
Florida Housing Finance Corporation

Credit Underwriting Report

Allapattah Garden Apartments

SAIL Program and Housing Credits Program

2002-060S

2002-536C

Section A Board Summary

Section B Loan Commitment Conditions and HC Allocation Contingencies

Section C Supporting Information and Schedules

Prepared by

Seltzer Management Group, Inc.

Final Report

March 5, 2003

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Allapattah Garden Apartments

DATE: March 5, 2003

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

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

ALLAPATTAH GARDEN APARTMENTS

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MARCH 5, 2003

management agent.		
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:

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	1
Are all funding sources the same as shown in the Application?		2
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?	X	
Does the Applicant have site control at or above the level indicated in the Application?	X	
Does the Applicant have adequate zoning as indicated in the Application?	X	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development costs remained equal to or less than those listed in the Application?	X	3
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	X	
Is the Development in all other material respects the same as presented in the Application?	X	

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

1. The application reflects the managing general partner of Allapattah Gardens, Ltd. as Allapattah Gardens, Inc. and the general partner as New Century Development Corporation, Inc. In October 2002, NCDC Allapattah Gardens, Inc. replaced New Century Development Corporation, Inc. as general partner of Allapattah Gardens, Ltd. The developer(s) as identified in the application as The Carlisle Group, LLC and New Century Development Corporation, Inc. have remained the same.

2. The application reflected \$4,850,000 of first mortgage financing. The applicant has been allocated \$5,200,000 of first mortgage financing from the Dade County Housing Finance Authority. The application reflected \$750,000 in SHIP financing. The commitment for this loan has expired and was not renewed. The application reflected a \$400,000 HOME grant. This is actually a HOME loan.
3. Total development costs have remained equal to or less than those listed in the application. However, development costs before developer fees have increased over those listed in the application. Total construction costs have increase from \$7,385,865 to \$7,975,108. This is a \$589,243 increase in construction costs. The construction costs have been reviewed by Consultech & Associates and have been determined to be reasonable. Financial costs have increased from \$651,749 to \$1,048,915. This is primarily due to an increase in issuance costs and reserves required by the first mortgage lender. These increased financial costs do not affect eligible basis for HC or the HC 50% test. General development costs have decreased from \$1,878,880 to \$1,718,616. Additionally, the applicant has reduced his developer's fee from \$1,784,969 to \$885,332 in order to meet the HC 50% test for HC.
4. Due to an increase in construction costs, the tax-exempt bonds were increased from \$4,850,000 to \$5,200,000 in order to meet the 50% test. Since tax-exempt bonds are considered when calculating leveraging during the ranking process, FHFC has advised that SAIL proceeds in the amount of \$350,000 must be reserved to pay down the tax-exempt bonds following final cost certification. In the event the pay down does not occur within 6 months following final cost certification, the reserved proceeds will be reduced from the SAIL principal loan amount and returned to the SAIL program.

Section A
Board Summary

Executive Summary

This is a State Apartment Incentive Loan ("SAIL") Credit Underwriting Report for Allapattah Garden Apartments, a proposed new construction development to be located between NW 11th Court and NW 33rd & 36th Streets adjacent to the Allapattah Metro Rail Station in Miami, Florida.

The subject development will consist of 128 units in eight residential buildings and a clubhouse with an attached daycare facility. The proposed development is targeted as an Urban In-Fill Development. Construction commenced November 2002, with completion projected for November 2003. The appraiser projects an absorption rate of 25 units per month with stabilization of 96% occurring within one month of construction completion. This results in stabilization on or about December 2003.

Ownership Structure:

The applicant, Allapattah Gardens, Ltd. ("Allapattah, Ltd.") is a Florida Limited Partnership formed to own and operate Allapattah Garden Apartments. Initially, the managing general partner was Allapattah Gardens, Inc. (a for-profit corporation with a 0.0049% ownership interest) and the general partner was NCDC Allapattah Gardens, Inc. ("NCDC"), a not-for-profit corporation with a 0.0051% ownership interest; and the 99.99% limited partner of Allapattah, Ltd. was Lloyd J. Boggio (and/or assigns). Related Capital Company, New York, NY ("RCC assigned its interest to Related Corporate Partners XXII, L.P. as limited partner (replacing the withdrawing Lloyd Boggio) and Related Corporate XXII SLP, Ltd. as special limited partner as of November 1, 2002.

Allapattah Gardens, Inc. (the managing general partner) has the same principals as The Carlisle Group, LLC ("Carlisle"). Carlisle and New Century Development Corporation, Inc. ("New Century") are the developer entities for Allapattah Garden Apartments. Mr. Boggio is a 33% owner of Carlisle. Additionally, Carlisle is the parent company of Carlisle Property Management, Inc., the proposed management company.

The principals of the applicant have sufficient experience and financial resources to complete a development of this type.

SAIL Loan:

The applicant has applied for a \$1,500,000 SAIL loan to be issued by the Florida Housing Finance Corporation ("FHFC" or "Florida Housing") to finance this development.

The SAIL loan will have a term co-terminus with the first mortgage as requested by the equity syndicator and provided for in the Rule. The 40-year permanent loan period follows an 24-month construction/stabilization period. 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 3.40% (simple interest rate plus applicable fees).

Housing Credits (“HC”) Equity Investment Agreement:

The Applicant has applied to Florida Housing to receive HC (4% HC directly from the Federal Treasury in conjunction with the tax-exempt MMRB first mortgage financing received from the Dade County HFA to finance this development). Based on the Amended and Restated Limited Partnership Agreement dated November 1, 2002 Related Capital Company (“RCC”) has purchased a 99.99% limited partner interest in the partnership and subsequently assigned its interest to Related Corporate Partners XXII, L.P. as limited partner (replacing the withdrawing Lloyd Boggio) and Related Corporate XXII SLP, Ltd. as special limited partner. This Agreement provides for capital contributions of \$3,671,000 based on annual projected tax credits of \$450,410.

Other Financing Sources:

Additional sources of funds for this development during construction include the first mortgage construction/permanent loan, a Miami/Dade Co. Surtax loan, a City of Miami HOME loan and deferred developer fees.

The applicant has closed on a Dade County Housing Finance Authority (“HFA”) Loan of \$5,200,000 for the construction and permanent financing of the subject development. The amount consists entirely of tax-exempt bonds. Terms and conditions of the HFA financed loan include a 42-year term and a fixed interest rate. The loan interest rate (the “all-in” interest rate) will be equal to the bonds’ interest rate, plus HFA and trustee fees. The “all-in” rate is fixed at 7.50%.

The applicant provided a confirmation letter from Miami/Dade County that commits up to \$500,000 in FY Surtax 2000 funds. This loan will have a 0.00% interest rate during construction. During the permanent phase this loan is non-amortizing through and until December 31, 2017. At that time and until the maturity date of December 31, 2032 interest on the principal amount will accrue at the annual interest rate of 3.00% and annual payments of principal and interest in the amount of \$41,883 will be required. On the maturity date any unpaid interest and principal will also be due and payable.

The applicant provided a confirmation letter for a City of Miami HOME loan in the amount of \$400,000. This loan will have a 0.00% interest rate during construction. During the permanent phase this loan is non-amortizing with monthly interest only payments of 6.00%, plus principal to the extent that development cash flow is available, a 30-year term and any unpaid principal due at maturity.

SMG estimates that the developer will have to defer \$868,451 of the developer fee to balance the sources and uses of funds during the construction phase based on SMG’s current development cost estimate.

After the developer receives all of the remaining capital contributions payable under the syndication agreement, SMG estimates that the developer will have to defer \$356,971 of the developer fee for payment from development operations.

Additional Information:

1. New Century: A Dun & Bradstreet (“D&B”) Comprehensive Report dated February 7, 2003 for New Century Development Corporation, Inc., reflects several adverse items. Specifically

this report states that the Credit Score Class for this business is 0. This means the business is either in open bankruptcy, discontinued operating, or cannot be scored. According to the D&B report, New Century Development has one judgment and twelve liens filed against it.

Allapattah Gardens, Inc. (the managing general partner) has the same principals as The Carlisle Group, LLC ("Carlisle"). Carlisle is the lead developer entity for Allapattah Garden Apartments. In making this loan recommendation, SMG is relying on the development experience and financial strength of Carlisle and its partners Lloyd J. Boggio, Bruce W. Greer, and Luis A. Gonzalez. Additionally, it is our understanding that all of the outstanding liens and judgments against New Century are being satisfied.

2. Due to an increase in construction costs, the tax-exempt bonds were increased from \$4,850,000 to \$5,200,000 in order to meet the 50% test. Since tax-exempt bonds are considered when calculating leveraging during the ranking process, FHFC has advised that SAIL proceeds in the amount of \$350,000 must be reserved to pay down the tax-exempt bonds following final cost certification. In the event the pay down does not occur within 6 months following final cost certification, the reserved proceeds will be reduced from the SAIL principal loan amount and returned to the SAIL program.

Issues and Concerns:

None

Recommendation:

SMG recommends a \$1,500,000 SAIL loan for the permanent financing of this development and an annual HC allocation of \$459,285.

This recommendation is based upon the assumptions detailed in the Board Summary (Section A) and subject to the Loan Conditions and HC Allocation Contingencies outlined in the Loan Commitment Conditions and HC Allocation Contingencies (Section B). The reader is cautioned to refer to these sections for complete information.

Prepared by:



Don Jackson
Credit Underwriter

Reviewed by:



Benjamin S. Johnson
President

Allapattah Garden Apartments

2002- 060S / 2002-536C

SAIL Loan Recommendation **\$1,500,000**

HC Allocation Recommendation

Annual HC per Qualified Basis: \$459,285
 Annual HC per Gap Calculation: \$494,208
Annual HC Allocation Recommendation: \$459,285

<u>Development Type</u>	<u>Set Aside</u>	<u>Set Aside Term</u>
New Construction	4.69% at 35% of AMI and 95.31% at 60% of AMI (SAIL) 100% at 60% of AMI (HC)	50 years (SAIL) 30 years with option to convert after Year 14 (HC)
<u>Mortgagor</u>	<u>Principals</u>	<u>Developer</u>
Allapattah Gardens, Ltd.	Lloyd J. Boggio, Bruce Greer and Luis Gonzalez New Century Development Corp., Inc.	The Carlisle Group, LLC
<u>Demographic/Area Commitment</u>	<u>Syndicator</u>	<u>HC Price</u>
Urban In-Fill Family (SAIL)	Related Capital Company	\$0.815 per dollar of HC
<u>Site Area</u>	<u>Density</u>	<u>Zoning</u>
4.69 acres	27.29 units per gross acre	R-2, C-2 and Rapid Transit Zone which requires minimum 20 units/acre.
<u>Net Operating Income</u>	<u>Appraised Value</u>	<u>Total Development Cost</u>
\$508,999	\$8,300,000 "Market Rents and Market Financing" \$7,835,000 "Restricted Rents and Favorable Financing"	\$11,627,971

Rent Roll

PMSA/County: Miami/ Dade County

Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	Gross HC Rents	Utility Allowance	Max Net HC Rents	Applicant Rents	Underwriter Rents	Annual Rents
2	2	3	916	35%	\$379	\$74	\$305	\$307	\$305	\$10,980
2	2	25	916	60%	\$651	\$74	\$577	\$579	\$577	\$173,100
3	2	4	1,182	35%	\$438	\$100	\$338	\$348	\$338	\$16,224
3	2	96	1,182	60%	\$752	\$100	\$652	\$662	\$652	\$751,104
Totals		128	143,848							\$951,408

No manager/employee units are anticipated.

Sources of Funds

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
First Mortgage	Dade HFA	\$4,850,000	\$5,200,000	\$5,200,000	7.50%	40	42	\$410,636
SAIL	FHFC	\$1,500,000	\$1,500,000	\$1,500,000	3.40%	N/A	42	\$50,930
Surtax Loan	Dade Co.	\$500,000	\$500,000	\$500,000	0.00%	N/A	30	\$0
SHIP Loan	Dade Co.	\$750,000	\$0	\$0				
HOME Loan	Miami	\$400,000	\$400,000	\$400,000	6.00%	N/A	30	\$24,000
HC	RCC	\$3,625,000	\$3,671,000	\$3,671,000				
Defer. Developer Fee	Developer	\$76,463	\$345,637	\$356,971				
Total		\$11,701,463	\$11,616,637	\$11,627,971				\$485,566

Ratios

<u>Loan To Value</u> ¹	<u>Debt Service Coverage</u>	<u>Total Cost Per Unit</u>
80.72% "Market Rents and Market Financing"	1.103 Combined SAIL and First Mortgage ²	\$90,844
85.51% "Restricted Rents and Favorable Financing"		
<u>SAIL Loan To Cost</u> ³	<u>SAIL Loan Per Unit</u> ³	<u>FHFC Assistance Per Unit</u> ⁴
12.9%	\$11,719	\$11,719

¹Based on the total of the SAIL loan amount and the first mortgage amount

²Based on debt service for the first stabilized year; debt service coverage for subsequent years is shown in Exhibit 1

³Based on the SAIL loan amount recommended

⁴Based on SAIL loan only

Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
First Mortgage	Dade HFA	\$4,850,000	\$5,200,000	\$5,200,000	7.50%	\$351,094
SAIL	FHFC	\$1,500,000	\$1,500,000	\$1,500,000	3.40%	\$43,545
Surtax Loan	Dade Co.	\$500,000	\$500,000	\$500,000	0.00%	\$0
SHIP Loan	Dade Co.	\$750,000	\$0	\$0		
HOME Loan	Miami	\$400,000	\$400,000	\$400,000	0.00%	\$0
HC	RCC	\$3,081,250	\$3,159,520	\$3,159,520		
Defer. Developer Fee	Developer	\$1,784,969	\$857,117	\$868,451		
Total		\$12,866,219	\$11,616,637	\$11,627,971		\$394,639

Notes to the Construction Period Sources of Funds:

1. The applicant has closed on a Dade County Housing Finance Authority ("HFA") Loan of \$5,200,000 for the construction and permanent financing of the subject development. The amount consists entirely of tax-exempt bonds. Terms and conditions of the HFA financed loan include a 42-year term and a fixed interest rate. The loan interest rate (the "all-in" interest rate) will be equal to the bonds' interest rate, plus HFA and trustee fees. The "all-in" rate is fixed at 7.50%.
2. The applicant has applied for a \$1,500,000 SAIL loan. The SAIL loan will have a term co-terminus with the first mortgage as requested by the equity syndicator and provided for in the Rule. The 40-year permanent loan period follows a 24-month construction/stabilization period. 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 3.40% (simple interest rate plus applicable fees).
3. The applicant provided a confirmation letter from Miami/Dade County that commits up to \$500,000 in FY Surtax 2000 funds. This loan will have a 0.00% interest rate during construction. During the permanent phase this loan is non-amortizing through and until December 31, 2017. At that time and until the maturity date of December 31, 2032 interest on the principal amount will accrue at the annual interest rate of 3.00% and annual payments of principal and interest in the amount of \$41,883 will be required. On the maturity date any unpaid interest and principal will also be due and payable.
4. The applicant provided a confirmation letter for a City of Miami HOME loan in the amount of \$400,000. This loan will have a 0.00% interest rate during construction. During the permanent phase this loan is non-amortizing with monthly interest only payments of 6.00%, plus principal to the extent that development cash flow is available, a 30-year term and any unpaid principal due at maturity.
5. The Applicant has applied to Florida Housing to receive HC (4% HC directly from the Federal Treasury in conjunction with the tax-exempt MMRB first mortgage financing received from the Dade County HFA to finance this development). Based on the Amended

and Restated Limited Partnership Agreement dated November 1, 2002 Related Capital Company ("RCC") has purchased a 99.99% limited partner interest in the partnership and subsequently assigned its interest to Related Corporate Partners XXII, L.P. as limited partner (replacing the withdrawing Lloyd Boggio) and Related Corporate XXII SLP, Ltd. as special limited partner. This Agreement provides for capital contributions of \$3,671,000 based on annual projected tax credits of \$450,410. The amount available during construction is \$3,159,520.

6. During the construction period the applicant must defer \$868,451 of its developer fees.

Permanent Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
First Mortgage	Dade HFA	\$4,850,000	\$5,200,000	\$5,200,000	7.50%	40	42	\$410,636
SAIL	FHFC	\$1,500,000	\$1,500,000	\$1,500,000	3.40%	N/A	42	\$50,930
Surtax Loan	Dade Co.	\$500,000	\$500,000	\$500,000	0.00%	N/A	30	\$0
SHIP Loan	Dade Co.	\$750,000	\$0	\$0				
HOME Loan	Miami	\$400,000	\$400,000	\$400,000	6.00%	N/A	30	\$24,000
HC	RCC	\$3,625,000	\$3,671,000	\$3,671,000				
Defer. Developer Fee	Developer	\$76,463	\$345,637	\$356,971				
Total		\$11,701,463	\$11,616,637	\$11,627,971				\$485,566

Notes to the Permanent Period Sources of Funds:

1. The applicant has closed on a Dade County Housing Finance Authority ("HFA") Loan of \$5,200,000 for the construction and permanent financing of the subject development. The amount consists entirely of tax-exempt bonds. Terms and conditions of the HFA financed loan include a 42-year term and a fixed interest rate. The loan interest rate (the "all-in" interest rate) will be equal to the bonds' interest rate, plus HFA and trustee fees. The "all-in" rate is fixed at 7.50%.
2. The applicant has applied for a \$1,500,000 SAIL loan. The SAIL loan will have a term co-terminus with the first mortgage as requested by the equity syndicator and provided for in the Rule. The 40-year permanent loan period follows a 24-month construction/stabilization period. 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 3.40% (simple interest rate plus applicable fees).
3. The applicant provided a confirmation letter from Miami/Dade County that commits up to \$500,000 in FY Surtax 2000 funds. This loan will have a 0.00% interest rate during construction. During the permanent phase this loan is non-amortizing through and until December 31, 2017. At that time and until the maturity date of December 31, 2032 interest on the principal amount will accrue at the annual interest rate of 3.00% and annual payments of principal and interest in the amount of \$41,883 will be required. On the maturity date any unpaid interest and principal will also be due and payable.
4. The applicant provided a confirmation letter for a City of Miami HOME loan in the amount of \$400,000. This loan will have a 0.00% interest rate during construction. During the permanent phase this loan is non-amortizing with monthly interest only payments of 6.00%, plus principal to the extent that development cash flow is available, a 30-year term and any unpaid principal due at maturity.
5. The Applicant has applied to Florida Housing to receive HC (4% HC directly from the Federal Treasury in conjunction with the tax-exempt MMRB first mortgage financing

received from the Dade County HFA to finance this development). Based on the Amended and Restated Limited Partnership Agreement dated November 1, 2002 Related Capital Company ("RCC") has purchased a 99.99% limited partner interest in the partnership and subsequently assigned its interest to Related Corporate Partners XXII, L.P. as limited partner (replacing the withdrawing Lloyd Boggio) and Related Corporate XXII SLP, Ltd. as special limited partner. This Agreement provides for capital contributions of \$3,671,000 based on annual projected tax credits of \$450,410.

6. The Deferred Developer Fee amount represents the portion of the developer's fee that will have to be deferred during the permanent period for payment from development operations, after all loan proceeds and capital contributions have been.

Uses of Funds

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
Actual Construction Costs				
Construction Contract				
Site Work	\$0	\$0	\$0	\$0
Off-Site	\$0	\$0	\$0	\$0
New Rental Units	\$6,127,576	\$6,893,600	\$6,543,600	\$0
Rehabilitation of Existing Units	\$0	\$0	\$0	\$0
Accessory Buildings	\$80,000	\$0	\$350,000	\$0
Owner/Additional Items	\$110,000	\$164,000	\$164,000	\$24,000
Rehabilitation of Common Areas	\$0	\$0	\$0	\$0
Contractor's Fee (Not to Exceed 14%)	\$884,462	\$690,000	\$690,000	\$0
Total Construction Contract	\$7,202,038	\$7,747,600	\$7,747,600	\$24,000
Hard Cost Contingency	\$183,827	\$227,508	\$227,508	\$0
Total Actual Construction Costs	\$7,385,865	\$7,975,108	\$7,975,108	\$24,000

Notes to the Actual Construction Costs:

1. The applicant has provided an executed AIA construction contract dated September 10, 2002, in the amount of \$7,583,600 between the applicant and BJ&K Construction, Inc. Construction commenced in November 2002; construction completion is expected in November 2003.
2. Owner/Additional Items include perimeter fencing at \$60,000; furniture/fixtures at \$45,000; washer/dryer units at \$24,000; recreation items at \$10,000; and, clubhouse decoration at \$25,000. For a total of \$164,000.
3. SMG received a Pre-Construction Analysis ("PCA") from Consultech & Associates, Inc. ("Consultech"). Complete results of the PCA are provided in Section C of this report.
4. Site Observation Reports by Consultech indicate construction completion to date in accordance with the construction contract with no change orders as of January 8, 2003. The last application for payment approved by Consultech in Site Observation Report No. 1 showed a total earned to date of \$287,462 and a balance to finish, including retainage, of \$7,296,138. This is a total of \$7,583,600, which is the original contract amount.
5. The general contractor fees shown in the contract are within underwriting guidelines.
6. The applicant has included a Hard Cost Contingency in the Development Budget that is reasonable.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
General Development Costs				
Accounting Fees	\$25,000	\$20,000	\$20,000	\$0
Appraisal	\$6,500	\$16,000	\$16,000	\$0
Architect's Fee - Design	\$125,000	\$181,500	\$181,500	\$0
Architect's Fee - Supervision	\$15,000	\$7,500	\$7,500	\$0
Builder's Risk Insurance	\$35,000	\$80,137	\$80,137	\$0
Building Permit	\$51,200	\$77,978	\$77,978	\$0
Brokerage Fees - Land	\$0	\$0	\$0	\$0
Brokerage Fees - Buildings	\$0	\$0	\$0	\$0
Closing Costs - Construction Loan	\$275,050	\$5,200	\$5,200	\$0
Closing Costs - Permanent Loan	\$11,025	\$41,350	\$41,350	\$41,350
Engineering Fee	\$50,000	\$65,000	\$65,000	\$0
Environmental Report	\$15,000	\$10,250	\$10,250	\$0
FHFC Administrative Fee	\$35,588	\$35,846	\$36,033	\$0
Application Fees	\$4,000	\$19,325	\$19,325	\$0
FHFC Compliance Fee	\$57,399	\$57,399	\$53,546	\$53,546
Credit Underwriting Fees	\$12,080	\$22,200	\$22,200	\$0
Impact Fees	\$202,666	\$220,000	\$220,000	\$0
Inspection Fees	\$75,000	\$15,000	\$15,000	\$0
Insurance	\$25,000	\$7,500	\$7,500	\$1,500
Legal Fees	\$180,000	\$234,000	\$234,000	\$68,820
Market Study	\$5,000	\$19,500	\$19,500	\$0
Marketing and Advertising	\$125,000	\$125,000	\$125,000	\$125,000
Pre-Constr. Analysis / Existing Prop. Eval.	\$0	\$0	\$0	\$0
Property Taxes	\$15,000	\$46,000	\$46,000	\$0
Soil Test	\$7,500	\$3,100	\$3,100	\$0
Survey	\$15,000	\$15,000	\$15,000	\$0
Title Insurance	\$92,500	\$64,800	\$64,800	\$0
Utility Connection Fees	\$172,800	\$191,446	\$191,446	\$0
Other	\$183,795	\$82,000	\$82,000	\$82,000
Contingency	\$61,777	\$59,251	\$59,251	\$53,326
Total General Development Costs	\$1,878,880	\$1,722,282	\$1,718,616	\$425,542

Notes to the General Development Costs:

1. Application fees are for multiple programs that the applicant has applied to.
2. Applicant has applied to Florida Housing for HC. FHFC Administrative and Compliance fees are actual costs as determined by SMG.
3. Credit underwriting fees are for multiple programs that the applicant has applied to.
4. Other includes Social Services fee of \$72,000 and miscellaneous of \$10,000.
5. Other general development costs are based on revised estimates provided by the developer, which appear reasonable at this time.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
Financial Costs				
Cost of Issuance Fees	\$0	\$185,212	\$185,212	\$185,212
Construction Loan Interest	\$529,750	\$497,748	\$497,748	\$289,848
Construction Loan Orig. Fee	\$48,500	\$52,155	\$52,155	\$0
Replacement Reserves	\$0	\$25,600	\$25,600	\$25,600
SAIL Loan Commitment Fee	\$0	\$0	\$15,000	\$15,000
Other Loan Closing Costs	\$0	\$10,000	\$10,000	\$8,500
Permanent Loan Orig. Fee	\$73,499	\$52,000	\$52,000	\$52,000
Escrows for Insurance/Taxes	\$0	\$211,200	\$211,200	\$211,200
Total Financial Costs	\$651,749	\$1,033,915	\$1,048,915	\$787,360

Notes to the Financial Costs:

1. Construction Loan Interest is based upon Applicant's estimate, which appears reasonable.
2. Escrows for Insurance/Taxes include a full year of estimated property taxes and property insurance escrow as required by the 1st mortgage lender.
3. The applicant has elected to pre-pay \$100 per unit for two years of the replacement reserve fund.
4. SMG has included a SAIL loan commitment fee.
5. The other financial costs are the applicant's estimate and appear reasonable. SMG will confirm these costs prior to SAIL Loan closing.

	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.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
Development Cost Before Land & Developer Fee	\$9,916,494	\$10,731,305	\$10,742,639	\$1,236,902
Other Development Costs				
Developer Fee on Acquisition of Buildings	\$0	\$0	\$0	\$0
Developer Fee	\$1,784,969	\$885,332	\$885,332	\$0
Other - Consulting Fees	\$0	\$0	\$0	\$0
Total Other Development Costs	\$1,784,969	\$885,332	\$885,332	\$0

Notes to the Other Development Costs:

1. Developer Fees are within Florida Housing's cap of 18%.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
Development Cost Before Land	\$11,701,463	\$11,616,637	\$11,627,971	\$1,236,902
Land Acquisition Costs				
Land	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Total Land Acquisition Costs	\$0	\$0	\$0	\$0

Notes to the Acquisition Costs:

1. The land component of development costs is \$0. Miami-Dade County, Florida conveyed the development site to New Century Development Corporation, Inc. on July 7, 1999 for \$10. New Century Development Corporation, Inc. further leased the site to the applicant Allapattah Gardens, Ltd. for a period of 55 years with annual lease payments of \$1 per year, plus all property taxes, insurance and maintenance.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs	HC Ineligible Costs
Total Development Cost	\$11,701,463	\$11,616,637	\$11,627,971	\$1,236,902

Operating Pro Forma

DESCRIPTION	ANNUAL	PER UNIT
Revenue		
Gross Potential Rental Revenue	\$951,408	\$7,433
Other Income:		
Washer/Dryer Rentals	\$0	\$0
Laundry Income	\$16,128	\$126
Cable Television Income	\$6,528	\$51
Miscellaneous Income	\$30,720	\$240
Gross Potential Income	\$1,004,784	\$7,850
Less:		
Vacancy Loss - 4.0%	(\$38,056)	(\$297)
Collection Loss - 1.0%	(\$9,887)	(\$77)
Total Effective Gross Revenue	\$956,841	\$7,475
Expenses		
Fixed:		
Taxes	\$102,400	\$800
Insurance	\$51,200	\$400
Variable:		
Management Fees	\$47,842	\$374
General and Administrative	\$38,400	\$300
Payroll Expenses	\$89,600	\$700
Utilities	\$35,200	\$275
Marketing and Advertising	\$0	\$0
Maintenance and Repairs	\$51,200	\$400
Grounds Maintenance and Landscaping	\$0	\$0
Replacement Reserve	\$12,800	\$100
Other: Security	\$19,200	\$150
Other:	\$0	\$0
Total Expenses	\$447,842	\$3,499
Net Operating Income	\$508,999	\$3,977
Debt Service Payments		
First Mortgage	\$410,636	\$3,208
Second Mortgage	\$50,930	\$398
Surtax Loan	\$0	\$0
HOME Loan	\$24,000	\$188
Total Debt Service Payments	\$485,566	\$3,793
Operating Income After Debt Service - Before Tax Cash Flow	\$23,433	\$183

Debt Service Coverage Ratios		
	Debt Service Coverage - First Only	1.240
	Debt Service Coverage - First and Second	1.103
	Debt Service Coverage - First, Second, and Third	1.103
	Debt Service Coverage - All Mortgages and Fees	1.048

Financial Ratios		
	Operating Expense Ratio	46.8%
	Break-Even Ratio	92.9%

Notes to the Operating Proforma and Ratios:

1. The SAIL program does not impose any rent restrictions. However, this development has applied for Housing Credits ("HC"), which will impose rent restrictions. Therefore, the rent schedule is based upon Year 2002 Maximum HC Rents published by FHFC, less Utility Allowances.
2. No manager/employee units are anticipated.
3. Laundry Income is based upon 70% of the units spending \$15 per month (or \$16,128 annually), which is supported by the appraisal.
4. Cable Television Income is based on 85% of the units utilizing the cable service at a net of \$5 per unit per month (or \$6,528 annually), which is supported by the appraisal.
5. Miscellaneous income includes clubhouse rentals, security deposit forfeitures, late fees, pet fees, cleaning fees, etc. Miscellaneous income is estimated at 100% of the total units at \$240 per unit per year (or \$30,720 annually), which is supported by the appraisal.
6. SMG has underwritten Vacancy Loss at 4.0% and Collection Loss at 1.0%, which is supported by the Appraisal.
7. The appraiser estimated insurance costs at \$350 per unit per year. The applicant estimated insurance costs at \$400 per unit per year. SMG utilizes the applicant's estimate that is more conservative.
8. SMG has calculated the management fees based on the actual management agreement, which stipulates compensation of 5% of gross receipts.
9. Estimated costs associated with the tenant programs committed to in the application are minimum and have been included in the General and Administrative expenses.
10. Estimated costs associated with the pest control and termite prevention are minimum and have been included in the Maintenance and Repairs expenses.
11. Utilities are for common area water, sewer and electric. The tenants will pay all utilities with the exception of trash collection. The utility estimate is supported by the appraisal.
12. Replacement reserves are based on \$100 per unit per year in years one and two.
13. Other operating expense estimates are based on restricted rent comparables and are supported by the appraisal.

14. Based on operating data from comparable properties reflected in third party reports (primarily a subject self-contained appraisal and market study), SMG represents that, in our professional opinion, estimates for rental income, vacancy and loss allowances, other income, and operating expenses fall within a band of reasonableness.

Section B

Loan Commitment Conditions

Housing Credit Allocation Contingencies

State Apartment Incentive Loan Recommendation

Seltzer Management Group, Inc. ("SMG"), recommends a loan funded through the Florida Housing Finance Corporation's ("FHFC" or "Florida Housing") State Apartment Incentive Loan ("SAIL") Program under the conditions detailed in this section.

Loan Amount

The SAIL loan amount recommended by SMG is \$1,500,000.

The loan amount recommended by SMG is determined as follows:

- I. The loan amount is limited to the lesser of:
 - A. 25% of development cost. The recommended SAIL loan is 12.9% of development cost.
 - B. An amount so that the combined SAIL loan and all superior debt do not exceed 100% of the appraised market value of the development. The requested SAIL loan and first mortgage combined are 80.72% of the market value.
 - C. The amount necessary to make the development feasible, which is \$1,500,000 based on the information provided to date.
 - D. Applicant request, which is \$1,500,000.

Therefore, the recommended SAIL loan amount is \$1,500,000.

Additionally, the combined debt service coverage ratio for the SAIL loan and all superior debt must not be less than 1.100 nor greater than 1.500. (Debt service includes interest based on the base rate, plus servicing, compliance monitoring, and financial monitoring fees). SMG estimates the combined debt service coverage ratio for the SAIL loan and the first mortgage to be 1.103.

State Apartment Incentive Loan General Conditions

Purpose:

To provide permanent mortgage financing for Allapattah Garden Apartments, 128 units on 4.69 gross acres located between NW 11th Court and NW 33rd & 36th Streets adjacent to the Allapattah Metro Rail Station in Miami, Florida.

Security / Collateral:

1. A second mortgage leasehold interest on the land and second mortgage lien on subject improvements
2. A security interest in all personalty of the development
3. Additional collateral as required by Florida Housing

Typical Documents:

1. Note, Mortgage, and Land Use Restriction Agreement
2. Assignment of leases, rents, profits
3. Assignment of management contract, service contracts, etc.
4. Loan Agreement
5. Construction Completion and Operating Deficit Guarantees
6. Environmental Indemnity
7. Other documents as may be required by Florida Housing 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 HC awarded to the development, or to meet Fannie Mae requirements, if it is financing the 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, loan-servicing fees, compliance monitoring fees, and financial monitoring fees. Interest and fees are calculated based on the outstanding principal balance of the loan. Required annual payments consist of all fees. Payments of interest are payable from

development cash flow, and may be deferred until there is adequate cash flow. However, all outstanding interest, principal, and fees 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:

In accordance with Rule 67-48.012, F.A.C., 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 on the first day of the first month after the final certificate of occupancy or at loan closing. At the Borrower's election, the Borrower may pre-pay up to one-half of the required reserve amount for years one and/or two, so that only one-half of the reserve will be paid from development operations. Full replacement reserve deposits will be required beginning in year two or three.

Florida Housing shall have the right to attach the escrow accounts in the event of default under the loan documents. The application of funds by Florida Housing 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, and not for normal maintenance and repairs. Capital expenditures shall include, at Florida Housing's sole discretion, building structural repairs, roof replacement, kitchen appliance replacement, carpet replacements and major building systems replacement. The per unit per year amount may be increased based on a physical needs assessment.

A replacement reserve account maintained by the first mortgagee, with minimum deposits of \$200 per unit per year and terms satisfactory to Florida Housing, will satisfy this requirement. The account shall be subject to the rights of the first mortgagee to hold replacement reserves and to disburse such funds. In the event the reserve account is held by Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing's sole discretion.

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

This recommendation is contingent upon the review and approval of the following items by SMG and Florida Housing **at least two weeks before closing**. Failure to receive approval of these items within this time frame may result in postponement of the closing date.

1. Signed and sealed survey, dated within 90 days of closing, certified to Florida Housing and its legal counsel indicating the legal description, exact boundaries of the Development, easements, utilities, roads, means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
2. The final "as permitted" (signed and sealed) site plans, building plans, and specifications. The Geotechnical Report must be bound within the final plans and specifications.
3. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.
4. Final draw schedule to be approved prior to closing, itemized by line item, and showing the sources of funds for monthly draws.
5. Evidence of general liability, flood (if applicable), builder's risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee / Mortgagee, in coverages, deductibles and amounts satisfactory to Florida Housing.
6. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, the Americans with Disabilities Act, and Federal Fair Housing Act requirements, as applicable.

This recommendation is contingent upon the review and approval of the following items by Florida Housing and its legal counsel **at least two weeks before closing**. Failure to receive approval of these items within this time frame may result in postponement of the 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 any limited partners of the Borrower.
2. Signed and sealed survey, dated within 90 days of closing, certified to Florida Housing and its legal counsel indicating the legal description, exact boundaries of the Development, easements, utilities, roads, means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. Title insurance binder or commitment for title insurance with copies of all Schedule B exceptions in the amount of the SAIL Loan.
4. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the SAIL Loan have been satisfied.

5. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee / Mortgagee, in coverages, deductibles and amounts satisfactory to Florida Housing.
6. Receipt of a legal opinion from the Borrower's legal counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any partnership 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 SAIL Loan documents;
 - c. The 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 development are in compliance with all laws and regulations applicable to the construction, development and operation of the Development, and that all permits required for construction, rehabilitation and operation of the Development and any improvements related thereto have been obtained and are in full force and effect;
 - e. The Borrower's and the corporate guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement, and;
 - f. Such other matters as Florida Housing or its legal counsel may require.
7. Evidence of compliance with local concurrency laws prior to closing of the SAIL Loan.
8. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its legal counsel in form and substance acceptable to Florida Housing or its legal counsel, in connection with the SAIL Loan.
9. Any other reasonable conditions established by Florida Housing and its legal counsel.

This recommendation is 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, F.A.C.
2. Acceptance by the Borrower and execution of all documents evidencing and securing the SAIL Loan in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note, the Loan Agreement, the Mortgage and Security Agreement, and the Land Use Restriction Agreement.
3. Standard FHFC Construction Completion Guarantee from Allapattah Gardens, Ltd., Allapattah Gardens, Inc., The Carlisle Group, LLC, Lloyd J. Boggio, Bruce Greer, and Luis Gonzalez, individually.
4. Standard FHFC Operating Deficit Guarantee from Allapattah Gardens, Ltd., Allapattah Gardens, Inc., The Carlisle Group, LLC, Lloyd J. Boggio, Bruce Greer, and Luis Gonzalez, individually. This guarantee will be released upon achievement of 1.10

- combined debt service coverage for the first mortgage and the SAIL Loan for six consecutive months.
5. Standard FHFC Environmental Indemnity from Allapattah Gardens, Ltd., Allapattah Gardens, Inc., The Carlisle Group, LLC, Lloyd J. Boggio, Bruce Greer, and Luis Gonzalez, individually.
 6. Standard FHFC Guaranty of Recourse Obligations from Allapattah Gardens, Ltd., Allapattah Gardens, Inc., The Carlisle Group, LLC, Lloyd J. Boggio, Bruce Greer, and Luis Gonzalez, individually.
 7. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the SAIL Loan to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel.
 8. Property tax and hazard insurance escrow to be established and maintained by the First Lender or Florida Housing's loan Servicer.
 9. Replacement reserves in the amount of \$200 per unit per year to be held by the first mortgagee or Florida Housing's loan Servicer. The Borrower has elected to pre-fund at closing \$100 per unit per year for two years (\$25,600). Beginning in year three, the full \$200 per unit per year deposits in monthly amounts of \$2,133.33 will be funded from development operation and maintained in the replacement reserve account.
 10. Closing of the first mortgage loan simultaneous with or prior to closing of the SAIL loan.
 11. An updated environmental audit report prepared within 90 days of closing, acceptable to Florida Housing or its legal counsel, together with a reliance letter to Florida Housing. Borrower is to comply with any and all recommendations noted in the Environmental Assessment(s).
 12. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or it's Credit Underwriter/Servicer, if applicable.
 13. Due to an increase in construction costs, the tax-exempt bonds were increased from \$4,850,000 to \$5,200,000 in order to meet the 50% test. Since tax-exempt bonds are considered when calculating leveraging during the ranking process, FHFC has advised that SAIL proceeds in the amount of \$350,000 must be reserved to pay down the tax-exempt bonds following final cost certification. In the event the pay down does not occur within 6 months following final cost certification, the reserved proceeds will be reduced from the SAIL principal loan amount and returned to the SAIL program.
 14. At all times, there will be undisbursed Loan Funds (collectively held by FHFC, First Housing and any other sources) sufficient to complete the subject development. If at any time there are not sufficient funds (held by FHFC, First Housing and any other sources) to complete the subject development, Borrower will be required to expend additional Equity on development costs or to deposit additional Equity with FHFC that is sufficient (in Florida Housing's judgment) to complete the subject development before additional Loan Funds are disbursed. This condition specifically includes escrowing all Syndication and other Equity necessary to construction or another alternative acceptable to FHFC in its sole discretion.

15. Florida Housing to be listed as co-obligee on the payment and performance bond.
16. Consultech is to act as Florida Housing's inspector during the construction period.
17. A 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy.
18. Any other reasonable requirements of SMG, Florida Housing and its legal counsel.

Housing Credit Allocation Recommendation

SMG recommends a preliminary annual HC allocation of \$459,285. Please see the HC Allocation Calculation in Exhibit 3 of this report for further details.

Contingencies

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

1. Purchase of the HC by Related Capital Company under terms consistent with assumptions of this report.
2. Any other reasonable requirements of Florida Housing or SMG.

HC Allocation Calculation

Section I: Eligible Basis Calculation	
Development Cost	\$11,627,971
Less Land Cost	\$0
Less Federal Funds	\$0
Less Other Ineligible Cost	(\$1,236,902)
Less Disproportionate Standard	\$0
Total Eligible Basis	\$10,391,069
Applicable Fraction	100.00%
DDA/QCT Basis Credit	130.00%
Qualified Basis	\$13,508,389
Housing Credit Percentage	3.40%
Annual Housing Credit Allocation	\$459,285

Notes to the Eligible Basis Calculation:

1. Other Ineligible Costs are as shown in the HC Ineligible Costs column of the Uses of Funds in Section A of this report.
2. The development has a 100% set-aside; therefore the Applicable Fraction is 100.00%.
3. This development is located in a Difficult Development Area ("DDA") or a Qualified Census Tract ("QCT"); therefore, a 130.00% basis credit has been applied.

Section II: Gap Calculation	
Total Development Cost (Including Land and Ineligible Costs)	\$11,627,971
Less Mortgages	(\$7,600,000)
Less Grants	\$0
Equity Gap	\$4,027,971
Percentage to Investment Partnership	99.99%
HC Syndication Pricing	\$0.8151
HC Required to Meet Gap	\$4,942,082
Annual HC Required	\$494,208

Notes to the Gap Calculation:

1. Mortgages include the 1st mortgage loan, the SAIL loan, the surtax loan, and the HOME loan.
2. HC Syndication Pricing and Percentage to Investment Partnership are based on the Amended and Restated Limited Partnership Agreement dated November 1, 2002, as described in the Syndicator Information.

Section III: Tax-Exempt Bond 50% Test	
Total Depreciable Cost	\$10,391,069
Plus Land Cost	\$0
Aggregate Basis	\$10,391,069
Tax-Exempt Bond Amount	\$5,200,000
Less Debt Service Reserve	\$0
Less Proceeds Used for Costs of Issuance	\$0
Tax-Exempt Proceeds Used for Building and Land	\$5,200,000
Proceeds Divided by Aggregate Basis	50.043%

Notes to the Tax-Exempt Bond 50% Test:

1. The Cost of Issuance will be funded with HC Equity.

Section IV: Summary	
HC per Applicant Request	N/A
HC per Qualified Basis	\$459,285
HC per Gap Calculation	\$494,208
Annual HC Recommended	\$459,285

Notes to the Summary:

1. The Annual HC Recommended is based on the lower of the Qualified Basis or Gap Calculation.

Exhibit 1

**Allapattah Garden Apartments Credit Underwriting 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	\$951,408	\$979,950	\$1,009,349	\$1,039,629	\$1,070,818	\$1,102,943	\$1,136,031	\$1,170,112	\$1,205,215	\$1,241,372	\$1,278,613	\$1,316,971	\$1,356,480	\$1,397,175	\$1,439,090
Other Income:															
Washer/Dryer Rentals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Laundry Income	\$16,128	\$16,612	\$17,110	\$17,624	\$18,152	\$18,697	\$19,258	\$19,835	\$20,430	\$21,043	\$21,675	\$22,325	\$22,995	\$23,685	\$24,395
Cable Television Income	\$6,528	\$6,724	\$6,926	\$7,133	\$7,347	\$7,568	\$7,795	\$8,029	\$8,269	\$8,518	\$8,773	\$9,036	\$9,307	\$9,587	\$9,874
Miscellaneous Income	\$30,720	\$31,642	\$32,591	\$33,569	\$34,576	\$35,613	\$36,681	\$37,782	\$38,915	\$40,083	\$41,285	\$42,524	\$43,799	\$45,113	\$46,467
Gross Potential Income	\$1,004,784	\$1,034,928	\$1,065,975	\$1,097,955	\$1,130,893	\$1,164,820	\$1,199,765	\$1,235,758	\$1,272,830	\$1,311,015	\$1,350,346	\$1,390,856	\$1,432,582	\$1,475,559	\$1,519,826
Less:															
Vacancy Loss - 3.8%	(\$38,056)	(\$39,198)	(\$40,374)	(\$41,585)	(\$42,833)	(\$44,118)	(\$45,441)	(\$46,804)	(\$48,209)	(\$49,655)	(\$51,145)	(\$52,679)	(\$54,259)	(\$55,887)	(\$57,564)
Collection Loss - 1.0%	(\$9,887)	(\$10,183)	(\$10,489)	(\$10,803)	(\$11,127)	(\$11,461)	(\$11,805)	(\$12,159)	(\$12,524)	(\$12,900)	(\$13,287)	(\$13,685)	(\$14,096)	(\$14,519)	(\$14,954)
Total Effective Gross Revenue	\$956,841	\$985,546	\$1,015,113	\$1,045,566	\$1,076,933	\$1,109,241	\$1,142,518	\$1,176,794	\$1,212,098	\$1,248,461	\$1,285,914	\$1,324,492	\$1,364,227	\$1,405,153	\$1,447,308
Expenses															
Fixed:															
Taxes	\$102,400	\$106,496	\$110,756	\$115,186	\$119,794	\$124,585	\$129,569	\$134,751	\$140,141	\$145,747	\$151,577	\$157,640	\$163,946	\$170,504	\$177,324
Insurance	\$51,200	\$53,248	\$55,378	\$57,593	\$59,897	\$62,293	\$64,784	\$67,376	\$70,071	\$72,874	\$75,789	\$78,820	\$81,973	\$85,252	\$88,662
Variable:															
Management Fees - 5.0%	\$47,842	\$49,277	\$50,756	\$52,278	\$53,847	\$55,462	\$57,126	\$58,840	\$60,605	\$62,423	\$64,296	\$66,225	\$68,111	\$70,258	\$72,365
General and Administrative	\$38,400	\$39,936	\$41,533	\$43,195	\$44,923	\$46,719	\$48,588	\$50,532	\$52,553	\$54,655	\$56,841	\$59,115	\$61,480	\$63,939	\$66,496
Payroll Expenses	\$89,600	\$93,184	\$96,911	\$100,788	\$104,819	\$109,012	\$113,373	\$117,907	\$122,624	\$127,529	\$132,630	\$137,935	\$143,452	\$149,191	\$155,158
Utilities	\$35,200	\$36,608	\$38,072	\$39,595	\$41,179	\$42,826	\$44,539	\$46,321	\$48,174	\$50,101	\$52,105	\$54,189	\$56,356	\$58,611	\$60,955
Marketing and Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance and Repairs	\$51,200	\$53,248	\$55,378	\$57,593	\$59,897	\$62,293	\$64,784	\$67,376	\$70,071	\$72,874	\$75,789	\$78,820	\$81,973	\$85,252	\$88,662
Grounds Maintenance and Landscaping	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserve	\$12,800	\$12,800	\$25,600	\$25,600	\$25,600	\$25,600	\$25,600	\$25,600	\$25,600	\$25,600	\$25,600	\$25,600	\$25,600	\$25,600	\$25,600
Other:	\$19,200	\$19,968	\$20,767	\$21,597	\$22,461	\$23,360	\$24,294	\$25,266	\$26,277	\$27,328	\$28,421	\$29,558	\$30,740	\$31,969	\$33,248
Other:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$447,842	\$464,765	\$495,151	\$513,426	\$532,416	\$552,150	\$572,657	\$593,968	\$616,115	\$639,129	\$663,046	\$687,901	\$713,731	\$740,574	\$768,471
Net Operating Income	\$508,999	\$520,781	\$519,962	\$532,140	\$544,517	\$557,091	\$569,861	\$582,825	\$595,983	\$609,331	\$622,868	\$636,591	\$650,496	\$664,579	\$678,838
Debt Service Payments															
First Mortgage	\$410,636	\$410,636	\$410,636	\$410,636	\$410,636	\$410,636	\$410,636	\$410,636	\$410,636	\$410,636	\$410,636	\$410,636	\$410,636	\$410,636	\$410,636
Second Mortgage	\$50,930	\$50,930	\$50,930	\$50,930	\$50,930	\$50,930	\$50,930	\$50,930	\$50,930	\$50,930	\$50,930	\$50,930	\$50,930	\$50,930	\$50,930
Surtax Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
HOME Loan	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Total Debt Service Payments	\$485,566	\$485,566	\$485,566	\$485,566	\$485,566	\$485,566	\$485,566	\$485,566	\$485,566	\$485,566	\$485,566	\$485,566	\$485,566	\$485,566	\$485,566
Operating Income After Debt Service - Before Tax Cash Flow	\$23,433	\$35,215	\$34,395	\$46,574	\$58,951	\$71,525	\$84,295	\$97,259	\$110,417	\$123,765	\$137,302	\$151,025	\$164,930	\$179,013	\$193,271
Debt Service Coverage Ratios															
Debt Service Coverage - First Only	1.240	1.268	1.266	1.296	1.326	1.357	1.388	1.419	1.451	1.484	1.517	1.550	1.584	1.618	1.653
Debt Service Coverage - First and Second	1.103	1.128	1.127	1.153	1.180	1.207	1.235	1.263	1.291	1.320	1.349	1.379	1.409	1.440	1.471
Debt Service Coverage - First, Second and Third	1.103	1.128	1.127	1.153	1.180	1.207	1.235	1.263	1.291	1.320	1.349	1.379	1.409	1.440	1.471
Debt Service Coverage - All Mortgages and Fees	1.048	1.073	1.071	1.096	1.121	1.147	1.174	1.200	1.227	1.255	1.283	1.311	1.340	1.369	1.398
Financial Ratios															
Operating Expense Ratio	46.8%	47.2%	48.8%	49.1%	49.4%	49.8%	50.1%	50.5%	50.8%	51.2%	51.6%	51.9%	52.3%	52.7%	53.1%
Break-Even Ratio	92.9%	91.8%	92.0%	91.0%	90.0%	89.1%	88.2%	87.4%	86.6%	85.8%	85.1%	84.4%	83.7%	83.1%	82.5%

EXHIBIT 2
Allapattah Garden Apartments (2002-060S)
Miami-Dade County

The Development will consist of 128 garden apartment units located in 8 residential buildings.

Unit Mix:	28	Two bedroom / two bath units containing a minimum of 916 square feet of heated and cooled living area
	100	Three bedroom / two bath units containing a minimum of 1,182 square feet of heated and cooled living area
	128	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 & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act and Americans with Disabilities Act (“ADA”), as applicable.

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. Exterior lighting in open and common areas
5. Cable or satellite TV hook-up in all units
6. Range, oven, and refrigerator in all units
7. At least two full bathrooms in all three bedroom or larger new construction units
Bathtub with shower in at least one bathroom in new construction non-elderly units

EXHIBIT 2
Allapattah Garden Apartments (2002-060S)
Miami-Dade County

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.
2. Microwave oven
3. Dishwasher in all new construction units
4. Garbage disposal in all new construction units
5. Laundry hook-ups and space for full-size washer and dryer

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. Community center or clubhouse
3. Playground/tot lot (must be sized in proportion to Development’s size and expected tenant population with age-appropriate equipment)
4. Picnic area with hard cover permanent roof of a design compatible with the Development, open on all sides, containing at least three permanent picnic tables with benches and an adjoining permanent outdoor grill
5. Outside recreation facility (such as shuffleboard court, putting green, tennis court, full basketball court, volleyball court, etc.)
6. Laundry facilities with full-size washers and dryers available on site
7. Thirty-year expected life roofing on all buildings

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

EXHIBIT 2
Allapattah Garden Apartments (2002-060S)
Miami-Dade County

4. Single-pane windows with shading coefficient of .67 or better
5. Ceiling fans in all bedrooms and living area

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. After School Program for Children: This program requires the Borrower or its Management Agent to provide supervised, structured, age-appropriate activities for children during the after school hours, Monday through Friday. Activities must be on-site at no charge to the residents.
4. 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.

EXHIBIT 2
Allapattah Garden Apartments (2002-060S)
Miami-Dade County

5. 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.
6. Health and Nutrition Classes: At least eight hours per year, provided on site at no cost to the residents.
7. Financial Counseling: This service must be provided by the Borrower or its Management Agent, at no cost to the resident, and must include the following components: must be regularly scheduled at least once each quarter; must include tax preparation assistance by qualified professionals; must include educational workshops on such topics as "Learning to Budget", "Handling Personal Finances", "Predatory Lending", or "Comparison Shopping for the Consumer".
8. Resident Assistance Referral Program: The Borrower or its Management Agent will make available to residents information about services such as crisis intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self sufficiency, and advocacy to assist clients in securing needed resources. This service must be provided at no cost the resident.
9. Life Safety Training: The Borrower or its Management Agent must provide courses such as fire safety, first aid (including CPR), etc., on-site, at least twice each year, at no cost to the resident.