

Florida Housing Finance Corporation

Credit Underwriting Report

Lake Kathy Apartments

SAIL Program

2005-029S

Section A Report Summary

Section B SAIL Program Special and General Conditions

Section C Supporting Information and Schedules

Prepared by

Seltzer Management Group, Inc.

Final Report

December 29, 2005

LAKE KATHY APARTMENTS

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Section A
Report Summary

Recommendation

Seltzer Management Group, Inc. ("Seltzer" or "SMG") recommends a State Apartment Incentive Loan ("SAIL") Program Loan in the amount of \$3,000,000 be awarded to Lake Kathy, Ltd. ("Applicant") by Florida Housing Finance Corporation ("Florida Housing" or "FHFC") for Construction and Permanent Financing of the Subject Development.

DEVELOPMENT & SET-ASIDES																												
Location	The south side of Lake Kathy Drive, just east of Grand Regency Boulevard, Brandon, Hillsborough County, FL 33510																											
Number of Units/Unit Mix	<table border="1"> <thead> <tr> <th>Bed-rooms</th> <th>Baths</th> <th>No. of Units</th> <th>Unit Size (SF)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1</td> <td>24</td> <td>777</td> </tr> <tr> <td>2</td> <td>2</td> <td>192</td> <td>974</td> </tr> <tr> <td>3</td> <td>2</td> <td>112</td> <td>1,240</td> </tr> <tr> <td>4</td> <td>2</td> <td>32</td> <td>1,364</td> </tr> <tr> <td>Totals</td> <td></td> <td>360</td> <td>388,184</td> </tr> </tbody> </table>				Bed-rooms	Baths	No. of Units	Unit Size (SF)	1	1	24	777	2	2	192	974	3	2	112	1,240	4	2	32	1,364	Totals		360	388,184
Bed-rooms	Baths	No. of Units	Unit Size (SF)																									
1	1	24	777																									
2	2	192	974																									
3	2	112	1,240																									
4	2	32	1,364																									
Totals		360	388,184																									
Demographic Commitment	Family																											
SAIL Set-Asides	100% of the units at or less than 60% of the Area Median Income ("AMI")																											
Set-Aside Term	50 Years																											
County Size	Large (E)																											
Development Category	New Construction																											
Development Type	Garden Apartments																											
Parking	The Subject Development will have 708 Parking Spaces, of which 16 are handicapped.																											
Improvements	The Subject Development will consist of 360 units in fifteen garden-style Residential Buildings with a Clubhouse, Maintenance Building and Pool Cabana as Accessory Buildings																											
Site Acreage	22.83 Gross Acres per Survey																											
Density	15.77 units per gross acre																											
Zoning	PD-MU (Planned Development - Mixed Use); 360 units allowed																											
Flood Zone Designation	Flood Zones "C" and "A"; Flood Insurance may be required to the extent improvements are located in Flood Zone "A"																											

DEVELOPMENT TEAM	
Applicant/Borrower	Lake Kathy, Ltd., a Florida Limited partnership registered with the State of Florida December 7, 2004
General Partner	Lake Kathy GP, LLC ("LKGP") a Florida Limited Liability Company with a 1.00% Ownership Interest, registered with the State of Florida December 6, 2004. The Sole and Managing Member of LKGP is TRG Member, LLC. Richard P. Richman, with a direct 32.3% ownership in TRG Member, LLC, is considered a Principal to the transaction.
Limited Partner/Syndicator	The current Limited Partner is The Richman Group of Florida, Inc., with a 99.00% Limited Partnership Interest. The Richman Group Affordable Housing Corporation ("TRGAHC"), Greenwich, CT, a related entity, will act as Equity Investor (Syndicator), acquiring a 99.99% Limited Partnership Interest at, or prior to SAIL Closing, with LKGP reducing its Ownership Interest to 0.01%.
Guarantor(s)	Lake Kathy, Ltd., Lake Kathy GP, LLC, The Richman Group of Florida, Inc. ("Richman"), and The Richman Group Development Corporation plus Richard P. Richman, individually
Developer	Richman
General Contractor	First Florida, LLC ("First Florida"), a joint venture of Richman and First Florida Building Corporation, Miami, FL
Management Company	WRMC, Inc. ("WRMC"), Greenwich, CT
First Mortgage Lender	Housing Finance Authority of Hillsborough County, ("HCHFA")
Credit Enhancer on First Mortgage – Construction	GMAC Commercial Mortgage Affordable Housing Division ("GMACCM"), Nashville, TN, supported by a Letter of Credit from SunTrust Community Development Corporation ("SunTrust CDC"), a division of SunTrust Banks, Inc., Atlanta, GA
Credit Enhancer on First Mortgage – Permanent	GMACCM
FINANCING INFORMATION	
FHFC Programs	State Apartment Incentive Loan ("SAIL") Program
Total First Mortgage Loan Amount	Tax-Exempt Bonds in the amount of \$20,670,000 to be issued by HCHFA
"All in" Underwritten Interest Rate	5.840%, GMACCM's underwriting interest rate
Term/Amortization	33 / 30
Second Mortgage Loan Amount	SAIL of \$3,000,000

Underwritten Interest Rate	3.328%
Term/Amortization	33 / N/A
Restricted Rents/Favorable Financing Appraised Value as Stabilized	\$23,400,000
Market Rents/Market Financing Appraised Value as Stabilized	\$29,200,000
Restricted Rents/Favorable Financing Loan To Value – First and Second Mortgages	101.15% (MMRB & SAIL Loans)
Market Rents/Market Financing Loan To Value – First and Second Mortgages	81.06% (MMRB & SAIL Loans)
Projected Net Operating Income	\$1,514,878
Debt Service Coverage - First Mortgage	1.255 (MMRB Loan Only)
Debt Service Coverage - First and Second Mortgages	1.159 (MMRB and SAIL Loans)
FHFC SAIL to Cost	7.71%
FHFC Assistance Per Unit	\$8,333 (SAIL Only)
HC Allocation Per Unit	\$0 (HC from U.S. Treasury)
Syndication Price	\$1.01
MMRB Structure	Weekly Variable Rate Demand Bonds
Debt Service Reserve	None

Construction / Permanent Sources:

Source	Lender	Construction	Permanent	Permanent Loan per Unit
MMRB First Mortgage Loan	Hillsborough County HFA	\$20,670,000	\$20,670,000	\$57,417
SAIL	FHFC	\$3,000,000	\$3,000,000	\$8,333
Housing Credit Equity	The Richman Group AHC	\$9,880,207	\$14,798,835	\$41,108
Deferred Developer Fee	The Richman Group of FL	\$5,322,902	\$461,362	\$1,282
Developer Cash/Equity	The Richman Group of FL	\$57,088	\$0	\$0
Total		\$38,930,197	\$38,930,197	\$108,139

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

(Revised 8/14/03)

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

1. Features/Amenities:

The Civil Engineering Plans by Advantage Engineering, Inc., Tampa, FL, together with the Architectural Plans and Specifications by Forum Architecture & Interior Design, Inc., Altamonte Springs, FL, do not reflect all Features/Amenities Commitments in the SAIL Application:

- a. Two or more Parking Spaces per Total Number of Units -- The Civil Engineering Plans reflect a total of 708 Parking Spaces, which is less than the 720 Parking Spaces required for 360 units. Applicant requests a substitution of Car Care Area for the Parking Requirement. Both of the Amenities are worth one point under Florida Housing’s scoring system.
- b. Outside Recreation Facility -- Applicant requests the substitution of Kiddie Pool(s) for Volleyball.

The above changes have no material impact upon Seltzer’s SAIL Loan recommendation.

- 2. Estimated Development Costs have increased \$5,832,302 (17.62%), from \$33,097,895 in the SAIL Application to \$38,930,197 . Major components of the increase are:
 - a. Applicant’s increase of \$3,649,678 (20.77%) in Construction Hard Costs.
 - b. Applicant’s increase of \$182,431 in the Hard Cost Contingency to \$1,060,931, which is 5.00% of estimated Construction Hard Costs.
 - c. Additions of \$24,000 for Architect Fee-Supervision and \$134,264 for FHFC Compliance Fees and increases of \$90,000 (55.56%) in Builders Risk Insurance and \$85,000 (106.25%) in Soft Cost Contingency under General Development Costs.
 - d. The addition of \$206,700 in Interest Rate CAP, \$289,380 in SWAP Interest and \$496,080 in Letter of Credit Fees related to MMRB First Mortgage Construction/Permanent Financing and \$30,000 for the SAIL Commitment Fee under Financial Costs.
 - e. An increase of \$937,665 in Total Developer Fees.

Note: SMG limits Total Developer Fees to 18.00% of Development Costs before Land and Developer Fees.

- f. The addition of \$218,007 in Land Closing/Land Carry Costs.

Elimination or reductions in line items such as Legal Fees, Construction Loan and Permanent Loan Origination Fees, Bridge Loan Interest, Closing Costs-Construction and Closing Costs-Permanent somewhat offset the above increases.

Note: Applicant’s latest figure for Construction Hard Costs (not including the Hard Cost Contingency) is \$58,944 per unit, which is consistent with costs at similar Hillsborough County Affordable Properties SMG has underwritten. Increases in other Line Items appear reasonable in light of the higher Construction Hard Costs. Overall Development Costs are \$108,139 per unit, which is consistent with comparable transactions underwritten by SMG.

3. Other Changes:

- a. Unit Mix: Applicant changed the Unit Mix as follows:

	<u>Per SAIL Application</u>	<u>Revised</u>
One-Bedroom/One-Bath	0	24
Two-Bedroom/Two-Bath	248	192
Three-Bedroom/Two Bath	76	112
Four-Bedroom/Two-Bath	<u>36</u>	<u>32</u>
Total	360 Units	360 Units

- b. General Contractor: Applicant certified First Florida Building Corporation, Miami, FL, in the MMRB Application as the General Contractor. The General Contractor has been changed to First Florida, LLC ("First Florida"), Miami, FL, a joint venture of Richman and First Florida Building Corporation.

These changes do not materially impact Seltzer's recommendations.

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

According to Florida Housing's Asset Management Non-Compliance Report of December 2, 2005, Richman has no Non-Compliance Items outside of the Correction Period.

Florida Housing's Past Due Report as of November 22, 2005, indicates Richman has two Past Due Items.

1. Failure to pay SAIL interest of \$37,004 for Ann EII due November 18, 2005.
2. Failure to pay Bond/SAIL Draw Processing Fees of \$417 for Clarcona Groves due November 16, 2005.

Closing of the SAIL Program Loan is conditional upon verification that any outstanding Past Due and/or Non-Compliance items noted at the time of closing have been satisfied.

Strengths:

1. A February 28, 2005, Market Conditions and Project Evaluation Summary prepared by Novogradac & Company, L.L.P. ("Novo"), Rockville, MD, reflects the Subject Development to be constructed approximately eight miles south of Downtown Tampa. The Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area ("MSA") is the most populous and most affluent MSA within the State of Florida. Novo's survey of nine Multifamily Properties in the Primary Market Area ("PMA") representing 2,482 units found February 2005 Occupancy at 98.0%. Affordable Properties have been performing better than Market Rate Properties, with February 2005 Occupancy at 99.7% and 96.1%, respectively. All of the Affordable Properties in the PMA were renting at Maximum Restricted Rents. There were no 2004 FHFC allocations in the PMA, however there were two allocations for 2003; Wexford Apartments and Bristol Bay Apartments. Wexford is fully absorbed. As of February 2005, Bristol Bay was leasing at 15-25 units per month; it will be fully absorbed before construction of the Subject Development is complete.
2. Richman is a major developer of Multifamily Properties, having completed more than 8,000 housing units in Florida, the Mid-Atlantic, Midwest and California markets. Richman has extensive experience in the State of Florida, having provided a list of 16 Affordable Properties (2,951 units) developed through the assistance of MMRB, SAIL, HOME, Farmworker and HC financing.

Other Considerations:

None

Mitigating Factors:

None

Waiver Requests/Special Conditions:

None

Additional Information:

1. FHFC Rule requires 35% of HC Equity be paid in prior to SAIL Loan Closing. The October 10, 2005, Firm Commitment from TRGAHC requires 21% of the HC Equity be paid in prior to the HCHFA First Mortgage MMRB Loan Closing that occurred December 16, 2005. Seltzer's SAIL recommendation is conditional upon evidence that an additional 14% of HC Equity be deposited with the Bond Trustee prior to SAIL Loan Closing.
2. The Subject Development is bisected by Lake Kathy Drive. For reasons of safety, duplicate Recreational Amenities will be constructed on both sides of the street. Applicant commits to install two each of the following, one to serve residents of the North Parcel and one to serve residents of the South Parcel:
 - a. Car Care Area
 - b. Swimming Pool
 - c. Kiddie Pool
 - d. Community Center/Cabana
 - e. Exercise Room
 - f. Computer Laboratory

Issues and Concerns:

None

Recommendation:

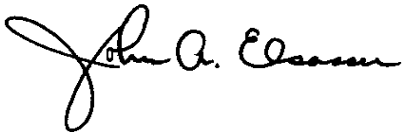
SMG recommends a \$3,000,000 SAIL Loan be awarded to Lake Kathy Apartments for Construction/Permanent financing of the Subject Development.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, Seltzer's recommendation is subject to SAIL Program Conditions (Section B). Seltzer's recommendation is valid for six months from the date of this Credit Underwriting Report.

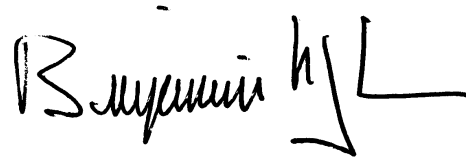
The reader is cautioned to refer to these sections for complete information.

Prepared by:

Reviewed by:



John A. Elsasser
Credit Underwriter



Benjamin S. Johnson
President

OVERVIEW

Construction Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
MMRB First Mortgage Loan	Hillsborough County HFA	\$19,550,000	\$20,670,000	\$20,670,000	5.840%	\$1,463,643
SAIL	FHFC	\$3,000,000	\$3,000,000	\$3,000,000	3.328%	\$124,790
Housing Credit Equity	The Richman Group AHC	\$6,162,658	\$9,880,207	\$9,880,207	n/a	\$0
Deferred Developer Fee	The Richman Group of FL	\$4,385,237	\$5,214,024	\$5,322,902	n/a	\$0
Developer Cash/Equity	The Richman Group of FL	\$0	\$0	\$57,088	n/a	\$0
Total		\$33,097,895	\$38,764,231	\$38,930,197		\$1,588,433

MMRB First Mortgage Loan:

Applicant has applied for a \$20,670,000 MMRB Loan to be issued by HCHFA for the Construction and Permanent Financing of the Subject Development. Per a June 15, 2005, Application for a Stand-By Forward Commitment for a Federal National Mortgage Association ("Fannie Mae") Credit Facility, GMACCM will provide Direct-Pay Credit Enhancement in an amount up to \$21,000,000 to enable the Tax Exempt Bonds to achieve a "AAA" rating. GMACCM is an authorized Seller/Servicer under Fannie Mae's Delegated Underwriting and Servicing ("DUS") Program. GMACCM's Commitment is subject to the satisfaction of Fannie Mae requirements and its own Due Diligence.

Terms and conditions of the proposed MMRB Loan include a term up to 33 years. There will be a 30-year Permanent Period following a Construction/Stabilization Phase of up to 36 months (plus two 6-month Extension Options with GMACCM approval). The 30-year Permanent Period will be interest only for the first five years. Amortization payments for the following 25 years will be on a 30-year basis, necessitating a Balloon Payment at maturity. Other terms and conditions are a variable interest rate, a maximum Loan-to-Value Ratio of 90% and a minimum Debt Service Coverage ("DSC") Ratio of 1.15 based upon a re-underwriting of the greater of actual income and expenses or GMACCM underwritten income and expenses at the time of Permanent Loan Conversion. Following Construction Completion and upon the achievement of 90% Occupancy for 90 consecutive days, the MMRB Loan will qualify for Permanent Loan Conversion.

SunTrust Community Development Corporation ("SunTrust CDC"), a division of SunTrust Banks, Inc., Atlanta, GA, will provide Credit Enhancement during the Construction/Stabilization Phase through a Letter of Credit ("LOC"). SunTrust CDC issued a June 6, 2005, Proposal valid through December 31, 2005, for a 36-month LOC in the amount up to \$20,678,000 plus 45 days interest. SunTrust provides an option for a single 6-month extension. Issuance of a Firm Commitment is subject to SunTrust CDC's customary Due Diligence.

The interest rate will vary based upon Weekly Variable Rate Demand Bonds. For purposes of underwriting this transaction, SMG has utilized GMACCM's "all in" underwriting interest rate of 5.840% (a base rate of 2.50% plus Issuer, Trustee and other fees totaling 3.34%).

Additional Sources of Funds for the Subject Development during construction are expected to be a SAIL Program Loan, Federal Low Income Housing Tax Credits ("HC"), Deferred Developer Fees and additional Developer Cash/Equity.

SAIL:

A SAIL Program Loan is recommended in the amount of \$3,000,000. SAIL Funds must be distributed pro rata with other Construction Loan Funds, based upon a percentage of SAIL to Total Development Costs during construction, net of Developer Fees.

HC Equity:

Applicant has not yet applied to FHFC to receive 4% HC directly from the United States Treasury. This Credit Underwriting Report therefore does not include a HC Recommendation.

Per an October 10, 2005, Firm Commitment, TRGAHC will purchase a 99.99% Limited Partnership Interest concurrent with or prior to SAIL Closing. With \$14,652,318 of Syndicated HC and a Syndication Rate of \$1.01, the Limited Partnership expects a Net Capital Contribution of \$14,798,835. Of this amount, \$3,167,189 (21%) will be available at Closing. A second installment of \$6,713,018 (45%) will be paid prior to Construction Completion, for a total of \$9,880,207 in HC Equity available during construction.

Note: FHFC Rule requires 35% of HC Equity be paid in prior to SAIL Loan Closing. The October 10, 2005, Firm Commitment requires 21% of the HC Equity be paid in prior to the HCHFA First Mortgage MMRB Loan Closing that occurred December 16, 2005. Seltzer's SAIL recommendation is conditional upon evidence that an additional 14% of HC Equity be deposited with the Bond Trustee prior to SAIL Loan Closing.

Deferred Developer Fees:

All available Developer Fees of \$5,322,902 will have to be deferred from payment during the Construction/Stabilization Phase.

Developer Cash/Equity:

Richman must inject \$57,088 in Cash Equity to balance the Sources and Uses of Funds after all Developer Fees have been deferred and all MMRB and SAIL Loan Proceeds plus HC Equity Contributions have been received.

Construction/Stabilization Period:

Based upon an estimated 15-month Construction Phase and a projected Absorption Rate of 30 units per month, SMG utilizes a Construction/Stabilization Phase of 21 months for purposes of this Credit Underwriting.

Permanent Financing Sources

Source	Lender	Applicant	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
MMRB First Mortgage Loan	Hillsborough County HFA	\$19,550,000	\$20,670,000	\$20,670,000	5.840%	30	33	\$1,207,128
SAIL	FHFC	\$3,000,000	\$3,000,000	\$3,000,000	3.328%	n/a	33	\$99,832
Housing Credit Equity	The Richman Group AHC	\$10,543,790	\$14,798,835	\$14,798,835	n/a	n/a	n/a	\$0
Deferred Developer Fee	The Richman Group of FL	\$4,105	\$295,396	\$461,362	n/a	n/a	n/a	\$0
Total		\$33,097,895	\$38,764,231	\$38,930,197				\$1,306,960

MMRB First Mortgage Loan Structure and Credit Enhancement:

Applicant has applied for a \$20,670,000 MMRB Loan to be issued by HCHFA for the Construction and Permanent Financing of the Subject Development. Per a June 15, 2005, Application for a Stand-By Forward Commitment for a Fannie Mae Credit Facility, GMACCM will provide Direct-Pay Credit Enhancement in an amount up to \$21,000,000 to enable the Tax Exempt Bonds to achieve a "AAA" rating. GMACCM is an authorized Seller/Servicer under Fannie Mae's Delegated Underwriting and Servicing ("DUS") Program. GMACCM's Commitment is subject to the satisfaction of Fannie Mae requirements and its own Due Diligence.

Terms and conditions of the proposed MMRB Loan include a term up to 33 years. There will be a 30-year Permanent Period following a Construction/Stabilization Phase of up to 36 months (plus two 6-month Extension Options with GMACCM approval). The 30-year Permanent Period will be interest only for the first five years. Amortization payments for the following 25 years will be on a 30-year basis, necessitating a Balloon Payment at maturity. Other terms and conditions are a variable interest rate, a maximum Loan-to-Value Ratio of 90% and a minimum Debt Service Coverage ("DSC") Ratio of 1.15 based upon a re-underwriting of the greater of actual income and expenses or GMACCM underwritten income and expenses at the time of Permanent Loan Conversion. Following Construction Completion and upon the achievement of 90% Occupancy for 90 consecutive days, the MMRB Loan will qualify for Permanent Loan Conversion.

The interest rate will vary based upon Weekly Variable Rate Demand Bonds. For purposes of underwriting this transaction, SMG has utilized GMACCM's "all in" underwriting interest rate of 5.840% (a base rate of 2.50% plus Issuer, Trustee and other fees totaling 3.34%).

Proposed SAIL Program Structure:

Applicant applied to FHFC for a \$3,000,000 SAIL Construction/Permanent Loan. The SAIL will be co-terminus with the MMRB First Mortgage Loan as required by Section 1214 of the Subordinate Financing Requirements for Targeted Affordable Housing Properties of the Fannie Mae Delegated Underwriting Servicers Guide and as permitted by SAIL Rule. It will have a term of 33 years. 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% 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 3.328% (the base rate plus applicable fees).

HC Equity:

Applicant has not yet applied to FHFC to receive 4% HC directly from the United States Treasury. This Credit Underwriting Report therefore does not include a HC Recommendation.

Per an October 10, 2005, Firm Commitment from TRGAHC, a related entity, the HC Equity Contributions will be paid as follows:

Capital Contributions	Amount	Percent of Total	When Due
1st Installment	\$3,167,189	21%	Closing
2nd Installment	\$6,713,018	45%	Prior to Construction Completion
3rd Installment	\$637,858	4%	Construction Completion
4th Installment	\$4,280,770	29%	Later of HC Cert. or Form(s) 8609
Total	\$14,798,835	100%	

Annual Tax Credits per Syndication Agreement:	\$1,465,378
Total HC Syndication:	\$14,652,318
Syndication Percentage (Limited Partner Interest):	99.99%
Calculated HC Exchange Rate (per dollar):	\$1.01

Deferred Developer Fees:

Developer Fees of \$461,362 must be deferred during the Permanent Period to balance the Sources and Uses of Funds after receipt of all MMRB and SAIL Loan Proceeds plus HC Equity Contributions.

Uses of Funds

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs
Actual Construction Costs			
Construction Contract			
Site Work	\$0	\$3,183,634	\$3,183,634
Off-Site	\$0	\$0	\$0
New Rental Units	\$15,480,176	\$15,986,015	\$15,986,015
Permits	\$0	\$0	\$0
Payment and Performance Bonds	\$0	\$167,593	\$167,593
Recreational Amenities	\$0	\$0	\$0
Rehabilitation of Common Areas	\$0	\$0	\$0
Contractor's Fee (Not to Exceed 14%)	\$2,089,824	\$1,882,436	\$1,882,436
Total Construction Contract	\$17,570,000	\$21,219,678	\$21,219,678
Other: Hard Cost Contingency	\$878,500	\$1,060,931	\$1,060,931
Total Actual Construction Costs	\$18,448,500	\$22,280,609	\$22,280,609

Notes to the Actual Construction Costs:

1. Applicant provided SMG a copy of an executed Construction Contract with First Florida dated November 2, 2005, in the amount of \$21,219,678. Substantial Completion is to be accomplished within a period of 15 months, with Commencement expected prior to February 15, 2006.

Note: Any and all cost increases must be handled through Change Orders. The Hard Cost Contingency must be outside of the Construction Contract.

2. General Contractor Fees of \$1,882,436 include General Conditions, Overhead and Profit. At 9.82% of the \$21,219,678 Construction Contract less Payment and Performance Bonds at \$167,593 and the General Contractor Fee, itself, General Contractor Fees are within FHFC Guidelines of 14.00% for transactions financed with SAIL and/or HC.
3. Applicant established a Hard Cost Contingency of \$1,060,931, which is 5.00% of the Construction Contract. SMG considers the Hard Cost Contingency to be adequate.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs
General Development Costs			
Accounting Fees	\$20,000	\$20,000	\$20,000
Appraisal	\$7,500	\$7,500	\$7,800
Architect's Fee - Design	\$256,000	\$256,800	\$256,800
Architect's Fee - Supervision	\$0	\$24,000	\$24,000
Builder's Risk Insurance	\$162,000	\$252,000	\$252,000
Building Permit	\$75,000	\$97,500	\$97,500
Lease Up Deficit Operating Funds	\$0	\$153,000	\$153,000
Closing Costs - Construction	\$146,625	\$0	\$0
Closing Costs - Permanent	\$49,850	\$0	\$0
Engineering Fee	\$126,000	\$196,000	\$196,000
Environmental Report	\$8,000	\$8,000	\$8,000
FHFC HC Administrative Fee	\$100,571	\$117,567	\$117,230
FHFC Application Fee	\$2,000	\$2,000	\$2,000
FHFC HC Compliance Fee	\$0	\$129,446	\$134,264
Credit Underwriting Fees	\$17,500	\$39,000	\$25,279
Impact Fees	\$614,064	\$623,112	\$623,112
Inspection Fees	\$15,000	\$15,000	\$15,000
Insurance	\$0	\$0	\$0
Legal Fees	\$220,000	\$75,000	\$75,000
Market Study	\$6,500	\$6,500	\$0
Marketing and Advertising	\$368,000	\$153,000	\$153,000
Pre-Constr. Analysis / Existing Prop. Eval.	\$0	\$0	\$0
Property Taxes	\$100,000	\$85,000	\$85,000
Soil Test	\$35,000	\$25,000	\$25,000
Survey	\$15,000	\$15,000	\$15,000
Title Insurance	\$100,800	\$126,000	\$126,000
Utility Connection Fees	\$1,201,860	\$1,201,860	\$1,201,860
Other - Furnishings/Equip/Signage	\$155,000	\$145,000	\$145,000
Other - Soft Cost Contingency	\$80,000	\$165,000	\$165,000
Total General Development Costs	\$3,882,270	\$3,938,285	\$3,922,845

Notes to the General Development Costs:

1. Appraisal and Market Study Fees are Applicant's figures. An April 15, 2005, Self-Contained Appraisal by Integra Realty Resources Tampa Bay ("Integra"), Tampa, FL, was engaged by GMACCM and SunTrust. \$300 is added to certify the Integra Appraisal to SMG as agent for the Authority and FHFC. A February 28, 2005, Novo Market Conditions and Project Evaluation Summary was engaged by Applicant. The Market Study Fee is shown (below) as a subset of Developer Fees.
2. Property and Liability Insurance during the Construction/Stabilization Phase is consolidated with Builders Risk Insurance.

3. Engineering Fees include Civil Engineering at \$126,000, Site Plan Drafting and Approval at \$35,000 and Landscape Design at \$35,000.
4. FHFC Administrative Fees are calculated at 8% of the Annual HC Allocation reflected in the October 10, 2005, TRGAHC Syndication Commitment.
5. FHFC Application Fees are \$2,000 for a HC Application.
6. FHFC Compliance Monitoring Fees are based upon the applicable Fee Schedule for 360 units, set aside for a period of 50 years. The figure includes a pre-final Allocation Fee of \$4,818.
7. Credit Underwriting Fees consist of HCHFA Credit Underwriting at \$11,162 plus 2005 Florida Housing Underwriting Fees of \$10,694 for SAIL and \$3,423 for HC (for which application will be made).
8. Other General Development Costs are based upon Applicant's estimates, which appear reasonable.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs
Financial Costs			
Letter of Credit Fee	\$0	\$372,060	\$496,080
Bond Loan Construction Interest	\$1,759,500	\$1,674,594	\$1,674,594
Bond Loan Issuance Costs	\$430,100	\$707,580	\$707,580
Construction Loan Origination Fee	\$195,500	\$0	\$0
Permanent Loan Origination Fee	\$136,850	\$0	\$0
Interest Rate Cap	\$0	\$206,700	\$206,700
Bridge Loan Interest	\$84,938	\$0	\$0
SWAP Interest	\$0	\$289,380	\$289,380
SAIL Commitment Fee	\$0	\$0	\$30,000
Other	\$0	\$0	\$0
Total Financial Costs	\$2,606,888	\$3,250,314	\$3,404,334

Notes to the Financial Costs:

1. Bond Loan Construction Interest and SWAP Interest are Applicant's projections, which appear reasonable at this time. Interest will be confirmed prior to closing the MMRB Loan to ensure that the final approved amount is sufficient to fund Debt Service on the Tax-Exempt Bonds during the Construction/Stabilization Phase.
2. Bond Loan Issuance Costs that include Credit Enhancement Fees are Applicant's projections, which appear reasonable at this time.
3. The LOC Fee is based upon SunTrust's 0.50% Commitment Fee on \$20,670,000 plus its Annual Fee of 0.95% for two years.
4. A 5-year Interest Rate Cap is required by the Credit Enhancer, GMACCM, prior to Permanent Loan Conversion. Applicant budgets \$206,700 (1.00% of the Tax-Exempt Bond Issue) for this purpose.

5. SAIL Commitment Fee is 1.00% of the SAIL Allocation.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs
Non-Land Acquisition Costs			
Building Acquisition Costs	\$0	\$0	\$0
Other	\$0	\$0	\$0
Total Non-Land Acquisition Costs	\$0	\$0	\$0

Notes to the Non-Land Acquisition Costs:

1. Since the Subject Development was new construction, there are no Non-Land Acquisition Costs.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs
Development Cost Before Land and Developer Fee	\$24,937,658	\$29,469,208	\$29,607,788
Other Development Costs			
Developer Fee on Acquisition of Buildings	\$0	\$0	\$0
Developer Fee	\$4,385,237	\$5,337,340	\$5,322,902
Market Study	\$0	\$0	\$6,500
Total Other Development Costs	\$4,385,237	\$5,337,340	\$5,329,402

Notes to the Other Development Costs:

1. SMG reclassifies Market Study as part of Developer Fees.
2. As an Affordable Housing transaction financed with MMRB, SMG limits Total Developer Fee to 18.00% of Development Cost before Land and Developer Fee in accordance with FHFC Underwriting Guidelines. .

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs
Development Cost Before Land	\$29,322,895	\$34,806,548	\$34,937,190
Land Acquisition Costs			
Land	\$3,775,000	\$3,775,000	\$3,775,000
Other - Land Closing/Land Carry Cost	\$0	\$182,683	\$218,007
Total Land Acquisition Costs	\$3,775,000	\$3,957,683	\$3,993,007

Notes to the Land Acquisition Costs:

1. Land Acquisition Costs are evidenced by copies of a Special Warranty Deed dated March 7, 2005, and recorded March 11, 2005, in the Official Records of Hillsborough County plus a Purchase and Sale Agreement signed by Seller December 8, 2004, and a March 7, 2005, Settlement Statement, both in the amount of \$3,775,000.
2. Land Closing and Land Carry Cost represents \$62,288 in itemized Buyer's Expenses from the March 7, 2005, Settlement Statement and Applicant's figure of \$155,719 for interest on a Land Loan.
3. The "as is" Market Value is \$3,820,000, which supports the Purchase Price of \$3,775,000.

	Applicant Total Costs	Applicant Revised Total Costs	Underwriter Total Costs
Total Development Cost	\$33,097,895	\$38,764,231	\$38,930,197

Operating Pro forma

DESCRIPTION	ANNUAL	PER UNIT
Revenue		
Gross Potential Rental Revenue	\$2,878,944	\$7,997
Other Income:		
Washer/Dryer Rentals	\$113,400	\$315
Cable Television Income	\$32,400	\$90
Miscellaneous Income	\$18,000	\$50
Interest Income	\$0	\$0
Gross Potential Income	\$3,042,744	\$8,452
Less:		
Vacancy Loss - 4.0%	(\$121,710)	(\$338)
Collection Loss - 1.0%	(\$30,427)	(\$85)
Total Effective Gross Revenue	\$2,890,607	\$8,029
Expenses		
Fixed:		
Taxes	\$270,000	\$750
Insurance	\$136,800	\$380
Variable:		
Management Fees - 5.0%	\$144,530	\$401
General and Administrative	\$81,000	\$225
Payroll Expenses	\$224,998	\$625
Utilities	\$207,000	\$575
Marketing and Advertising	\$57,600	\$160
Maintenance and Repairs	\$113,400	\$315
Grounds Maintenance and Landscaping	\$68,400	\$190
Security	\$0	\$0
Replacement Reserve	\$72,000	\$200
Resident Programs	\$0	\$0
Other: Contract Services	\$0	\$0
Total Expenses	\$1,375,728	\$3,821
Net Operating Income	\$1,514,878	\$4,208
Debt Service Payments		
First Mortgage - HCHFA Tax-Exempt Bonds	\$1,207,128	\$3,353
Second Mortgage - SAIL Loan	\$99,832	\$277
Third Mortgage	\$0	\$0
Other Fees - Letter of Credit/Guarantee	\$0	\$0
Other Fees - Agency/Trustee/Servicer	\$0	\$0
Total Debt Service Payments	\$1,306,960	\$3,630
Operating Income After Debt Service - Before Tax Cash Flow	\$207,918	\$578

Debt Service Coverage Ratios		
	Debt Service Coverage - HCHFA Tax-Exempt Bonds	1.255
	Debt Service Coverage - HCHFA and SAIL	1.159
	Debt Service Coverage - All Mortgages	1.159
	Debt Service Coverage - All Mortgages and Fees	1.159
Financial Ratios		
	Operating Expense Ratio	47.6%
	Break-Even Ratio	92.8%

Notes to the Operating Pro forma and Ratios:

1. The SAIL Program does not impose Rent Restrictions, however the Subject Development will be requesting HC that will impose Rent Restrictions. SMG utilizes Year 2005 Maximum Restricted Rents as published by FHFC less appropriate Utility Allowances. Maximum Restricted Rents are supported by the February 28, 2005, Market Evaluation by Novo and an April 15, 2005, Complete Self-Contained Appraisal by Integra Realty Resources Tampa Bay ("Integra"), Tampa, FL. Applicant provided SMG a copy of a December 6, 2005, Utility Provider Letter from TECO Energy, Tampa, FL, for the Subject Development. No Manager/Employee units are contemplated in the Rent Roll, below.

Tampa-St. Petersburg-Clearwater MSA/Hillsborough County

Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	Max Gross HC Rents	Utility Allowance	Max Net HC Rents	Applicant Rents	Underwriter Rents	Annual Rents
1	1	24	777	60%	\$586	\$57	\$529	\$529	\$529	\$152,352
2	2	192	974	60%	\$703	\$74	\$629	\$629	\$629	\$1,449,216
3	2	112	1,240	60%	\$813	\$92	\$721	\$721	\$721	\$969,024
4	2	32	1,364	60%	\$907	\$104	\$803	\$803	\$803	\$308,352
Totals		360	388,184							\$2,878,944

2. Washer/Dryer Rentals is based upon 75% of the units renting Washers and Dryers at \$35 per unit per month, which is consistent with Market Comparables and the Appraisal.
3. Cable Television Income represents Net Revenues (after Expenses) from bulk cable television service based upon 75% of the units subscribing to the service, generating \$10 per unit per month (net). This estimate is consistent with comparable properties SMG has underwritten in the Tampa area.
4. Miscellaneous Income includes Late Fees, Cancellation Fees, Forfeited Deposits, Vending Income and income from other miscellaneous sources, to total \$50 per unit per year, which is consistent with Market Comparables and the Appraisal.
5. SMG has underwritten Vacancy Loss and Collection Loss at 4.0% and 1.0%, respectively, which are consistent with Market Comparables, the February 28, 2005, Novo Market Evaluation and the April 15, 2005, Integra Appraisal. SMG performed additional Due

Diligence by examining monthly Occupancy Rates of Brandon, FL, Affordable Properties reported to FHFC and found them consistent with the Third-Party Reports. (See Exhibit 2).

6. SMG underwrites the Subject Development utilizing Management Fees at 5.0% of Total Effective Gross Revenue per a Management Agreement with WRMC, Inc., a related, entity, effective August 1, 2005.
7. Other Operating Expenses are Applicant's estimates that, in total, are consistent with Market Comparables and the Appraisal.

Note: Estimated costs associated with Resident Programs committed to in the SAIL Application are de minimis and are included in General and Administrative Expenses.

Note: Utilities include residents' monthly service of Water and Sewer, which Applicant will pay.

Note: Estimated costs associated with Pest Control and Termite Prevention are de minimis and are included in Maintenance and Repairs.

8. Replacement Reserve will be funded at \$200 per unit per year, paid monthly. 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 FHFC or the Loan Servicer that evidences an increase in the deposit is excessive or unnecessary.
9. Based upon operating data from Comparable Properties, Third-Party Reports (Appraisal and Market Evaluation) and the Credit Underwriter's independent Due Diligence, SMG represents that, in its professional opinion, estimates for Rental Income, Vacancy, 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 the total of Operating Expenses are equal to and \$28,581 greater, respectively, than those utilized by the Appraiser in determining the Investment Value of the Subject Development under "Restricted Rents and Favorable Financing" assumptions.
10. A 15-year Income and Expense Projection is attached to this report as Exhibit 3.

Section B

SAIL Program Special and General Conditions

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing Finance Corporation ("Florida Housing" or "FHFC") and Seltzer Management Group, Inc. ("Seltzer" or "SMG") **at least two weeks prior to SAIL Closing**. Failure to receive approval of these items within this time frame may result in postponement of the State Apartment Incentive Loan ("SAIL") Closing Date.

1. Evidence that a minimum of 35% of HC Equity has been paid in.

General Conditions

This recommendation is contingent upon the review and approval of the following items by FHFC and SMG **at least two weeks prior to SAIL Closing**. Failure to receive approval of these items within this time frame may result in postponement of the SAIL Loan Closing Date.

1. Borrower to comply with any and all recommendations noted in the PCR being prepared by CASI.
2. Signed and sealed Survey, dated within 90 days of SAIL Closing unless otherwise approved by FHFC and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to FHFC and its Legal Counsel, as well as the Title Insurance Company, and shall indicate the Legal Description, Exact Boundaries of the Subject Development, Easements, Utilities, Roads and Means of Access to Public Streets, Total Acreage, Flood Hazard Area, and any other requirements of FHFC.
3. Building Permits and any other necessary Approvals and Permits (e.g., Final Site Plan Approval, Water Management District, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.) 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 (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) Site Plans 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. A detailed calculation of Construction Interest based upon the Final Draw Schedule (see below), documentation of the Closing Costs and draft SAIL 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 Construction Draw Schedule showing itemized Sources and Uses of Funds for each Monthly Draw. SAIL Program Loan Proceeds shall be disbursed on a pro rata basis during the Construction or Rehabilitation Phase, in an amount per Draw that does not exceed the ratio of the SAIL to Total Development Cost net of Deferred Developer Fees, unless otherwise approved by the Credit Underwriter. The Closing Draw must include back-up and ACH Wiring Instructions.

7. Evidence of General Liability, Flood (if applicable), Builder's Risk and Replacement Cost Hazard Insurance (as Certificates of Occupancy ["C/O's"] are received) reflecting FHFC as Loss Payee/Mortgagee, in Coverages, Deductibles and Amounts satisfactory to FHFC.
8. If the Subject Development is not 100% lien-free completed, 100% Payment and Performance ("P&P") Bond(s) is required to secure the Construction Contract between the General Contractor and Borrower. FHFC must be listed as Co-Obligee. The P&P Bond(s) must be from a company rated at least "A-" by A.M. Best & Co., with a financial size category of at least FSC VI. FHFC and/or its Legal Counsel must approve the source, amount(s) and all terms of the P&P Bond(s).
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 of the Americans with Disabilities Act ("ADA") and the Federal Fair Housing Act, 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 SAIL Closing**. Failure to receive approval of these items within this time frame may result in postponement of the 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)/Manager(s) of Borrower, the Guarantors and any Limited Partners of Borrower.
2. Signed and sealed Survey, dated within 90 days of SAIL Closing unless otherwise approved by FHFC and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to FHFC and its Legal Counsel, as well as the Title Insurance Company, and shall indicate the Legal Description, Exact Boundaries of the Subject Development, Easements, Utilities, Roads and Means of Access to Public Streets, Total Acreage, Flood Hazard Area, and any other requirements of FHFC.
3. An acceptable, updated Environmental Audit Report, together with a Reliance Letter to HFC, prepared within 90 days of SAIL Loan Closing, unless otherwise approved by FHFC and Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s), Update and Environmental Review, if applicable.
4. Title Insurance Pro Forma or Commitment for Title Insurance, with copies of all Schedule B exceptions, in the amount of the SAIL Loan naming FHFC as the Insured. All Endorsements required by FHFC shall be provided.
5. Florida Housing and its Legal Counsel shall review and approve all other lenders' Closing Documents. FHFC shall be satisfied in its sole discretion that all Legal and Program Requirements for the SAIL have been satisfied.
6. Evidence of General Liability, Flood (if applicable), Builder's 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.
7. 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 Borrower and of any Partnership that is the General Partner of Borrower ("GP") and of any Corporation or Partnership that is the Managing General Partner of GP, Guarantor or Manager;
 - b. Authorization, execution, and delivery by Borrower and the Guarantors of all SAIL Documents;
 - c. The SAIL Documents being in Full Force and Effect and enforceable in accordance with their terms, subject to Bankruptcy and Equitable Principles only;
 - d. Borrower's and Guarantor's execution, delivery and performance of the SAIL Documents shall not result in a violation of, or conflict with, any Judgments, Orders, Contracts, Mortgages, Security Agreements or Leases to which Borrower is a party or to which the Subject Development is subject to Borrower's Partnership Agreement, and;
 - e. Such other matters as FHFC or its Legal Counsel may require.
8. Evidence of compliance with local Concurrency Laws.
 9. 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 SAIL.
 10. Uniform Commercial Code ("UCC") Searches for Borrower and its Partnerships, as requested by Legal Counsel.
 11. Any other reasonable Conditions established by FHFC 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, Rule Chapter 67-48, Florida Administrative Code ("F.A.C.").
2. Acceptance by Borrower and execution of all documents evidencing and securing the SAIL in form and substance satisfactory to FHFC, including but not limited to the Promissory Note, Loan Agreement, Mortgage and Security Agreement and Land Use Restriction Agreement ("LURA").
3. At all times there will be un-disbursed Loan Funds (collectively held by FHFC, the First Mortgage Lender and any other sources) sufficient to complete the Subject Development. If at any time there are not sufficient funds (held by FHFC, the First Mortgage Lender 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 SAIL funds are disbursed. This Condition specifically includes escrowing at SAIL Closing all Syndication and other Equity necessary to complete construction, or another alternative acceptable to FHFC in its sole discretion.
4. If applicable, Guarantors to provide standard FHFC Construction Completion Guarantees, to be released upon Lien-Free Completion as approved by the Servicer.
5. Guarantors to provided standard FHFC Operating Deficit Guarantees, to be released upon achievement for six consecutive months of a 1.10 combined Debt Service Coverage ("DSC") for the Multifamily Mortgage Revenue Bond ("MMRB") First Mortgage and SAIL Loans.

6. Guarantors to provide standard FHFC Environmental Indemnity.
7. Guarantors to provide standard FHFC Guaranty of Recourse Obligations.
8. CASI to act as Florida Housing's inspector during the construction period.
9. A Mortgagee Title Insurance Policy naming FHFC as the insured in the amount of the SAIL is to be issued immediately after SAIL Closing. Any exceptions to the Title Insurance Policy must be acceptable to FHFC or its Legal Counsel.
10. Property Tax and Hazard Insurance Escrow are to be established and maintained by the First Mortgage Lender or the Servicer. 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.
11. Replacement Reserves at \$200 per unit per year are required to be deposited on a monthly basis into a designated Escrow Account, to be maintained by the First Mortgagee or Florida Housing' Loan Servicing Agent.

However, Applicant has the option to prepay Replacement Reserves, as allowed per Rule 67-048.12, F.A.C., in the amount of \$72,000 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the Applicable DSC Requirements. Applicant can waive this election, if at closing of the Loan(s), the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of \$200 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 FHFC that evidences an increase in the Replacement Reserve Deposit is excessive or unnecessary.

12. A minimum of 10% Retainage Holdback on all Construction Draws until the Development is 50% complete, with 0% Retainage thereafter. Retainage will not be released until successful Construction Completion and issuance of all C/O's. The November 2, 2005, Construction Contract indicates a 10% Retainage Holdback, however Retainage will not at any time exceed 5% of the Total Contract Amount.
13. Satisfactory completion of a Pre-Loan Closing Compliance Audit conducted by FHFC or the Servicer, if applicable.
14. Receipt and satisfactory resolution (as determined by FHFC) of any Past Due Items or Non-Compliance Issues according to the latest FHFC Past Due and/or Non-Compliance Reports.
15. Any other reasonable requirements of the Servicer, FHFC or its Legal Counsel.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT

NAME: Lake Kathy Apartments

DATE: December 29, 2005

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 the Florida Housing Finance Corporation ("Florida Housing" or "FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means the Credit Underwriter has received assurances from third parties unrelated to 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.

CREDIT UNDERWRITING	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 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.	

COMPLETENESS AND ISSUES CHECKLIST

10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in the Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor.	Satis.	
11. Resumes and experience of applicant, general contractor and management agent.	Satis.	
12. Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
13. Management Agreement and Management Plan.	Satis.	
14. Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
15. Firm commitment letter from the syndicator, if any.	Satis.	
16. Firm commitment letter(s) for any other financing sources.	Satis.	
17. Updated sources and uses of funds.	Satis.	
18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
19. Fifteen-year income, expense, and occupancy projection.	Satis.	
20. Executed general construction contract with "not to exceed" costs.	Satis.	
21. HC ONLY: 35% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.		1
22. Any additional items required by the credit underwriter.	Satis.	

NOTES AND APPLICANT'S RESPONSES:

1. FHFC Rule requires 35% of HC Equity be paid in prior to SAIL Loan Closing. The October 10, 2005, Firm Commitment from TRGAHC requires 21% of the HC Equity be paid in prior to the Housing Authority of Hillsborough County First Mortgage Loan Closing that occurred December 16, 2005. Seltzer's SAIL recommendation is conditional upon evidence that an additional 14% of HC Equity be deposited with the Bond Trustee prior to SAIL Loan Closing.

Exhibit 2 Lake Kathy Apartments Rent Comparables

Property Address	Cypress Trace* 741 Providence Trace Circle Brandon, FL 33511 Hillsborough	Westchester* 105 Westchester Oaks Lane Brandon, FL 33511 Hillsborough	Brandon Crossing* 530 Providence Road Brandon, FL 33511 Hillsborough	Charleston Landings* 902 Delaney Circle Brandon, FL 33511 Hillsborough	Sterling Palms* 1919 Sterling Palms Court Brandon, FL 33511 Hillsborough	FHFC* Appraisal by Realvest**
# of Units	348	376	200	300	248	
Occupancy						
Jan-05	95%	97%	100%	89%	96%	
Feb-05	96%	97%	99%	88%	96%	
Mar-05	96%	97%	100%	90%	94%	
Apr-05	96%	97%	99%	95%	95%	
May-05	96%	98%	98%	95%	97%	
Jun-05	96%	98%	99%	95%	95%	
Jul-05	97%	98%	100%	94%	97%	
Aug-05	95%	98%	97%	96%	99%	
Sep-05	97%	98%	98%	98%	95%	
	96.0%	97.6%	98.9%	93.3%	96.0%	Average 96.4%

Per FHFC Compliance Report

** Per April 15, 2005, Appraisal by Robert Von/Realvest

Appraisal Restricted Rent Comparables:

Brandon Crossing	100.0%
Cypress Trace	100.0%
Lakewood Shores	100.0%
Woodbury Woods	98.0%
Westchester	99.0%
Sterling Palms	97.0%
Average	99.0%

Exhibit 3

**Lake Kathy Apartments
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	\$2,878,944	\$2,950,918	\$3,024,691	\$3,100,308	\$3,177,815	\$3,257,261	\$3,338,692	\$3,422,160	\$3,507,714	\$3,595,407	\$3,685,292	\$3,777,424	\$3,871,860	\$3,968,656	\$4,067,873
Other Income:															
Washer/Dryer Rentals	\$113,400	\$116,235	\$119,141	\$122,119	\$125,172	\$128,302	\$131,509	\$134,797	\$138,167	\$141,621	\$145,162	\$148,791	\$152,510	\$156,323	\$160,231
Cable Television Income	\$32,400	\$33,210	\$34,040	\$34,891	\$35,764	\$36,658	\$37,574	\$38,513	\$39,476	\$40,463	\$41,475	\$42,512	\$43,574	\$44,664	\$45,780
Miscellaneous Income	\$18,000	\$18,450	\$18,911	\$19,384	\$19,869	\$20,365	\$20,874	\$21,396	\$21,931	\$22,480	\$23,042	\$23,618	\$24,208	\$24,813	\$25,434
Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Potential Income	\$3,042,744	\$3,118,813	\$3,196,783	\$3,276,702	\$3,358,620	\$3,442,586	\$3,528,650	\$3,616,866	\$3,707,288	\$3,799,970	\$3,894,970	\$3,992,344	\$4,092,152	\$4,194,456	\$4,299,318
Less:															
Vacancy Loss - 4.0%	(\$121,710)	(\$124,753)	(\$127,871)	(\$131,068)	(\$134,345)	(\$137,703)	(\$141,146)	(\$144,675)	(\$148,292)	(\$151,999)	(\$155,799)	(\$159,694)	(\$163,686)	(\$167,778)	(\$171,973)
Collection Loss - 1.0%	(\$30,427)	(\$31,188)	(\$31,968)	(\$32,767)	(\$33,586)	(\$34,426)	(\$35,287)	(\$36,169)	(\$37,073)	(\$38,000)	(\$38,950)	(\$39,923)	(\$40,922)	(\$41,945)	(\$42,993)
Total Effective Gross Revenue	\$2,890,607	\$2,962,872	\$3,036,944	\$3,112,867	\$3,190,689	\$3,270,456	\$3,352,218	\$3,436,023	\$3,521,924	\$3,609,972	\$3,700,221	\$3,792,727	\$3,887,545	\$3,984,733	\$4,084,352
Expenses															
Fixed:															
Taxes	\$270,000	\$280,800	\$292,032	\$303,713	\$315,862	\$328,496	\$341,636	\$355,302	\$369,514	\$384,294	\$399,666	\$415,653	\$432,279	\$449,570	\$467,553
Insurance	\$136,800	\$142,272	\$147,963	\$153,881	\$160,037	\$166,438	\$173,096	\$180,019	\$187,220	\$194,709	\$202,497	\$210,597	\$219,021	\$227,782	\$236,893
Variable:															
Management Fees - 5.0%	\$144,530	\$148,144	\$151,847	\$155,643	\$159,534	\$163,523	\$167,611	\$171,801	\$176,096	\$180,499	\$185,011	\$189,636	\$194,377	\$199,237	\$204,218
General and Administrative	\$81,000	\$84,240	\$87,610	\$91,114	\$94,759	\$98,549	\$102,491	\$106,590	\$110,854	\$115,288	\$119,900	\$124,696	\$129,684	\$134,871	\$140,266
Payroll Expenses	\$224,998	\$233,998	\$243,358	\$253,092	\$263,216	\$273,744	\$284,694	\$296,082	\$307,925	\$320,242	\$333,052	\$346,374	\$360,229	\$374,638	\$389,624
Utilities	\$207,000	\$215,280	\$223,891	\$232,847	\$242,161	\$251,847	\$261,921	\$272,398	\$283,294	\$294,626	\$306,411	\$318,667	\$331,414	\$344,670	\$358,457
Marketing and Advertising	\$57,600	\$59,904	\$62,300	\$64,792	\$67,384	\$70,079	\$72,882	\$75,798	\$78,830	\$81,983	\$85,262	\$88,673	\$92,219	\$95,908	\$99,745
Maintenance and Repairs	\$113,400	\$117,936	\$122,653	\$127,560	\$132,662	\$137,968	\$143,487	\$149,227	\$155,196	\$161,404	\$167,860	\$174,574	\$181,557	\$188,819	\$196,372
Grounds Maintenance and Landscaping	\$68,400	\$71,136	\$73,981	\$76,941	\$80,018	\$83,219	\$86,548	\$90,010	\$93,610	\$97,355	\$101,249	\$105,299	\$109,511	\$113,891	\$118,447
Security	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserve	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$72,000	\$74,880	\$77,875	\$80,990	\$84,230	\$87,599	\$91,103	\$94,747	\$98,537	\$102,478
Other:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$1,375,728	\$1,425,710	\$1,477,636	\$1,531,583	\$1,587,632	\$1,645,864	\$1,709,246	\$1,775,102	\$1,843,529	\$1,914,629	\$1,988,506	\$2,065,271	\$2,145,038	\$2,227,924	\$2,314,052
Net Operating Income	\$1,514,878	\$1,537,162	\$1,559,308	\$1,581,284	\$1,603,057	\$1,624,592	\$1,642,972	\$1,660,921	\$1,678,395	\$1,695,343	\$1,711,715	\$1,727,455	\$1,742,507	\$1,756,810	\$1,770,300
Debt Service Payments															
First Mortgage - HCHFA Tax-Exempt Bonds	\$1,207,128	\$1,207,128	\$1,207,128	\$1,207,128	\$1,207,128	\$1,207,128	\$1,207,128	\$1,207,128	\$1,207,128	\$1,207,128	\$1,207,128	\$1,207,128	\$1,207,128	\$1,207,128	\$1,207,128
Second Mortgage - SAIL	\$99,832	\$99,832	\$99,832	\$99,832	\$99,832	\$99,832	\$99,832	\$99,832	\$99,832	\$99,832	\$99,832	\$99,832	\$99,832	\$99,832	\$99,832
Third Mortgage	\$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/Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments	\$1,306,960	\$1,306,960	\$1,306,960	\$1,306,960	\$1,306,960	\$1,306,960	\$1,306,960	\$1,306,960	\$1,306,960	\$1,306,960	\$1,306,960	\$1,306,960	\$1,306,960	\$1,306,960	\$1,306,960
Operating Income After Debt Service - Before Tax Cash Flow	\$207,918	\$230,202	\$252,348	\$274,324	\$296,097	\$317,632	\$336,012	\$353,961	\$371,435	\$388,383	\$404,755	\$420,495	\$435,547	\$449,850	\$463,340
Debt Service Coverage Ratios															
Debt Service Coverage - HCHFA Tax-Exempt Bonds	1.25	1.27	1.29	1.31	1.33	1.35	1.36	1.38	1.39	1.40	1.42	1.43	1.44	1.46	1.47
Debt Service Coverage - HCHFA and SAIL	1.16	1.18	1.19	1.21	1.23	1.24	1.26	1.27	1.28	1.30	1.31	1.32	1.33	1.34	1.35
Debt Service Coverage - All Mortgages	1.16	1.18	1.19	1.21	1.23	1.24	1.26	1.27	1.28	1.30	1.31	1.32	1.33	1.34	1.35
Debt Service Coverage - All Mortgages and Fees	1.16	1.18	1.19	1.21	1.23	1.24	1.26	1.27	1.28	1.30	1.31	1.32	1.33	1.34	1.35
Financial Ratios															
Operating Expense Ratio	47.6%	48.1%	48.7%	49.2%	49.8%	50.3%	51.0%	51.7%	52.3%	53.0%	53.7%	54.5%	55.2%	55.9%	56.7%
Break-Even Ratio	92.8%	92.2%	91.7%	91.2%	90.7%	90.3%	90.0%	89.7%	89.5%	89.2%	89.1%	88.9%	88.8%	88.7%	88.7%

EXHIBIT 4
Lake Kathy Apartments (2005-029S)
Hillsborough County
Features/Amenities and Resident Programs

- A.** The Subject Development will consist of 360 garden apartment units located in 15 residential buildings.

Unit Mix:	24	One-Bedroom / One-Bath units
	192	Two-Bedroom / Two-Bath units
	112	Three-Bedroom / Two-Bath units
	32	Four-Bedroom / Two-Bath units
	360	Total units

The Subject 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. Peephole on all exterior doors
 5. Cable or satellite TV hook-up
 6. Range, oven and 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

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Features/Amenities and Resident Programs

- C.** 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. Marble window sills
 4. Dishwasher in all new construction units
 5. Garbage disposal in all new construction units
 6. Double compartment kitchen sink
- D.** Borrower has committed to the following Amenities in the **DEVELOPMENT**:
1. Exercise room with appropriate equipment
 2. Swimming pool
 3. Car care area
 4. Outside recreation facility (such as shuffleboard court, putting green, tennis court, full basketball court, volleyball court, etc.)
 5. Thirty-year expected life roofing on all buildings
 6. Exterior lighting in open and common areas
 7. Computer lab on-site with minimum of one computer per 50 units, with basic word processing, spreadsheets and assorted educational and entertainment software programs, and at least one printer
- E.** Borrower has committed to provide the following Energy Conservation Features for all **UNITS** in the Development:
1. Air conditioning with SEER rating of 12 or better
 2. Electric water heater with energy factor of 0.91 or better

EXHIBIT 4
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Hillsborough County
Features/Amenities and Resident Programs

3. Wall insulation of R-13 or better for frame-built construction
 4. Attic insulation of R-30 or better
 5. Ceiling fans in all bedrooms and living area in each unit
 6. All windows single-pane, with shading coefficient of 0.67 or better excluding windows on doors and sidelights
- F.** Borrower has committed to provide the following Resident Programs:
1. Welfare to Work or Self-Sufficiency Type Programs: Borrower commits to actively seek residents who are participating in or who have successfully completed the training provided by these types of programs.
 2. First Time Homebuyer Seminars: 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.
 3. Literacy Training: Borrower or its Management Agent must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site.
 4. Job Training: 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. Resident Activities: These specified activities are planned, arranged, provided and paid for by Borrower or its Management Agent. These activities must be an integral part of the management plan. 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.

EXHIBIT 4
Lake Kathy Apartments (2005-029S)
Hillsborough County
Features/Amenities and Resident Programs

7. Swimming Lessons: Borrower or its Management Agent must provide on-site swimming lessons for children or adults, at no cost to the resident, at least twice a year.
8. Life Safety Training: 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.