closing compliance audit conducted by FHFC or Servicer, if applicable.

21. Satisfactory resolution of any outstanding past due or non compliance issues applicable to the development team prior to closing.
22. Satisfactory evidence of compliance with the Davis-Bacon Act and other applicable Federal Labor Standards during the construction of the development. Evidence of compliance must be through satisfactory completion of a compliance audit by FHFC and its authorized subcontractor.
23. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

Housing Credit Allocation Recommendation

First Housing Development Corporation has estimated a preliminary annual HC allocation of **\$1,483,870**. Please see the HC Allocation Calculation in Exhibit 2 of this report for further details.

Contingencies

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

1. Closing of the MMRB and HOME loan consistent with the assumptions of this Credit Underwriting Report.
2. Building Permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.).
3. Final (signed and sealed) Site Plans and Building Permits and Specifications, if applicable.
4. Purchase of the HC's by Stratford Capital Investments, LLC or an affiliated entity, under terms consistent with assumptions of this report.
5. This report is subject to continued approval of managing agent by Florida Housing.
6. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.
7. Satisfactory resolution of any outstanding past due or non-compliance issues applicable to the development team prior to closing.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

Monterra 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
Revenue															
Gross Potential Revenue	\$3,395,904	\$3,463,822	\$3,533,099	\$3,603,760	\$3,675,836	\$3,749,352	\$3,824,339	\$3,900,826	\$3,978,843	\$4,058,420	\$4,139,588	\$4,222,380	\$4,306,827	\$4,392,964	\$4,480,823
Other Income															
Storage Units	\$18,480	\$18,850	\$19,227	\$19,611	\$20,003	\$20,403	\$20,811	\$21,228	\$21,652	\$22,085	\$22,527	\$22,978	\$23,437	\$23,906	\$24,384
Cable	\$32,400	\$33,048	\$33,709	\$34,383	\$35,071	\$35,772	\$36,488	\$37,217	\$37,962	\$38,721	\$39,495	\$40,285	\$41,091	\$41,913	\$42,751
Miscellaneous	\$217,800	\$222,156	\$226,599	\$231,131	\$235,754	\$240,469	\$245,278	\$250,184	\$255,187	\$260,291	\$265,497	\$270,807	\$276,223	\$281,748	\$287,382
Gross Potential Revenue	\$3,664,584	\$3,737,876	\$3,812,633	\$3,888,886	\$3,966,664	\$4,045,997	\$4,126,917	\$4,209,455	\$4,293,644	\$4,379,517	\$4,467,107	\$4,556,450	\$4,647,579	\$4,740,530	\$4,835,341
Vacancy and Collection Loss @ 7%	(\$256,521)	(\$261,651)	(\$266,884)	(\$272,222)	(\$277,666)	(\$283,220)	(\$288,884)	(\$294,662)	(\$300,555)	(\$306,566)	(\$312,698)	(\$318,951)	(\$325,331)	(\$331,837)	(\$338,474)
Total Effective Gross Revenue	\$3,408,063	\$3,476,224	\$3,545,749	\$3,616,664	\$3,688,997	\$3,762,777	\$3,838,033	\$3,914,793	\$3,993,089	\$4,072,951	\$4,154,410	\$4,237,498	\$4,322,248	\$4,408,693	\$4,496,867
Expenses															
Fixed															
Real Estate Taxes	\$281,663	\$290,113	\$298,816	\$307,781	\$317,014	\$326,525	\$336,320	\$346,410	\$356,802	\$367,506	\$378,532	\$389,887	\$401,584	\$413,632	\$426,041
Insurance	\$127,890	\$131,727	\$135,679	\$139,749	\$143,941	\$148,260	\$152,707	\$157,289	\$162,007	\$166,867	\$171,873	\$177,030	\$182,341	\$187,811	\$193,445
Variable															
Management Fee @ 3%	\$102,242	\$104,287	\$106,372	\$108,500	\$110,670	\$112,883	\$115,141	\$117,444	\$119,793	\$122,189	\$124,632	\$127,125	\$129,667	\$132,261	\$134,906
General and Administrative	\$68,513	\$70,568	\$72,685	\$74,866	\$77,112	\$79,425	\$81,808	\$84,262	\$86,790	\$89,394	\$92,076	\$94,838	\$97,683	\$100,614	\$103,632
Payroll Expenses	\$334,950	\$344,999	\$355,348	\$366,009	\$376,989	\$388,299	\$399,948	\$411,946	\$424,305	\$437,034	\$450,145	\$463,649	\$477,559	\$491,885	\$506,642
Utilities	\$274,051	\$282,273	\$290,741	\$299,463	\$308,447	\$317,700	\$327,231	\$337,048	\$347,160	\$357,574	\$368,302	\$379,351	\$390,731	\$402,453	\$414,527
Marketing and Advertising	\$60,900	\$62,727	\$64,609	\$66,547	\$68,543	\$70,600	\$72,718	\$74,899	\$77,146	\$79,461	\$81,845	\$84,300	\$86,829	\$89,434	\$92,117
Maintenance and Repairs	\$182,700	\$188,181	\$193,826	\$199,641	\$205,630	\$211,799	\$218,153	\$224,698	\$231,439	\$238,382	\$245,534	\$252,900	\$260,487	\$268,301	\$276,350
Grounds Maintenance and Landscaping	\$60,900	\$62,727	\$64,609	\$66,547	\$68,543	\$70,600	\$72,718	\$74,899	\$77,146	\$79,461	\$81,845	\$84,300	\$86,829	\$89,434	\$92,117
Reserve for Replacements	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$46,350	\$47,741	\$49,173	\$50,648	\$52,167	\$53,732	\$55,344	\$57,005	\$58,715
Total Expenses	\$1,538,809	\$1,582,601	\$1,627,686	\$1,674,103	\$1,721,891	\$1,771,091	\$1,823,095	\$1,876,636	\$1,931,761	\$1,988,516	\$2,046,949	\$2,107,111	\$2,169,054	\$2,232,828	\$2,298,491
Net Operating Income	\$1,869,254	\$1,893,624	\$1,918,063	\$1,942,561	\$1,967,106	\$1,991,686	\$2,014,938	\$2,038,157	\$2,061,328	\$2,084,435	\$2,107,461	\$2,130,387	\$2,153,195	\$2,175,865	\$2,198,376
Debt Service Payments															
CW Capital MMRB Loan	\$1,479,431	\$1,479,431	\$1,479,431	\$1,479,431	\$1,479,431	\$1,479,431	\$1,479,431	\$1,479,431	\$1,479,431	\$1,479,431	\$1,479,431	\$1,479,431	\$1,479,431	\$1,479,431	\$1,479,431
FHFC HOME Loan	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
Broward County Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments	\$1,514,431	\$1,514,431	\$1,514,431	\$1,514,431	\$1,514,431	\$1,514,431	\$1,514,431	\$1,514,431	\$1,514,431	\$1,514,431	\$1,514,431	\$1,514,431	\$1,514,431	\$1,514,431	\$1,514,431
Cash Flow After Debt Service	\$354,823	\$379,192	\$403,632	\$428,130	\$452,675	\$477,255	\$500,506	\$523,726	\$546,897	\$570,004	\$593,029	\$615,955	\$638,763	\$661,433	\$683,945
Debt Service Coverage Ratios															
Debt Service Coverage - 1st Mtg	1.26	1.28	1.30	1.31	1.33	1.35	1.36	1.38	1.39	1.41	1.42	1.44	1.46	1.47	1.49
Debt Service Coverage - 1st & 2nd Mtg	1.23	1.25	1.27	1.28	1.30	1.32	1.33	1.35	1.36	1.38	1.39	1.41	1.42	1.44	1.45
Debt Service Coverage - All Mtgs plus Fees	1.23	1.25	1.27	1.28	1.30	1.32	1.33	1.35	1.36	1.38	1.39	1.41	1.42	1.44	1.45
Financial Ratios															
Operating Expense Ratio	45%	46%	46%	46%	47%	47%	48%	48%	48%	49%	49%	50%	50%	51%	51%
Break-Even Occupancy Rate	83%	83%	82%	82%	82%	81%	81%	81%	80%	80%	80%	79%	79%	79%	79%

HC Allocation Calculation

Section I: Qualified Basis Calculation

Qualified Basis

Total Development Costs (including land and ineligible Costs)	\$40,565,165
Less Land Costs	\$3,506,233
Less Federal Grants and Loans	\$0
Less Other Ineligible Costs	\$3,780,844
Total Eligible Basis	\$33,278,088
Applicable Fraction	100%
DDA/QCT Basis Credit	130%
Qualified Basis	\$43,261,514
Housing Credit Percentage	3.43%
Annual Housing Credit Allocation	\$1,483,870

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include brokerage fees, accounting, legal and other fees attributable to land acquisition and syndication, advertising/marketing fees, operating reserves required by lender, the lease up portion of construction interest and certain costs of bond issuance items.
2. The development has a 100% set-aside: therefore, the Applicable Fraction is 100%.
3. For purposes of this analysis, the development is located in a Difficult Development Area ("DDA") and/or Qualified Census Tract ("QCT"); therefore the 130% basis credit was applied for the Rehabilitation Allocation Calculation.
4. Per Florida Housing Rule 67-48, Housing Credit Procedures, Part (8), Section (a) 2., 15 basis points are added to the actual percentage (3.28) reported as of the Date of Invitation to credit underwriting. For purposes of this report, a total Housing Credit Percentage of 3.43% is applied. This estimate considers current rates that are in effect.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

Section II: GAP Calculation

GAP Calculation

Total Development Costs (including land and ineligible Costs)	\$40,565,165
Less Mortgages	\$30,030,000
Less Grants	\$0
Equity Gap	\$10,535,165
HC Syndication Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.67
HC Required to meet Equity Gap	\$15,725,699
Annual HC Required	\$1,572,570

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from the executed proposal dated June 22, 2010 from Stratford Capital.

Section III: Summary

Summary

HC Per Applicant's Request	\$1,445,388
HC Per Qualified Basis	\$1,483,870
HC Per GAP Calculation	\$1,572,570
Annual HC Recommended	\$1,483,870
Syndication Proceeds based upon Syndication Agreement	\$9,610,000

1. The estimated annual housing credit allocation is limited to the lesser of the qualified basis calculation or the gap calculation. The recommendation is based on the qualified basis calculation.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

Section IV: 50% Test

50% Test

Tax-Exempt Bond Amount	\$25,780,000
Less: Debt Service Reserve Funded with Tax Exempt Bond Proceed	\$0
Other:	\$0
Other:	\$0
Equals Net Tax-Exempt Bond Amount	\$25,780,000
Total Depreciable Cost	\$33,278,088
Plus Land Cost	\$6,888,000
Aggregate Basis	\$40,166,088
Net Tax-Exempt Bond to Aggregate Basis Ratio	64.18%

Notes to the Tax Credit 50% Test:

1. Based upon the analysis presented above, this transaction meets the 50% test.

MONTERRA APARTMENTS 2010A-202B / RFP 2009-06-06
BROWARD COUNTY

Description of Features and Amenities

A. The Development will consist of:

300 Units located in 12 residential buildings

Unit Mix:

Ninety-six (96) one bedroom/one bath units containing 651 square feet of heated and cooled living area; and

One hundred fifty-six (156) two bedroom/two bath units containing 898 square feet of heated and cooled living area; and

Forty-eight (48) three bedroom/two bath units containing 1,187 square feet of heated and cooled living area; and

300 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.

MONTERRA APARTMENTS 2010A-202B / RFP 2009-06-06
BROWARD COUNTY

Description of Features and Amenities

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 the following amenities in the Development:
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.
 3. Ceramic tile bathroom floors in all units.
 4. At least 1½ bathrooms (one full bath and one with at least a toilet and sink) in all 2-bedroom new construction.
 5. Dishwasher in all new construction units.
- D.** The Applicant has committed to the following amenities in the Development:
1. Exercise room with appropriate equipment.
 2. Community center or clubhouse.
 3. Swimming pool.
 4. Playground/tot lot, accessible to children with disabilities (must be sized in proportion to Development’s size and expected resident population with age-appropriate equipment).
 5. Picnic area with hard cover permanent roof of a design compatible with the Development, open on all sides, containing at least three permanent picnic tables with benches and an adjoining permanent outdoor grill.
 6. Computer lab on-site with minimum one computer per 50 units, with basic word processing, spreadsheets and assorted educational and entertainment software programs and at least one printer.
 7. Laundry hook-ups and space for full-size washer and dryer inside each unit.
 8. Laundry facilities with full-size washers and dryers available in at least one common area on site.

MONTERRA APARTMENTS 2010A-202B / RFP 2009-06-06
BROWARD COUNTY

Description of Features and Amenities

- E.** The Applicant has committed provide the following energy conservation features for all buildings in the Development:
1. Air conditioning with a minimum SEER rating of 15
 2. Wall insulation of a minimum of R-7
 3. Attic insulation of R-30 or better
 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.** The Applicant commits to provide at least 10 of the Green Building options listed at Part III.B.3. of the Application Instructions
1. Programmable thermostats in each unit
 2. Energy Star rated reversible ceiling fans in all bedrooms and living areas
 3. Showerheads that use less than 2.5 gallons of water per minute
 4. Faucets that use 2 gallons of water per minute or less in the kitchen and all bathrooms
 5. Motion detectors on all outside lighting that is attached to the units
 6. Low VOC paint (less than 50 grams per gallon) in all units and common areas
 7. Energy Star rating for all refrigerators, dishwashers and washing machines that are provided by the Applicant
 8. Carpet and Rug Institute Green Label certified carpet and pad for all carpeting provided

MONTERRA APARTMENTS 2010A-202B / RFP 2009-06-06
BROWARD COUNTY

Description of Features and Amenities

9. Florida Yards and Neighborhood certification on all landscaping
10. 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. First Time Homebuyer Seminars - Applicant or its Management Agent must arrange for and provide, at no cost to the resident, in conjunction with local realtors or lending institutions, semiannual on-site seminars for residents interested in becoming homeowners.
3. Literacy Training - Applicant or its Management Agent must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site.
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.
5. Health and Nutrition Classes – At least eight hours per year, provided on-site at no cost to the residents.
6. Resident Activities - These specified activities are planned, arranged, provided and paid for by the Applicant or its Management Agent. These activities must be an integral part of the management plan. The Applicant must develop and execute a comprehensive plan of varied activities that brings the residents together and encourages community pride. The goal here is to foster a sense of community by bringing residents together on a regularly scheduled basis by providing activities such as holiday and special occasion parties, community picnics, newsletters, children’s special functions, etc.
7. 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

MONTERRA APARTMENTS 2010A-202B / RFP 2009-06-06
BROWARD COUNTY

Description of Features and Amenities

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.

8. Resident Assistance Referral Program – The Applicant or its Management Agent will make available to residents information about services such as crises 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 in conjunction with live instruction.

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

DEVELOPMENT

NAME: Monterra Apartments

DATE: October 8, 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 time frame. Unsatisfactory items, if any, are noted below in the "Issues and Concerns" section of the Executive Summary.

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	Satis. / Unsatis.	
1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and/or status of site plan approval.	Satis.	
3. Permit Status.	Satis.	
4. Pre-construction analysis ("PCA").	Unsat.	1,3
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.	Unsat.	1, 2
8. Market Study separate from the Appraisal.	Unsat.	1
9. Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor.	Satis.	
11. Resumes and experience of applicant, general contractor and management agent.	Satis.	
12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Satis.	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
15. Firm commitment letter from the syndicator, if any.	Satis.	
16. Firm commitment letter(s) for any other financing sources.	Satis.	

MMRB/HOME & HC CREDIT UNDERWRITING REPORT

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: 15% 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 DEVELOPER RESPONSES:

Notes:

1. Reliance letter for appraisal, market study, and PCR
2. Final appraisal
3. Verification of features and amenities
4. Satisfactory receipt and review of audited financial statements for CW Capital

Applicant's Response: