FLORIDA AFFORDABLE HOUSING GUARANTEE PROGRAM

PROJECT SUITABILITY ASSESSMENT AND RISK EVALUATION REPORT

TO:	Junious D. Brown III Director of Asset Management and Guarantee Program
FROM:	TIBOR PARTNERS, Inc. ("TPI")
DATE:	November 25, 2003
SUBJECT:	Application for Mortgage Guarantee for: Clipper Bay Apartments 6727 South Lois Avenue City of Tampa, Hillsborough County Guarantee Application No. 2003-0166

I. PROJECT SUMMARY

Project Address:	West side of South Lois Avenue, 750 feet north of Interbay Blvd., city of Tampa, Hillsborough County.
Property Type:	Multi-family rental. New construction of 276 units in 12 two- and three-story walk-up garden style residential buildings, clubhouse, swimming pool, playground, exercise room and gated entry on 14.23 acres. Upon completion, the Project will consist of 60 one-bedroom/one-bathroom, 144 two-bedroom/two-bathroom, and 72 three-bedroom/two- bathroom units. It will also have 450 outdoor parking spaces, including 10 handicapped spaces. Of the 276 units, 81% of the units will be leased to persons/ families earning 60% or less of the area median income,17% of the units will be leased to persons/ families earning 50% or less of the area median income, while 2% will be market-rate units. The Tampa,-St. Petersburg-Clearwater MSA (Hernando/Hillsborough/ Pasco/Pinellas) median income is $ 49,700 for 2003.
Property Appraisal:	The Project=s market value, utilizing the Income Approach to Value methodology, and based on favorable financing and restricted rents, at completion of construction and stabilized occupancy is $16,060,000. This value estimate effective August 23, 2003, is contained in an appraisal dated September 4, 2003 and updated on October 27, 2003. The report was prepared by Realvest Appraisal Services, Inc.

Mortgagor/Borrower:	Clipper Bay Associates, Ltd. [a Florida For Profit Limited Partnership] Mara S. Mades 2121 Ponce de Leon Blvd., PH2 Coral Gables, Fl. 33134 General Partner (0.01%interest):Cornerstone Clipper Bay, LLC Investor Limited Partner (99.99% interest):, Stuart I. Meyers Family Partnership Ltd.(29.997%),JL Holding Corp. (49.995%), M3, Inc. (9.999%), MSM, Inc. (9.999%) [Will be replaced at or prior to closing by MMA Financial, LLC., or an affiliate thereof.]
Guarantor(s): [for Construction Completion and Operating Deficits]	Clipper Bay Associates, Ltd., Cornerstone Clipper Bay, LLC, Cornerstone Group Development LLC, Cornerstone Group Development Corporation and Its related Principals, Jorge Lopez, Stuart I. Meyers, Leon J. Wolfe and Mara Mades:
Mortgagee/Guarantee Beneficiary:	Florida Housing Finance Corporation Orlando J. Cabrera, Executive Director Tallahassee, Fl. 32301-1329
Developer:	Cornerstone Group Development, LLC. Jorge Lopez 2121 Ponce de Leon Blvd., PH 2 Coral Gables, Fl. 33134
General Contractor:	Alliance Construction, LLC. (an affiliate of The Cornerstone Group) Frank W. White III, General Contractor 2121 Ponce de Leon Blvd., Suite 510 Coral Gables, Fl. 33134
Property Manager:	Cornerstone Residential Management, Inc. (an affiliate of The Cornerstone Group) Nola Castillo, Senior Vice president 2121 Ponce de Leon Blvd., PH 2 Coral Gables, Fl. 33134
Syndicator:	MMA Financial Barbara A. Tyrell 617-439-3911 101 Arch Street Boston, Ma. 02110

Participation:	Construction Loan: 100% mortgage guarantee, to be effective at the closing of the Project, on a loan (as recommended by Seltzer Management Group, Inc. (>SMG=)) in an approximate amount of $ 12,260,000 and Permanent Loan: 50% ($ 6,130,000 pari passu first loss) mortgage guarantee, to be effective at completion of construction of the Project and endorsement by HUD/FHA, on a permanent first mortgage loan in an approximate amount of $12,260,000
Total Project Costs:	$ 21,956,601 (Excludes the Debt Service Reserve Fund which is to be secured by a surety bond as per Seltzer Management Group, Inc. (>SMG=), dated November 25, 2003

II. BACKGROUND

The Florida Housing Corporation=s Guarantee Program (the "Guarantee Program") has been requested to guarantee a $ 12,260,000 construction and permanent first mortgage loan to be made by the Florida Housing Finance Corporation (the "Mortgagee", AFlorida Housing@ or "Guarantee Beneficiary") pursuant to the HUD Risk-Sharing Program created under Section 542 of the Housing and Community Development Act of 1992 and made permanent in December of 2000 pursuant to the VA/HUD Appropriations Bill H.R. 5482. Bonds to finance the project will be issued by the Florida Housing Finance Corporation (the"Mortgagee","Florida Housing", or "Guarantee Beneficiary"). A copy of the SMG Final Report, dated November 25, 2003 (Exhibit A) is attached.

III. PROJECT DESCRIPTION AND AFFORDABILITY

The proposed Project will be situated on approximately 14.230 acre site on the west side of South Lois Avenue 750 feet north of Interbay Blvd., in the City of Tampa, Hillsborough County. The subject site is vacant land and zoned Planned Development (PD 02-0301) by Hillsborough County), Multi-family Residential; the site permits up to 20 units per acre; the Project is planned for and has been approved for 19.4 units per acre (276 units).

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The Project is designed primarily for families as is evidenced by the following unit mix:

UNITS	UNIT TYPE	SQUARE FEET	PRO FORMA Net RENT/MO* Year 2003
10**	1br/1ba	700	$420
48***	1br/1ba	700	$515
2****	1br/1ba	700	$600
25**	2br/2ba	924	$508
116***	2br/2ba	924	$622
3****	2br/2ba	924	$695
12**	3br/2ba	1155	$588
59***	3br/2ba	1155	$719
1****	3br/2ba	1155	$795
Total: 276			$167,329

NOTES:

* Net of utility allowance.

** Units are set aside for families earning 50% of the area median

*** Units are set aside for families earning 60% of the area median

**** Market rate Units

Tampa,-St. Petersburg-Clearwater (Hernando-Hillsborough/Pasco/Pinellas) median income is $ 49,700 for 2003.

IV. PROJECT FINANCING

The Sources and Uses of Funds, bond amount and mortgage amount employed in this analysis are as provided to the Florida Housing, Guarantee Program staff and TPI by SMG in its November 25, 2003 Final Report. Information as to bond and mortgage rates was obtained from the same source.

Mortgagee will provide both construction and permanent financing through the sale of FHFC tax exempt and taxable bonds in the approximate amount of $12,260,000, together with a SAIL Second Mortgage Loan ($2,000,000), developer note ($2,466,601 deferred developer fee) and the Housing Credit proceeds ($5,230,000) will fund the total project costs of $21,956,601 (including capitalized interest). Principal and interest payments on the bonds will not be guaranteed by the Guarantee Program. The bonds will be secured by the Project=s mortgage and the Debt Service Reserve Fund Surety Bond which, in turn, will, if approved, benefit from the Guarantee Program=s enhancement.

Principal and interest payments on the bonds will be additionally enhanced by a AAAA@ credit enhancement. The bonds will be secured by the Project=s mortgage and the Debt Service Reserve Fund. During the construction period the mortgage will be (100%) guaranteed by the Guarantee Program while during the permanent phase the mortgage will be insured by FHA pursuant to a HUD Risk-Sharing Agreement. The Florida Housing=s risk portion will be borne (assumed) by the Guarantee Program. Thus, the

Guarantee Program will effectively bear the entire risk during the construction phase of this transaction, and retain a 50% pari passu risk on the mortgage for the term of the permanent loan.

The Credit Underwriter=s calculation of debt service is predicated upon a weighted average Aall-in@mortgage loan interest rate of 6.218% based upon the Project=s proposed net operating income. The maximum interest rate that could be incurred for this loan while maintaining 1.15 to 1.0 debt service coverage would be 6.374%. The mortgage will have a term of forty-one and one-half (41.5) years (40-year amortization); the Mortgagor will pay interest only during the first eighteen (18) months, and principal and interest for forty (40) years. SMG projects a stabilized net operating income of $975,318. The resulting loan to value of the first mortgage (based upon favorable financing and restricted rents) is 76.34%; (90% is the maximum permitted by the Guarantee Fund). The projected debt service coverage ratio on the first mortgage (NOI/DS) is 1.172 to 1.0 (1.15 to 1.0 is the minimum permitted for this loan by the Guarantee Program).

V. MARKET ANALYSIS

The firm of Realvest Appraisal Services, Inc. was retained by SMG to prepare an appraisal of the Project. The report was dated September 4, 2003 and updated on October 27, 2003. A separate Market Feasibility Study dated August 28, 2003 was prepared by the same firm. SMG=s Final Report indicates that it has reviewed the appraisal and the Market Feasibility Study. SMG has determined that the Appraisal and Market Feasibility Study is satisfactory and that there are sufficient households within the income band necessary to support rent restricted housing. Neighborhood occupancy rates in the South Central Tampa submarket reflect a 95.03% occupancy rate. The absorption rate is projected at an acceptable 25 units per month. TPI, based upon the evidence in the SMG Final Report, the information in the Appraisal and the Market Feasibility Study accepts SMG =s conclusion.

VI. RISK ANALYSIS

The Guarantee Program has been requested to provide a 100% guarantee of the construction phase and participate in a shared (50-50, first dollar, pari passu) risk arrangement on the permanent phase. The latter will commence when HUD/FHA proffers its endorsement on the mortgage loan (expected to occur at construction completion and issuance of a final certificate of occupancy). In summary, TPI believes that the risks of this transaction are acceptable.

Based upon the Mortgagee's (Florida Housing's) Application and related information submitted by it or on it's behalf, TPI's analysis has identified the following risk characteristics of this transaction.

Construction Loan Period

The risks to the Guarantee Program during the construction phase are that the Project will not be completed on time, within budget and according to plans and specifications, or that capitalized interest will be insufficient to carry the interest payments due on the Project=s mortgage through a protracted rent-up period. A 100% Payment and Performance Bond (which assures completion and specific performance) is required by the Guarantee Program in addition to the industry standard retainage. The General Contractor will be expected to conform to Florida Housing's loan underwriting standards consistent with those employed by Florida Housing and SMG.

The proposed Low Income Housing Tax Credit (the AHousing Credits@) pay-in schedule (which provides that payments may be made at one or more intervals from loan closing through construction completion and stabilization), could contribute, directly or indirectly, to a default in the guaranteed mortgage loan during the construction period. TPI recommends that all amounts necessary to complete construction be deposited with the Bond Trustee at closing or evidence be obtained at closing that 100% of such amounts are on deposit, or immediately available, with the entity providing Housing Credit payments.

A successful initial rent-up, as is the norm, represents a substantial risk in any rental project. In order to mitigate this risk, the Guarantee Program is requiring the Developer (Mortgagor) to provide a Net Operating Income Deficit Guarantee until stabilized occupancy has been achieved. The most likely scenario is that the Project would generate some cash flow and the developer would provide cash pursuant to the aforementioned deficit guarantee. As a last resort, the Guarantee Program would be able to make payments sufficient to cover the shortfall. The latter would also be a prudent course of action, since it is in the best interest of the Guarantee Program to nurture the project to the point it qualifies as eligible for HUD=s endorsement. If the guarantees, acceptable to the Guarantee Program, referred to above, are present, TPI is of the opinion that the likelihood of the occurrence of a default of this nature is minimal. The financially significant principals in this transaction, Stuart I. Meyers, Jorge Lopez, Leon J. Wolfe and Mara S. Mades as well as the other entities providing Guarantees, demonstrate the liquidity necessary to support the required Construction Completion and Net Operating Deficit Guarantees according to SMG. However, the Cornerstone entities in this transaction and Messrs. Lopez, Meyers and Wolfe and Ms. Mades are being required to execute a liquidity maintenance agreement requiring minimum liquid balances of $ 4.5 million in support of the required Construction Completion and Net Operating Deficit Guarantees, of which Messrs. Lopez, Meyers and Wolfe and Ms. Mades are to be required to maintain a minimum liquidity of $3.0 million. SMG is requiring quarterly evidence of this minimum liquidity until project stabilization.

Permanent Loan Period

The permanent loan phase will be characterized by, among other things, the presence of a *first dollar loss* risk-sharing partner, HUD/FHA. Thus, in the event of a mortgage default during the permanent loan phase, the net loss will be shared equally between HUD and Florida Housing (supported by payment from the Guarantee Program). This structure diminishes the financial risk to the Guarantee Program.

The Mortgagor's (Cornerstone) controlled entities Alliance Construction, Inc. (the Project=s general contractor) and Cornerstone Residential Management, Inc.=s (the Project=s property manager) ability to maintain the projected rent/income levels and contain costs, over time, will be a significant predictor of the potential for a claim pursuant to the Guarantee Program's policy. Proximity to and some dependence on continuing operations of McDill Air Force base is an additional risk factor in the long term success of this development. The proposed management company has adequate experience as managers of affordable multifamily rental projects. Cornerstone Residential Management, Inc. is a Florida Housing Finance Corporation approved property management company.

The premium proposed to be charged for both the construction (.65% per annum) and permanent (.50% per annum) phases of this transaction fairly compensates the Guarantee Program for undertaking each risk.

VII. SCOPE OF ANALYSIS

TPI has *solely* relied on the following documents and information, as supplied to it by the Mortgagee or its agent(s), or by the Mortgagor at the direction of the Mortgagee, in the preparation of this Report:

- SMG=s Final Report and Recommendations dated November 25, 2003
- the Appraisal dated September 4, 2003 and updated on October 27, 2003 prepared by Realvest Appraisal Services, Inc.
- the Market Feasibility Study dated August 28, 2003 prepared by Realvest Appraisal Services, Inc.
- Consultech=s Plan and Cost Review (#23592), dated September 29, 2003

TPI has not received, and, thus, not had the benefit of, information contained in the following documents or provided from the following sources:

- Mortgagee Loan Commitment
- Loan Documents: Loan Agreement between Mortgagee and Mortgagor; the Mortgage; the Construction Loan Agreement; the Assignment of Leases; the Note; the Intercreditor Agreement; the Land Use Restriction Agreement
- HUD/FHA Firm Approval Letter
- Information regarding the terms (interest rate) of the bonds to be issued; this impacts debt service and financial performance calculations
- the construction contract

VIII. ADDITIONAL CONDITIONS TO THE GUARANTEE PROGRAM'S STANDARD COMMITMENT TO GUARANTEE AND CERTIFICATE OF GUARANTEE

TIBOR PARTNERS, Inc. recommends that the Commitment and Certificate issued to the Mortgagee contain the following additional terms and conditions which shall be satisfied prior to the time the guarantee is to become effective :

1. Certification by the Mortgagee that the Borrower has complied with the terms and conditions of the Mortgagee=s Loan Commitment. Any amendments or modifications thereto require the prior approval of the Guarantee Program.

2. Furnishing in a form acceptable to the Guarantee Program and TPI the information which TPI has not been furnished, as is detailed in Section VII of this Report.

3. Certification by the Mortgagee that each of the Conditions and other requirements contained in the SMG Final Report, dated November 25, 2003, and the Consultech Plan and Cost Review (#23592), September 29, 2003 have been complied with and/or completed

4. Approval by the Guarantee Program of the mortgage, note and all other loan documents related to this transaction.

5. Approval of the agreement between Florida Housing and the Servicer. The selection of the Servicer shall be subject to approval by the Guarantee Program.

6. The maximum guarantee of the (i) construction loan shall be 100% of an amount not to exceed $12,260,000, and (ii) permanent loan shall be 50% of the original principal balance of the mortgage loan currently estimated to be $ 6,130,000, as of the date the guarantee becomes effective.

7. Submission of a management plan for the Project, and a management contract, each of which shall be acceptable to the Guarantee Program. The management company=s acceptability is contingent upon its continuing designation as a Florida Housing Finance Corporation approved management company.

8. In the event that the guarantee does not become effective prior to June 30, 2004, this guarantee commitment shall automatically expire.

9. Payment of all fees and premiums due to the Guarantee Program.

10. Receipt of a copy of each fully executed Loan Document (as that term is defined in the LOAN AGREEMENT; Article I, Definition of Terms), as approved by the Guarantee Program.

11. Certification by the Mortgagee that the Borrower has complied with the terms and conditions contained in each Loan Document.

12. Provision by the Borrower of a Net Operating Income Deficit Guarantee with an expiration date not earlier than six (6) months after the date the Mortgagee certifies to the Guarantee Program that the Project has achieved (a) stabilized occupancy for six [6] continuous months, (b) a revenue achievement level of $ 1,826,436 (annualized), (c) an occupancy level of at least 90%, (d) a ratio of net operating income to debt service of at least 1.15:1.0 and (e) has made all monthly mortgage and escrow payments as required by the Loan documents on a timely basis.

13. Executed copies of the Mortgagee=s Mortgage and Note in form and substance satisfactory to the Guarantee Program, securing the Guaranteed Mortgage Loan currently estimated to be $ 12,260,000, and (ii) permanent loan shall be 50% of the original principal balance of the mortgage loan currently estimated to be $ 6,130,000 Such Mortgage shall provide for payments of interest only for the initial eighteen (18) months of the term of the mortgage loan.

14. Opinion(s) of counsel(s) to the Borrower addressed to the Guarantee Program to the effect that (a) the Mortgage and each Loan Document executed by the Borrower have been duly executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower enforceable in accordance with their terms, and (b) such other matters as the Guarantee Program may reasonably request.

15. An executed copy of any document or agreement, as approved by the Guarantee Program, which modifies the Loan Commitment or any Loan Document.

16. Final plans and specifications for all improvements to be constructed and acquired in connection with the Project, together with necessary approvals from city, state and federal governmental jurisdictions as may be required to construct the Project. All recommendations contained in the Consultech Plan and Cost Review (#23592) Report, dated September 29, 2003 and or any revisions thereof, shall be satisfied.

17. Construction related insurance coverage including, but not limited to, builders' risk insurance.

18. A certificate from the Borrower to the Mortgagee to the effect that at the Closing of the Construction Mortgage Loan the Borrower is not then in default under any Loan Document or Agreement. This certification shall also specifically include any and all Florida Housing Guarantee Program Guaranteed Loans.

19. A certificate from the Borrower that all regulatory approvals necessary to commence construction of the Project have been obtained.

20. Executed copies of the Payment and the Completion Costs Guarantee, including a 100% Payment and Performance Bond, each as approved as to

form and substance by the Guarantee Program, and based upon those costs found acceptable to SMG (supported by Consultech Plan and Cost Review (#23592), September 29, 2003) and or any revisions thereof. SMG shall certify that the costs are within the costs to be financed by the first mortgage.

21. Project construction shall be monitored by a consulting professional engineer or architect (the construction monitor) retained by the Mortgagee and approved by the Guarantee Program, the cost of which shall be borne by the Developer.

22. The Developer=s Note as well as any other project related debt (if any) as listed in the Sources and Uses of Funds Schedule provided by the Mortgagee, shall be fully subordinated to the Guaranteed Mortgage. Guarantee Program approval of the terms of any project related debt is required prior to closing as listed in the Sources and Uses of Funds Schedule.

23. The Mortgagee shall be required to approve and sign off on all construction draw-downs and any change order in excess of $25,000 or on each subsequent change order when the aggregate of change orders exceed an amount equal to $50,000. Mortgagee shall exercise the same degree of care to protect the interests of the Guarantee Program as Mortgagee uses for the protection of its Construction Mortgage Loan to the Borrower.

24. During the construction period, the Developer shall be required to provide statements of requests for construction draw-downs to the Mortgagee which shall be paid subsequent to approval by the construction monitor.

25. The required operating and construction completion guarantees shall be (a) effective at closing, (b) subject to the approval of SMG as to form, substance and acceptability, and (c) subject to the Guarantee Program finding said guarantees to be acceptable. This Condition is understood to require the credit underwriter=s approval of an acceptable detailed schedule of all contingent liabilities of the guarantors. Said schedule and approval to be filed with the Guarantee Program prior to closing.

26. All Housing Credits amounts necessary to complete construction be deposited with the Bond Trustee at closing or evidence be obtained at closing that 100% of such amounts are on deposit, or immediately available, with the entity providing Housing Credit payments.

27. The public purpose options selected by the Developer, and effective at the closing of the mortgage loan to be guaranteed, for this Project shall remain in effect for as long as this Mortgage Loan continues to be guaranteed by the Guarantee Program.

IX. RECOMMENDATION

Based upon TPI's review of the proposed transaction, we believe that this housing is eligible under the Mortgagee=s Guarantee Program enabling legislation.

TIBOR PARTNERS, Inc. recommends that, subject to these Additional Conditions, the Guarantee Program accept the described mortgage loan as suitable for mortgage guarantee.

Attachment:

The following Exhibit is attached hereto and made a part hereof:

A -SMG=s Final Report dated November 25, 2003

Florida Housing Finance Corporation

Credit Underwriting Report

Clipper Bay Apartments

2003-047BS

Section A   Board Summary

Section B   Loan Commitment Conditions

Section C   Supporting Information and Schedules

Prepared by

Seltzer Management Group, Inc.

Final Report

November 25, 2003

FINAL REVIEW CHECKLIST

DEVELOPMENT
NAME: Clipper Bay Apartments

DATE: November 25, 2003

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

FINAL REVIEW REQUIRED ITEMS:	STATUS Satis. / Unsatis.	NOTE
1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	
2. Final site plan and status of site plan approval.	Satis.	
3. Permit Status.	Satis.	
4. Pre-construction analysis ("PCA").	Satis.	
5. Survey.	Satis.	
6. Complete, thorough soil test reports.	Satis.	
7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
8. Market Study separate from the Appraisal.	Satis.	
9. Environmental Site Assessment - Phase I and/or Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	

FINAL REVIEW REQUIRED ITEMS:	STATUS	NOTE
10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers applicant, general partner, principals and general contractor.	Satis.	
11. Resumes and experience of applicant, general contractor and management agent.	Satis.	
12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Satis.	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
15. Firm commitment letter from the syndicator, if any.	Satis.	
16. Firm commitment letter(s) for any other financing sources.	Satis.	
17. Updated sources and uses of funds.	Satis.	
18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis	
19. Fifteen-year income, expense, and occupancy projection.	Satis.	
20. Executed general construction contract with “not to exceed” costs.	Satis.	
21. Any additional items required by the credit underwriter.	Satis.	

Revised 11/4/02

Notes and Applicant’s Responses:

None.

CHANGES FROM THE APPLICATION

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

1. In the application, the Applicant provided evidence of site control via a purchase and sale contract, which contract reflected a site of 13.8 acres more or less. However, the rest of the application referenced a 14.23 acre site. FHFC determined that the discrepancy created a threshold deficiency and declared that the Applicant failed threshold. Thereafter, the applicant cured the deficiency by providing revised Verification of Site Plan Approval and Verification of Zoning forms indicating a 13.8 acre site. During underwriting the Applicant provided SMG with a survey indicating a site totaling 14.23 acres.

2. The Applicant committed to provide the following set-asides per the application: 17% of the units at 50% of the Area Median Income ("AMI") and 68% of the units at 60% AMI for MMRB and SAIL Programs; 90% of the units at 60% AMI for the HC Program. The applicant has requested an increase to the HC set-asides and has provided a revised pro forma which includes an additional 8% of the units at 60% AMI for a revised set-aside commitment of 17% of the units at 50% of the AMI and 68% of the units at 60% AMI for MMRB and SAIL Programs; 97.8% of the units at 60% AMI for the HC Program.

   SMG does not consider the changes from the Application to be material. They have no impact on Seltzer's recommendations.

Section A

Board Summary

Executive Summary

This is a Seltzer Management Group, Inc. ("Seltzer" or "SMG") Multifamily Mortgage Revenue Bond ("MMRB") and State Apartment Incentive Loan ("SAIL") Credit Underwriting Report for Clipper Bay Apartments, a proposed new construction development to be located at 6727 South Lois Avenue, Tampa, Hillsborough County, FL. The development will consist of 276 units in 12 garden style residential buildings plus an accessory building (Clubhouse), situated on a 14.230-acre site. According to the current plan, there will be 450 parking spaces provided, including 10 handicapped spaces. Additional Improvements are to include an exercise room, swimming pool and volleyball court. Unit amenities will include window treatments, frost-free refrigerator/freezer, range/oven, dishwasher, garbage disposal, ceiling fans, washer/dryer hook-ups and cable television hook-ups.

Based upon demographic and market analysis, including existing and proposed developments, the Appraiser anticipates Clipper Bay to be absorbed as a restricted Rent Property at a rate of 25 units per month beginning in the month the first Certificate of Occupancy ("CO") is received, which is expected to be in month seven. The construction phase will last approximately 12 months. Stabilization is anticipated to occur approximately ten months following issuance of the first C/O. For purposes of this Credit Underwriting report, SMG utilizes an 18-month construction/stabilization period in its Capitalized Interest analysis (see Exhibit 1).

Ownership Structure:

The Applicant, Clipper Bay Associates, Ltd., is a Florida Limited Partnership formed to own and operate Clipper Bay Apartments. The General Partner of Applicant (with a ownership interest) is Cornerstone Clipper Bay, L.L.C. ("Cornerstone Clipper Bay"), a Florida Limited Liability Company. The members of Cornerstone Clipper Bay are JL Holding Corp. ("JL Holding"), a Florida Corporation controlled by Jorge Lopez (50%), Stuart I. Meyers Family Partnership, Ltd. ("Meyers Family"), a Florida Limited Partnership controlled by Stuart I. Meyers (30%), M3, Inc., a Florida Corporation controlled by Leon J. Wolfe (10%) and MSM, Inc., a Florida Corporation controlled by Mara S. Mades (10%).

The Limited Partners of Applicant totaling an 99.99% ownership interest are Meyers Family at 29.997% (Mr. Meyers), JL Holding at 49.995% (Mr. Lopez), M3 at 9.999% (Mr. Wolfe) and MSM at 9.999% (Ms. Mades). MMA Financial, LLC, ("MMA"), Boston, MA, or an affiliate will be the Equity Investor (Syndicator) of the HC and become the Limited Partner at, or prior to MMRB Loan closing.

The Developer is Cornerstone Group Development, L.L.C., Coral Gables, FL. The General Contractor is Alliance Construction, L.L.C. The Property Manager is Cornerstone Residential Management, L.L.C. They are related companies, and all are owned 50% by JL Holding (Mr. Lopez), 30% by SIM Interests, Inc. (Mr. Meyers), 10% by M3 (Mr. Wolfe), and 10% by MSM (Ms. Mades).

MMRB Loan:

Applicant has applied for a MMRB Loan to be issued by the Florida Housing Finance Corporation ("FHFC") for the construction and permanent financing of Clipper Bay. Applicant's initial request was for a MMRB Loan totaling $14,180,000 of which $13,500,000 was tax-exempt and the remaining $680,000 taxable. The Applicant's revised request is for $12,260,000 of which $12,000,000 is tax-exempt and the remaining $260,000 is taxable.

Inasmuch as the interest rate of the MMRB Loan cannot be accurately determined until the bond purchase closes, SMG is underwriting Clipper Bay by determining its anticipated Net Operating Income ("NOI"). Based upon a projected NOI of $975,318. SMG has calculated the supportable MMRB Loan amount for various amortization periods and "all-in" interest rates. This information is presented in the format of a table attached to this Credit Underwriting Report as Exhibit 2. The proposed development can support a Mortgage Loan in the amount of $12,260,000 at a weighted average "all-in" interest rate not to exceed 6.374%.

Terms and conditions of the MMRB Loan include a 41.5-year term (a 18-month construction/stabilization phase followed by a 40-year permanent/amortization period) a fixed interest rate and a combined DSC ratio of not less than 1.15 to 1 (including scheduled MMRB Loan principal and interest payments, U.S. Department of Housing and Urban Development ["HUD"], Issuer, and Bond Trustee fees, plus Permanent Servicing, Compliance Monitoring and Financial Monitoring fees). Base Rates for the tax-exempt and taxable bonds are currently estimated to be 5.100% and 5.000%, respectively. Guaranteed Investment Contract ("GIC") earnings on un-disbursed MMRB funds will accrue at an estimated rate of 1.25%. It is important to note, however, that interest rates will not be fixed until the bonds are priced, at or near the MMRB Loan closing date.

The MMRB Loan will be secured by a First Mortgage on Clipper Bay and a First Security Interest in all Personalty of the subject development. Based upon Applicant's prepayment of $55,200 (one-half the required Replacement Reserves for Years 1 and 2), Replacement Reserves of $100 per unit per year will be paid from Operations for Years 1 and 2, followed by $200 per unit per year thereafter. An inflation factor based upon the Consumer Price Index will be applied to the Replacement Reserve deposit beginning in Year 7, unless waived or reduced in the event Obligor provides a Physical Needs Study prepared by an independent third party acceptable to Florida Housing's Guarantee Program ("Guarantee Program") that evidences an increase in the deposit is excessive or unnecessary. Monthly deposits to an Escrow for Property Taxes and Insurance are also required.

Based upon an anticipated NOI of $975,318, the subject development can support the recommended MMRB Loan of $12,260,000 at a 1.15 DSC so long as annual Debt Service does not exceed $848,102. If the weighted average interest rate on the bonds is greater than 6.374%, the MMRB Loan will have to be reduced so that annual Debt Service does not exceed $848,102. If the MMRB Loan is reduced, Applicant will have to fund any shortfall with an increase to Deferred Developer Fees, Deferred General Contractor Fees and/or an injection of Developer Cash (Equity).

The current weighted average "all-in" interest rate of 6.218% is 0.156% lower than the 6.374% maximum interest rate at which the subject development can support the recommended MMRB Loan of $12,260,000. If interest rates at the time of MMRB Loan closing are higher than the maximum interest rate, then the MMRB Loan would have to be reduced in order to achieve a DSC of 1.15 at an NOI of $975,318.

Credit Enhancement and MMRB Structure:

Applicant has applied for Credit Enhancement from the Florida Affordable Housing Guarantee Program ("Guarantee Program") in combination with the HUD Risk Sharing Program. The

MMRB Loan is anticipated to have a term up to 41.5 years (a 40-year permanent/amortization period following a construction/stabilization period of 18 months). Credit Enhancement Fees include a Guarantee Program fee of 0.500% and a HUD Risk Sharing fee of 0.250%. In addition, there is an Issuer Fee of 0.37% that includes a Bond Trustee Fee and Loan Servicing Fees (Permanent Servicing, Compliance Monitoring and Financial Monitoring). An initial Insurance Wrap fee equivalent to 0.40% of total principal and interest payments over the 41.5-year term of the bonds is required to be funded at closing. This Credit Enhancement structure is expected to impart an “AAA” bond rating.

The Guarantee Program in combination with HUD Risk Sharing requires a Debt Service Reserve (“DSR) of six months Debt Service, currently estimated by SMG at $415,965. The DSR Requirement can be met through funding at MMRB Loan closing, with the account to be administered by the Bond Trustee. Alternatively, the Applicant can post a Surety Bond, in form and substance acceptable to the FHFC. Seltzer’s analysis reflects Applicant’s choice of a Surety Bond.

<u>SAIL Loan</u>:

In addition to the MMRB Loan the Applicant has applied to FHFC for a SAIL Loan to provide construction/permanent financing for the subject development.

The SAIL Loan, co-terminus with the MMRB First Mortgage Loan as requested by MMA, the tax credit syndicator, will have a term up to 41.5 years (a 40-year permanent period following a construction/stabilization phase of up to 18 months). The SAIL Loan will be non-amortizing and will bear a 3% simple interest per annum. Annual payments of all applicable fees will be required. In addition and to the extent that development cash flow is available interest payments at the 3% base rate will be required. Any unpaid interest will be deferred until cash flow is available. At the maturity of the SAIL loan, however, all principal and unpaid interest will be due. Seltzer’s Credit Underwriting assumes SAIL interest payments at 3.310% (the base rate plus applicable fees). SAIL Loan funds will be drawn pro rata with the MMRB First Mortgage loan during construction. The combined DSC of the proposed MMRB and SAIL loan is 1.086. If interest rates at the time of MMRB Loan closing are similar to the current interest rates, and the combined DSC is below the required 1.10 minimum, then the MMRB Loan and/or SAIL loan would have to be reduced in order to achieve the minimum DSC of 1.15 for the MMRB loan and 1.10 for the combined loans.

<u>HC Equity</u>:

Applicant has applied to the Florida Housing Finance Corporation for 4% HC. Applicant provided SMG with a copy of an October 15, 2003, Syndication Letter from MMA that is valid through December 31, 2004. MMA, or an affiliate, will become the Limited Partner concurrent with or prior to MMRB Loan closing. With $6,339,766 of Syndicated HC and a Syndication Rate of $0.825, the Limited Partnership anticipates a Net Equity Contribution of $5,230,000. Of this amount, $2,615,000 will be advanced upon admission to the Limited Partnership, which satisfies the requirement that a minimum 50% of the HC equity required to complete construction be funded by MMRB Loan closing. Subsequent installments during the construction period include $966,350 at 50% completion and $966,350 at 75% completion. Total HC equity available during the construction period is $4,547,700. Subsequent installments available at construction completion and stabilization total $420,000 and $262,300, respectively. As a condition for providing the equity, MMA will require the General Partner to take on an Operating Obligation. The Operating Obligation will require the General Partner to advance an amount equal to a percentage of the Permanent loan through the first three years after Permanent loan closing or break-even, in order to cover any operating deficits. The advances will be limited to 7% of the permanent loan amount in year 1, up to 4% in year 2 and up to 2% in year 3. Seltzer's recommendations are contingent upon closing of the HC purchase consistent with the terms of this Credit Underwriting Report.

Other Financing Sources:

Additional Source of Funds for this development include the above described SAIL loan, Deferred Developer and General Contractor Fees.

During the construction period, the developer must defer available developer fees and Deferred Contractor fees totaling $3,146,812 and $2,089, respectively, to balance the Sources & Uses of Funds after receipt of all available MMRB Loan proceeds and HC Equity contributions have been received.

Applicant will have to defer $2,466,601 of Developer Fees during the permanent/amortization period.

Note: Applicant states it will provide a Letter of Credit to cover a Hard Cost Contingency equal to 3% of the construction contract (or $416,760). Evidence of a letter of credit equal to this amount in form and substance acceptable to the FHFC and from a financial entity approved by the FHFC is a condition of this report.

Additional Information:

1. Potential Loan Reduction: The combined DSC of the proposed MMRB and SAIL loan is 1.086. If interest rates at the time of MMRB Loan closing are similar to the current interest rates, and the combined DSC is below the required 1.10 minimum, then the MMRB Loan and/or SAIL loan would have to be reduced in order to achieve the minimum DSC of 1.15 for the MMRB loan and 1.10 for the combined loans. Any reduction of the Loan amounts would have to be offset by the deferral of additional Developer Fees or the injection of Developer Cash (Equity).

   Any recommendation is contingent upon FHFC or the Bond Trustee holding or controlling funds at all times throughout the construction phase sufficient to complete construction of the subject development.

2. South Central Tampa Sub-Market: The Clipper Bay development is located within the South Central Tampa sub-market. The sub-market has a northern Boundary at Interstate 4/Interstate 275. The western and southern boundaries are Tampa Bay. The eastern boundary is 56th Street. The subject site is just to the north of MacDill Air Force Base (see MacDill Air Force Base discussion below). The sub-market is the peninsula that extends from Tampa into Tampa Bay. The market study indicates that this sub-market includes nearly 10,000 units within 43 developments, the majority of which were built after 1990. Average occupancy for this sub-market is reported to be about 95%.

   Occupancy data for six comparable properties in sub-market report six-month average occupancy in excess of 94% (See Exhibit 3). For purposes of establishing pro forma occupancy assumptions, SMG has placed the most weight on occupancy data for Clipper Cove. Clipper Cove is a 176-unit complex also partially financed with HFA bonds and SAIL, developed by Cornerstone, and located within a quarter mile of the subject. Clipper Cove occupancies for June through September were reported in the 92% to 95% range. Year to date, six-month, and three-month average occupancy is reported at 92.7%, 93%, and 93.7%, respectively. Discussions with onsite management personnel indicate that the overall occupancy reduction is primarily attributable to the greater than normal unit turnover coinciding directly with troop deployments in the Middle East. However, onsite management personnel indicated that there was an ample supply of applicants and that leasing activity remains strong. Clipper Bay is offering no rental concessions at this time.

Demographic data presented in the market study reflects sufficient demand for the subject and projects average occupancy at 94%, reflecting vacancy, concession, and collection loss assumptions of 4%, 1%, and 1%, respectively. For purposes of determining pro forma income for the subject, SMG has utilized an average occupancy assumption of 92%, reflecting vacancy and collection loss assumptions of 7% and 1%, respectively. The vacancy loss assumption of 7% includes a 1% concession allowance consistent with the appraiser. While more conservative than the appraiser’s assumptions, SMG concludes that its assumptions are more reflective of the comparable property average occupancy in the sub-market and incorporates volatilities associated with the sudden troop deployments at the air force base, which is presumed to occur from time to time.

3. <u>MacDill Air force Impact:</u> As noted above, the subject site is approximately ¼ mile north of the MacDill Air Force Base. About 80% of military members and their families live in the local community and therefore it has a major impact in the sub-market. The base was scheduled for closing or severe cutbacks approximately five to six years ago. However, it has since expanded with civilian employees totaling over 2,500 and overall personnel (military and civilian) totaling over 7,000. Base personnel have indicated that the base is not scheduled for closing at this time. However, should the base be targeted for closing or cutbacks in the future, there will be a negative impact to the proposed development and the surrounding sub-market.

4. <u>Net Operating Income Assumptions:</u> Based upon operating data from comparable properties, third-party reports (Appraisal and Market Study) and the Credit Underwriter’s independent Due Diligence, SMG represents that, in its professional opinion, estimates for Rental Income, Vacancy and Collection Loss Allowances, Other Income and Operating Expenses fall within a band of reasonableness. For purposes of this analysis, Seltzer’s estimates of Total Effective Gross Revenue and Operating Expenses (See Exhibit 4) are \$50,772 less and \$5,015 greater than, respectively, those utilized by the Appraiser in determining the Investment Value of the subject development under “Restricted Rents and Favorable Financing”. SMG adjusted NOI, pre-paying one-half of the required Replacement Reserves for Years One and Two (\$27,600 per year). Absent that adjustment Seltzer’s estimate of Operating Expenses would have been \$32,615 greater than the expenses utilized by the appraiser.

5. <u>Liquidity Guarantees</u>: SMG recommends that FHFC obtain Construction Completion and Operating Deficit Guarantees (collectively the “Guarantees”) from Clipper Bay Associates, Ltd., Cornerstone Clipper Bay, L.L.C., Cornerstone Group Development, L.L.C., Cornerstone Group Development Corporation, along with Stuart I. Meyers, Jorge Lopez, Leon J. Wolfe and Mara S. Mades, personally (collectively the “Guarantors”).

Based upon its review of the Personal Financial Statements and the Schedule of Contingent Liabilities, SMG concludes that the above referenced Guarantors, have sufficient Net Worth for the purpose of collateralizing the FHFC Guarantees by executing a Liquidity Maintenance Agreement. Seltzer's recommendation is contingent upon: (i) confirmation two weeks prior to FHFC Mortgage Loan closing of at least $4.5 million in combined liquidity for the Guarantors; however, Mr. Meyers, Mr. Lopez, Mr. Wolfe and Ms. Mades, individually, shall maintain no less than $3 million of the minimum $4.5 million liquidity requirement at all times and (ii) the Guarantors enter into a Liquidity Maintenance Agreement with FHFC. Terms of the Liquidity Maintenance Agreement must include, but are not limited to requirements for the Guarantors to: (i) continuously maintain liquid balances of not less than $4.5 million until the FHFC Guarantees have been released, (ii) certify that the minimum $4.5 million liquid balances have been continuously maintained and (iii) provide evidence of such liquid balances to the Loan Servicer on a quarterly basis. The Liquidity Maintenance Agreement must also contain a clause such that if not cured within a timely manner, failure to maintain the required balances is an event of MMRB Loan default.

Issues and Concerns:

None.

Recommendations:

1. SMG recommends a MMRB Loan of $12,000,000 in tax-exempt bonds and $260,000 in taxable bonds for the construction and permanent financing of the subject development. If, at the time of MMRB Loan closing, the weighted average interest rate is higher than 6.374%, the MMRB Loan will have to be reduced such that annual Debt Service does not exceed $848,102. If the MMRB Loan is reduced, Applicant will have to fund any shortfall with an increase to Deferred Developer Fees and/or an injection of Developer Cash (Equity). If the interest rate on the bonds is less than 6.374%, the loan amount may increase, but not exceed the amount requested in the application ($14,180,000); Provided however, that all other requirements of Credit Underwriter and Florida Housing are met. When utilizing a 1.00 to 1.00 DSC ratio required by the State Board of Administration in their Fiscal Sufficiency Determination, the not-to-exceed Bond Amount is $14,795,000. However, the maximum Tax-Exempt MMRB Loan amount is limited to Applicant's original request of $13,500,000 in the 2003 MMRB Application.

2. SMG recommends FHFC approve a $2,000,000 SAIL Loan for the construction/permanent financing of the subject development. SMG estimates combined DSC for the SAIL Loan and the MMRB First Mortgage Loan to be 1.086. If interest rates at the time of MMRB Loan closing are similar to the current interest rates, and the combined DSC is below the required 1.10 minimum, then the MMRB Loan and/or SAIL loan would have to be reduced in order to achieve the minimum DSC of 1.15 for the MMRB loan and 1.10 for the combined loans.

3. SMG recommends an annual HC allocation up to $635,872 be awarded based upon Qualified Basis.

Seltzer's recommendations are based upon the assumptions detailed in this Credit Underwriting Report and subject to the MMRB Loan Conditions and HC Allocation Recommendation outlined in Section B.

Prepared by:

Carlos L. Toledo

Carlos L. Toledo
Credit Underwriter

Reviewed by:

Benjamin S. Johnson
President

Clipper Bay Apartments

Multifamily Mortgage Revenue Bond Program Recommendation:

MMRB Loan Requested:	$12,260,000
Tax-Exempt Bonds:	$12,000,000
Taxable Bonds:	$260,000
Debt Service Reserve:	$415,965*

MMRB Loan Recommendation: $12,260,000

* The Debt Service Reserve will be secured by a Surety Bond rather than cash funded

SAIL Loan Recommendation $2,000,000

Housing Credit Recommendation: $635,872

Development Type	Set Asides	Set Aside Term
New Construction	17% at 50% of AMI 68%at 60% of AMI (MMRB/SAIL) 97.8% at 60% of AMI (HC)	50 Years (MMRB, SAIL and HC)
Mortgagor	**Developer**	**Principals**
Clipper Bay Associates, Ltd.	Cornerstone Group Development, L.L.C.	Jorge Lopez, Stuart I. Meyers, Leon J. Wolfe and Mara S. Mades
Credit Enhancer	**Syndicator**	**HC Syndication Rate**
FHFC Guarantee Program in concert with HUD Risk Sharing	MMA Financial, LLC an Affiliate	$0.825 per dollar of HC
Site Area	**Density**	**Zoning**
14.230 acres	19.40 units per gross acre	PD (2002-1651) 288 units allowed
Net Operating Income	**Appraised Value**	**Total Development Cost**
$975,318	$16,060,000 "Restricted Rents and Favorable Financing"	$21,956,601

$19,350,000
"Market Rents and Market
Financing"

Rent Roll

MSA/County: Tampa-St. Petersburg-Clearwater MSA/Hillsborough County

Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	Max Gross HC Rents	Utility Allow-ance	Max Net HC Rents	Applicant Rents	Underwriter Rents	Annual Rents
1	1	10	700	50%	$473	$53	$420	$420	$420	$50,400
1	1	48	700	60%	$568	$53	$515	$515	$515	$296,640
1	1	2	700	MKT				$600	$600	$14,400
2	2	25	924	50%	$568	$60	$508	$509	$508	$152,400
2	2	116	924	60%	$682	$60	$622	$623	$622	$865,824
2	2	3	924	MKT				$695	$695	$25,020
3	2	12	1,155	50%	$656	$68	$588	$589	$588	$84,672
3	2	59	1,155	60%	$787	$68	$719	$720	$719	$509,052
3	2	1	1,155	MKT				$795	$795	$9,540
Totals		**276**	**258,216**							**$2,007,948**

Sources of Funds

Source	Lender	Application	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
Tax-Exempt Bonds	FHFC	$13,500,000	$12,000,000	$12,000,000	6.220%	40	41.5	$814,502
Taxable Bonds	FHFC	$680,000	$260,000	$260,000	6.120%	40	41.5	$17,428
SAIL	FHFC	$2,000,000	$2,000,000	$2,000,000	3.310%	0	41.5	$66,208
Housing Credit Equity	MMA	$5,522,000	$5,230,000	$5,230,000				
Deferred Developer Fee	Cornerstone	$2,182,585	$2,875,550	$2,466,601				
Total		**$23,884,585**	**$22,365,550**	**$21,956,601**				**$898,138**

Ratios

MMRB Loan To Value[1]

76.34% "Restricted Rents and Favorable Financing"

63.36% "Market Rents and Market Financing"

MMRB Debt Service Coverage

1.172 based upon a current "all in" interest rate of 6.218%[3]

1.150 based upon maximum "all in" interest rate of 6.374%[4]

Combined DSC

1.086 MMRB First Mortgage and SAIL Loans[5]

1.086 All Mortgages Combined

SAIL Loan to Value[2]

88.79% "Restricted Rents and Favorable Financing"

73.70% "Market Rents and Market Financing"

Total Cost per Unit

$79,553

MMRB Loan to Cost[1]

55.84%

MMRB Loan per Unit[1]

$44,420

FHFC Assistance Per Unit[7]	SAIL Loan to Cost[6]	SAIL Loan per Unit[6]
$50,725	9.11%	$7,246

[1]Based upon total of the recommended MMRB First Mortgage Loan
[2]Based upon total of the recommended MMRB First Mortgage and SAIL Second Mortgage Loans
[3]Based upon the recommended MMRB First Mortgage Loan at the current “all-in” interest rate
[4]Based upon the recommended MMRB First Mortgage Loan at the maximum “all-in” interest rate
[5]Based upon the combined MMRB and SAIL Loans at current “all-in” interest rates
[6]Based upon the recommended SAIL Second Mortgage Loan
[7]Excludes Taxable Bonds and Syndicated HC Proceeds (since HC is direct from the U.S. Treasury)

Construction Financing Sources

Source	Lender	Application	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
Tax-Exempt Bonds	FHFC	$13,500,000	$12,000,000	$12,000,000	6.120%	$418,608
Taxable Bonds	FHFC	$680,000	$260,000	$260,000	6.020%	$8,922
SAIL	FHFC	$2,000,000	$2,000,000	$2,000,000	3.310%	$66,208
Housing Credit Equity	MMA	$4,664,800	$5,230,000	$4,547,700		$0
Deferred Developer Fee	Cornerstone	$3,039,785	$2,526,580	$3,146,812		$0
Deferred GC Fee	Alliance	$0	$0	$2,089		$0
Total		**$23,884,585**	**$22,016,580**	**$21,956,601**		**$493,738**

Notes to the Construction Period Financing Sources:

1. MMRB financing will have Credit Enhancement through Florida Housing's Guarantee Program in concert with HUD Risk Sharing. The MMRB Loan will require payments of interest (only) during the construction/stabilization phase of 18 months). The Construction Contract is for a period of 12 months. Construction Debt Service, which limits Eligible Basis, is calculated based upon a weighted "all in" interest rate of 6.120% for the tax-exempt bonds and 6.020% for the taxable bonds and an average outstanding MMRB balance of 57% during the construction period. Capitalized Interest included in the Development Budget is inclusive of this amount, but it also takes into account Debt Service during the stabilization period and Guaranteed Investment Contract ("GIC") earnings generated on un-disbursed bond funds at an estimated rate of 1.25% (see Exhibit 2).

2. Applicant also applied to FHFC for a $2,000,000 SAIL Loan to provide construction/permanent financing for the subject development. The SAIL Loan term will be co-terminus with the FHFC First Mortgage MMRB Loan as requested by MMA, the tax credit syndicator, and permitted under the SAIL Rule. It will be non-amortizing and will bear 3% simple interest per annum. Annual payments of all applicable fees will be required. In addition and to the extent that development cash flow is available; interest payments at the 3% rate will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL loan, all principal and unpaid interest will be due. This credit underwriting assumes interest payments at 3.310% (simple interest rate plus applicable fees). SAIL loan funds will be drawn pro rata with the First Mortgage loan during construction.

3. Applicant provided SMG with a copy of an October 15, 2003, Syndication Letter from MMA, valid through December 31, 2004. MMA, or an affiliate, will become the Limited Partner concurrent with or prior to MMRB Loan closing. With $6,339,766 of Syndicated HC and a Syndication Rate of $0.825, the Limited Partnership anticipates a Net Equity Contribution of $5,230,000. Of this amount, $2,615,000 will be advanced upon admission to the Limited Partnership. Subsequent installments during the construction period include $966,350 at 50% completion and $966,350 at 75% completion. Total HC equity available during the construction period is $4,547,700. Subsequent installments available at construction completion and stabilization total $420,000 and $262,300, respectively. Seltzer's recommendations are contingent upon closing of the HC purchase consistent with the terms of this Credit Underwriting Report.

4. During the construction period, the developer must defer available developer fees and Deferred Contractor fees totaling $3,146,812 and $2,089, respectively, to balance the Sources & Uses of Funds after receipt of all available MMRB Loan proceeds and HC Equity contributions have been received.

Permanent Financing Sources

Source	Lender	Application	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
Tax-Exempt Bonds	FHFC	$13,500,000	$12,000,000	$12,000,000	6.220%	40	41.5	$814,502
Taxable Bonds	FHFC	$680,000	$260,000	$260,000	6.120%	40	41.5	$17,428
SAIL	FHFC	$2,000,000	$2,000,000	$2,000,000	3.310%	0	41.5	$66,208
Housing Credit Equity	MMA	$5,522,000	$5,230,000	$5,230,000				
Deferred Developer Fee	Cornerstone	$2,182,585	$2,875,550	$2,466,601				
Total		**$23,884,585**	**$22,365,550**	**$21,956,601**				**$898,138**

Notes to the Permanent Financing Sources:

1. MMRB financing will have Credit Enhancement through Florida Housing's Guarantee Program in concert with HUD Risk Sharing. Terms of the MMRB Loan include a term of 41.5 years (a 40-year permanent/amortization period following a construction/stabilization phase of 18 months). The current weighted base interest rate for the bonds is 5.098%.

   Credit Enhancement Fees include a Guarantee Program fee of 0.500% and a HUD Risk Sharing fee of 0.250%. In addition, there is an Issuer Fee of 0.35% that includes a Bond Trustee Fee and Loan Servicing Fees (Permanent Servicing, Compliance Monitoring and Financial Monitoring). An initial Insurance Wrap fee equivalent to .40% of total principal and interest payments over the 41.5-year term of the bonds is required to be funded at closing. This Credit Enhancement structure is expected to impart an "AAA" bond rating.

   Replacement Reserves of $200 per unit per year are required, however Applicant has the option to prepay Replacement Reserves in the amount of $55,200 (one-half the required Replacement Reserves for Years 1 and 2). Replacement Reserves to be funded from Operations will be $100 per unit per year for Years 1 and 2, followed by $200 per unit per year thereafter. An inflation factor based upon the Consumer Price Index will be applied to the Replacement Reserve deposit beginning in Year 7, unless waived or reduced in the event Obligor provides a Physical Needs Study prepared by an independent third party acceptable to the Guarantee Program that evidences an increase in the annual deposit is excessive or unnecessary. Monthly deposits to an Escrow for Property Taxes and Insurance are required. Applicant states that it will post a Surety Bond in place of a $415,965 Debt Service Reserve.

2. Applicant also applied to FHFC for a $2,000,000 SAIL Loan to provide construction/permanent financing for the subject development. The SAIL Loan term will be co-terminus with the FHFC First Mortgage MMRB Loan as requested by MMA, the tax credit syndicator, and permitted under the SAIL Rule. It will be non-amortizing and will bear 3% simple interest per annum. Annual payments of all applicable fees will be required. In addition and to the extent that development cash flow is available; interest payments at the 3% rate will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL loan, all principal and unpaid interest will be due. This credit underwriting assumes interest payments at 3.310% (simple interest rate plus applicable fees). SAIL loan funds will be drawn pro rata with the First Mortgage loan during construction.

3. Per an October 15, 2003, Commitment Letter valid through December 31, 2004, MMA will become the Limited Partner concurrent with or prior to MMRB Loan closing. With $6,339,766 of Syndicated HC and a Syndication Rate of $0.825, the Limited Partnership anticipates a Net Equity Contribution of $5,230,000. Seltzer's recommendations are contingent upon closing of the HC purchase consistent with the terms of this Credit Underwriting Report.

4. Deferred Developer Fees of $2,466,601 represents the amount that must be deferred from payment during the permanent/amortization period after all available MMRB Loan proceeds and HC Equity contributions have been received.

Uses of Funds

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Actual Construction Costs				
Construction Contract				
Site Work	$0	$0	$0	$0
Off-Site	$0	$0	$0	$0
New Rental Units	$12,754,254	$11,556,580	$11,556,580	$0
Special Inspection Fees	$0	$31,740	$31,740	$0
Payment & Performance Bonds	$0	$80,000	$80,000	$0
Recreational Amenities	$274,872	$256,367	$256,367	$0
Accessory Buildings	$285,000	$275,000	$275,000	$0
Contractor's Fee (Not to Exceed 14%)	$1,779,874	$1,692,313	$1,692,313	$0
Total Construction Contract	$15,094,000	$13,892,000	$13,892,000	$0
Contingency	$0	$0	$0	$0
Total Actual Construction Costs	**$15,094,000**	**$13,892,000**	**$13,892,000**	**$0**

Notes to the Actual Construction Costs:

1. Applicant provided a copy of an August 15, 2003, Construction Contract with Alliance Construction, L.L.C. (“Alliance”), a related company, in the amount of $13,892,000. The Construction Schedule indicates 100% completion within a period of 12 months.
2. General Contractor Fees consist of General Requirements, Overhead and Profit. At $1,692,313, General Contractor Fees are 14.00% of the (net) Construction Contract (i.e., the Construction Contract figure of $13,892,000 less Special Inspection Fees of $31,740, Payment & Performance Bonds of $80,000 and the General Contract fee, itself). General Contractor Fees are therefore within the 14% underwriting guidelines.
3. Applicant states it will provide a Letter of Credit to cover a Hard Cost Contingency equal to 3% of the construction contract (or $416,760). Evidence of a letter of credit equal to this amount in form and substance acceptable to FHFC and from a financial entity approved by FHFC is a condition of this report.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
General Development Costs				
Accounting Fees	$25,000	$25,000	$25,000	$0
Appraisal	$7,500	$17,500	$5,000	$0
Architect's Fee - Design	$138,000	$220,800	$220,800	$0
Architect's Fee - Supervision	$41,400	$0	$0	$0
Builder's Risk Insurance	$158,700	$117,300	$117,300	$0
Building Permit	$78,660	$69,000	$69,000	$0
Brokerage Fees	$0	$0	$0	$0
Closing Costs - Construction	$0	$0	$0	$0
Closing Costs - Permanent	$0	$0	$0	$0
Engineering Fee	$55,200	$62,100	$62,100	$0
Environmental Report	$10,000	$10,000	$10,000	$0
FHFC Administrative Fee	$53,875	$50,728	$50,723	$50,723
FHFC Application Fees	$2,000	$2,000	$2,000	$0
FHFC Compliance Monitoring Fee	$0	$0	$0	$0
FHFC Credit Underwriting Fee	$19,345	$14,271	$19,386	$0
Impact Fees	$210,164	$210,164	$210,164	$0
Inspection Fees	$35,000	$35,000	$35,000	$0
Insurance	$110,400	$110,400	$110,400	$110,400
Legal Fees	$90,000	$100,000	$91,950	$45,975
Market Study	$5,000	$0	$6,000	$0
Marketing and Advertising	$250,000	$250,000	$250,000	$250,000
Pre-Constr. Analysis/Existing Prop. Eval.	$0	$2,000	$2,000	$0
Property Taxes	$25,000	$25,000	$25,000	$12,500
Soil Test	$10,000	$7,500	$7,500	$0
Survey	$20,000	$17,500	$17,500	$0
Title & Recording Fees	$85,000	$85,000	$85,000	$42,500
Utility Connection Fees	$193,200	$193,200	$198,138	$0
Other - Clubhouse Furniture	$135,000	$110,000	$110,000	$0
Miscellaneous	$50,000	$65,000	$0	$0
Total General Development Costs	**$1,808,444**	**$1,799,463**	**$1,729,961**	**$512,098**

Notes to the General Development Costs:

1. Separate line items for Builders Risk and Operating Insurance are provided.
2. FHFC Application and Credit Underwriting fees are actual costs as determined by SMG. The FHFC Administrative Fee is 8% of the estimated amount of Annual Housing Credits.
3. Appraisal, Market Study and PCA fees are the actual costs for the third-party assignments engaged by SMG.
4. Legal Fees are within the “greater of $40,000 or 75 bp” maximum per FHFC guidelines.
5. Utility Connection fees are derived from a City of Tampa fee schedule dated August 6, 2003.
6. Impact fees are estimated and include reductions and/or waivers given to affordable housing developments. These estimates appear reasonable.

7. The remaining General Development Costs represent Applicant estimates, which appear reasonable.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Financial Costs				
Bond Loan Credit Enhancement Fees	$0	$0	$0	$0
Bond Loan Construction Interest	$916,371	$877,617	$853,602	$213,400
Construction Loan Credit Enhancement	$168,565	$150,228	$150,228	$0
Permanent Loan Credit Enhancement	$945,660	$523,439	$523,439	$523,439
SAIL Loan Commitment Fee	$0	$0	$20,000	$20,000
Construction Loan Origination Fee	$20,000	$0	$0	$0
Escrow Deposit Fund	$0	$124,515	$124,515	$124,515
Surety Bond Premium	$0	$15,608	$14,559	$0
Prepaid Replacement Reserve	$0	$0	$55,200	$55,200
Other - Insurance Wrap Fee	$0	$104,210	$118,785	$118,785
Total Financial Costs	**$2,050,596**	**$1,795,617**	**$1,860,328**	**$1,055,340**

Notes to the Financial Costs:

1. Bond Loan Construction Interest in the Development Budget is Seltzer's estimate based upon an 18-month construction/stabilization phase. Capitalized Interest is calculated as interest on the bonds (plus any Credit Enhancement and bond-related fees not prepaid or escrowed at closing) less GIC earnings on un-disbursed bond funds at an estimated rate of 1.25%. This calculation is scheduled in Exhibit 1 of this report.

2. The Insurance Wrap fee is calculated at .40% of total principal and interest payments over the 41.5-year term of the bonds. This amount is required to be funded at closing.

3. The Surety Bond premium is calculated at 3.5% of the estimated DSR requirement, $415,965.

4. Other Financial Costs are Applicant's estimate, which appear reasonable. SMG will confirm these costs with the Bond Underwriter prior to closing the MMRB Loan.

5. Replacement Reserves of $200 per unit per year are required, however Applicant has the option to prepay Replacement Reserves in the amount of $55,200 (one-half the required Replacement Reserves for Years 1 and 2). However, this amount must be funded with sources other than the MMRB First Mortgage Loan.

   Replacement Reserves to be funded from Operations will be $100 per unit per year for Years 1 and 2, followed by $200 per unit per year thereafter. An inflation factor based upon the Consumer Price Index will be applied to the Replacement Reserve deposit beginning in Year 7, unless waived or reduced in the event Obligor provides a Physical Needs Study prepared by an independent third party acceptable to the Guarantee Program that evidences an increase in the deposit is excessive or unnecessary.

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

Notes to the Non-Land Acquisition Costs:

1. Since this is new construction, there are no Non-Land Acquisition Costs.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Development Cost Before Land and Developer Fee	$18,953,040	$17,487,080	$17,482,289	$1,567,438
Other Development Costs				
Developer Fee on Acquisition of Buildings	$0	$0	$0	$0
Developer Fee	$3,411,545	$3,147,000	$3,146,812	$0
Other	$0	$0	$0	$0
Total Other Development Costs	**$3,411,545**	**$3,147,000**	**$3,146,812**	**$0**

Notes to the Other Development Costs:

1. Developer Fees at 18.00% of Development Cost before Land and Developer Fee are within the 18% maximum for transactions with MMRB financing.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Development Cost Before Land	$22,364,585	$20,634,080	$20,629,101	$1,567,438
Land Acquisition Costs				
Land	$1,520,000	$1,332,500	$1,250,000	$1,250,000
Other - Extension Fees	$0	$50,000	$77,500	$77,500
Total Land Acquisition Costs	**$1,520,000**	**$1,382,500**	**$1,327,500**	**$1,327,500**

Notes to the Land Acquisition Costs:

1. Applicant submitted a Purchase and Sale contract with amendments reflecting a purchase price of $1,250,000. The appraisal concluded an As-Is value of $1,320,000, which supports the amount of the purchase price.
2. Extension fees are exact amounts extracted from the Purchase and Sale Contract and its applicable amendments.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Total Development Cost	$23,884,585	$22,016,580	$21,956,601	$2,894,938

Operating Pro Forma

DESCRIPTION	ANNUAL	PER UNIT
Revenue		
Gross Potential Rental Revenue	$2,007,948	$7,275
Other Income:		
Washer/Dryer Rentals	$98,532	$357
Cable Television Income	$33,120	$120
Miscellaneous Income	$66,240	$240
Interest Income	$0	$0
Gross Potential Income	$2,205,840	$7,992
Less:		
Vacancy Loss - 7%	($154,409)	($559)
Collection Loss - 1%	($22,058)	($80)
Total Effective Gross Revenue	$2,029,373	$7,353
Expenses		
Fixed:		
Taxes	$210,036	$761
Insurance	$102,120	$370
Variable:		
Management Fees - 5%	$101,469	$368
General and Administrative	$70,380	$255
Payroll Expenses	$168,912	$612
Utilities	$158,700	$575
Marketing and Advertising	$23,460	$85
Maintenance and Repairs	$141,974	$514
Grounds Maintenance and Landscaping	$0	$0
Ground Lease	$0	$0
Replacement Reserve	$27,600	$100
Other:Contract Services	$49,404	$179
Other: Trash Removal		$0
Total Expenses	$1,054,055	$3,819
Net Operating Income	$975,318	$3,534
Debt Service Payments		
First Mortgage	$831,930	$3,014
Second Mortgage	$66,208	$240
Other: Negative Arbitrage on Debt Service Reserve	$0	$0
Other Fees - Letter of Credit/Guarantee	$0	$0
Other Fees - Agency/Trustee/Servicer	$0	$0
Total Debt Service Payments	$898,138	$3,254
Operating Income After Debt Service - Before Tax Cash Flow	$77,180	$280

Debt Service Coverage Ratios	
Debt Service Coverage - First Only (incl. Negative Arbitrage)	1.172
Debt Service Coverage - First and Second	1.086
Debt Service Coverage - All Mortgages	1.086
Debt Service Coverage - All Mortgages and Fees	1.086

Financial Ratios	
Operating Expense Ratio	51.9%
Break-Even Ratio	88.5%

Notes to the Operating Pro Forma and Ratios:

1. Restricted Rents are based upon Year 2003 Maximum Restricted Rents published by the Florida Housing Finance Corporation, less Utility Allowances per an October 3, 2003, Utility Provider Letter from Tampa Electric ("TECO"). The Year 2003 Maximum Restricted Rents are supported by the Restricted Rent Comparables and the Appraisal.

2. Market rents are based on the developer's pro forma rent roll which are somewhat less than the rents estimated by the appraiser.

3. SMG has underwritten Vacancy Loss at 7% and Collection Loss at 1%. These assumptions are supported by the restricted rent comparables and the appraisal.

4. Seltzer's projection for Washer/Dryer Rental Income is based upon 85% of Clipper Bay units renting washers and dryers at $35 per month. This assumption is supported by the restricted rent comparables and the appraisal.

5. Cable Television Income is the net revenues (after expenses) from bulk cable television service. It is estimated based upon 80% of the units subscribing to the service, generating a net $12.50 per subscriber after expenses. This assumption is supported by the restricted rent comparables and the appraisal.

6. Miscellaneous Income includes Late Fees, Cancellation Fees, Forfeited Deposits, Vending Income and Income from other miscellaneous sources to total $240 per unit per year. This assumption is supported by the restricted rent comparables and the appraisal.

4. SMG projects Management Fees at 5% of Total Effective Gross Revenue, which conforms to the November 13, 2002, Property Management Agreement with Cornerstone Residential Management, L.L.C., a related company.

5. Replacement Reserves of $200 per unit per year are required, however Applicant has the option to prepay Replacement Reserves in the amount of $55,200 (one-half the required Replacement Reserves for Years 1 and 2). Replacement Reserves to be funded from Operations will be $100 per unit per year for Years 1 and 2, followed by $200 per unit per year thereafter. An inflation factor based upon the Consumer Price Index will be applied to the Replacement Reserve deposit beginning in Year 7, unless waived or reduced in the event Obligor provides a Physical Needs Study prepared by an independent third party acceptable to the Guarantee Program that evidences an increase in the deposit is excessive or unnecessary.

6. Based upon operating data from comparable properties, third-party reports (Appraisal and Market Study) and the Credit Underwriter's independent Due Diligence, SMG represents

that, in its professional opinion, estimates for Rental Income, Vacancy and Collection Loss Allowances, Other Income and Operating Expenses fall within a band of reasonableness. For purposes of this analysis, Seltzer's estimates of Total Effective Gross Revenue and Operating Expenses are $50,772 less and $5,015 less than, respectively, those utilized by the Appraiser in determining the Investment Value of the subject development under "Restricted Rents and Favorable Financing". SMG adjusted NOI, pre-paying one-half of the required Replacement Reserves for Years One and Two ($27,600 per year). Absent that adjustment Seltzer's estimate of Operating Expenses would have been $32,615 greater than the expenses utilized by the appraiser.

7. A 15-year Income and Expense projection that reflects increasing Debt Service Coverage is attached to this report as Exhibit 5.

Section B

MMRB and SAIL Loan Commitment Conditions

Housing Credit Allocation Contingencies

Multifamily Mortgage Revenue Bond Loan Recommendation

Seltzer Management Group, Inc. ("Seltzer" or "SMG"), recommends a Mortgage Loan funded through the Florida Housing Finance Corporation ("FHFC") Multifamily Mortgage Revenue Bond ("MMRB") Program under the conditions detailed in this section.

Loan Amount

The FHFC Mortgage Loan recommended by SMG is $12,260,000. A Debt Service Reserve, estimated by SMG to be $415,965, will not be cash funded. Rather, it is to be secured by a Surety Bond in the same amount. The Net MMRB Loan is therefore $12,260,000.

The MMRB Loan recommended by SMG is determined as follows:

1. The maximum Net MMRB Loan is limited to the lesser of:
   a. 90% of Appraised Value or the percentage allowed by the Credit Enhancer or Bond Purchaser. The Credit Enhancer will allow a Net MMRB Loan up to 90% of the value based upon Restricted Rents and Favorable Financing (90% x $16,060,000 = $14,454,000).
   b. The tax-exempt amount in the Acknowledgement Resolution, plus any taxable amount (less Debt Service Reserve).
   c. If applicable, the MMRB Loan must be not less than 90% of the amount stated in the Notice of Intent to Issue by the FHFC to the Florida Division of Bond Finance.
   d. The amount necessary to make the development feasible; $12,260,000, of which $12,000,000 is tax-exempt based upon information provided to date.
   e. Applicant's revised request, which is $12,260,000.

The recommended MMRB First Mortgage Loan is therefore $12,260,000, however Seltzer's recommendation permits it to be increased up to a maximum of 90% Loan to Value based upon Restricted Rents and Favorable Financing depending upon interest rates at the time of bond pricing. However, Tax-Exempt Bonds are limited to $13,500,000 (Applicant's original request per the 2003 Universal Application). A minimum calculation of 1.15 Debt Service Coverage ("DSC") is required on the MMRB Loan utilizing a pro forma NOI of $975,318.

2. Inasmuch as the interest rate of the MMRB Loan cannot be accurately determined until the bond purchase closes, SMG recommends:
   a. The combined Debt Service Coverage ("DSC") ratio for the Total MMRB Loan must not be less than 1.15. Debt Service includes all MMRB interest, principal and fees (including, but not limited to HUD, Issuer, Bond Trustee and Permanent Servicing, Compliance Monitoring and Financial Monitoring.
   b. Based upon a projected Net Operating Income ("NOI") of $975,318, total Debt Service cannot exceed $848,102 and achieve a 1.15 combined DSC.
   c. If based upon the actual interest rate projected annual Debt Service exceeds $848,102, SMG recommends that the MMRB Loan be reduced to achieve an annual Debt Service not to exceed $848,102.

d. SMG recommends that any shortfall created by a reduction in the FHFC Mortgage and MMRB Loans be funded with the deferral of additional Developer Fees or the deferral of General Contractor Fees and/or the injection of Developer Cash (Equity).

e. The Guarantee Program/HUD Risk Sharing program requires a DSR equal to six months' debt service (currently estimated at $415,965 by SMG). This requirement is met by fully funding this amount into an account held by the trustee at closing. Alternatively, this requirement can be met by obtaining a surety bond in the same amount in form and substance and from an entity acceptable to FHFC. The applicant has selected the latter.

Multifamily Mortgage Revenue Bond Loan General Conditions

Purpose:

To provide construction and permanent mortgage financing for Clipper Bay (276 units on 14.230 acres) located at 6727 South Lois Avenue Tampa, Hillsborough County, FL 33616.

Security / Collateral:

1. A First Mortgage Lien on the Land and Improvements
1. A First Security Interest in all personalty of the subject development
2. Additional collateral as required by FHFC

Typical Documents:

1. Note, First Mortgage and Land Use Restriction Agreement ("LURA")
2. Assignment of Leases, Rents, Profits
3. Assignment of Management Contract, Service Contracts, etc.
4. Loan Agreement and Trust Indenture
5. Construction Completion and Operation Deficit Guarantees
6. Guarantee of Recourse Obligations
7. Environmental Indemnity Guarantee
8. Other documents as may be required by FHFC

Term:

Varies. The maturity date of the MMRB Loan is determined by the maturity of the bonds sold to finance the MMRB Loan.

Interest Rate:

Varies. The interest rate is determined by the interest rate of the bonds sold to finance the MMRB Loan, plus Credit Enhancement, Mortgage Insurance or Private Placement Fees (as applicable), Bond Issuer fees, Bond Trustee fees and Loan Servicing, Compliance Monitoring and Financial Monitoring fees.

Repayment Schedule:

Monthly payments of interest, principal, and fees. Interest and Loan Servicing fees are calculated based upon the outstanding principal balance of the MMRB Loan.

Escrows:

FHFC and/or the Bond Trustee shall maintain Escrow Accounts for Hazard Insurance, Property Taxes and Replacement reserves throughout the term of the MMRB Loan.

Replacement Reserves:

The sum of $200 per unit per year paid monthly, will be required to be deposited on a monthly basis into a designated Escrow Account to be maintained by the Bond Trustee. Applicant has the option to prepay $55,200 (one-half the required Replacement Reserves for Years One and Two). At Applicant's request, Replacement Reserves of $100 per unit per year are therefore proposed to be paid from Operations for Years One and Two, followed by $200 per unit per year thereafter. An inflation factor based upon the Consumer Price Index will be applied to the Replacement Reserve deposit beginning in Year Seven, unless waived or reduced in the event Obligor provides a Physical Needs Study prepared by an independent third party acceptable to the Guarantee Program that evidences an increase in the deposit is excessive or unnecessary. Monthly deposits to an Escrow for Property Taxes and Insurance are also required.

FHFC shall have the right to attach the Escrow Accounts in the event of default under the Loan Documents. The application of funds by FHFC shall not be restricted and may include Debt Service payments and/or repairs.

Escrowed Replacement Reserve funds are to be used by the Borrower for Capital Expenditures only, and not for normal maintenance and repairs. Capital Expenditures shall include building structural repairs, roof replacement, major building systems replacement, kitchen appliance replacement, carpet replacement and such other permissible uses as are provided in the Loan Documents or Trust Indenture. The release of escrowed Replacement Reserve funds shall be at the sole discretion of FHFC.

Prepayment Penalty:

Varies. Prepayment Terms (if prepayments are allowed) are established by the terms of the bonds sold to finance the MMRB Loan.

Assumption:

Assumable in some cases, subject to the written approval of FHFC.

State Apartment Incentive Loan Recommendation

SMG recommends a loan funded through Florida Housing's State Apartment Incentive Loan ("SAIL") Program under the conditions detailed in this section.

Loan Amount

The SAIL Loan recommended by SMG is $2,000,000, determined as follows:

The SAIL Loan amount is limited to the lesser of:

1. 25% of Total Development Cost. The recommended SAIL loan is 9.11% of Total Development Cost.
2. An amount such that the combined SAIL Loan and all Superior Debt does not exceed 100% of the Market Value of the subject development per a current Appraisal. The recommended SAIL Loan and the MMRB First Mortgage Loan combined are 73.70% of the Appraised Value at Market Rents and Market Financing.
3. The amount necessary to make the subject development feasible, which is $2,000,000 based upon information provided to date.
4. The Applicant's request, which is $2,000,000.

Seltzer therefore recommends a SAIL Loan of $2,000,000.

The combined Debt Service Coverage ("DSC") ratio for the SAIL Loan and all Superior Debt must not be less than 1.10 to 1.00 nor greater than 1.50 to 1.00. (Debt Service includes interest based upon the base rate, plus FHFC-required Servicing, Compliance Monitoring and Financial Monitoring fees). SMG estimates combined DSC for the SAIL Loan and the MMRB First Mortgage Loan to be 1.086. If interest rates at the time of MMRB Loan closing are similar to the current interest rates, and the combined DSC is below the required 1.10 minimum, then the MMRB Loan and/or SAIL loan would have to be reduced in order to achieve the minimum DSC of 1.15 for the MMRB loan and 1.10 for the combined loans. Any reduction of the Loan amounts would have to be offset by the deferral of additional Developer Fees or the injection of Developer Cash (Equity).

SAIL Loan General Conditions

Purpose:

To provide construction/permanent financing for Clipper Bay Apartments (276 units on 14.230 gross acres) located at 6727 S. Lois Avenue, in the City of Tampa, Hillsborough County, Florida 33616.

Security / Collateral:

1. A Second Mortgage Lien on the Land and Improvements
2. A Security Interest in all Personalty of the subject development
3. Additional Collateral as required by FHFC

Typical Documents:

1. Note, Mortgage, and Land Use Restriction Agreement ("LURA")
2. Assignment of Leases, Rents, Profits
3. Assignment of Management Agreement, Service Contracts, etc.
4. Loan Agreement
5. Standard FHFC Construction Completion, Operating Deficit, Environmental Indemnity and Recourse Obligations Guarantees
6. Other documents as may be required by FHFC and by Rule Chapter 67-48, F.A.C.

Term:

15 years including the construction/stabilization period. However, the term of the SAIL Loan may be extended to accommodate investment requirements associated with the syndication of Low Income Housing Tax Credits ("HC") awarded to the development or to meet Fannie Mae requirements if it is financing the subject development.

Rate:

3% simple interest per annum for Family, Elderly, Homeless and SRO loans. 1% simple interest per annum for developments that maintain an 80% occupancy of residents qualifying as Farmworkers over the life of the loan.

Repayment Schedule:

Annual payments of interest and Loan Servicing fees, Compliance Monitoring fees and Financial Monitoring fees. Interest and fees are calculated based upon the outstanding principal balance of the loan. Required annual payments consist of all FHFC fees. Payments of interest are payable from development cash flow, and may be deferred until there is adequate cash flow. All outstanding interest, principal and fees, however, are due at maturity.

Escrows:

The First Mortgagee or Florida Housing's Loan Servicing Agent shall maintain Escrows for Hazard Insurance and Property Taxes throughout the term of the loan.

Replacement Reserves:

According to Rule 67-048.12, a minimum of $200 per unit per year, paid monthly, will be required to be deposited on a monthly basis into a designated Escrow Account, to be maintained by Florida Housing's Loan Servicing Agent beginning the first day of the first month after the final Certificate of Occupancy ("C/O") or at SAIL Loan closing. At Borrower's election, the Borrower may pre-pay up to one-half of the required Replacement Reserve amount for Years 1 and 2, such that only one-half of the Replacement Reserve will be paid from Development Operations. Full Replacement Reserve deposits will be required beginning in Year 3.

FHFC shall have the right to attach the Escrow Accounts in the event of default under the Loan Documents. The application of funds by FHFC shall not be restricted and may include Debt Service payments and/or repairs.

The Escrow Account funds are to be used by the Borrower for Capital Expenditures only, not for normal maintenance and repairs. Capital Expenditures shall include building structural repairs, major building systems replacement, roof replacement, kitchen appliance replacement and carpet replacement. The per-unit per-year amount may be increased based upon a Physical Needs Assessment.

A Replacement Reserve account maintained by the First Mortgagee, with minimum deposits of $100 per unit per year and terms satisfactory to FHFC, will satisfy this requirement. The Replacement Reserve account shall be subject to the rights of the First Mortgage lender to hold Replacement Reserves and to disburse such funds. The release of funds shall be at Florida Housing's sole discretion.

Prepayment Penalty:

Prepayment is allowed at any time, without penalty.

Assumption:

Assumable in some cases, subject to conditions specified in Chapter 67-48, F.A.C., and subject to Florida Housing's written approval.

Conditions

Seltzer's recommendations are contingent upon the review and approval of the following items by the Servicer and FHFC **at least two weeks before MMRB and SAIL Loan closings.** Failure to receive approval of these items within this timeframe may result in postponement of the MMRB and SAIL Loan closing date.

1. Borrower to comply with all recommendations noted in the Pre-Construction Analysis by Consultech and Associates ("Consultech"), Tampa, FL.
2. Signed and sealed Survey, dated within 90 days of MMRB and SAIL Loan closing and certified to FHFC and its Legal Counsel, indicating the legal description, the exact boundaries of the subject development, easements, utilities, roads, means of access to public streets, total acreage, flood hazard area and any other requirements of FHFC.
3. Building Permits and any other necessary Permits and Approvals (e.g., Final Site Plan approval, Water Management District, Florida Department of Environmental Protection, U.S. Army Corps of Engineers, Florida Department of Transportation, etc.) or a letter from the local permitting and approval authority that the above referenced Permits and Approvals will be issued upon receipt of applicable fees (and with no other conditions). If a letter is provided, copies of all Permits will be required as a condition to the first post-closing draw.
4. Final "as permitted" (signed and sealed) Civil Engineering Plans, Architectural Site Plan and Building Plans and Specifications. The Geotechnical Report must be bound within the final Plans and Specifications.
5. Final Sources and Uses of Funds itemized by source and line item, in a format and in amounts approved by the Servicer and FHFC. A detailed calculation of the Construction Interest based upon the final Draw Schedule (see below), documentation of the Closing Costs and a draft Loan Closing Statement must also be provided. The Sources and Uses of Funds schedule will be attached to the Loan Agreement as the approved Development Budget.
6. Final Draw Schedule to be approved prior to MMRB and SAIL Loan closing, itemized by line item and showing the Sources of Funds for monthly draws. SAIL Loan Funds must be disbursed pro rata with other Construction Loan Funds.
7. Evidence of General Liability, Flood (if applicable), Builders Risk and replacement cost Hazard Insurance (as Certificates of Occupancy are received) reflecting FHFC as Loss Payee/Mortgagee, in coverages, deductibles and amounts satisfactory to FHFC.
8. 100% Payment & Performance ("P&P") Bond from a company with an AM Best Rating of A- or better to secure the Construction Contract between the Borrower and Alliance Construction, LLC. FHFC must be listed as Co-Obligee. FHFC, its Legal Counsel and the Servicer must approve the amount and terms of the P&P Bond.
9. Architect, Construction Consultant and Borrower Certifications on forms provided by FHFC will be required for both design and as-built with respect to Section 504, Americans with Disabilities Act ("ADA"), and Fair Housing requirements, if applicable.
10. A copy of an Amended and Restated Limited Partnership Agreement reflecting purchase of the HC by MMA (or an affiliate), under terms consistent with the assumptions contained within this Credit Underwriting Report and including notification requirements pertaining to

the request replacement reserve funds and funding of operating deficits. Further, any requests, draws or deposits will be reported to the Guarantee Program along with the purpose of such, when such requests, draws and/or deposits are made.

11. Letter(s) of Credit to cover a 3% Hard Cost Contingency in the amount of $416,760 from an "A" rated financial institution acceptable to FHFC and in form and substance acceptable to FHFC and consistent with the assumptions of this Credit Underwriting Report.
12. Surety Bond to take the place of $415,965 DSR. The Surety Bond will be from a financial institution rated "A" or better as acceptable to FHFC and in form and substance acceptable to FHFC and consistent with the assumptions of this Credit Underwriting Report.
13. Confirmation two weeks prior to closing of (i) of at least $4.5 million in combined liquidity for Cornerstone Group Development Corporation, Cornerstone Group Development, L.L.C., Mr. Lopez, Mr. Meyers, Mr. Wolfe and Ms. Mades; however, Mr. Meyers, Mr. Lopez, Mr. Wolfe, and Ms. Mades (collectively the "Guarantors") shall maintain no less than $3 million of the minimum $4.5 million liquidity requirement at all times and (ii) the Guarantors enter into a Liquidity Maintenance Agreement with FHFC. Terms of the Liquidity Maintenance Agreement must include, but not be limited to requirements for the Guarantors to: (i) continuously maintain liquid balances of not less than $4.5 million until the FHFC Guarantees have been released, (ii) certify the minimum $4.5 million in liquid balances have been continuously maintained and (iii) provide evidence of such liquid balances to the Loan Servicer on a quarterly basis. The Liquidity Maintenance Agreement must also contain a clause such that if not cured within a timely manner, failure to maintain the required liquid balances would be an event of loan default.
14. Updated certified as "true and correct" Financial Statement for all Guarantors defined above.

Seltzer's recommendations are contingent upon the review and approval of the following items by FHFC and its Legal Counsel **<u>at least two weeks before MMRB and SAIL Loan closings</u>**. Failure to receive approval of these items within this timeframe may result in postponement of the MMRB and SAIL Loan closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the General Partner/Principal(s) of the Borrower, the Guarantors and the Limited Partner(s) of the Borrower.
2. Signed and sealed Survey, dated within 90 days of MMRB and SAIL Loan closing and certified to FHFC and its Legal Counsel, indicating the legal description, the exact boundaries of the subject development, easements, utilities, roads, means of access to public streets, total acreage, flood hazard area and any other requirements of FHFC.
3. Title Insurance Binder or Commitment for Title Insurance (with copies of all Schedule B exceptions) in the amount of the MMRB and SAIL Loans.
4. FHFC and its Legal Counsel shall review and approve all other lenders' Closing Documents and the Limited Partnership Agreement. FHFC shall be satisfied in its sole discretion that all legal and program requirements for the MMRB and SAIL Loans have been satisfied.

5. Evidence of General Liability, Flood (if applicable), Builders Risk and replacement cost Hazard Insurance (as Certificates of Occupancy are received) reflecting FHFC as Loss Payee/Mortgagee, in coverages, deductibles and amounts satisfactory to FHFC.

6. Receipt of a Legal Opinion from Borrower's Legal Counsel acceptable to FHFC addressing the following matters:

   a. The legal existence and good standing of the Borrower and of any partnership that is the General Partner of the Borrower (the "GP") and of any Corporation or Partnership that is the Managing General Partner of the GP and of any Corporate Guarantor;

   b. The due authorization, execution, and delivery by the Borrower and the Guarantors, of all MMRB and SAIL Loan documents;

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

   d. That the Borrower and the subject development are in compliance with all Laws and Regulations applicable to the construction, development and operation of the subject development, and that all Permits and Approvals required for construction, rehabilitation and operation of the subject development and any improvements related thereto have been obtained and are in full force and effect;

   e. The Borrower's and Corporate Guarantor's execution, delivery and performance of the MMRB and SAIL Loan documents shall not result in a violation of, or conflict with any Judgments, Orders, Contracts, Mortgages, Security Agreements or Leases to which the Borrower is a party, or to which the subject development is subject to the Borrower's Partnership Agreement and;

   f. Such other matters as FHFC or its Legal Counsel may require.

7. Evidence of compliance with local concurrency laws prior to closing of the MMRB and SAIL Loans.

8. Such other Assignments, Affidavits, Certificates, Financial Statements, Closing Statements and other Documents as may be reasonably requested by FHFC or its Legal Counsel, in form and substance acceptable to FHFC or its Legal Counsel, in connection with the MMRB and SAIL Loans.

9. A copy of the Limited Partnership Agreement reflecting purchase of the HC by MMA, under terms consistent with the assumptions contained within this Credit Underwriting Report.

10. Any other reasonable conditions established by FHFC and its Legal Counsel.

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

1. Compliance with all provisions of Sections 420.507(22) and 420.5087, Florida Statutes and Rule Chapter 67-48 and 67-21, F.A.C.

2. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRB and SAIL Loans in form and substance satisfactory to FHFC, including but not limited to the Promissory Note(s), the Loan Agreement(s), the Mortgage(s) and Security Agreement(s) and the Land Use Restriction Agreement(s) ("LURA").

3. All amounts necessary to complete construction must be deposited with the Bond Trustee prior to closing or any phased-in amounts necessary to complete construction shall be conditioned upon an unconditional obligation of the entity providing HC payments (and evidence that 100% of such amount is on deposit with such entity at closing) to pay regardless of any default under any documents relating to the HC, as long as the MMRB First Mortgage Loan continues to be funded. Notwithstanding the foregoing, at least 50% of all HC Equity (but not less than provided for in the Syndication Agreement or such higher amount as recommended by the Credit Underwriter) required to complete construction, shall be deposited with the Bond Trustee at closing.

4. Construction Completion Guarantees from Clipper Bay Associates, Ltd., Cornerstone Clipper Bay, LLC, Cornerstone Group Development, LLC, Cornerstone Group Development, Corporation, Mr. Lopez, Mr. Meyers, Mr. Wolfe and Ms. Mades, to be released upon lien-free completion as approved by the Servicer.

5. Operating Deficit Guarantees from Clipper Bay Associates, Ltd., Cornerstone Clipper Bay, LLC, Cornerstone Group Development, LLC, Cornerstone Group Development, Corporation, Mr. Lopez, Mr. Meyers, Mr. Wolfe and Ms. Mades. For the MMRB Loan this guarantee will be released upon achievement of 1.15 debt service coverage and, 90% occupancy, and 90% of the gross potential income for six consecutive months, all certified by an independent CPA. For the SAIL Loan this guarantee will be released upon achievement of 1.10 combined debt service coverage of the First Mortgage and the SAIL Loan for six consecutive months.

6. Environmental Indemnity Guarantees from Clipper Bay Associates, Ltd., Cornerstone Clipper Bay, LLC, Cornerstone Group Development, LLC, Cornerstone Group Development, Corporation, Mr. Lopez, Mr. Meyers, Mr. Wolfe and Ms. Mades.

7. Guaranty of Recourse Obligations from Clipper Bay Associates, Ltd., Cornerstone Clipper Bay, LLC, Cornerstone Group Development, LLC, Cornerstone Group Development, Corporation, Mr. Lopez, Mr. Meyers, Mr. Wolfe and Ms. Mades.

8. Consultech to act as Florida Housing’s inspector during the construction phase.

9. A Mortgagee Title Insurance Policy naming FHFC as the insured, in the amount of the MMRB and SAIL Loans and to be issued immediately after MMRB and SAIL Loan closings. Any exceptions to the Title Insurance Policy must be acceptable to FHFC and/or its Legal Counsel.

10. Property Tax and Hazard Insurance Escrow to be established and maintained by the Bond Trustee.

11. Replacement Reserves in the amount of $200 per unit per year, to be held by the Bond Trustee. The Borrower has elected to pre-fund at closing $100 per unit per year for years one and two. Beginning in year three, the full $200 per unit per year deposits in the monthly amounts of $4,600 will be funded from development operation and maintained in the Replacement Reserve account.

12. Closing of the MMRB First Mortgage Loan simultaneous with or prior to closing the SAIL Loan.

13. A 10% Retainage Holdback on all Construction Draws until the subject development is 50% complete, with 0% thereafter. Retainage will not be released until successful completion of construction and issuance of all C/O's.
14. An updated Environmental Audit Report prepared within 90 days of the MMRB and SAIL Loan closing date, acceptable to FHFC or its Legal Counsel, together with a reliance letter to FHFC. Borrower to comply with any and all recommendations noted in the Environmental Assessments(s) and Update and Environmental Review.
15. Satisfactory completion of a Pre-Loan Closing Compliance Audit conducted by FHFC or the Servicer, if applicable.
16. Compliance with HUD Environmental Criteria and Standard contained in 24CFR, Part 51, and Handbook 4590.01, Rev-1, Housing Finance Risk Sharing Regulations and receipt of the HUD firm approval letter.
17. Any other reasonable requirements of the Servicer, FHFC and its Legal Counsel.

HC Allocation Calculation

Section I: Qualified Basis Calculation	
Development Cost	$21,956,601
Less Land Cost	($1,327,500)
Less Federal Funds	$0
Less Other Ineligible Cost	($1,567,438)
Less Disproportionate Standard	$0
Total Eligible Basis	$19,061,664
Applicable Fraction	97.83%
DDA/QCT Basis Credit	100.00%
Qualified Basis	$18,647,280
Housing Credit Percentage per Cornerstone	3.41%
Annual Housing Credit Allocation	$635,872

Notes to the Eligible Basis Calculation:

1. Other Ineligible Costs are as shown in the HC Ineligible Costs column of the Uses of Funds schedules within Section A of this Credit Underwriting Report.
2. The development has a 97.83% set-aside; the Applicable Fraction is therefore 97.83%.
3. This development is not located in a Difficult Development Area (“DDA”) or a Qualified Census Tract (“QCT”).
4. The Eligible Basis Calculation, above, does not take into consideration recent Internal Revenue Service “TAMS” regarding the calculation of Eligible Basis. Inclusion of such IRS guidance could affect the HC Allocation.

Section II: Gap Calculation	
Total Development Cost (Including Land and Ineligible Costs)	$21,956,601
Less Mortgages	($14,260,000)
Less Grants	$0
Equity Gap	$7,696,601
Percentage to Investment Partnership	99.99%
HC Syndication Pricing	$0.8250
HC Required to Meet Gap	$9,330,147
Annual HC Required	$933,015

Notes to the Gap Calculation:

1. Mortgages include the MMRB Loan.

2. Percentage to Investment Partnership and HC Syndication Pricing are based upon an October 15, 2003, Commitment Letter from MMA Financial, LLC, Boston, MA. See the "Syndicator Information" portion of Section C within this Credit Underwriting Report for complete information.

Section III: Tax-Exempt Bond 50% Test	
Total Depreciable Cost	$19,061,663
Plus Land Cost	$1,327,500
Aggregate Basis	$20,389,163
Tax-Exempt Bond Amount	$12,000,000
Less Debt Service Reserve	$0
Less Proceeds Used for Costs of Issuance	$0
Tax-Exempt Proceeds Used for Building and Land	$12,000,000
Proceeds Divided by Aggregate Basis	58.855%

Notes to 50% Test:

1. SMG estimates the tax-exempt portion of the MMRB Loan to be 58.855% of the Depreciable Development Costs plus Land Acquisition Costs. If the tax-exempt bond amount is less than 50% at the time of Final Cost Certification, Developer Fees would have to be reduced by an amount to ensure compliance with the 50% Test. That may, in turn, result in a reduction to HC Equity.

Section IV: Summary	
HC per Qualified Basis	$635,872
HC per Gap Calculation	$933,015
Annual HC Recommended	$635,872

Notes to the Summary:

The Annual HC is limited by the Qualified Basis Calculation.

Exhibit 1
Clipper Bay
Capitalized Interest Schedule

	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TOTAL
Net MFMRB Loan	$12,260,000	$12,260,000	$12,260,000	$12,260,000	$12,260,000	$12,260,000	$12,260,000	$12,260,000	$12,260,000	$12,260,000	$12,260,000	$12,260,000	$12,260,000	$12,260,000	$0	$0	$0	
Average Balance Construction Loan	$0	$1,970,736	$2,611,245	$3,414,255	$4,405,789	$5,547,323	$6,880,332	$8,363,341	$9,320,675	$10,175,509	$11,411,018	$12,063,352	$12,683,386	$14,040,000	$0	$0	$0	
Invested Funds	$12,260,000	$10,289,264	$9,648,755	$8,845,745	$7,854,211	$6,712,677	$5,379,668	$3,896,659	$2,939,325	$2,084,491	$848,982	$196,648	-$423,386	-$1,780,000	$0	$0	$0	
Total MFMRB Interest (including DSR)	$0	$53,673	$53,673	$53,673	$53,673	$53,673	$53,673	$53,673	$53,673	$53,673	$53,673	$53,673	$53,673	$53,673	$0	$0	$0	$697,755
Other Bond Fees	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GIC Earning - DSR	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
GIC Earnings - Project Fund	$0	($10,718)	($10,051)	($9,214)	($8,181)	($6,992)	($5,604)	($4,059)	($3,062)	($2,171)	($884)	($205)	$441	$1,854	$0	$0	$0	($58,847)
Net Interest Expense	$0	$42,955	$43,623	$44,459	$45,492	$46,681	$48,070	$49,614	$50,612	$51,502	$52,789	$53,469	$54,114	$55,528	$0	$0	$0	$638,908

Total MFMRB Interest - Completion thru 90% occupancy	$214,694
Other Bond Fees - Completion thru 90% occupancy	
GIC Earnings - DSR, Completion thru 90% occupancy	$0
NOI (50%) thru 90% occupancy	n/a
Capitalized Interest Deposit	$853,602

Exhibit 2

Clipper Bay
Credit Underwriting Report
Loan Amounts for Varying Interest Rates and Amortization Periods

	Interest Rate								
Amort. Period (Yrs)	6.00%	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%	7.75%	8.00%
15	$8,375,260	$8,242,747	$8,113,259	$7,986,715	$7,863,037	$7,742,149	$7,623,976	$7,508,448	$7,395,495
20	$9,864,899	$9,669,240	$9,479,312	$9,294,917	$9,115,864	$8,941,972	$8,773,063	$8,608,968	$8,449,523
25	$10,969,276	$10,713,731	$10,467,188	$10,229,269	$9,999,615	$9,777,882	$9,563,741	$9,356,879	$9,156,999
30	$11,788,031	$11,478,516	$11,181,581	$10,896,609	$10,623,017	$10,360,255	$10,107,799	$9,865,158	$9,631,863
35	$12,395,033	$12,038,500	$11,698,203	$11,373,242	$11,062,769	$10,765,990	$10,482,162	$10,210,583	$9,950,597
38.5	$12,723,879	$12,338,635	$11,972,141	$11,623,275	$11,290,989	$10,974,307	$10,672,314	$10,384,160	$10,109,047
40	$12,845,047	$12,448,525	$12,071,804	$11,713,665	$11,372,971	$11,048,664	$10,739,757	$10,445,333	$10,164,535

**All loan amounts shown in the table above are total loan amounts (including tax-exempt and taxable bonds). The loan amounts are based on a 1.15 debt service coverage ratio. There is no debt service reserve, therefore there is no negative arbitrage on the debt service reserve.

Exhibit 3
Clipper Bay
Occupancy Comparisons

	Lighthouse Bay 5055 South Dale Mabry Tampa, FL 33611	Clipper Cove 7009 Interbay Blvd Tampa, FL 33616	Cypress Lake 4711 W. Waters Avenue Tampa, FL 33614	Reflections 5307 Reflections Club Dr Tampa, FL 33614	Sunchase of Tampa 7610 W. Waters Avenue Tampa, FL 33615	South Pointe 5000 South Himes Avenue Tampa, FL 33611	Average	Appraiser	FHFC	SMG
County	Hillsborough	Hillsborough	Hillsborough	Hillsborough	Hillsborough	Hillsborough				
Distance to Subject	2.4 miles	0.40 miles	12.3 miles	12.1 miles	14.4 miles	2.4 miles				
Direction to Subject	N	E	N	NW	NW	N				
# of Units	320	176	236	348	216	112				
Leasing Commenced	1985	2001	1985	1985	1985	1987				
Management	O'Connell Mgt Co.	Cornerstone	O'Connell Mgt Co.	AIMCO	AIMCO	Walden Residential		Realvest*	Compliance**	SMG***
Occupancy										
Jan-03	94%	92%	95%	94%	97%	96%	93.8%			
Feb-03	95%	90%	95%	95%	96%	92%	93.8%			
Mar-03	95%	94%	97%	97%	94%	94%	95.8%			
Apr-03	97%	93%	96%	96%	94%	92%	95.5%			
May-03	96%	91%	95%	97%	94%	92%	94.8%			
Jun-03	96%	93%	94%	94%	93%	93%	94.3%			
Jul-03	99%	94%	94%	92%	98%	93%	94.0%			
Aug-03	97%	95%	95%	93%	96%	93%	95.0%			
Sep-03	96%	92%	92%	91%	96%	94%	92.0%			
Average	96.1%	92.7%	94.8%	94.3%	95.3%	93.2%	94.3%			
Six Month	96.8%	93.0%	94.3%	93.8%	95.2%	92.8%	94.3%			
Three month	97.3%	93.7%	93.7%	92.0%	96.7%	93.3%	93.7%			
Appraisal Comparables:										
Lighthouse Bay									96%	96%
Clipper Cove								92%	92%	92%
Cypress Lake									92%	92%
Reflections									91%	92%
Sunchase of Tampa									96%	96%
South Pointe									94%	95%
Average								92.0%	93.5%	93.8%
Reconciled Appraisal/SMG Assumptions for Credit Underwriting purposes. Figures do not include 1% Collection Loss.								96.0%		96.0%

* Appraisal by Realvest as of 8/23/2003
** Per September 2003 FHFC Compliance Report
*** Per SMG verification

Exhibit 4
Clipper Bay
Expense Comparisons

	Cypress Trace	Harbor Walk & Sandstone	Crossings at University	Villa Esperanza	Clipper Cove	Average	Appraisal	Developer	Subject	
	741 Providence Trace	6102 Webb Road	18740 NW 27th Ave.	18350 NW 62nd	7009 Interbay Blvd.					
	Brandon, FL 33511	Tampa, FL 33615	Opa Locka, FL 33056	Miami, FL 33015	Tampa, FL 33616					
County	Hillsborough	Hillsborough	Miami-Dade	Miami-Dade	Hillsborough					
Distance to Subject	10.4 miles	16 miles	n/a	n/a	adjacent					
Direction to Subject	NW	SE	n/a	n/a	N					
# of Units	348	400	320	192	176					
Leasing Commenced	July '99	1996 (Refinance)	Feb '00	May '99	Oct '00					
Owner/Manager	Cornerstone	Schofield	Cornerstone	Cornerstone	Cornerstone		Realvest	Cornerstone	SMG	
Expenses per unit	$4,272	$3,533	$3,366	$3,564	$4,157	$3,778	$3,801	$3,807	$3,819	
Property Taxes	$594	$603	$594	$594	$750	$627	$761	$761	$761	Per Appraiser
Property Insurance	$469	$400	$472	$476	$399	$443	$350	$370	$370	Actual Clipper 2003/2004
Management Fees	$372	$328	$376	$280	$370	$345	$380	$368	$368	5% of Revenues
General & Administrative	$178	$141	$313	$252	$389	$255	$200	$315	$255	Comp. Avg
Payroll	$729	$745	$252	$819	$430	$595	$800	$612	$612	Per Developer
Utilities	$889	$455	$444	$465	$495	$550	$575	$575	$575	Per Appraiser
Marketing & Advertising	$82	$64	$50	$43	$99	$68	$85	$110	$85	Per Appraiser
Maintenance & Repairs	$468	$499	$553	$284	$818	$524	$300	$446	$514	Cornestone Avg less 20% new prop disc
Security/Contract Services	$279	$98	$112	$201	$207	$179	$150	$150	$179	Comp. Avg.
Replacement Reserves	$212	$200	$200	$150	$200	$192	$200	$100	$100	Prepaid Reserves for Years 1 and 2
Total	$4,272	$3,533	$3,366	$3,564	$4,157	$3,778	$3,801	$3,807	$3,819	
									Must be 3807	

	Cypress Trace	Harbor Walk & Sandstone	Crossings at University	Villa Esperanza	Clipper Cove	Average	Appraisal	Developer	SMG	
Expenses Per Unit	$4,272	$3,533	$3,366	$3,564	$4,157	$3,778	$3,801	$3,807	$3,819	
Less:										
Property Taxes	$594	$603	$594	$594	$750	$627	$761	$761	$761	
Property Insurance	$469	$400	$472	$476	$399	$443	$350	$370	$370	
Management Fees	$372	$328	$376	$280	$370	$345	$380	$368	$368	
Utilities	$889	$455	$444	$465	$495	$550	$575	$575	$575	
Replacement Reserves	$212	$200	$200	$150	$200	$192	$200	$100	$100	
Comparable Expenses	$1,736	$1,547	$1,280	$1,599	$1,943	$1,621	$1,535	$1,633	$1,645	Consistent with Comp. Avg.

Exhibit 5

Clipper Bay Final Review Report
15 Year Income and Expense Projection

DESCRIPTION	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Revenue															
Gross Potential Rental Revenue	$2,007,948	$2,068,186	$2,130,232	$2,194,139	$2,259,963	$2,327,762	$2,397,595	$2,469,523	$2,543,608	$2,619,917	$2,698,514	$2,779,470	$2,862,854	$2,948,739	$3,037,202
Other Income:															
Washer/Dryer Rentals	$98,532	$101,488	$104,533	$107,669	$110,899	$114,226	$117,652	$121,182	$124,817	$128,562	$132,419	$136,391	$140,483	$144,698	$149,038
Cable Television Income	$33,120	$34,114	$35,137	$36,191	$37,277	$38,395	$39,547	$40,733	$41,955	$43,214	$44,511	$45,846	$47,221	$48,638	$50,097
Miscellaneous Income	$66,240	$68,227	$70,274	$72,382	$74,554	$76,790	$79,094	$81,467	$83,911	$86,428	$89,021	$91,692	$94,442	$97,276	$100,194
Interest Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Potential Income	$2,205,840	$2,272,015	$2,340,176	$2,410,381	$2,482,692	$2,557,173	$2,633,888	$2,712,905	$2,794,292	$2,878,121	$2,964,465	$3,053,398	$3,145,000	$3,239,350	$3,336,531
Less:															
Vacancy Loss - 7.0%	($154,409)	($159,041)	($163,812)	($168,727)	($173,788)	($179,002)	($184,372)	($189,903)	($195,600)	($201,468)	($207,513)	($213,738)	($220,150)	($226,755)	($233,557)
Collection Loss - 1.0%	($22,058)	($22,720)	($23,402)	($24,104)	($24,827)	($25,572)	($26,339)	($27,129)	($27,943)	($28,781)	($29,645)	($30,534)	($31,450)	($32,394)	($33,365)
Total Effective Gross Revenue	$2,029,373	$2,090,254	$2,152,962	$2,217,550	$2,284,077	$2,352,599	$2,423,177	$2,495,873	$2,570,749	$2,647,871	$2,727,307	$2,809,127	$2,893,400	$2,980,202	$3,069,608
Expenses															
Fixed:															
Taxes	$210,036	$218,437	$227,175	$236,262	$245,712	$255,541	$265,763	$276,393	$287,449	$298,947	$310,905	$323,341	$336,274	$349,725	$363,714
Insurance	$102,120	$106,205	$110,453	$114,871	$119,466	$124,245	$129,214	$134,383	$139,758	$145,349	$151,163	$157,209	$163,497	$170,037	$176,839
Variable:															
Management Fees - 5.0%	$101,469	$104,513	$107,648	$110,878	$114,204	$117,630	$121,159	$124,794	$128,537	$132,394	$136,365	$140,456	$144,670	$149,010	$153,480
General and Administrative	$70,380	$73,195	$76,123	$79,168	$82,335	$85,628	$89,053	$92,615	$96,320	$100,173	$104,180	$108,347	$112,681	$117,188	$121,875
Payroll Expenses	$168,912	$175,668	$182,695	$190,003	$197,603	$205,507	$213,728	$222,277	$231,168	$240,414	$250,031	$260,032	$270,434	$281,251	$292,501
Utilities	$158,700	$165,048	$171,650	$178,516	$185,657	$193,083	$200,806	$208,838	$217,192	$225,880	$234,915	$244,311	$254,084	$264,247	$274,817
Marketing and Advertising	$23,460	$24,398	$25,374	$26,389	$27,445	$28,543	$29,684	$30,872	$32,107	$33,391	$34,727	$36,116	$37,560	$39,063	$40,625
Maintenance and Repairs	$141,974	$147,653	$153,560	$159,702	$166,090	$172,734	$179,643	$186,829	$194,302	$202,074	$210,157	$218,563	$227,306	$236,398	$245,854
Grounds Maintenance and Landscaping	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Security	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Replacement Reserve	$27,600	$27,600	$55,200	$55,200	$55,200	$55,200	$57,408	$59,704	$62,092	$64,576	$67,159	$69,846	$72,639	$75,545	$78,567
Other:	$49,404	$51,380	$53,435	$55,573	$57,796	$60,108	$62,512	$65,012	$67,613	$70,317	$73,130	$76,055	$79,097	$82,261	$85,552
Other:	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses	$1,054,055	$1,094,099	$1,163,313	$1,206,561	$1,251,507	$1,298,217	$1,348,970	$1,401,717	$1,456,538	$1,513,514	$1,572,730	$1,634,276	$1,698,242	$1,764,725	$1,833,824
Net Operating Income	$975,318	$996,155	$989,648	$1,010,989	$1,032,570	$1,054,382	$1,074,208	$1,094,156	$1,114,211	$1,134,357	$1,154,577	$1,174,851	$1,195,158	$1,215,477	$1,235,784
Debt Service Payments															
First Mortgage	$831,930	$831,930	$831,930	$831,930	$831,930	$831,930	$831,930	$831,930	$831,930	$831,930	$831,930	$831,930	$831,930	$831,930	$831,930
Second Mortgage	$66,208	$66,208	$66,208	$66,208	$66,208	$66,208	$66,208	$66,208	$66,208	$66,208	$66,208	$66,208	$66,208	$66,208	$66,208
Other: Negative Arbitrage on Debt Service Reserve	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Fees - Letter of Credit/Guarantee	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Fees - Agency/Trustee/Servicer	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service Payments	$898,138	$898,138	$898,138	$898,138	$898,138	$898,138	$898,138	$898,138	$898,138	$898,138	$898,138	$898,138	$898,138	$898,138	$898,138
Operating Income After Debt Service - Before Tax Cash Flow	$77,180	$98,017	$91,510	$112,851	$134,432	$156,244	$176,069	$196,018	$216,073	$236,219	$256,439	$276,712	$297,020	$317,339	$337,646
Debt Service Coverage Ratios															
Debt Service Coverage - First Only (incl. Negative Arbitrage)	1.17	1.20	1.19	1.22	1.24	1.27	1.29	1.32	1.34	1.36	1.39	1.41	1.44	1.46	1.49
Debt Service Coverage - First and Second	1.09	1.11	1.10	1.13	1.15	1.17	1.20	1.22	1.24	1.26	1.29	1.31	1.33	1.35	1.38
Debt Service Coverage - All Mortgages	1.09	1.11	1.10	1.13	1.15	1.17	1.20	1.22	1.24	1.26	1.29	1.31	1.33	1.35	1.38
Debt Service Coverage - All Mortgages and Fees	1.09	1.11	1.10	1.13	1.15	1.17	1.20	1.22	1.24	1.26	1.29	1.31	1.33	1.35	1.38
Financial Ratios															
Operating Expense Ratio	51.9%	52.3%	54.0%	54.4%	54.8%	55.2%	55.7%	56.2%	56.7%	57.2%	57.7%	58.2%	58.7%	59.2%	59.7%
Break-Even Ratio	88.5%	87.7%	88.1%	87.3%	86.6%	85.9%	85.3%	84.8%	84.3%	83.8%	83.3%	82.9%	82.6%	82.2%	81.9%

EXHIBIT 7

Clipper Bay Apartments (2003-047BS)

Hillsborough County

Description of Features and Amenities

A. The Development will consist of 276 garden apartment units located in 12 residential buildings.

Unit Mix:	60	One Bedroom / one bath units containing a minimum of 700 square feet of heated and cooled living area
	144	Two bedroom / two bath units containing a minimum of 924 square feet of heated and cooled living area
	72	Three bedroom / two bath units containing a minimum of 1,155 square feet of heated and cooled living area
	276	Total units

The Development is to be constructed in accordance with the final plans and specifications approved by the appropriate city or county building or planning department or equivalent agency, and approved as reflected in the Pre-Construction Analysis prepared for Florida Housing or its Servicer, unless a change order has been approved in writing by Florida Housing or its Servicer. The Development will conform to requirements of local, state and federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act and Americans with Disabilities Act ("ADA"), as applicable.

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

1. Air conditioning (window units are not allowed, however, through-wall units are permissible for rehabilitation)
2. Window treatments for each window
3. Termite prevention and pest control throughout the entire affordability period
4. Cable or satellite TV hook-up
5. Range and oven
6. Refrigerator
7. At least two full bathrooms in all three bedroom or larger new construction units
8. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-elderly units

C. The Borrower has committed to provide the following features in each unit:

1. At least 1.5 bathrooms (one full bath and one with at least a toilet and sink) in all two bedroom new construction units. Guarantee Program requires that all two bedroom units have two full bathrooms.

2. Marble window sills

3. Dishwasher in all new construction units

4. Garbage disposal in all new construction units

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

1. Gated community with "carded" entry or security guard, or if mid- or high-rise, "carded" secure entry to building

2. Exercise room with appropriate equipment

3. Community center or clubhouse

4. Swimming pool

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

6. Thirty-year expected life roofing on all buildings

7. Laundry facilities with full-size washers and dryers available in at least one common area on site

8. Exterior lighting in open and common areas

E. The Borrower has committed to provide the following energy conservation features for all buildings in the Development:

1. Air conditioning with SEER rating of 12 or better

2. Wall insulation of R-13 or better for frame-built construction or wall insulation of R-7 or better for masonry/concrete block construction

3. Attic insulation of R-30 or better

4. Double-pane glass on all windows

5. Ceiling fans in all bedrooms and living area

F. The Borrower has committed to provide the following Resident Programs:

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

2. Homeownership Opportunity Program – Financial Assistance with Purchase of a Home: Borrower commits to provide a financial incentive which includes the following provisions:

   a. the incentive must be applicable to the home selected by the resident and may not be restricted to or enhanced by the purchase of homes in which the Borrower, Developer, or other related party has an interest;
   b. the incentive must be not less than 5% of the rent for the resident's unit during the resident's entire occupancy (Note: Resident will receive the 5% credit for all months for which the resident is in compliance with the terms and conditions of the lease. Damages to the unit in excess of the security deposit will be deducted from the incentive.);

   c. the benefit must be in the form of a gift or grant and may not be a loan of any nature;
   d. the benefits of the incentive must accrue from the beginning of occupancy;
   e. the vesting period can be no longer than 2 years of continuous residency; and
   f. no fee, deposit or any other such charge can be levied against the resident as a condition of participation in this program

3. First Time Homebuyer Seminars: Borrower or its Management Agent must arrange for and provide, at no cost to the resident, in conjunction with local realtors or lending institutions, semiannual on-site seminars for residents interested in becoming homeowners.

4. Job Training: Borrower or its Management Agent must provide, at no cost to the resident, regularly scheduled classes in keyboarding, computer literacy, secretarial skills or other useful job skills, which will be provided at least once each quarter. If the training is not provided on-site, transportation at no cost to the resident must be provided.

5. Health Care: At least quarterly visits by health care professionals such as nurses, doctors, or other licensed care providers. At a minimum, the following services must be provided: health screening, flu shots, vision and hearing tests. Regularly scheduled is defined as not less often than once each quarter. On-site space must be

provided. Service must be provided at no cost to the residents, with the exception that the residents may be charged for medications.

6. Resident Activities: These specified activities are planned, arranged, provided and paid for by the Borrower or its Management Agent. These activities must be an integral part of the management plan. The Borrower must develop and execute a comprehensive plan of varied activities that brings the residents together and encourages community pride. The goal here is to foster a sense of community by bringing residents together on a regularly scheduled basis by providing activities such as holiday and special occasion parties, community picnics, newsletters, children's special functions, etc.

7. Health and Nutrition Classes: At least eight hours per year, provided on site at no cost to the residents.

8. Computer Lab: The Borrower or its Management Agent must provide an area on-site, at no cost to the resident, with a minimum of one computer per 50 units, with basic word processing, spreadsheets and assorted educational and entertainment software programs. At least one printer must also be provided.

Exhibit 8a
Jorge Lopez
Schedule of Contingent Liabilities

Project Name	Location	No. Of Units	Comp. Date	Current Occup.	First Mortgage	Second Mortgage	Annual Debt Service	Deficit Funding	Type Of Guaranty	Release Date Of Guaranty
Heron Pointe	Miramar	200	Dec-99	99%	$9,200,000	$0	$518,785	$0.00	100%	Oct-03
Doral Terrace	Miami	256	Apr-00	99%	$20,317,500	$650,000	$1,015,620	$0.00	100%	Aug-04
Eagles Landings	Miami	321	Oct-00	99%	$8,250,461	$0	$708,521	$0.00	100%	Nov-04
Hidden Cove	Miami	144	Jun-00	99%	$3,041,306	$780,116	$280,452	$0.00	100%	May-04
Crossings	Miami	320	May-00	100%	$13,305,000	$0	$843,627	$0.00	100%	Feb-04
Logans	Jacksonville	248	Sep-00	97%	$12,552,364	$200,000	$860,329	$0.00	100%	Jun-04
Banyan	Broward	300	Jun-01	100%	$17,605,000	$0	$1,193,145	$0.00	100%	Mar-05
Clipper	Tampa	176	Mar-01	95%	$7,685,000	$0	$607,068	$0.00	100%	Sep-05
Bridgewater	Broward	312	Dec-01	99%	$19,675,000	$0	$1,214,891	$0.00	100%	Jul-04
Bernwood	Ft. Myers	340	Nov-00	88%	$16,394,417	$0	$1,096,142	$0.00	100%	Dec-04
Sabal	St. Lucie	340	Aug-01	91%	$16,064,949	$0	$1,138,182	$0.00	100%	May-05
Marbrisa	Miami	368	Aug-01	98%	$17,060,000	$0	$1,149,523	$0.00	100%	Feb-06
Sundance	Jacksonville	288	Dec-01	86%	$16,285,000	$0	$1,109,465	$0.00	100%	Aug-06
Monterey	Homestead	340	Under Construction	99%	$14,602,825	$0	Under Construction	Under Construction	100%	May-06
Mission Bay	Melbourne	360	Under Construction	95%	$15,740,000	$0	Under Construction	Under Construction	100%	Jul-07
Hunters Run	Clay County	304	Under Construction	57%	$10,080,000	$0	Under Construction	Under Construction	100%	Mar-07
Mallards	Jacksonville	388	Under Construction	0%	$16,730,000	$0	Under Construction	Under Construction	100%	May-07
Indian Trace	Riveira Beach	330	Under Construction	13%	$23,770,000	$0	Under Construction	Under Construction	100%	Jun-08
Tuscany Place	Miami-Dade	340	Under Construction	0%	$16,010,000	$3,000,000	Under Construction	Under Construction	100%	Nov-03
Sanctuary Cove	Broward	292	Under Construction	0%	$19,400,000	$297,355	Under Construction	Under Construction	100%	Nov-03
St. Croix	Broward County	246	Under Construction	0%	$18,095,000	$0	Under Construction	Under Construction	100%	Oct-08
San Marco	Ormond Beach	260	Under Construction	45%	$14,100,000	$0	Under Construction	Under Construction	100%	Feb-08
Laguna pointe	Broward County	188	Under	0%	$13,300,000	$0	Under	Under	100%	Apr-06

Exhibit 8a
Jorge Lopez
Schedule of Contingent Liabilities

			Construction				Construction	Construction		
Mariners Cove	Tampa	208	Under Construction	28%	$11,715,000	$0	Under Construction	Under Construction	100%	Jun-07
San Marino At Bear Lakes	West Palm Beach	355	Under Construction	75%	$26,500,000	$0	Under Construction	Under Construction	100%	May-04
Villa del Sol	Boyton Beach	312	Under Construction	85%	$22,300,000	$0	Under Construction	Under Construction	100%	Jun-04
Portofino	West Palm Beach	270	Under Construction	0%	$20,020,000	$0	Under Construction	Under Construction	100%	Sep-06
Baywinds	Miami	204	Under Construction	20%	$9,670,000	$1,000,000	Under Construction	Under Construction	100%	Sep-05
Eagle Pointe	Broward	192	Under Construction	0%	$12,285,000	$0	Under Construction	Under Construction	100%	Oct-06
Captiva Club	Miami	136	Under Construction	0%	$6,820,000	$1,000,000	Under Construction	Under Construction	100%	Sep-05
Renaissance	West Palm Beach	344	Under Construction	0%	$24,375,000	$0	Under Construction	Under Construction	100%	Nov-06
Carolina	Daytona	224	Jun-02	97%	$10,910,000	$2,000,000	$845,622	$0.00	100%	Feb-06
Hawks	Fort Myers	204	Under Construction	0%	$10,750,000	$0	Under Construction	Under Construction	100%	2005
Bonita Pointe	Miami-Dade	164	Under Construction	0%	$8,000,000	$0	Under Construction	Under Construction	100%	2006
Harbour Cove	Broward	212	Under Construction	0%	$14,515,000	$0	Under Construction	Under Construction	100%	2006

Certification: **I hereby certify that this statement is a complete and accurate representation of the cash flows and contingent liabilities as of the date of this statement**

Signature: **Jorge Lopez** **Date:** **October 7, 2003**

Exhibit 8b
Stuart I. Meyers
Schedule of Contingent Liabilities

Project Name	Location	No. Of Units	Comp. Date	Current Occup.	First Mortgage	Second Mortgage	Annual Debt Service	Deficit Funding	Type Of Guaranty	Release Date Of Guaranty
Heron Pointe	Miramar	200	Dec-99	99%	$9,200,000	$0	$518,785	$0.00	100%	Oct-03
Doral Terrace	Miami	256	Apr-00	99%	$20,317,500	$650,000	$1,015,620	$0.00	100%	Aug-04
Eagles Landings	Miami	321	Oct-00	99%	$8,250,461	$0	$708,521	$0.00	100%	Nov-04
Hidden Cove	Miami	144	Jun-00	99%	$3,041,306	$780,116	$280,452	$0.00	100%	May-04
Crossings	Miami	320	May-00	100%	$13,305,000	$0	$843,627	$0.00	100%	Feb-04
Logans	Jacksonville	248	Sep-00	97%	$12,552,364	$200,000	$860,329	$0.00	100%	Jun-04
Banyan	Broward	300	Jun-01	100%	$17,605,000	$0	$1,193,145	$0.00	100%	Mar-05
Clipper	Tampa	176	Mar-01	95%	$7,685,000	$0	$607,068	$0.00	100%	Sep-05
Bridgewater	Broward	312	Dec-01	99%	$19,675,000	$0	$1,214,891	$0.00	100%	Jul-04
Bernwood	Ft. Myers	340	Nov-00	88%	$16,394,417	$0	$1,096,142	$0.00	100%	Dec-04
Sabal	St. Lucie	340	Aug-01	91%	$16,064,949	$0	$1,138,182	$0.00	100%	May-05
Marbrisa	Miami	368	Aug-01	98%	$17,060,000	$0	$1,149,523	$0.00	100%	Feb-06
Sundance	Jacksonville	288	Dec-01	86%	$16,285,000	$0	$1,109,465	$0.00	100%	Aug-06
Monterey	Homestead	340	Under Construction	99%	$14,602,825	$0	Under Construction	Under Construction	100%	May-06
Mission Bay	Melbourne	360	Under Construction	95%	$15,740,000	$0	Under Construction	Under Construction	100%	Jul-07
Hunters Run	Clay County	304	Under Construction	57%	$10,080,000	$0	Under Construction	Under Construction	100%	Mar-07
Mallards	Jacksonville	388	Under Construction	0%	$16,730,000	$0	Under Construction	Under Construction	100%	May-07
Indian Trace	Riveira Beach	330	Under Construction	13%	$23,770,000	$0	Under Construction	Under Construction	100%	Jun-08
Tuscany Place	Miami-Dade	340	Under Construction	0%	$16,010,000	$3,000,000	Under Construction	Under Construction	100%	Nov-03
Sanctuary Cove	Broward	292	Under Construction	0%	$19,400,000	$297,355	Under Construction	Under Construction	100%	Nov-03
St. Croix	Broward County	246	Under Construction	0%	$18,095,000	$0	Under Construction	Under Construction	100%	Oct-08
San Marco	Ormond Beach	260	Under Construction	45%	$14,100,000	$0	Under Construction	Under Construction	100%	Feb-08
Laguna pointe	Broward County	188	Under Construction	0%	$13,300,000	$0	Under Construction	Under Construction	100%	Apr-06
Mariners Cove	Tampa	208	Under	28%	$11,715,000	$0	Under	Under	100%	Jun-07

Exhibit 8b
Stuart I. Meyers
Schedule of Contingent Liabilities

			Construction				Construction	Construction		
San Marino At Bear Lakes	West Palm Beach	355	Under Construction	75%	$26,500,000	$0	Under Construction	Under Construction	100%	May-04
Villa del Sol	Boyton Beach	312	Under Construction	85%	$22,300,000	$0	Under Construction	Under Construction	100%	Jun-04
Portofino	West Palm Beach	270	Under Construction	0%	$20,020,000	$0	Under Construction	Under Construction	100%	Sep-06
Baywinds	Miami	204	Under Construction	20%	$9,670,000	$1,000,000	Under Construction	Under Construction	100%	Sep-05
Eagle Pointe	Broward	192	Under Construction	0%	$12,285,000	$0	Under Construction	Under Construction	100%	Oct-06
Captiva Club	Miami	136	Under Construction	0%	$6,820,000	$1,000,000	Under Construction	Under Construction	100%	Sep-05
Renaissance	West Palm Beach	344	Under Construction	0%	$24,375,000	$0	Under Construction	Under Construction	100%	Nov-06
Carolina	Daytona	224	Jun-02	97%	$10,910,000	$2,000,000	$845,622	$0.00	100%	Feb-06
Hawks	Fort Myers	204	Under Construction	0%	$10,750,000	$0	Under Construction	Under Construction	100%	2005
Bonita Pointe	Miami-Dade	164	Under Construction	0%	$8,000,000	$0	Under Construction	Under Construction	100%	2006
Harbour Cove	Broward	212	Under Construction	0%	$14,515,000	$0	Under Construction	Under Construction	100%	2006

Certification: **I hereby certify that this statement is a complete and accurate representation of the cash flows and contingent liabilities as of the date of this statement**

Signature: **Stuart Meyers** ______________________

Date: **October 7, 2003** ______________________

Exhibit 8c
Leon J. Wolfe
Schedule of Contingent Liabilities

Project Name	Location	No. Of Units	Comp. Date	Current Occup.	First Mortgage	Second Mortgage	Annual Debt Service	Deficit Funding	Type Of Guaranty	Release Date Of Guaranty
Indian Trace	Riveira Beach	330	Under Construction	13%	$23,770,000	$0	Under Construction	Under Construction	100%	Jun-08
St. Croix	Broward County	246	Under Construction	0%	$18,095,000	$0	Under Construction	Under Construction	100%	Oct-08
San Marco	Ormond Beach	260	Under Construction	45%	$14,100,000	$0	Under Construction	Under Construction	100%	Feb-08
Laguna pointe	Broward County	188	Under Construction	0%	$13,300,000	$0	Under Construction	Under Construction	100%	Apr-06
Mariners Cove	Tampa	208	Under Construction	28%	$11,715,000	$0	Under Construction	Under Construction	100%	Jun-07
Portofino	West Palm Beach	270	Under Construction	0%	$20,020,000	$0	Under Construction	Under Construction	100%	Sep-06
Tuscany Place	Miami-Dade	340	Under Construction	0%	$16,010,000	$3,000,000	Under Construction	Under Construction	100%	Nov-03
Sanctuary Cove	Broward	292	Under Construction	0%	$19,400,000	$297,355	Under Construction	Under Construction	100%	Nov-03
Baywinds	Miami	204	Under Construction	20%	$9,670,000	$1,000,000	Under Construction	Under Construction	100%	Sep-05
Eagle Pointe	Broward	192	Under Construction	0%	$12,285,000	$0	Under Construction	Under Construction	100%	Oct-06
Renaissance	West Palm Beach	344	Under Construction	0%	$24,375,000	$0	Under Construction	Under Construction	100%	Nov-06
Captiva Club	Miami	136	Under	0%	$6,820,000	$1,000,000	Under	Under	100%	Sep-05
Hawks	Fort Myers	204	Under Construction	0%	$10,750,000	$0	Under Construction	Under Construction	100%	2005
Bonita Pointe	Miami-Dade	164	Under Construction	0%	$8,000,000	$0	Under Construction	Under Construction	100%	2006
Harbour Cove	Broward	212	Under Construction	0%	$14,515,000	$0	Under Construction	Under Construction	100%	2006

Certification: **I hereby certify that this statement is a complete and accurate representation of the cash flows and contingent liabilities as of the date of this statement**

Leon J. Wolfe **October 7, 2003**

Signature: ____________________ **Date:** ____________________

Exhibit 8d
Mara S. Mades
Schedule of Contingent Liabilities

Project Name	Location	No. Of Units	Comp. Date	Current Occup.	First Mortgage	Second Mortgage	Annual Debt Service	Deficit Funding	Type Of Guaranty	Release Date Of Guaranty
Indian Trace	Riveira Beach	330	Under Construction	13%	$23,770,000	$0	Under Construction	Under Construction	100%	Jun-08
St. Croix	Broward County	246	Under Construction	0%	$18,095,000	$0	Under Construction	Under Construction	100%	Oct-08
San Marco	Ormond Beach	260	Under Construction	45%	$14,100,000	$0	Under Construction	Under Construction	100%	Feb-08
Laguna pointe	Broward County	188	Under Construction	0%	$13,300,000	$0	Under Construction	Under Construction	100%	Apr-06
Mariners Cove	Tampa	208	Under Construction	28%	$11,715,000	$0	Under Construction	Under Construction	100%	Jun-07
Portofino	West Palm Beach	270	Under Construction	0%	$20,020,000	$0	Under Construction	Under Construction	100%	Sep-06
Tuscany Place	Miami-Dade	340	Under Construction	0%	$16,010,000	$3,000,000	Under Construction	Under Construction	100%	Nov-03
Sanctuary Cove	Broward	292	Under Construction	0%	$19,400,000	$297,355	Under Construction	Under Construction	100%	Nov-03
Baywinds	Miami	204	Under Construction	20%	$9,670,000	$1,000,000	Under Construction	Under Construction	100%	Sep-05
Eagle Pointe	Broward	192	Under Construction	0%	$12,285,000	$0	Under Construction	Under Construction	100%	Oct-06
Renaissance	West Palm Beach	344	Under Construction	0%	$24,375,000	$0	Under Construction	Under Construction	100%	Nov-06
Captiva Club	Miami	136	Under	0%	$6,820,000	$1,000,000	Under	Under	100%	Sep-05
Hawks	Fort Myers	204	Under Construction	0%	$10,750,000	$0	Under Construction	Under Construction	100%	2005
Bonita Pointe	Miami-Dade	164	Under Construction	0%	$8,000,000	$0	Under Construction	Under Construction	100%	2006
Harbour Cove	Broward	212	Under Construction	0%	$14,515,000	$0	Under Construction	Under Construction	100%	2006

Certification: **I hereby certify that this statement is a complete and accurate representation of the cash flows and contingent liabilities as of the date of this statement**

Mara S. Mades
Signature: ______________________

October 7, 2003
Date: ______________________

Exhibit 8e
Cornerstone Group Development, L.L.C.
Schedule of Contingent Liabilities

Project Name	Location	No. Of Units	Comp. Date	Current Occup.	First Mortgage	Second Mortgage	Annual Debt Service	Deficit Funding	Type Of Guaranty	Release Date Of Guaranty
Indian Trace	Riveira Beach	330	Under Construction	13%	$23,770,000	$0	Under Construction	Under Construction	100%	Jun-08
St. Croix	Broward County	246	Under Construction	0%	$18,095,000	$0	Under Construction	Under Construction	100%	Oct-08
San Marco	Ormond Beach	260	Under Construction	45%	$14,100,000	$0	Under Construction	Under Construction	100%	Feb-08
Laguna pointe	Broward County	188	Under Construction	0%	$13,300,000	$0	Under Construction	Under Construction	100%	Apr-06
Mariners Cove	Tampa	208	Under Construction	28%	$11,715,000	$0	Under Construction	Under Construction	100%	Jun-07
Portofino	West Palm Beach	270	Under Construction	0%	$20,020,000	$0	Under Construction	Under Construction	100%	Sep-06
Tuscany Place	Miami-Dade	340	Under Construction	0%	$16,010,000	$3,000,000	Under Construction	Under Construction	100%	Nov-03
Sanctuary Cove	Broward	292	Under Construction	0%	$19,400,000	$297,355	Under Construction	Under Construction	100%	Nov-03
Baywinds	Miami	204	Under Construction	20%	$9,670,000	$1,000,000	Under Construction	Under Construction	100%	Sep-05
Eagle Pointe	Broward	192	Under Construction	0%	$12,285,000	$0	Under Construction	Under Construction	100%	Oct-06
Renaissance	West Palm Beach	344	Under Construction	0%	$24,375,000	$0	Under Construction	Under Construction	100%	Nov-06
Captiva Club	Miami	136	Under	0%	$6,820,000	$1,000,000	Under	Under	100%	Sep-05
Hawks	Fort Myers	204	Under Construction	0%	$10,750,000	$0	Under Construction	Under Construction	100%	2005
Bonita Pointe	Miami-Dade	164	Under Construction	0%	$8,000,000	$0	Under Construction	Under Construction	100%	2006
Harbour Cove	Broward	212	Under Construction	0%	$14,515,000	$0	Under Construction	Under Construction	100%	2006

Certification: **I hereby certify that this statement is a complete and accurate representation of the cash flows and contingent liabilities as of the date of this statement**

Leon J. Wolfe, President of Cornerstone Group Development, LLC **October 7, 2003**

Signature: ______________________ **Date:** ______________________