

FLORIDA HOUSING FINANCE CORPORATION

Board Meeting

February 27, 2004

Consent Items



DEMONSTRATION LOAN PROGRAM

Consent

I. DEMONSTRATION LOAN PROGRAM

A. Request for Reduction of Interest Rate for Sunsouth Place

DEVELOPMENT NAME (“Development”):	Sunsouth Place
DEVELOPER/PRINCIPAL (“Developer”):	Carrfour Corporation
NUMBER OF UNITS:	71
LOCATION (“County”):	Miami-Dade County
TYPE:	Rental, Homeless
ALLOCATED AMOUNT:	\$1,000,000
ADDITIONAL COMMENTS:	

1. Background/Present Situation

- a) The Developer submitted a response to the RFP for homeless housing with a proposed 3% interest rate. The 3% interest rate was established for any for profit developers submitting for funding under the demonstration RFP’s. Not for profits were eligible for a 0% interest rate.
- b) Carrfour Corporation is a 501 (c) (3) not-for-profit corporation. Subsequently, they have requested a reduction in the interest rate from 3% to 0%.
- c) The credit underwriter has reviewed the request and recommends the reduction in the interest rate from 3% to 0% ([Exhibit A](#)).

2. Recommendation

That the Board approve the reduction of the interest rate from 3% to 0% as recommended by the credit underwriter.

EHCL

Consent

II. EHCL

A. 2004 EHCL Cycle

1. Background/Present Situation

Staff would like to open the 2004 EHCL Cycle. The cycle is tentatively scheduled to open on April 5, 2004 with an application workshop scheduled for April 19, 2004. The cycle is tentatively scheduled to close on June 4, 2004.

2. Recommendation

Authorize staff to proceed with the opening of the 2004 EHCL cycle

HOME RENTAL

Consent

III. HOME RENTAL

A. Request Approval of Credit Underwriting Report for Azalea Apartments (2002-720H)

Development Name:	Azalea Apartments
Developer/Principal: Housing for Rural, Inc.	Florida Low Income Housing Assoc., Inc.
Number of Units: 40	Location: Bowling Green, Hardee County
Type: Acquisition/Rehabilitation	Set Aside: 20% @ 50% AMI
Demographic Targeting: None	80% @ 60% AMI
Allocated Amount: \$2,325,000	

1. Background/Present Situation

- a) On October 10, 2002, the Board approved the final scores and ranking for the 2003 HOME Rental Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On July 3, 2003, staff issued a preliminary commitment letter and invitation to credit underwriting for a HOME loan in an amount up to \$2,325,000 for this 40-unit family development in Hardee County. This HOME Loan will be secured by a second mortgage on the property.
- c) On February 4th, 2004, staff received a credit underwriting report with a positive recommendation for a HOME loan in the amount of \$2,325,000 ([Exhibit A](#)).

2. Recommendation

- a) Approve the credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

AZALEA APARTMENTS

861 Pleasant Avenue, Bowling Green, Hardee County, FL 33834
2002-720H

SUMMARY OF CREDIT UNDERWRITING REPORT

February 11, 2004

FCP recommends that a HOME loan of \$2,325,000 be awarded to Florida Low Income Housing Associates, Inc. for the proposed renovation of Azalea Apartments aka Villa Alegre Apartments.						
DEVELOPMENT TEAM						
Borrower	Florida Low Income Housing Associates, Inc.					
General Partner	Florida Low Income Housing Associates, Inc.					
Limited Partner/Syndicator	N/A					
Guarantors	Florida Low Income Housing Associates, Inc.					
Developer	Housing for Rural, Inc.					
General Contractor	ConCor Construction Co., Inc.					
Management Company	Southwind Management Services, Inc.					
Credit Enhancer or 1 st Mortgage – Const.	USDA/Rural Development					
Credit Enhancer or 1 st Mortgage – Perm.	USDA/Rural Development					
DEVELOPMENT UNITS & SET-ASIDES						
Number of Units/Unit Mix	Bedrooms	Baths	No. of Units	Unit Size (SF)	HOME Median Income %	
	2	1	1	800	50%	
	2	1	7	800	60%	
	3	1	5	970	50%	
	3	1	19	970	60%	
	4	1	2	1,230	50%	
	4	2	6	1,230	60%	
	Totals		40	39,520		
	Demographic Commitment & Set Asides	Family; 100% HOME assisted units				
County Size	Small					
FINANCING INFORMATION						
FHFC Programs	HOME Loan					
Total Bond Amount	N/A					
Underwritten Interest Rate	N/A					
Term/Amortization	N/A					
2 nd Loan Amount (HOME)	\$2,325,000					
Underwritten Interest Rate	0% (Non-profit)					
Term/Amortization	30/50					
Restricted (Market if SAIL) Rent Value	\$5,330,000 As-If Renovated/Restr. Rents/Fav. Financing \$2,180,000 As-If Renovated/Market Rental Rates \$1,210,000 As-If Renovated/Restricted Rental Rates					

Loan To Value - First Mortgage Only	21.5% = USDA/RD Loan / Restricted Rents
Loan To Value - All debt	65.1%
Projected Net Operating Income	\$84,463 Annual
Debt Service Coverage – 1 st Mort. Only	1.17x
Debt Service Coverage - All debt	1.17x
Loan to Cost	99%

Construction/Permanent Sources:

<u>Source</u>	<u>Lender</u>	<u>Construction</u>	<u>Permanent</u>	<u>Perm Loan/Unit</u>
First Mortgage	USDA/RD	\$1,145,817	\$1,145,817	\$28,645
HOME Loan	FHFC	\$2,325,000	\$2,325,000	\$58,125
Deferred Developer Fee	Housing for Rural, Inc.	\$ 30,950	\$ 30,950	\$ 774
TOTAL		\$3,501,768	\$3,501,768	\$87,544

Changes from the Application:

1. Azalea was originally submitted with conventional (MuniMae Midland) financing in the amount of \$1,155,000 since USDA Rural Development had not yet provided an Obligation of Funds or loan approval for the assumption of the RD loan. As of 08/07/03, RD has committed to the assumption of the loan.

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

- There are no past due loans relating to this Development Team.
- There are no loans in non-compliance relating to this Development Team.

Strengths:

- This is an existing development with 100% Section 8 assistance.
- Occupancy is steady at 95% to 100%.
- LTV ratio is favorable at 65.1% based on restricted rents and favorable financing.
- Applicant, developer, and property manager each have over 15 years experience in affordable housing.

Other Considerations:

- General Contractor financial condition is weak.
- Property's age and construction materials necessitate additional work during rehabilitation to address environmental concerns
- Renewal of the HUD Section 8 assistance agreement is subject to availability of appropriations for this program and continued compliance with HUD's physical condition standards

Mitigating Factors:

- Underwriter is recommending that a Letter of Credit for 100% of the construction contract amount or a payment and performance bond for 100% of the contract be required from the GC.
- Additional environmental testing has been completed. The Operations and Maintenance Plan (“O&M”) to be performed by certified contractors to abate the environmental concerns has been reviewed and found acceptable.
- Southwind Management has adequate HUD experience to maintain compliance standards required for this development. Government funding of the Section 8 program is a risk which cannot be mitigated.

Waiver Requests/Special Conditions:

None.

NOTICE: This Credit Underwriting Summary is intended to provide relevant information in a concise format. It does not replace or eliminate the need to review the Credit Underwriting Report in its entirety. If any conflict exists between the Credit Underwriting Report and Credit Underwriting Summary, the language of the Credit Underwriting Report shall take precedence over conflicting language in the Credit Underwriting Summary.

HOMEOWNERSHIP LOAN PROGRAM

Consent

IV. HOMEOWNERSHIP LOAN PROGRAM

A. Request Approval of the Analytical Review for Latin Quarters Specialty Center / HAP03-305

Applicant Name (“Applicant”):	East Little Havana Community Development Corp.
Development Name (“Development”):	Latin Quarters Specialty Center
Developer/Principal (“Developer”):	East Little Havana Community Development Corp. / Alfredo Duran
Number of Units: 45	Location: Miami-Dade County
Type: HAP Purchase Assistance Loan	Allocated Amount: \$1,000,000

1. Background

- a) The Applicant submitted an application on behalf of Latin Quarters Specialty Center during Round One of the 2003 Homeownership Loan Program Cycle.
- b) On September 19, 2003, Florida Housing issued an invitation into credit underwriting and a preliminary commitment letter to East Little Havana Community Development Corp. for a HAP Purchase Assistance Loan in the amount of \$1,000,000 to assist in the construction of 45 homes in Miami-Dade County.

2. Present Situation

- a) The credit underwriter provided Staff with an Analytical Review outlining the parameters of the proposed development. The Analytical Review is attached as [Exhibit A](#).
- b) Staff has reviewed the report and concurs with the credit underwriter’s recommendation to reserve HAP funds in the amount of \$1,000,000 for a HAP Purchase Assistance Loan.

3. Recommendation

Staff recommends that the Board approve the Analytical Review and authorize staff to issue a firm commitment letter in the amount of \$1,000,000 to the Developer for a HAP Purchase Assistance Loan, subject to further approvals by the credit underwriter, counsel, and the appropriate corporation staff.

HOMEOWNERSHIP LOAN PROGRAM

Consent

**B. Request for Approval of the Analytical Review for We Help Scattered Sites Development/
HAP03-308**

Applicant Name (“Applicant”):	We Help Community Development Corp.
Development Name (“Development”):	We Help Scattered Sites Development
Developer/Principal (“Developer”):	We Help Community Development Corp. / D.M. Walker
Number of Units: 34	Location: Palm Beach County
Type: HAP Purchase Assistance Loan	Allocated Amount: \$1,000,000

1. Background

- a) The Applicant submitted an application on behalf of We Help Scattered Sites Development during Round One of the 2003 Homeownership Loan Program Cycle.
- b) On September 19, 2003, Florida Housing issued an invitation into credit underwriting and a preliminary commitment letter to We Help Community Development Corp. for a HAP Purchase Assistance Loan in the amount of \$1,000,000 to assist in the construction of 34 homes in Miami-Dade County.

2. Present Situation

- a) The credit underwriter provided Staff with an Analytical Review outlining the parameters of the proposed development. The Analytical Review is attached as [Exhibit B](#).
- b) Staff has reviewed the report and concurs with the credit underwriter’s recommendation to reserve HAP funds in the amount of \$1,000,000 for a HAP Purchase Assistance Loan.

3. Recommendation

Staff recommends that the Board approve the Analytical Review and authorize staff to issue a firm commitment letter in the amount of \$1,000,000 to the Developer for a HAP Purchase Assistance Loan, subject to further approvals by the credit underwriter, counsel, and the appropriate corporation staff.

HOUSING CREDITS

Consent

V. HOUSING CREDITS

- A. Request from the Applicant of the Boynton Terrace Apartments to modify a feature it selected in its Application.

DEVELOPMENT NAME (“Development”):	Boynton Terrace Apartments
DEVELOPER/PRINCIPAL (“Developer”):	American Communities/Heritage
NUMBER OF UNITS:	89
LOCATION (“County”):	Palm Beach County
TYPE:	Rehab
SET ASIDE:	15.73% @ 25% AMI & 84.27% @ 60% AMI
ALLOCATED AMOUNT:	\$559,025.00
ADDITIONAL COMMENTS: Urban In-Fill	

1. **Background/Present Situation**

- a) Boynton Terrace Apartments is a Competitive Housing Credit, Rehabilitation Development providing 89 set-aside units in Palm Beach County. Florida Housing allocated \$559,025 in Housing Credits to this Development in December of 2003.
- b) Florida Housing received a request on December 30, 2003 from the Applicant requesting it be allowed to substitute its commitment to provide 30 year expected life roofing with a commitment, of equal point value, to provide a gated community with “carded” entry or security guard, [Exhibit A](#). The Applicant was required by the City to adhere to architectural guidelines set in a Community Redevelopment Plan “The Heart of Boynton” which called for the installation of a metal roofing system that met the specifications. A cost opinion from Consultec ([Exhibit B](#)) states that the costs to be incurred by the proposed changes are within industry standards and are higher than the cost of the original feature selected in the Application.

2. **Recommendation**

Staff recommends that the Board approve this request.

HOUSING CREDITS

Consent

B. Request from the Applicant of the New Singletary to modify features it selected in its Application

DEVELOPMENT NAME (“Development”):	New Singletary
DEVELOPER/PRINCIPAL (“Developer”):	Telesis Corporation
NUMBER OF UNITS:	117
LOCATION (“County”):	Manatee County
TYPE:	Front Porch / New Construction
SET ASIDE:	15% @ 30% AMI & 85% @ 60% AMI
ALLOCATED AMOUNT:	\$1,116,080.00
ADDITIONAL COMMENTS:	Hope VI / Urban In-fill

1. Background/Present Situation

- a) New Singletary is a Competitive Housing Credit, New Construction / Front Porch Development providing 117 set-aside units in Manatee County. Florida Housing allocated \$1,116,080.00 in Housing Credits to this Development in December of 2002.
- b) Florida Housing received a request ([Exhibit C](#)) on February 9, 2004 from the Applicant requesting it be allowed to make substitutions as follows:
 - (1) The features “Ceramic tile bathroom floors” and “Pantry in kitchen” to be replaced with “30 year expected life roofing on all buildings”, “Dishwasher inside each unit” and “Garbage disposals inside each unit”.
 - (2) The features “Air conditioning with SEER rating of 11 or better” and “Ceiling fans in all bedrooms and living areas” to be replaced with “Heat pump with a minimum HSPF of 7.4” and “Air conditioning with SEER rating of 12 or better”.
- c) A cost opinion from Consultec included as Exhibit D states that the costs to be incurred by the proposed changes are within industry standards and are higher than the costs of the original features selected in the Application. The proposed changes are also of equal or higher point value than the original features selected in the Application.

2. Recommendation

Staff recommends that the Board approve this request.

LEGAL UPDATE

Consent

VI. LEGAL UPDATE

A. In Re: Florida Low Income Housing Associates, Inc.

Development Name: ("Development"):	Marion County Scattered Sites III
Developer/Principal: ("Developer"):	Florida Low Income Housing Associates, Inc.
Number of Units: 50	Location: Marion County
Type: single family detached	Set Aside: 100%
Demographics: family	Allocated Amount: \$1,000,000
MMRB: n/a	Housing Credits: n/a

1. Background

- a) Petitioner is the developer of the Marion County Scattered Sites III, a 50 single-family detached homes development, which is being funded with \$1,000,000 in HOME Purchase Assistance Only loan funds awarded by Florida Housing in the 2002 application cycle. On December 22, 2003, a Petition for Waiver of Rule 67-50.005(6), Florida Administrative Code, was received by Florida Housing. Specifically, Petitioner is seeking a waiver of the requirement that all the roads within the Marion County Scattered Sites III Application be paved.
- b) A copy of the Petition is attached as [Exhibit A](#).
- c) On December 22, 2003, the Notice of the Petition was published in Volume 30, Number 01, of the [Florida Administrative Weekly](#). Florida Housing did not receive any comments regarding the Petition.

2. Present Situation

- a) Section 120.542(2), Florida Statutes, provides in pertinent part:

Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.
- b) Rule 67-50.005(6), Florida Administrative Code provides in pertinent part:

"Application" means the completed forms from the Application Package together with all exhibits submitted to the Corporation in order to apply for either HAP or HOME Loan funds, in accordance with this rule chapter and the Application Package instructions, which is adopted and incorporated herein by reference.

LEGAL UPDATE

Consent

- c) Exhibit 21 of the Application Package, Verification of Availability of Infrastructure Roads, states in pertinent part. The undersigned local government representative confirms the following:

Existing paved roads provide access to the proposed Development or paved roads will be constructed as part of the proposed Development.

- d) Petitioner demonstrated that income eligible families have qualified for participation in the HOME program and have obtained permanent financing by local lenders subject to HOME Down Payment assistance. Petitioner has purchased the building lots, paid for all pre-construction expenses and will suffer sever financial loss by not being able to proceed on fifteen building sites if the waiver is not granted. Loss of the HOME loan subsidy will cause the development to be economically infeasible for potential low income home buyers in Marion County. Petitioner demonstrated that there are rural areas where the roads are owned and maintained by local governments but are not paved and these rural areas are still acceptable to the U.S. Department of Housing and Urban Development, the Veterans Administration, and U.S .Department of Agriculture-Rural Development to provide financial assistance for those homeowners who live in these rural areas.

3. **Recommendation**

Staff recommends that the Board grant this Petition.

MULTIFAMILY BONDS

Consent

VII. MULTIFAMILY REVENUE BONDS

- A. Request Approval of the Final Credit Underwriting Report for \$7,900,000 of tax-exempt bonds and \$3,560,000 of taxable bonds in order to finance the development known as Lake Shore Apartments (“Development”), 192 Units, located in Palm Beach County, Florida.

DEVELOPMENT NAME (“Development”):	Lakeshore Apartments
DEVELOPER/PRINCIPAL (“Developer”):	Lakeshore Apartments, LLC, TRG GP LLC, The Richman Group Development Corporation, Richard Richman, The Richman Group of Florida, Inc.
NUMBER OF UNITS:	192
LOCATION (“County”):	Palm Beach County
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	7% @ 30%, 78% @ 60% (MMRB) 7% @ 30%, 93% @ 60% (SAIL) 100% @ 60% (HC)
ALLOCATED AMOUNT:	\$7,900,000 of Tax-Exempt Bonds
ADDITIONAL COMMENTS:	

1. Background

- a) Lakeshore Apartments, LLC (“Applicant”) submitted an application (“Application”) on behalf of the proposed Development during the 2003 Application Cycle. Applicant applied for tax-exempt bonds in the amount of \$7,900,000 and taxable bonds in the amount of \$3,050,000 in order to construct the Development.
- b) At the October 9, 2003 Board meeting, the Board approved an Acknowledgement Resolution for the issuance of tax-exempt bonds in an amount not to exceed \$7,900,000 for construction of the Development.

2. Present Situation

- a) While the current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting, the Board has directed staff to advise it of any such changes.
- b) The Application indicated \$3,050,000 in taxable bonds. The Applicant is now requesting \$3,610,000 in taxable bonds to fund increases in construction costs and hard costs. However, the Credit Underwriter is recommending \$3,560,000 based on current interest rates and Florida Housing’s requirements.
- c) Total Development Costs have increased approximately \$500,000 from the date the Application was submitted. The increase is due to an increase in construction costs, an increase in the projected cost of issuance and inclusion of the SAIL commitment fee and SAIL interest. These increased costs will be offset by additional deferred developer fee.

MULTIFAMILY BONDS

Consent

- d) On February 10, 2004 ([Exhibit B](#)), the Applicant requested a change in Features and Amenities. The Applicant has proposed to replace the playground / tot lot, which is worth 2 points in the application, with 2 or more parking spaces per unit and a laundry facility in at least one common area on site, which are both worth 1 point each. The Applicant has also requested changes in Tenant Programs. The Applicant has proposed to substitute the After-School Program for Children, which is worth 3 points, with a Welfare-to-Work or Self-Sufficiency Program, worth 1 point, and Literacy Training, worth 2 points. These changes will not have a material effect on the transaction.
- e) A Final Credit Underwriting Report dated February 13, 2004, is attached as [Exhibit A](#).

3. Recommendation

That the Board approve the recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated February 13, 2004 recommending that \$11,460,000 in bonds be issued for the purpose of constructing the Development, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

Lake Shore Apartments

45th Street and Congress Avenue, West Palm Beach, Palm Beach County 33407
2003-010 BS

SUMMARY OF CREDIT UNDERWRITING REPORT

February 13, 2004

Recommendation: First Housing recommends approval for \$7,900,000 in tax-exempt bonds, \$3,560,000 in taxable bonds, \$2,000,000 in SAIL Loan funds. and an annual HC recommendation of \$467,619.					
DEVELOPMENT TEAM					
Borrower	Lakeshore Apartments, LLC				
General Partner	TRG GP, LLC				
Limited Partner/Syndicator	USA Institutional Tax Credit Fund XXXVIII, LP, an affiliate of Richman Affordable Housing Corporation				
Guarantors	Lakeshore Apartments, LLC, TRG GP LLC, The Richman Group Development Corporation and Richard Richman				
Developer	The Richman Group of Florida, Inc.				
General Contractor	First Florida Building Corporation				
Management Company	WRMC, Inc.				
Credit Enhancer or 1 st Mortgage – Const.	SunTrust				
Credit Enhancer or 1 st Mortgage – Perm.	GMAC/Fannie Mae				
DEVELOPMENT UNITS & SET-ASIDES					
Number of Units/Unit Mix	Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %
	2	2	9	943	30%
	2	2	119	943	60%
	3	2	5	1,199	30%
	3	2	59	1,199	60%
	Totals		192	197,440	
Demographic Commitment & Set Asides	<p>Family</p> <p>78% at 60% AMI and 7% at 30% AMI (MMRB)</p> <p>93% at 60% AMI and 7% at 30% AMI (SAIL)</p> <p>100% at 60% AMI (HC)</p>				
County Size	Large				
FINANCING INFORMATION					
FHFC Programs	MMRB, SAIL and HC				
Total Bond Amount	\$11,460,000				
Underwritten Interest Rate	6.67%				
Term/Amortization	33/30				
2 nd Loan Amount (SAIL/HOME)	\$2,000,000 (SAIL)				
Underwritten Interest Rate	3.363%				
Term/Amortization	33/30				
Market Value (Restricted Rents / Favorable Financing)	\$15,340,000				

Loan To Value - First Mortgage Only	74.71%
Loan To Value - All debt	87.74%
Projected Net Operating Income	\$1,046,744
Debt Service Coverage – 1 st Mort. Only	1.183
Debt Service Coverage - All debt	1.100
Loan to Cost	64.85% (MMRB) & 11.32% (SAIL)

Construction/Permanent Sources:

<u>Source</u>	<u>Lender</u>	<u>Construction</u>	<u>Permanent</u>	<u>Perm Loan/Unit</u>
Tax-Exempt Bonds	FHFC	\$7,900,000	\$7,900,000	\$41,145
Taxable Bonds	FHFC	\$3,560,000	\$3,560,000	\$18,541
SAIL/HOME Loan	FHFC	\$2,000,000	\$2,000,000	\$10,416
Housing Credit Equity	Richman Group	\$3,128,066	\$3,910,082	\$20,365
Deferred Developer Fee	Richman Group	\$1,082,247	\$300,231	\$1,564
TOTAL		\$17,670,313	\$17,670,313	\$92,032

Changes from the Application:

1. The application indicated \$3,050,000 in taxable bonds. The Applicant is now requesting \$3,610,000 in taxable bonds to fund increases in construction costs and hard costs. However, First Housing is recommending \$3,560,000 based on current interest rates and FHFC's requirements. This will not have a material effect on the transaction.
2. Total Development Costs have increased approximately \$500,000 from the application. The increase is due to an increase in construction costs, an increase in the projected cost of issuance and inclusion of SAIL Loan commitment fee and SAIL Loan interest. This will not have a material effect on the transaction as the developer can defer additional developer fee.
3. The Applicant has requested a change in Features and Amenities. The Applicant is requesting the commitment for a playground / tot lot (2 points) be replaced with 2 or more parking spaces per unit (1 point) and a laundry facility in at least one common area on site (1 point). The Applicant has also requested changes in Tenant Programs. The Applicant is requesting the After School Program for Children (3 points) be replaced with Welfare to Work or Self-Sufficiency Program (1 point) and Literacy Training (2 points). These changes will not have a material effect on the transaction.

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

According to the Past Due report dated January 20, 2004, The Richman Group of Florida, Inc. is not showing any past due items. First Housing is unaware of any historical problems with The Richman Group of Florida, Inc.

Strengths:

1. Low LTV – 74.71% (Bond Loan to Value with Restricted Rents/Favorable Financing) and 87.74% (Bond Loan plus SAIL Loan to Value with Restricted Rents/Favorable Financing)
3. Strong Guarantor
4. Proposed lower set-asides (7% or 14 units at 30% of AMI) should help subject development in lease-up.

Other Considerations:

1. The vacancy rate for affordable housing slightly above 5% in north Palm Beach County.

Mitigating Factors:

1. First Housing used a 7.5% vacancy/collection loss rate.

Waiver Requests/Special Conditions:

None

NOTICE: This Credit Underwriting Summary is intended to provide relevant information in a concise format. It does not replace or eliminate the need to review the Credit Underwriting Report in its entirety. If any conflict exists between the Credit Underwriting Report and Credit Underwriting Summary, the language of the Credit Underwriting Report shall take precedence over conflicting language in the Credit Underwriting Summary.

MULTIFAMILY BONDS

Consent

- B. Request Approval of the Supplemental Credit Underwriting Letter and to extend the closing deadline to May 31, 2004, for Pineview Villas Apartments (“Development”), a 2001 Bond Application in the amount of \$7,500,000 Tax-Exempt Bonds and \$2,000,000 in Taxable Bonds, consisting of 200 Units, located in Leon County, Florida.**

DEVELOPMENT NAME (“Development”):	PINEVIEW VILLAS APARTMENTS
DEVELOPER/PRINCIPAL (“Developer”):	JBM Properties, LLC
NUMBER OF UNITS:	200
LOCATION (“County”):	Leon County
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	20% @ 50% MMRB 100% @ 60% LIHTC
ALLOCATED AMOUNT:	\$7,500,000 of Tax-Exempt Bonds
ADDITIONAL COMMENTS: Revised Credit Underwriting Report and Extension of closing deadline. Acquisition/Rehab.	

1. Background

Pineview Villas, L.P. (“Applicant”) submitted an Application on behalf of the proposed Development during the 2001 Application Cycle. Applicant applied for tax-exempt bonds in the amount of \$7,500,000 and \$2,000,000 in taxable bonds in order to acquire and rehabilitate the Development. The Final Credit Underwriting Report (“CUR”) for the Development, dated July 18, 2003 was approved by the Board at the August 2003 Board Meeting.

2. Present Situation

- a) While the current Program Rule does not prohibit changes or modifications of the proposed Development during credit underwriting, the Board has directed staff to advise it of any changes from the Application. Accordingly, the Syndication Agreement has changed with respect to the equity pay-in schedule, the bridge loan amount and additional conditions. The bridge loan is now \$4,000,000, an increase of \$2,000,000 over the amount indicated in the CUR. The sources and uses have changed as a result of the bridge loan interest increase to \$359,474 from \$179,737. The developer fee has been reduced to \$993,799 from \$1,173,536 in order for the subject development to meet the 50% test for Housing Credits.

MULTIFAMILY BONDS

Consent

- b) The ownership structure has changed to accommodate a request by PNC Multifamily Housing (Syndicator). The limited partner of the Applicant will remain the same as in the CUR. The general partner of the Applicant has added a new entity, Pineview Villas MGP, LLC, which is now the managing general partner with a .0033% ownership interest. Pineview Villas MGP, LLC is owned 100% by C. Ingram Walters. The Applicant submitted financial statements, articles of incorporation, articles of organization and an operating agreement for Pineview Villas MGP, LLC. In addition, a credit report was reviewed. All were found to be satisfactory. Pineview Villas Associates, LLC, the previous general partner, will now be the non-managing general partner with a .0067% ownership interest. Pineview Villas Associates, LLC is owned 100% by Southeast Development Partners, LLC which is owned by C. Ingram Walters (50%) and Jimmy Miller (50%). The ownership of Pineview Villas Associates, LLC has not changed from the CUR.
- c) All of the above changes appear to be typical of the development process and responses to either market demand, the regulatory and approval process, and/or the refinement of certain economic estimates or assumptions.
- d) The Development is being credit enhanced through the Department of Housing and Urban Development ("HUD") 221(d)(4) Program and was awaiting a firm approval letter. HUD issued its firm approval letter on January 30, 2004, however this was after the closing deadline of December 31, 2003, set by the Board.
- e) A Supplemental Credit Underwriting Letter dated February 3, 2004, is attached as [Exhibit C](#).

3. Recommendation

Approve the recommendation of the Credit Underwriter outlined in the Supplemental Credit Underwriting letter dated February 3, 2004 recommending that \$7,500,000 in tax-exempt bonds and \$2,000,000 in taxable bonds be issued for the purpose of acquiring and rehabilitating the Development, and extend the closing deadline for Pineview Villas until May 31, 2004, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

- C. **Request Approval of a Change in Amenities and Acknowledgement of a Clarification of the Financial Structure for Magnolia Pointe Apartments (“Development”), 150 Units, located in unincorporated Okaloosa County, Florida. The amenity approval is requested by both the MMRB and SAIL Programs.**

DEVELOPMENT NAME (“Development”):	Magnolia Pointe
DEVELOPER/PRINCIPAL (“Developer”):	Capitol Housing Partners, LLC & Regency Development Associates, Inc./ CHP Magnolia Pointe, LLC; FWB Magnolia Pointe, Ltd; Steven J. DeFrancis; Breck Kean; Robin E. Delmer
NUMBER OF UNITS:	150
LOCATION (“County”):	Okaloosa County
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	3% @ 30%, 82% @ 60% (MMRB & SAIL) 3% @ 30%, 97% @ 60% (HC)
ALLOCATED AMOUNT:	\$7,000,000 of Tax-Exempt Bonds
ADDITIONAL COMMENTS: Change in Amenities and clarification of financial structure	

1. **Background**

- a) FWB Magnolia Pointe, Ltd. (“Applicant”) submitted an application (“Application”) on behalf of the proposed Development during the 2002 Application Cycle. Applicant applied for tax-exempt bonds in the amount of \$7,350,000 and SAIL funds in the amount of \$1,500,000 in order to construct the Development.
- b) At the October 11, 2002 Board meeting, the Board approved an Acknowledgement Resolution for the issuance of tax-exempt Bonds in an amount not to exceed \$7,350,000 for construction of the Development.
- c) At the January 23, 2004 Board meeting, the Board approved a credit underwriting report dated January 8, 2004, and method of bond sale for the issuance of \$7,000,000 in tax-exempt bonds and a SAIL loan in the amount of \$1,500,000.

2. **Present Situation**

- a) On February 3, 2004, the Applicant submitted a request ([Exhibit D](#)) to amend the construction features and amenities. The Applicant received two points for committing to provide a volleyball court. Okaloosa County, as part of their re-establishment of wetlands, made changes to the site plan which designated the volleyball court area as a dry storm water retention area. The Applicant is now committing to provide laundry hook-ups and space for full size washers and dryers in each unit. This feature is worth three points in the application.
- b) The Credit Underwriter, in a letter dated February 9, 2004 (“Letter”), recommends this change as the washer and dryer hook-ups were worth more points in the Application and will benefit more residents than the sand volleyball court ([Exhibit E](#)).

MULTIFAMILY BONDS

Consent

- c) Certain of the transaction's professionals have asked that the financial structure for the Development be clarified. Therefore, the Credit Underwriter's Letter also clarifies the financial structure for the Development. Florida Housing's Senior Financial Advisor, Bill Johnston, has stated that the January 7, 2004, Method of Sale letter clearly pointed out the bifurcated nature of the financial structure of this private placement transaction, i.e., a letter of credit enhanced construction period, and a non-credit enhanced permanent loan. However, in the interest of keeping the Board fully informed, staff has included the clarification in this Board item.

3. **Recommendation**

That the Board approve the change in amenities for the Development for both the MMRB and SAIL Programs, and acknowledge the clarification in the financial structure, subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

- D. **Request Approval to amend the Trust Indenture for Buchanan Bay Townhomes (“Development”) 1998 Series S, in the amount of \$9,750,000 in Tax Exempt Bonds and \$975,000 in taxable Bonds, 228 units located in Orlando, Orange County, Florida.**

DEVELOPMENT NAME (“Development”):	Buchanan Bay Townhomes
DEVELOPER/PRINCIPAL (“Developer”):	Buchanan Bay, Ltd.
NUMBER OF UNITS:	228
LOCATION (“County”):	Orlando, Orange County
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	50% @ 60% 5% @ 50%
ALLOCATED AMOUNT:	\$9,750,000 of Tax-Exempt Bonds \$975,000 of Taxable Bonds
ADDITIONAL COMMENTS: Amendment to Trust Indenture	

1. **Background**

- a) In 1998, Florida Housing financed the construction of the Development with \$9,750,000 Tax-Exempt and \$975,000 Taxable Bonds designated as 1998 Series S.
- b) In October of 2001, Buchanan Bay Partners, Ltd. withdrew as managing general partner and Park Central Developers, Ltd., withdrew as a general partner. They were replaced as the general partner by SLP Housing II, LLC., an affiliate of the LIHTC syndicator, SunAmerica.

2. **Present Situation**

Florida Housing received correspondence dated January 15, 2004 ([Exhibit F](#)) requesting an amendment of the Trust Indenture to reduce the fixed interest rate currently borne by the Bonds and to modify the mandatory sinking fund schedule for the Bonds to correspond to a mortgage loan amortization at the new reduced interest rate. The final maturity of the Bonds will not be extended. The requested modifications will be subject to receipt of consents from the holders of all of the outstanding bonds and from MM Enhancement, LLC, the funding facility issuer for the Bonds.

3. **Recommendation**

Approve the request to amend the Trust Indenture to reduce the fixed interest rate currently borne by the Bonds and to modify the mandatory sinking fund schedule for the Bonds to correspond to a mortgage loan amortization at the new reduced interest rate, subject to receipt of consent from all of the holders of the bonds and the funding facility issuer, and further subject to approval by the Credit Underwriter, Bond Counsel, Special Counsel, and the appropriate Florida Housing Staff.

MULTIFAMILY BONDS

Consent

- E. **Request Approval for Certain Legal Fees to be Paid from Bond Proceeds for Portofino Apartments (“Development”), 2003 Series D in the amount of \$19,570,000 Tax-Exempt Bonds and \$450,000 Taxable Bonds, 270 Units, located in Palm Beach County, Florida.**

DEVELOPMENT NAME (“Development”):	Portofino Apartments
DEVELOPER/PRINCIPAL (“Developer”):	Portofino Associates, Ltd., Cornerstone Development Corporation, Cornerstone Group Development LLC, Cornerstone Portofino, LLC/Stuart I Meyers Family Partnership, Jorge Lopez, Leon J. Wolfe, Mara S. Mades
NUMBER OF UNITS:	270
LOCATION (“County”):	Palm Beach County
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	85% @ 60% (MMRB) 94% @ 60% (HC)
ALLOCATED AMOUNT:	\$19,570,000 of Tax-Exempt Bonds
ADDITIONAL COMMENTS: Legal Fees	

1. **Background**

- a) In 2003, Florida Housing Finance Corporation (“FHFC”) financed the construction of Portofino Apartments with \$19,570,000 in Tax-Exempt Bonds and \$450,000 Taxable Bonds, designated as 2003 Series D.
- b) Portofino Associates, Ltd. (“Owner”) has incurred legal expenses of an extraordinary amount due to local opposition to the construction of the Development.

2. **Present Situation**

- a) On August 1, 2003 and February 13, 2004, the owner requested ([Exhibit G](#) and [H](#)) relief of Rule 67-21.002(31) F.A.C., which limits the legal expenses to the greater of \$40,000 or 0.75% of the total bond amount. Any legal fees above that limit would normally be paid for out of the Developer's Fee. The Developer's legal fees exceed the limits imposed in the rule by \$96,915.59. The rule, by its terms, allows the Board to approve this request without a formal rule waiver proceeding.
- b) The Credit Underwriter recommends that these certain legal fees be reallocated from developer's fee to borrower's legal fees ([Exhibit I](#)). The legal fees then will be eligible to be paid with bond proceeds.

3. **Recommendation**

That the Board approve the Request for Certain Legal Fees to be Paid from Bond Proceeds for the Development subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

- F. **Request Approval to amend the Land Use Restriction Agreement (“LURA”) for Leigh Meadows Apartments (“Development”), 1996 Series N in the amount of \$10,690,000 Tax-Exempt Bonds, 304 Units, located in Duval County, Florida.**

DEVELOPMENT NAME (“Development”):	Leigh Meadows
DEVELOPER/PRINCIPAL (“Developer”):	Vestcor Company; VCP-SB Associates, Ltd./Stephen Frick
NUMBER OF UNITS:	304
LOCATION (“County”):	Duval County
TYPE (Rental, Homeownership):	Rental
SET ASIDE:	40% @ 60% (MMRB) 100% @ 60% (SAIL) 100% @ 60% (HC)
ALLOCATED AMOUNT:	\$10,690,000 of Tax-Exempt Bonds
ADDITIONAL COMMENTS: LURA Amendment	

1. **Background**

- a) In 1996, Florida Housing Finance Corporation (“FHFC”) financed the construction of Leigh Meadows Apartments with \$10,690,000 in Tax-Exempt Bonds, designated as 1996 Series N.
- b) VCP-SB Associates, Ltd. (“Owner”) submitted a development summary in a “Request for Inducement” that was approved for funding by the Board. This summary referred to frost-free refrigerator/freezers with ice makers. This reference was included in the credit underwriting report and the LURA. No points were awarded for this feature and the analysis of the benefit to the tenants was completed by the credit underwriter.

2. **Present Situation**

- a) On January 7, 2004, the Owner requested ([Exhibit J](#)) an amendment to the LURA to remove references to an icemaker in each refrigerator. Currently, none of the refrigerators in the Development have icemakers. Instead, the Owner has committed to offering after-school care and summer camp programs for school-age children.
- b) The Credit Underwriter has analyzed the benefit to the tenants of the exchange of these features and recommends that the reference to the icemakers be removed from the LURA and be replaced by after-school and summer camp programs for school-age children ([Exhibit K](#)).

3. **Recommendation**

That the Board approve the LURA amendment for the Development subject to further approvals and verifications by the Credit Underwriter, Bond Counsel, Special Counsel and the appropriate Florida Housing staff.

MULTIFAMILY BONDS

Consent

G. Assignment of Bond Underwriters and Structuring Agents

1. Background

- a) Pursuant to staff's requests for approval to issue bonds to finance the construction of the proposed Development referenced below, a Final Credit Underwriting Report is being presented to the Board for approval simultaneous with this request to assign the appropriate professional to this transaction. A brief description of the Development is detailed below along with the Staff's recommendation for the assignment.
- b) Additionally, the Corporation's Senior Financial Advisor has prepared a method of bond sale letter. Staff has reviewed the method of sale letter and Board approval is requested at the current meeting.

2. Present Situation

- a) The Credit Underwriters, the Senior Financial Advisor and Florida Housing staff have reviewed the financing structure for the proposed Development.
- b) The Senior Financial Advisor's recommendation for the method of bond sale is being presented to the Board at the current meeting during the Multifamily Bond Program Update of items on the agenda.

3. Recommendation

That the Board approves the assignment of the recommended professional as shown in the chart for the proposed Development

DEVELOPMENT NAME	LOCATION OF DEVELOPMENT	NUMBER OF UNITS	METHOD OF BOND SALE	RECOMMENDED PROFESSIONAL
Lake Shore	Palm Beach	192	Negotiated	Stern Brothers & Co.

MULTIFAMILY BONDS

Consent

H. Request Approval of the Method of Sale Recommendation from Florida Housing's Senior Financial Advisor

1. Background/Present Situation

- a) The Credit Underwriter has provided a Final Credit Underwriting Report for the proposed Development below. Florida Housing seeks Board approval pursuant to the recommendation of the Credit Underwriter and the appropriate Florida Housing staff.
- b) Pursuant to Rule 67-21.0045, F.A.C., staff has requested a review of the proposed bond structure by the Senior Financial Advisor in order to make a recommendation to the Board for the method of bond sale.
- c) WLJ Capital has prepared an analysis and recommendation for the method of bond sale for the Development. The recommendation letter is attached as [Exhibit L](#).

DEVELOPMENT NAME	LOCATION OF DEVELOPMENT	NUMBER OF UNITS	METHOD OF BOND SALE
Lake Shore	Palm Beach	192	Negotiated

2. Recommendation

Staff recommends that the Board approves the recommendation of the Senior Financial Advisor for the method of bond sale for the above Development.

PREDEVELOPMENT LOAN PROGRAM

Consent

VIII. PREDEVELOPMENT LOAN PROGRAM

A. Approval of Loan from PLP funds for Taylor County Senior Living (PLP 00-038)

DEVELOPMENT NAME (“Development”):	Taylor County Senior Living
DEVELOPER/PRINCIPAL (“Developer”):	Taylor County Senior Services, Inc.
NUMBER OF UNITS:	60
LOCATION (“County”):	Taylor County
TYPE:	Rental, elderly
SET ASIDE:	60% @ 60%
ALLOCATED AMOUNT:	\$500,000
ADDITIONAL COMMENTS: The Technical Assistance Provider has recommended approval	

1. Background/Present Situation

- a) On August 7, 2003, Florida Housing issued an invitation to participate in the PLP program to Taylor County Senior Services, Inc. (the “Developer”). The Development is located in Taylor County and will be a 60 unit rental development.
- b) The Technical Assistance Provider (“TAP”) assisted the Developer in preparing a development plan and budget ([Exhibit A](#)). Staff has reviewed the development plan and budget and has determined that all budget items are PLP eligible. The TAP has approved the development plan and has recommended a loan amount of \$500,000 for PLP eligible activities ([Exhibit B](#)).

2. Recommendation

That the Board approve a loan from PLP funds for \$500,000 to Taylor County Senior Services for predevelopment costs as recommended by the TAP.

SAIL

Action

IX. STATE APARTMENT INCENTIVE LOAN PROGRAM

A. Request Approval of Credit Underwriting Report for Morgan Creek Apartments a/k/a Pebble Creek Apartments, Cycle XV, (2003-054S).

Development Name: Morgan Creek a/k/a Pebble Creek	Location: Hillsborough County
Developer/Principal: The Richman Group of Florida Inc.	Set-Aside: 20% @ 50% AMI and 80% @ 60% AMI
Number of Units: 336	Allocated Amount: \$2,000,000
Type: Garden Apartments	Housing Credits: \$6,514,624
Demographics: Family	
MMRB: \$15,160,000 Local	

2. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 16, 2003, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL third mortgage loan in an amount up to \$2,000,000 for this 336-unit family development in Hillsborough County.
- c) On February 11, 2004, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$2,000,000 ([Exhibit A](#)). The name of the Development was changed from Pebble Creek to Morgan Creek due to a requirement by the County. Staff has reviewed this report and finds that the development meets all of the requirements of SAIL Rule 67-48, F.A.C.

3. Recommendation

Approve the final credit underwriting report with the above referenced change and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

MORGAN CREEK APARTMENTS

Fka, Pebble Creek Apartments
 2003-054S/2003-530C
 17201 Dona Michelle Drive, Tampa, Hillsborough County

SUMMARY OF CREDIT UNDERWRITING REPORT February 11, 2004

Recommendation: AmeriNational recommends FHFC make a \$2,000,000 SAIL Loan for permanent financing of the development and an annual HC allocation of \$760,151 .					
DEVELOPMENT TEAM					
Borrower	Hunter's Run, LLC.				
General Partner	TRG GP, LLC.				
Limited Partner/Syndicator	TRGHT, Inc. (The Richman Group Capital Group)				
Guarantors	Hunter's Run, LLC, TRG GP, LLC, The Richman Group Development Corp., The Richman Group of Florida, Inc., and Richard P. Richman				
Developer	The Richman Group of Florida, Inc.				
General Contractor	First Florida Building Corp.				
Management Company	WRMC, Inc.				
Credit Enhancer or 1 st Mortgage – Const.	SunTrust Bank				
Credit Enhancer or 1 st Mortgage – Perm.	Federal National Mortgage Association ("Fannie Mae") through GMAC Commercial Mortgage – Affordable Housing Division ("GMAC"), the Delegated Underwriter/Servicer ("DUC")				
DEVELOPMENT UNITS & SET-ASIDES					
Number of Units/Unit Mix					
	Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %
	2	2	179	943	60%
	2	2	37	943	50%
	3	2	99	1,199	60%
	3	2	21	1,199	50%
	Total		336	322,389	
Demographic Commitment & Set Asides	Large Family (SAIL & HC) 20% @ 50% AMI and 80% at 60% AMI – SAIL & HC 40% @ 60% AMI – County MMRB				
County Size	Large				
FINANCING INFORMATION					
FHFC Programs	SAIL and Housing Credits				
Total Bond Amount	\$12,700,000				
Underwritten Interest Rate	6.61%				
Term/Amortization	32.5/30				
2 nd Loan Amount	\$2,460,000				
Underwritten Interest Rate	6.5%				
Term/Amortization	32.5/30				

FINANCING INFORMATION CONTINUED	
3 rd Loan Amount SAIL	\$2,000,000
Underwritten Interest Rate	3.27%
Term/Amortization	32.5/N/A
Market Rent Value	\$21,700,000
Loan To Value - First Mortgage Only	58.53%
Loan To Value - All debt	79.08%
Projected Net Operating Income	\$1,391,642
Debt Service Coverage – 1 st Mort. Only	1.428
Debt Service Coverage - All debt	1.135
Loan to Cost	7.69%

Construction/Permanent Sources:

Source	Lender	Construction	Permanent	Perm Loan/Unit
Tax-Exempt Bonds	Hillsborough Co	\$12,700,000	12,700,000	\$37,798
Taxable 2 nd Mtg	Fannie Mae	\$2,460,000	\$2,460,000	\$7,321
SAIL Loan	FHFC	\$2,000,000	\$2,000,000	\$5,952
Housing Credit Equity	Richman Capital	\$5,875,160	\$6,514,624	\$19,389
Deferred Developer Fee	TRG	\$2,974,079	\$2,334,615	\$6,948
TOTAL		\$26,009,239	\$26,009,239	\$77,408

Changes from the Application:

Development Cost: The applicant submitted two separate applications for SAIL and HC. The total development cost from the HC application has increased \$87,693 to \$26,009,239 mainly due to an increase in the Hard Cost Contingency. The SAIL application incorrectly showed the developer fee at 16% instead of the allowable 18% which is what was utilized in the HC application. The underwriter has utilized the HC application as it is the most current.

Other Changes: The Development Name has changed to Morgan Creek. This was a requirement of the County due to a life and safety issue with another development similarly named.

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

None

Strengths:

The Richman Group has been a developer, program sponsor, property manager and asset manager in the affordable housing industry since 1979. The Richman Group affiliates have developed alone and through joint ventures approximately 7,300 units of housing. The Richman Group is one of the top 20 apartment owners in the United States, with approximately 35,000 units and 75,000 residents. Mr. Richman has over 20 years of experience in the planning, development and financing of affordable housing.

Additional Considerations:

None

Mitigating Factors:

None

Waiver Requests/Special Conditions:

None.

NOTICE: This Credit Underwriting Summary is intended to provide relevant information in a concise format. It does not replace or eliminate the need to review the Credit Underwriting Report in its entirety. If any conflict exists between the Credit Underwriting Report and Credit Underwriting Summary, the language of the Credit Underwriting Report shall take precedence over conflicting language in the Credit Underwriting Summary.

SAIL

Action

B. Request Approval of Credit Underwriting Report for Sanctuary Cove Apartments, Cycle XV, (2003-043S).

Development Name: Sanctuary Cove	Location: Broward County
Developer/Principal: Cornerstone Group Development, LLC	Set-Aside: 25% @ 50% AMI and 75% @ 60% AMI
Number of Units: 292	Allocated Amount: \$2,000,000
Type: Garden Apartments	Housing Credits: \$6,724,898
Demographics: Family	
MMRB: \$17,950,000 Local	

1. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 16, 2003, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL third mortgage loan in an amount up to \$2,000,000 for this 292-unit family development in Broward County County.
- c) On February 12, 2004, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$2,000,000 ([Exhibit B](#)). Staff has reviewed this report and finds that the development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. Recommendation

Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

Sanctuary Cove Apartments

North Lauderdale, Broward County, Florida

SUMMARY OF CREDIT UNDERWRITING REPORT

February 12, 2004

Recommendation: First Housing recommends approval for \$2,000,000 in SAIL Program funds, and an annual Housing Credit Allocation of \$896,223.						
DEVELOPMENT TEAM						
Borrower	Sanctuary Cove Associates, Ltd.					
General Partner	Cornerstone Sanctuary Cove, LLC					
Limited Partner/Syndicator	AMTAX Holdings 296, LLC, an affiliate of Paramount Financial Group, Inc., a wholly-owned subsidiary of GMAC Commercial Mortgage Association					
Guarantors	Sanctuary Cove Associates, Ltd., Cornerstone Sanctuary Cove, L.L.C. (Formerly SIM Sanctuary Cove, L.L.C.), Jorge Lopez, Stuart I. Meyers, Leon Wolfe, and Mara Mades, as well as Cornerstone Group Development L.L.C., Cornerstone Group Development Corporation, and Alliance Construction, LLC.					
Developer	Cornerstone Group Development L.L.C.					
General Contractor	Alliance Construction, L.L.C.					
Management Company	Cornerstone Residential Management, L.L.C.					
Credit Enhancer or 1 st Mortgage – Const.	GMAC/Fannie Mae					
Credit Enhancer or 1 st Mortgage – Perm.	GMAC/Fannie Mae					
DEVELOPMENT UNITS & SET-ASIDES						
Number of Units/Unit Mix	Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	
	1	1	15	800	50%	
	1	1	45	800	60%	
	2	2	36	1,000	50%	
	2	2	108	1,000	60%	
	3	2	22	1,211	50%	
	3	2	66	1,211	60%	
	Totals		292	298,568		
Demographic Commitment & Set Asides	Family 25% at 50% AMI & 75% at 60% AMI (SAIL) 100% at 60% of AMI (HC)					
County Size	Large					
FINANCING INFORMATION						
FHFC Programs	SAIL and 4% HC					
Total Bond Amount	\$17,950,000 (Broward County)					
Underwritten Interest Rate	6.369%					
Term/Amortization	33/30					
2 nd Loan Amount (SAIL/HOME)	\$2,000,000 (SAIL)					

Underwritten Interest Rate	3.363%
Term/Amortization	33/NA
Market Value	\$24,880,000
Loan To Value - First Mortgage Only	80.2%
Loan To Value - All debt	86.8%
Projected Net Operating Income	\$1,554,769
Debt Service Coverage – 1 st Mort. Only	1.158
Debt Service Coverage - All debt	1.102
SAIL Loan to Cost	7%

Construction/Permanent Sources:

Source	Lender	Construction	Permanent	Perm Loan/Unit
Tax-Exempt Bonds	Broward County	\$17,950,000	\$17,950,000	\$61,473
SAIL/HOME Loan	FHFC	\$2,000,000	\$2,000,000	\$6,849
SAIL/HOME Loan	Broward County	\$635,000	\$635,000	\$2,175
Housing Credit Equity	Paramount	\$5,783,412	\$6,724,898	\$23,030
Deferred Developer Fee	Cornerstone	\$4,161,030	\$3,367,968	\$11,534
Borrower Equity	Cornerstone	0	0	
Deferred GC Fee	Alliance	\$148,424	0	
TOTAL		\$30,677,866	\$30,677,866	\$105,059

Changes from the Application:

1. Subsequent to submittal of the Application, Applicant received approval for two local HOME loans in the amount of \$635,000 from Broward County. In addition, the first mortgage loan is slightly different than originally estimated (\$19,400,000 versus \$19,435,000), and the Borrower is proposing to redeem bonds, which will reduce the first mortgage loan to \$17,950,000. These changes are considered beneficial to the SAIL Loan's position, and therefore, acceptable.
2. Development costs have remained similar, with the exception of cost associated with the SAIL Program loan, which has been incorporated into the underwriter's estimated budget.

Does the Development Team have any FHFC Financed Developments on the Past Due/Non-Compliance Report? [Underwriter should also report on any historical problems they are aware of.]

According to the FHFC Past Due report dated January 27, 2004, the Cornerstone Group is showing one past due item, related to the Hunters Run development in Clay County. According to Seltzer, Christopher Tracy (MMRB Trustee) reports that IRS form 8703 required under the LURA is now overdue for 2002 (due 12/31/02), and 2003 (due 12/31/03). Section 3(e) of the LURA requires a draft of the form to the Trustee annually each 12/1 with a final version under Section 2(n) due each 12/31.

First Housing is unaware of any historical problems with the Cornerstone Group.

Strengths:

1. This development is currently under construction, and approximately 26% completed.
2. Funding sources (with the exception of the proposed SAIL loan and local HOME funding) are in place.
3. The Applicant has committed to 25% at 50% AMI and 75% at 60% AMI, as compared to the existing MMRB Program set-aside of 40% at 60% AMI; which provides additional availability of units to be set-aside for tenants earning lower than average income levels.
4. The proposed lower set-asides should help the subject lease well and achieve stabilization rapidly.
5. Neighborhood occupancy rates are very strong. The most recently built affordable housing apartment project in the subject's submarket experienced a rapid lease-up, and is now stabilized. Demographic analysis indicates a significant pool of potential tenants with strong employment and household growth over the next five years. Historical and current absorption has significantly outpaced demographic projections.
6. The principals and development theme, as well as the general contractor, and management group are highly experienced in this field.
7. The Applicant and its Principals, as well as the Limited Partner/Syndicator have sufficient experience and substantial financial resources to develop, construct and operate the proposed development.

Other Considerations:

1. The first mortgage loan amount is currently in the amount of \$19,400,000, which was funded by \$19,000,000 of tax-exempt MMRB Series 2002A bonds, and \$400,000 of MMRB taxable Series 2002B bonds, by the Broward County HFA. Note that, in order to comply with the SAIL Program debt service coverage requirements, at least \$1,075,000 of bonds/first mortgage loan will need to be redeemed/paid down. This minimum amount assumes that the Applicant will accept the option to escrow half of the first two years of reserves.
2. The principals and related entities report significant contingent liabilities in the amount of \$231,364,719, as of February 12, 2004. This amount represents the combined total outstanding mortgage balances on properties that are currently subject to construction completion and/or operating deficit guarantees.

Mitigating Factors:

1. This report is subject to approval (**prior to closing of the SAIL loan**) of the required pay down of the existing loan, and redemption of outstanding bonds by the appropriate authorities.
2. The significant level of contingent liabilities are mitigated by the following factors:
 - a. The principals and related entities have a substantial portfolio, and to date, have not reported any deficit funding issues.
 - b. Properties that are subject to construction completion guarantees are covered with 100% payment and performance bonds.
 - c. The principals and related entities currently report a substantial level of liquid assets.
 - d. All of the principals' portfolios of 100% completed properties are currently operating at breakeven or better.
 - e. The principals and related entities are subject to a Liquidity Maintenance Agreement (the "LMA") on behalf of the Guarantee Fund, in which they are required to maintain at least \$4.5 million dollars in combined liquidity. The LMA is periodically monitored, and at present, liquidity is substantially higher than this amount.

Waiver Requests/Special Conditions:

None

NOTICE: This Credit Underwriting Summary is intended to provide relevant information in a concise format. It does not replace or eliminate the need to review the Credit Underwriting Report in its entirety. If any conflict exists between the Credit Underwriting Report and Credit Underwriting Summary, the language of the Credit Underwriting Report shall take precedence over conflicting language in the Credit Underwriting Summary.

SAIL

Action

C. Request Approval of Credit Underwriting Report for Summer Lakes Apartments, Cycle XV, (2003-005S).

Development Name: Summer Lakes Apartments	Location: Collier County
Developer/Principal: The Richman Group of Florida, Inc.	Set-Asides: 40% @ 60% AMI and 60% @ 50% AMI
Number of Units: 140	Allocated Amount: \$1,500,000
Type: Garden Apartments	Housing Credits: \$3,187,104
Demographics: Family	
MMRB: \$9,215,000 Local	

1. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 16, 2003, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL loan in an amount up to \$1,500,000 for this 140-unit family development in Collier County.
- c) On February 12, 2004, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$1,500,000 ([Exhibit C](#)). The report states that the Applicant would like to replace the After School Program (worth 3 points) with the Welfare to Work/Self Sufficiency Program (worth 1 point) and the Literacy Training (worth 2 points). This change will not have a negative effect on the Development. Staff has reviewed this report and finds that the development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. Recommendation

Approve the final credit underwriting report with the above referenced changes and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

Summer Lakes Apartments
Immokalee Road, Unincorporated Collier County
2003 005S
SUMMARY OF CREDIT UNDERWRITING REPORT
February 12, 2004

Recommendation: First Housing recommends approval for \$1,500,000 in SAIL Loan funds.					
DEVELOPMENT TEAM					
Borrower	Sawgrass Pines, LLC				
General Partner	TRG GP, LLC				
Limited Partner/Syndicator	USA Institutional Tax Credit Fund XXXIV, LP, an affiliate of Richman Affordable Housing Corporation				
Guarantors	Sawgrass Pines, LLC, TRG GP LLC and Richard Richman				
Developer	The Richman Group of Florida, Inc.				
General Contractor	First Florida Building Corporation				
Management Company	WRMC, Inc.				
Credit Enhancer or 1 st Mortgage – Const.	SunTrust				
Credit Enhancer or 1 st Mortgage – Perm.	GMAC/Fannie Mae				
DEVELOPMENT UNITS & SET-ASIDES					
Number of Units/Unit Mix	Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %
	2	2	42	1,071	50%
	2	2	28	1,071	60%
	3	2	42	1,248	50%
	3	2	28	1,248	60%
	Totals			140	162,330
Demographic Commitment & Set Asides	Family 40% at 60% AMI / 60% at 50% AMI (SAIL)				
County Size	Medium				
FINANCING INFORMATION					
FHFC Programs	SAIL				
Total Bond Amount	\$9,215,000 (Collier County)				
Underwritten Interest Rate	6.259%				
Term/Amortization	33/30				
2 nd Loan Amount (SAIL/HOME)	\$1,500,000 (SAIL)				
Underwritten Interest Rate	3.401%				
Term/Amortization	33/30				
Market Value	\$12,741,000				
Loan To Value - First Mortgage Only	72.33%				
Loan To Value - All debt	84.1%				
Projected Net Operating Income	\$807,863				

Debt Service Coverage – 1 st Mort. Only	1.185
Debt Service Coverage - All debt	1.103
Loan to Cost	10.2%

Construction/Permanent Sources:

<u>Source</u>	<u>Lender</u>	<u>Construction</u>	<u>Permanent</u>	<u>Perm Loan/Unit</u>
Tax-Exempt Bonds	Collier County	\$6,800,000	\$6,800,000	\$48,571
Taxable Bonds	Collier County	\$2,415,000	\$2,415,000	\$17,250
SAIL/HOME Loan	FHFC	\$1,500,000	\$1,500,000	\$10,714
Housing Credit Equity	Richman Group	\$2,071,618	\$3,187,104	\$22,765
Deferred Developer Fee	Richman Group	\$1,753,857	\$787,252	\$5,623
Borrower Equity	Richman Group	\$161,631		
TOTAL		\$14,702,106	\$14,689,356	\$104,924

Changes from the Application:

1. Total development costs have increased by \$359,166 from the Application primarily as a result of an increased cost of issuance on the MMRB bonds and increased costs associated with the credit enhancement commitments.
2. The Applicant has requested a change to its commitment for resident programs. The Applicant would like to replace the After School Program (3 points) with Welfare to Work / Self Sufficiency Program (1 point) and Literacy Training (2 points). This change will not have a negative effect on the transaction.

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

According to the Past Due report dated January 20, 2004, The Richman Group of Florida, Inc. is not showing any past due items. There are no outstanding compliance issues as of the date of this summary. First Housing is unaware of any historical problems with The Richman Group of Florida, Inc.

Strengths:

1. The subject development is well located with easy access to I75 and within close proximity to State Road 41 providing easy access to restaurants, goods and services.
2. The Applicant has committed to 60% at 50% AMI in addition to the minimum set-aside of 40% at 60% AMI. These set-asides should help the subject lease well and achieve stabilization rapidly.
3. Ingress / Egress are accomplished via a brand new access road approximately ¼ mile in length. The residential buildings and clubhouse are located in an attractive wooded setting, surrounded by pine forest.
4. The subject development was 79% complete as of December 2003 with the first units scheduled to come on-line in February of 2004.

Other Considerations:

1. The subject development is not visible from Immokalee Road.
2. There is some evidence of market weakness in the South Naples market (Noah's Landing)

Mitigating Factors:

1. The Applicant has indicated that there will be permanent signage fronting on Immokalee Road. In addition, the Applicant has \$150,000 for marketing in the budget for lease-up-stabilization.
2. Market weakness is in South Naples, while North Naples remains strong. Additionally, 60% of the units will be set-aside at 50% of AMI, thus targeting a different and underserved market segment.

Waiver Requests/Special Conditions:

None

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SAIL

Action

D. Request Approval of Credit Underwriting Report for Harbour Cove Apartments, Cycle XV, (2003-040S).

Development Name: Harbour Cove Apartments	Location: Broward County
Developer/Principal: Cornerstone Development Group, LLC	Set-Asides: 25% @ 50% AMI and 75% @ 60% AMI
Number of Units: 212	Allocated Amount: \$2,000,000
Type: Mid-Rise with Elevator	Housing Credits: \$7,578,000
Demographics: Family	
MMRB: \$13,150,000 Local	

1. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 16, 2003 staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL loan in an amount up to \$2,000,000 for this 212-unit family development in Broward County.
- c) On February 13, 2004, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$2,000,000 ([Exhibit D](#)). Staff has reviewed this report and finds that the development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. Recommendation

Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

Harbour Cove Apartments

100 NW 9th Terrace, Hallandale Beach, Broward County, Florida, 33009
2003-112S/2003-526C

SUMMARY OF CREDIT UNDERWRITING REPORT FEBRUARY 13, 2004

Recommendation: ACS recommends a \$2,000,000 SAIL loan for the permanent financing of this development and an annual HC allocation of \$939,288.				
DEVELOPMENT TEAM				
Borrower	Harbour Cove Associates, Ltd.			
General Partner	Cornerstone Harbour Cove, L.L.C.			
Limited Partner/Syndicator	MMA Financial Wharehousing, LLC & MMA Special Limited Partner, Inc.			
Guarantors	Harbour Cove Associates, Ltd., Cornerstone Harbour Cove, L.L.C, Cornerstone Group Development, L.L.C., Cornerstone Group Development Corp., Stuart I. Meyers Family Partnership, Ltd., and Stuart I. Meyers, Jorge Lopez, individually			
Developer	Cornerstone Group Development, L.L.C.			
General Contractor	Alliance Construction, L.L.C			
Management Company	Cornerstone Residential Management, L.L.C.			
Credit Enhancer or 1 st Mortgage – Const.	Florida Housing Guarantee Program			
Credit Enhancer or 1 st Mortgage – Perm.	Florida Housing Guarantee Program & HUD Risk Sharing			
DEVELOPMENT UNITS & SET-ASIDES				
Number of Units/Unit Mix				
	Bed-rooms	Baths	No. of Units	Unit Size (SF)
	1	1	64	700
	2	2	72	925
	2	2	30	938
	3	2	16	1200
	3	2	30	1209
	Total		212	195,010
Demographic Commitment & Set Asides	Family (SAIL & HC) SAIL – 25% at 50% AMI and 75% at 60% AMI Housing Credits – 100% at 60% AMI			
County Size	Large			
FINANCING INFORMATION				
FHFC Programs	Guarantee Program, SAIL, and HC			
Total Bond Amount	\$13,150,000 (Reduced w/SAIL Proceed from \$13, 915,000)			
Underwritten Interest Rate	6.17%			
Term/Amortization	41.42/40 years			
2 nd Loan Amount SAIL	\$2,000,000			
Underwritten Interest Rate	3.27%			
Term/Amortization	41.42/0 years			
3 rd Loan Amount SHIP	\$250,000			

FINANCING INFORMATION CONTINUED	
Underwritten Interest Rate	0%
Term/Amortization	15/0
4 th Loan Amount HOME	\$350,000
Underwritten Interest Rate	1%
Term/Amortization	20/20
Market Rent Value	\$18,110,000
Loan To Value - First Mortgage Only	72.61%
Loan To Value - All debt	86.97%
Projected Net Operating Income	\$1,052,538
Debt Service Coverage – 1 st Mort. Only	1.187
Debt Service Coverage – 1 st Mort. & SAIL	1.105
Debt Service Coverage - All debt	1.082
Loan to Cost	8.08% SAIL

Construction/Permanent Sources:

<u>Source</u>	<u>Lender</u>	<u>Construction</u>	<u>Permanent</u>	<u>Perm Loan/Unit</u>
Tax-Exempt Bonds	BCHFA	\$13,150,000	\$13,150,000	\$62,028
SAIL Loan	FHFC	\$2,000,000	\$2,000,000	\$9,433
SHIP Loan	Broward Co.	\$250,000	\$250,000	\$1,179
HOME Loan	Broward Co.	\$350,000	\$350,000	\$1,650
Housing Credit Equity	MMA	\$6,347,225	\$7,578,000	\$35,745
Deferred Developer Fee	Cornerstone	\$2,664,397	\$1,433,622	\$6,762
TOTAL		\$24,761,622	\$24,761,622	\$116,800

Changes from the Application:

Since application, the applicant has received a SHIP loan of \$250,000 and a HOME loan of \$350,000 from Broward County. This additional subsidy is beneficial to the development.

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

Per the February 3, 2004 FHFC Past Due Report, Cornerstone has failed to submit to the Trustee IRS Form 8703 for 2002 and 2003 for Hunters Run Apartments. Submission of these forms is a condition of the report.

Strengths:

The principals of the General Partner, Jorge Lopez, Stuart I. Meyers, Leon Wolfe and Mara Mades, provide significant experience in the development of affordable housing.

Jorge Lopez and Stuart I. Meyers founded the Cornerstone Group, Coral Gables, FL, in fall 1993. Cornerstone is an integrated real estate firm with operating entities for multifamily residential development, construction and property management. Cornerstone constructs and/or rehabilitates high-rise, mid-rise and garden-style rental properties. It has developed retirement communities in a variety of urban, suburban and rural settings. Cornerstone Group has provided a list of 36 multifamily affordable properties it has constructed in Florida. Eight are HC developments, ten are Florida Housing MMRB transactions and 18 are local MMRB issues.

Other Considerations:

The Applicant received a \$13,915,000 MMRB Loan from the Housing Finance Authority of Broward County. This loan will be reduced by \$765,000 with SAIL loan funds for a revised MMRB loan amount of \$13,150,000 in order to comply with the SAIL Program debt service coverage requirements.

The principals and related entities report significant contingent liabilities in the amount of \$231,364,719, as of February 12, 2004. This amount represents the combined total outstanding mortgage balances on properties that are currently subject to construction completion and/or operating deficit guarantees.

Mitigating Factors:

1. This report is subject to approval (**prior to closing of the SAIL loan**) of the required pay down of the existing loan, and redemption of outstanding bonds by the appropriate authorities.
2. The significant level of contingent liabilities are mitigated by the following factors:
 - a. The principals and related entities have a substantial portfolio, and to date, have not reported any deficit funding issues.
 - b. Properties that are subject to construction completion guarantees are covered with 100% payment and performance bonds.
 - c. The principals and related entities currently report a substantial level of liquid assets.
 - d. All of the principals' portfolios of 100% completed properties are currently operating at breakeven or better.
 - e. The principals and related entities are subject to a Liquidity Maintenance Agreement (the "LMA") on behalf of the Guarantee Fund, in which they are required to maintain at least \$4.5 million dollars in combined liquidity. The LMA is periodically monitored, and at present, liquidity is substantially higher than this amount.

Waiver Requests/Special Conditions:

None

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SAIL

Action

E. Request Approval of Credit Underwriting Report for Savannah Cove Apartments, Cycle XV, (2003-103CS).

Development Name:	Savannah Cove Apartments
Developer/Principal:	The Gatehouse Group, LLC
Number of Units: 160	Location: Pinellas County
Type: Garden Apartments	Set-Aside: 29% @ 40% AMI and 71% @ 60% AMI
Demographics: Elderly	Allocated Amount: \$1,149,903
MMRB: N/A	Housing Credits: \$6,870,459

1. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 14, 2003, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL loan in an amount up to \$1,149,903 for this 160-unit Elderly development in Pinellas County.
- c) On February 9, 2004, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$1,149,903 ([Exhibit E](#)). The SAIL loan will be secured by a second mortgage on the property. The applicant has requested that the following changes be allowed:
 - (1) Change the general contractor from Winter Park Construction Company as listed in the application to Walker & Company, Inc. Walker & Company, Inc. meets the minimum requirements of the application. The underwriter recommends the Walker & Company, Inc. be accepted as the general contractor.
 - (2) Substitute Heat Pumps with an HSPF Rating of 7.5 in lieu of Electric Water Heaters with Energy Factor of 0.91 or better. This is a like-kind exchange with equal point value in the Universal Application.

2. Recommendation

Approve the final credit underwriting report with the changes listed above and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

SUMMARY OF CREDIT UNDERWRITING REPORT

Savannah Cove Apartments

(2003-103CS)

North side of East Curlew Place, near its intersection with Harbor Oaks Drive
Tarpon Springs, Pinellas County, FL 34689

February 9, 2004

Recommend approval of:																																																			
SAIL	\$1,149,903																																																		
HC	\$838,500 Annually																																																		
DEVELOPMENT TEAM																																																			
Borrower	Savannah Cove Limited Partnership																																																		
General Partner	GHG Savannah Cove, L.L.C.																																																		
Limited Partner/Syndicator	Columbia Housing Partners Limited Partnership, Louisville, KY																																																		
Guarantors	Savannah Cove Limited Partnership and GHG Savannah Cove, L.L.C., plus Marc S. Plonskier and David J. Canepari, individually																																																		
Developer	The Gatehouse Group, L.L.C.																																																		
General Contractor	Walker & Company, Inc., Winter Park, FL																																																		
Management Company	Gatehouse Management, Inc.																																																		
First Mortgage – Construction	First Housing Development Corporation of Florida, Tampa, FL																																																		
First Mortgage – Permanent	First Housing Development Corporation of Florida, Tampa, FL																																																		
DEVELOPMENT UNITS & SET-ASIDES																																																			
Number of Units/Unit Mix	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Bed-rooms</th> <th>Baths</th> <th>No. of Units</th> <th>Unit Size (SF)</th> <th>Median Income %</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">13</td> <td style="text-align: center;">648</td> <td style="text-align: center;">40%</td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">29</td> <td style="text-align: center;">648</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">11</td> <td style="text-align: center;">679</td> <td style="text-align: center;">40%</td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">27</td> <td style="text-align: center;">679</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">13</td> <td style="text-align: center;">852</td> <td style="text-align: center;">40%</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">31</td> <td style="text-align: center;">852</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">10</td> <td style="text-align: center;">926</td> <td style="text-align: center;">40%</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">26</td> <td style="text-align: center;">926</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">Totals</td> <td></td> <td style="text-align: center;">160</td> <td style="text-align: center;">123,842</td> <td></td> </tr> </tbody> </table>	Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	1	1	13	648	40%	1	1	29	648	60%	1	1	11	679	40%	1	1	27	679	60%	2	2	13	852	40%	2	2	31	852	60%	2	2	10	926	40%	2	2	26	926	60%	Totals		160	123,842	
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Demographic Commitment & Set Asides	Elderly 29% at 40% and 71% at 60% or less AMI (SAIL) 100% at 60% or less AMI (HC)																																																		
County Size	Large (E)																																																		

FINANCING INFORMATION	
FHFC Programs	SAIL, HC
1st Mortgage Loan Amount	\$3,680,000
Underwritten Interest Rate	7.000% (permanent)
Term/Amortization	31.5/30
2nd Mortgage SAIL Loan Amount	\$1,149,903
Underwritten Interest Rate	3.411%
Term/Amortization	31.5/na
Market Rent Value	\$7,900,000
Loan To Value - First Mortgage Only	46.58%
Loan To Value - All debt	61.138%
Projected Net Operating Income	\$381,173
Debt Service Coverage – 1 st Mort. Only	1.297
Debt Service Coverage - All debt	1.145
Total Debt to Cost	39.661%

Construction/Permanent Sources:

Source	Lender	Construction	Permanent	Perm. Loan/Unit
1st Mortgage Loan	First Housing Development Corporation of Florida	\$3,680,000	\$3,680,000	\$23,000
SAIL Loan	FHFC	\$1,149,903	\$1,149,903	\$7,187
Grant (from General Revenues)	City of Tarpon Springs	\$200,000	\$200,000	\$1,250
HC Equity	Columbia Housing Partners Limited Partnership	\$2,450,006	\$6,870,459	\$50,127
Deferred Developer Fee	The Gatehouse Group, L.L.C.	\$1,544,693	\$277,599	\$1,735
Bridge Loan	PNC Multifamily Capital	\$3,150,000	n/a	n/a
Borrower Cash (Equity)	The Gatehouse Group, L.L.C.	\$3,359	\$0	\$0
TOTAL		\$12,177,961	\$12,177,961	\$76,112

Changes from the Application:

1. First Housing Development Corporation of Florida, Tampa, FL, replaces Wachovia Securities, Charlotte, NC, as the First Mortgage lender. This change has no impact on Seltzer Management Group, Inc. ("Seltzer" or "SMG"), recommendations.
2. Columbia Housing Partners Ltd. ("Columbia"), Louisville, KY, an entity of PNC Multifamily Capital ("PNC") that, in turn, is part of The PNC Financial Services Group, Inc., Pittsburgh, PA, replaces Wachovia as Syndicator (Equity Investor) of the Federal Low Income Housing Tax Credits. This change has no impact on SMG recommendations.

3. PNC will provide Bridge Equity Financing in an amount up to \$3,150,000 for a term not exceeding 24 months. This change has no impact on SMG recommendations.
4. Electric Water Heaters with Energy Factor of 0.91 or better, a Feature/Amenity committed to in the SAIL/HC Application, are not reflected in the Plans and Specifications. Savannah Cove Limited Partnership ("Applicant") submitted a written request to FHFC October 6, 2003, to substitute Heat Pumps with an HSPF Rating of 7.5. It is a like-kind exchange per the SAIL/HC Application, and the points total for the substitution is equal to that originally awarded under Florida Housing's scoring system. Seltzer's recommendations are unaffected by the proposed substitution.
5. Walker & Company, Inc. ("Walker"), Winter Park, FL, replaces Winter Park Construction Company, Maitland, FL, as the General Contractor. Walker has relevant experience, having constructed 38 Affordable Properties in Florida dating from 1977. Gatehouse Group, L.L.C., the Developer has positive experience with Walker on Oasis Club Apartments (94L-023) and Bayou Crossing Apartments (95L-009). Payment and Performance Bonds will protect the Construction Contract. Seltzer's recommendations are unaffected by the General Contractor substitution.

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

No

Strengths:

1. Experienced Developer of Affordable Housing, including Elderly.
2. The subject development has a very strong Loan-to-Value (LTV) ratio of 61.138% for the First Mortgage and subject SAIL loans.
3. At 1.145, the subject exceeds the minimum 1.10 to 1.00 Debt Service Coverage (DSC) requirement for the First Mortgage and subject SAIL loans.

Other Considerations:

None

Mitigating Factors:

N/A

Waiver Requests/Special Conditions:

None

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Form Revision Date – 12/19/03

SAIL

Action

F. Request Approval of Credit Underwriting Report for Renaissance Apartments, Cycle XV, (2003-042S).

Development Name:	Renaissance Apartments
Developer/Principal:	Cornerstone Group Development, LLC
Number of Units: 344	Location: Palm Beach County
Type: Garden Apartments	Set-Aside: 25% @ 50% AMI and 75% @ 60% AMI
Demographics: Family	Allocated Amount: \$2,000,000
MMRB: 22,750,000 Local	Housing Credits: \$7,780,346

1. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 16, 2003, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL loan in an amount up to \$2,000,000 for this 344-unit Family development in Palm Beach County.
- c) On February 13, 2004, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$2,000,000 ([Exhibit F](#)). The SAIL loan will be secured by a second mortgage on the property.

2. Recommendation

Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

SUMMARY OF CREDIT UNDERWRITING REPORT

Renaissance Apartments

(2003-042S)
(2003-520C)

East side of North Military Trail (CR 809) near its intersection with Roebuck Road,
West Palm Beach FL 33409

February 13, 2004

Recommend approval of:																																									
SAIL	\$2,000,000																																								
HC	\$1,074,825 Annually																																								
DEVELOPMENT TEAM																																									
Borrower	Bear Lakes Acquisition, Ltd.																																								
General Partner	Cornerstone BLA, L.L.C.																																								
Limited Partner/Syndicator	AMTAX Holdings 131, L.L.C., Granville, OH (Paramount Financial/GMAC)																																								
Guarantors	Bear Lakes Acquisition, Ltd., Cornerstone BLA, L.L.C., Cornerstone Group Development, L.L.C., Cornerstone Group Development Corp., plus Jorge Lopez, Stuart I. Meyers, Leon J. Wolfe and Mara S. Makes, individually																																								
Developer	Cornerstone Group Development, L.L.C.																																								
General Contractor	Alliance Construction, L.L.C., a related company																																								
Management Company	Cornerstone Residential Management, L.L.C.																																								
First Mortgage – Construction	Housing Finance Authority of Palm Beach County																																								
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Number of Units/Unit Mix	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Bed-rooms</th> <th style="text-align: center;">Baths</th> <th style="text-align: center;">No. of Units</th> <th style="text-align: center;">Unit Size (SF)</th> <th style="text-align: center;">Median Income %</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">12</td> <td style="text-align: center;">724</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">36</td> <td style="text-align: center;">724</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">43</td> <td style="text-align: center;">962</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">2</td> <td style="text-align: center;">129</td> <td style="text-align: center;">962</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">2</td> <td style="text-align: center;">31</td> <td style="text-align: center;">1,177</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: center;">2</td> <td style="text-align: center;">93</td> <td style="text-align: center;">1,177</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">Totals</td> <td></td> <td style="text-align: center;">344</td> <td style="text-align: center;">346,164</td> <td></td> </tr> </tbody> </table>	Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	1	1	12	724	50%	1	1	36	724	60%	2	2	43	962	50%	2	2	129	962	60%	3	2	31	1,177	50%	3	2	93	1,177	60%	Totals		344	346,164	
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	3	2	93	1,177	60%																																				
	Totals		344	346,164																																					
	Demographic Commitment & Set Asides	Family 25% at 50% and 75% at 60% or less AMI (SAIL) 100% at 60% or less AMI (HC)																																							
County Size	Large (E)																																								

FINANCING INFORMATION	
FHFC Programs	SAIL, HC
1st Mortgage Loan Amount	\$22,700,000; \$22,500,000 Tax-Exempt Bonds + \$200,000 Taxable Bonds (following redemption)
Underwritten Interest Rate	6.355% Tax-Exempt / 7.360% Taxable
Term/Amortization	33/30
2nd Mortgage SAIL Loan Amount	\$2,000,000
Underwritten Interest Rate	3.347%
Term/Amortization	33/na
Market Rent Value	\$26,800,000
Loan To Value - First Mortgage Only	84.70%
Loan To Value - All debt	92.164%
Projected Net Operating Income	\$1,940,713
Debt Service Coverage – 1 st Mort. Only	1.143
Debt Service Coverage - All debt	1.100
Total Debt to Cost	61.55%

Construction/Permanent Sources:

Source	Lender	Construction	Permanent	Perm. Loan/Unit
1st Mortgage Loan	Housing Finance Authority of Palm Beach County	\$24,375,000	\$22,700,000 (following the redemption of \$1,675,000 in Taxable Bonds from SAIL Loan proceeds)	\$65,988
SAIL Loan	FHFC	\$2,000,000	\$2,000,000	\$5,814
HC Equity	AMTAX Holdings 131, L.L.C.	\$6,613,294	\$7,780,346	\$24,835
Deferred Developer Fee	Cornerstone Group Development, L.L.C.	\$3,894,683	\$4,402,631	\$12,798
TOTAL		\$36,882,977	\$36,882,977	\$107,218

Changes from the Application:

1. Other than an increase of \$645,033 (1.78%) in the Development Budget, there are no changes from the SAIL/HC Applications. The increase in the Development Budget was primarily due to Applicant's insertion of a Hard Cost Contingency and an increase in its estimate for Construction Loan Interest. Partially offsetting were a decrease in (allocated) Land Cost and a Construction Contract that came in lower than projected.

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

1. The Cornerstone Group is listed on Florida Housing's February 3, 2004, Past Due Report for IRS Forms 8703 for Years 2002 and 2003 relating to Hunter's Run Apartments. Seltzer's recommendations are conditional upon a resolution of this issue prior to SAIL Loan closing.

Strengths:

1. Experienced Developer of Affordable Housing.
2. Applicant has committed to SAIL Loan set-asides of 25% of the units at 50% or less Area Median Income ("AMI") and 75% of the units at 60% AMI, which provides Affordable Housing availability for low-income residents of West Palm Beach, FL.
3. \$1,675,000 of the \$2,000,000 in SAIL Loan proceeds will pay down First Mortgage Taxable Bonds issued by the Housing Finance Authority of Palm Beach County, improving Cash Flow.

Other considerations:

1. The Developer, Cornerstone Group Development, L.L.C., and the Principals, Jorge Lopez, Stuart I. Meyers, Leon J. Wolfe, and Mara S. Mades, have Contingent Liabilities related to real estate developments that total \$231.4 million as of January 12, 2004.

Mitigating Factors:

1. The Developer and the Principals operate under Liquidity Maintenance Agreements relating to FHFC-financed properties. Recent Liquidity Maintenance Agreements have a \$4.5 million combined requirement, which requirement has been met as of December 31, 2003.

Waiver Requests/Special Conditions:

None

NOTICE: This Credit Underwriting Summary is intended to provide relevant information in a concise format. It does not replace or eliminate the need to review the Credit Underwriting Report in its entirety. If any conflict exists between the Credit Underwriting Report and Credit Underwriting Summary, the language of the Credit Underwriting Report shall take precedence over conflicting language in the Credit Underwriting Summary.

Form Revision Date – 12/19/03

SAIL

Action

G. Request Approval of Credit Underwriting Report for Meridian West Apartments, Cycle XV, (2003-097S).

Development Name:	Meridian West Apartments
Developer/Principal:	The Carlisle Group, LLC
Number of Units: 102	Location: Monroe County
Type: Garden Apartments	Set-Aside: 15.69% @ 30% AMI and 84.31% @ 60% AMI
Demographics: Family	Allocated Amount: \$1,000,000
MMRB: N/A	Housing Credits: \$8,210,000

1. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 16, 2003, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL loan in an amount up to \$1,000,000 for this 102-unit Family development in Monroe County.
- c) On February 10, 2004, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$1,000,000 ([Exhibit G](#)). The report states that the number of buildings changed from 17 in the application to 9 in the credit underwriting report. The underwriter determined that this change will not have a material impact on their recommendation. Note that the general contractor in the application was Carlisle Builders, Inc. Subsequently, the applicant chose BJ&K Construction, Inc. The new general contractor meets the minimum requirements of the application. The underwriter recommends that BJ&K Construction, Inc. be accepted as the general contractor.

2. Recommendation

- a) Approve the final credit underwriting report with the change in general contractor and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

Meridian West Apartments

Shrimp Road and Fifth Avenue on Stock Island in unincorporated Monroe County, Florida
33040

(2003-097S)

SUMMARY OF CREDIT UNDERWRITING REPORT

February 10, 2004

Recommendation - Approval of:																																									
SAIL - \$1,000,000																																									
DEVELOPMENT TEAM																																									
Borrower	Meridian West, Ltd.																																								
General Partner	TCG Meridian West, Inc.																																								
Limited Partner/Syndicator	Related Capital Company, New York, NY																																								
Guarantors	Meridian West, Ltd., TCG Meridian West, Inc., The Carlisle Group, LLC, Lloyd J. Boggio, Bruce Greer, and Luis Gonzalez																																								
Developer	The Carlisle Group, LLC																																								
General Contractor	BJ&K Construction, Inc.																																								
Management Company	Carlisle Property Management, Inc.																																								
Credit Enhancer for 1 st Mortgage – Const.	N/A																																								
Credit Enhancer for 1 st Mortgage – Perm.	N/A																																								
DEVELOPMENT UNITS & SET-ASIDES																																									
Number of Units/Unit Mix	<table border="1"> <thead> <tr> <th>Bed-rooms</th> <th>Baths</th> <th>No. of Units</th> <th>Unit Size (SF)</th> <th>Median Income %</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1</td> <td>3</td> <td>600</td> <td>30%</td> </tr> <tr> <td>1</td> <td>1</td> <td>14</td> <td>600</td> <td>60%</td> </tr> <tr> <td>2</td> <td>1</td> <td>11</td> <td>817</td> <td>30%</td> </tr> <tr> <td>2</td> <td>1</td> <td>57</td> <td>817</td> <td>60%</td> </tr> <tr> <td>3</td> <td>2</td> <td>3</td> <td>1,034</td> <td>30%</td> </tr> <tr> <td>3</td> <td>2</td> <td>14</td> <td>1,034</td> <td>60%</td> </tr> <tr> <td>Totals</td> <td></td> <td>102</td> <td>83,334</td> <td></td> </tr> </tbody> </table>	Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	1	1	3	600	30%	1	1	14	600	60%	2	1	11	817	30%	2	1	57	817	60%	3	2	3	1,034	30%	3	2	14	1,034	60%	Totals		102	83,334	
	Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %																																				
	1	1	3	600	30%																																				
	1	1	14	600	60%																																				
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	3	2	3	1,034	30%																																				
	3	2	14	1,034	60%																																				
Totals		102	83,334																																						
Demographic/Area Commitment & Set Asides	Family/Florida Keys Area 15.69% of units at 30% or less of AMI 84.31% of units at 60% or less of AMI																																								
County Size	Small																																								
FINANCING INFORMATION																																									
FHFC Programs	SAIL, HC (9% HC underwritten in 2002)																																								
1st Mortgage Loan Amount (NLP)	\$3,120,000																																								

Underwritten Interest Rate	7.39%
Term/Amortization	30/17
2 nd Loan Amount (2002 SAIL)	\$1,000,000
Underwritten Interest Rate	3.47%
Term/Amortization	17/(N/A)
3 rd Loan Amount (Monroe County)	\$1,500,000
Underwritten Interest Rate	0.00%
Term/Amortization	50/(N/A)
4 th Loan Amount (2003 SAIL)	\$1,000,000
Underwritten Interest Rate	3.37%
Term/Amortization	17/(N/A)
Market Rent Value	\$12,840,000
Loan To Value - First & Second Only	51.56%
Loan To Value - All debt	67.17%
Projected Net Operating Income	\$364,106
Debt Service Coverage – 1 st Mort. Only	1.406
Debt Service Coverage – SAIL & Superior Debt	1.112
FHFC Loan to Cost	12.79%

Construction/Permanent Sources:

<u>Source</u>	<u>Lender</u>	<u>Construction</u>	<u>Permanent</u>	<u>Perm Loan/Unit</u>
First Mortgage Loan	NLP	\$3,120,000	\$3,120,000	\$30,588
2002 SAIL Loan	FHFC	\$1,000,000	\$1,000,000	\$9,804
Land Authority Loan	Monroe Co.	\$1,500,000	\$1,500,000	\$14,706
2003 SAIL Loan	FHFC	\$1,000,000	\$1,000,000	\$9,804
CDFI	NLP	\$330,000	\$330,000	\$3,235
CDFI	NLP	\$100,000	\$100,000	\$980
SHIP	Monroe Co.	\$75,000	\$75,000	\$735
HC Equity (2002 9%)	Related Capital	\$7,389,000	\$8,210,000	\$80,490
Deferred Developer Fee	Carlisle	\$1,123,245	\$302,245	\$2,963
TOTAL		\$15,637,245	\$15,637,245	\$153,306

Changes from the Application:

1. BJ&K Construction, Inc. ("BJ&K") has replaced Carlisle Builders, Inc. as the general contractor. BJ&K is an experienced general contractor who's level of experience equals or exceeds Carlisle Builder's Inc. BJ&K has completed other developments for the developer of the subject development.
2. The application reflected \$1,550,000 construction and permanent first mortgage financing from Bank of America. The first mortgage lender has changed to Neighborhood Lending Partners of South Florida, Inc. The first mortgage construction/permanent loan amount has changed to \$3,120,000. The application reflected an \$801,737 construction bridge loan from Related Capital Corporation. The revised S&U of funds does not reflect a bridge loan during construction. The application did not reflect any subordinate loans from NLP. The revised S&U of funds reflects a \$330,000 and a \$100,000 subordinate construction/permanent loan from NLP.
3. Total development costs have increased from the \$14,345,203 listed in the application to \$15,637,245 currently estimated in this report. This increase is primarily reflective of increased construction costs and general development costs.
4. The number of residential buildings has changed from seventeen in the application to nine. The number of residential units and unit mix has not changed from the application.

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

No

Strengths:

1. The subject development has a strong loan-to-value of 51.56% for the first and second mortgages combined.
2. The subject meets the 1.10 to 1.00 debt service requirement at 1.112 for the first, third and SAIL mortgages combined.
3. The Guarantors appear to have more than adequate financial strength to serve as the guarantors for this development.

Other Considerations:

None

Mitigating Factors:

N/A

Waiver Requests/Special Conditions:

None

NOTICE: This Credit Underwriting Summary is intended to provide relevant information in a concise format. It does not replace or eliminate the need to review the Credit Underwriting Report in its entirety. If any conflict exists between the Credit Underwriting Report and Credit Underwriting Summary, the language of the Credit Underwriting Report shall take precedence over conflicting language in the Credit Underwriting Summary.

SAIL

Action

H. Request Approval of Credit Underwriting Report for Country Manor Apartments, Cycle XV, (2003-092S)

Development Name:	Country Manor Apartments
Developer/Principal:	The Carlisle Group, LLC
Number of Units: 120	Location: Hardee County
Type: Garden Apartments	Set-Aside: 15% @ 30% AMI and 85% @ 60% AMI
Demographics: Farmworker	Allocated Amount: \$1,000,000
MMRB: N/A	Housing Credits: \$7,503,000

1. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 16, 2003, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL loan in an amount up to \$1,000,000 for this 120-unit Farmworker development in Hardee County.
- c) On February 11, 2004, staff received a credit underwriting report with a positive recommendation for a SAIL loan in the amount of \$1,000,000 ([Exhibit H](#)). Note that the general contractor in the application was Carlisle Builders, Inc. Subsequently, the applicant chose BJ&K Construction, Inc. The new general contractor meets the minimum requirements of the application. The underwriter recommends that BJ&K Construction, Inc. be accepted as the general contractor. The SAIL loan will be secured by a third mortgage on the property, subordinate to a first mortgage loan in favor of Neighborhood Lending Partners and a second mortgage loan in favor of Florida Housing Finance Corporation (2002 SAIL Loan). Staff has reviewed the credit underwriting report and find that the development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. Recommendation

- a) Approve the final credit underwriting report with the change in general contractor and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.

Country Manor Apartments

315 State Road 62, Bowling Green, Hardee County, Florida 33834

(2003-092S)

SUMMARY OF CREDIT UNDERWRITING REPORT

February 11, 2004

Recommendation - Approval of:																																									
SAIL - \$1,000,000																																									
DEVELOPMENT TEAM																																									
Borrower	Country Manor Associates, Ltd.																																								
General Partner	Country Manor Associates, Inc.																																								
Limited Partner/Syndicator	Related Capital Company, New York, NY																																								
Guarantors	Country Manor Associates, Ltd., Country Manor Associates, Inc., The Carlisle Group, LLC, Lloyd J. Boggio, Bruce Greer, and Luis Gonzalez																																								
Developer	The Carlisle Group, LLC																																								
General Contractor	BJ&K Construction, Inc.																																								
Management Company	Carlisle Property Management, Inc.																																								
Credit Enhancer for 1 st Mortgage – Const.	N/A																																								
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DEVELOPMENT UNITS & SET-ASIDES																																									
Number of Units/Unit Mix	<table border="1"> <thead> <tr> <th>Bed-rooms</th> <th>Baths</th> <th>No. of Units</th> <th>Unit Size (SF)</th> <th>Median Income %</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1</td> <td>3</td> <td>655</td> <td>30%</td> </tr> <tr> <td>1</td> <td>1</td> <td>15</td> <td>655</td> <td>60%</td> </tr> <tr> <td>2</td> <td>2</td> <td>8</td> <td>877</td> <td>30%</td> </tr> <tr> <td>2</td> <td>2</td> <td>52</td> <td>877</td> <td>60%</td> </tr> <tr> <td>3</td> <td>2</td> <td>7</td> <td>1,096</td> <td>30%</td> </tr> <tr> <td>3</td> <td>2</td> <td>35</td> <td>1,096</td> <td>60%</td> </tr> <tr> <td>Totals</td> <td></td> <td>120</td> <td>110,442</td> <td></td> </tr> </tbody> </table>	Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	1	1	3	655	30%	1	1	15	655	60%	2	2	8	877	30%	2	2	52	877	60%	3	2	7	1,096	30%	3	2	35	1,096	60%	Totals		120	110,442	
Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %																																					
1	1	3	655	30%																																					
1	1	15	655	60%																																					
2	2	8	877	30%																																					
2	2	52	877	60%																																					
3	2	7	1,096	30%																																					
3	2	35	1,096	60%																																					
Totals		120	110,442																																						
Demographic Commitment & Set Asides	Farmworker 15.00% of units (18 units) at 30% or less of AMI 85.00% of units (remaining units) at 60% or less of AMI																																								
County Size	Small																																								
FINANCING INFORMATION																																									
FHFC Programs	SAIL, HC (9% HC underwritten in 2002)																																								
1st Mortgage Loan Amount (NLP)	\$1,000,000																																								
Underwritten Interest Rate	6.87%																																								

Term/Amortization	16.5/30
2 nd Loan Amount (2002 SAIL)	\$930,000
Underwritten Interest Rate	3.48%
Term/Amortization	16.5/(N/A)
3 rd Loan Amount (2003 SAIL)	\$1,000,000
Underwritten Interest Rate	3.37%
Term/Amortization	16.5/(N/A)
Market Rent Value	\$6,520,000
Loan To Value – First, Second, & Third	44.94%
Loan To Value - All debt	44.94%
Projected Net Operating Income	\$182,599
Debt Service Coverage – 1 st Mort. Only	2.32
Debt Service Coverage - All debt	1.26
FHFC Loan to Cost	18.48%

Construction/Permanent Sources:

<u>Source</u>	<u>Lender</u>	<u>Construction</u>	<u>Permanent</u>	<u>Perm Loan/Unit</u>
First Mortgage Loan	NLP	\$1,000,000	\$1,000,000	\$8,333
2002 SAIL Loan	FHFC	\$930,000	\$930,000	\$7,750
2003 SAIL Loan	FHFC	\$1,000,000	\$1,000,000	\$8,333
Grant	Hardee Co.	\$10,000	\$10,000	\$83
HC Equity (2002 9%)	Related Capital	\$6,752,700	\$7,503,000	\$62,525
Deferred Developer Fee	Carlisle	\$753,026	\$2,726	\$23
TOTAL		\$10,445,726	\$10,445,726	\$87,048

Changes from the Application:

1. BJ&K Construction, Inc. ("BJ&K") has replaced Carlisle Builders, Inc. as the general contractor. BJ&K is an experienced general contractor who's level of experience equals or exceeds Carlisle Builder's Inc. BJ&K has completed other developments for the developer of the subject development.
2. The application reflected \$1,000,000 construction/permanent first mortgage financing from Florida Housing's SAIL program. The first mortgage amount has not changed from \$1,000,000 but the first mortgage lender has changed to Neighborhood Lending Partners of West Florida, Inc.
3. Total development costs have increased from the \$9,478,525 listed in the application to \$10,445,726 currently estimated in this report. This increase is primarily reflective of increased construction costs and general development costs.

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

No

Strengths:

1. The subject development has a strong loan-to-value of 44.94% for the first mortgage and SAIL loans combined.
2. The subject meets the 1.10 to 1.00 debt service requirement at 1.26 for the first mortgage and SAIL loans combined.
3. The Guarantors appear to have more than adequate financial strength to serve as the guarantors for this development.

Other Considerations:

None

Mitigating Factors:

N/A

Waiver Requests/Special Conditions:

None

NOTICE: This Credit Underwriting Summary is intended to provide relevant information in a concise format. It does not replace or eliminate the need to review the Credit Underwriting Report in its entirety. If any conflict exists between the Credit Underwriting Report and Credit Underwriting Summary, the language of the Credit Underwriting Report shall take precedence over conflicting language in the Credit Underwriting Summary.

SAIL

Action

I. Request Approval of Land Transfer from Jacaranda Trail Phase I (2001-022CS) to Jacaranda Trail Phase II.

Development Name:	Jacaranda Trail Apartments
Developer/Principal:	The Carlisle Group, LLC
Number of Units: 50	Location: Desoto County
Type: Garden Apartments	Set-Aside: 16% @ 45% AMI and 84% @ 60% AMI
Demographics: Family	Allocated Amount: \$519,000
MMRB: N/A	Housing Credits: \$3,042,000

1. Background/Present Situation

- a) Jacaranda Trail, Phase I received a SAIL loan in the amount of \$519,000 from the 2001 Application Cycle for the construction of a 50-unit family development on 9.00 acres in Desoto County.
- b) The Developer requested that Florida Housing Finance Corporation approve a land transfer of 4.326 acres to be used for Jacaranda Trail Phase II which will consist of 50 units.
- c) The credit underwriter has reviewed and considered the value of the remaining collateral on Phase I and the current market value of the proposed Phase II parcel. The current market value of Jacaranda Trail Phase I, assuming a land site of 4.674 acres, is \$2,140,000 as of January 8, 2004. Based on this market value, the combined loan-to-value ("LTV") ratio for the SAIL Loan and the first mortgage is 45.3%, which is less than the 100% LTV as required by SAIL Rule 67-48 F.A.C. The current market value of the proposed 4.326 acres of undeveloped land for Jacaranda Phase II is \$80,000. Based on these values the credit underwriter concludes that the land transfer would not have an adverse affect on the collateral for Jacaranda Trail Phase I ([Exhibit I](#)).
- d) The credit underwriter recommends approval of the transfer subject to the following:
 - (1) A prepayment of principal to the first mortgage lender in the amount of \$42,848. This has been calculated by multiplying the \$80,000 value of the Phase II parcel by the SAIL loan's pro-rata percentage of the combined first mortgage (\$450,000) and SAIL loan (\$519,000) amounts, which is 53.56%.
 - (2) Review and approval of the final transfer by Florida Housing's legal counsel, and consent and approval of the first mortgage loan and housing credit equity provider.

2. Recommendation

Approve Developer's request for land transfer subject to the conditions described above.

SAIL

Action

J. Request Approval for Amendment to the Land Use Restriction Agreement for Emerald Palms Apartments (2001-074S).

Development Name:	Emerald Palms Apartments
Developer/Principal:	Housing Trust Group of Florida, LLC
Number of Units: 318	Location: Broward County
Type: Garden Apartments	Set-Aside: 100% @ 60% AMI
Demographics: Family	Allocated Amount: \$2,500,000
MMRB: 16,600,000 (local)	Housing Credits: \$5,621,000

1. Background/Present Situation

- a) A SAIL second mortgage loan in the amount of \$2,500,000 to finance the rehabilitation of 318 units in Broward County closed on October 23, 2002.
- b) On November 17, 2003, staff received a request from the borrower to correct the unit mix reflected in the Land Use Restriction Agreement (“LURA”) ([Exhibit J](#)). This Development consisted of rehabilitation of over 60 buildings and was fully occupied during credit underwriting, making it very difficult to ascertain the exact details of every unit.
- c) The chart below details the discrepancies in the LURA:

BED/BATH	NUMBER OF UNITS IN LURA	ACTUAL NUMBER OF UNITS
1/1	76	76
2/1	26	28
2/2	119	117
3/1	36	36
3/2	61	61

- d) Staff has reviewed this request and find that the changes in unit mix do not adversely affect the Development.

2. Recommendation

Approve the Developer’s request and allow staff to amend the LURA to reflect the actual unit mix.

SAIL

Action

K. Request Approval of Credit Underwriting Report for Lakeshore Apartments, Cycle XV, (2003-010BS)

Development Name: Lakeshore Apartments	Location: Palm Beach County
Developer/Principal: The Richman Group of Florida, Inc.	Set-Asides: 7% @ 30% AMI and 93% @ 60% AMI
Number Of units : 192	Allocated Amount: \$2,000,000
Type: Garden Apartments	Housing Credits: \$3,910,082
Demographic: Family	
MMRB: \$11,460,000	

1. Background/Present Situation

- a) On October 9, 2003, the Board approved the final scores and ranking for the 2003 Universal Application Cycle and directed staff to proceed with all necessary credit underwriting activities.
- b) On October 16, 2003, staff issued a preliminary commitment letter and an invitation to credit underwriting for a SAIL loan in an amount up to \$2,000,000 for this 192-unit family development in Palm Beach County. This development was also awarded a MMRB allocation. The credit underwriting report is addressed in the MMRB section of this Board package. Staff has reviewed this report and finds that the development meets all of the requirements of SAIL Rule 67-48, F.A.C.

2. Recommendation

Approve the final credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and loan closing activities.