

Florida Housing Finance Corporation

Credit Underwriting Report

The Allen Apartments

2008-002E

Section A: Board Summary

Section B: EHCL Special and General Conditions

Section C: Supporting Information and Schedules

Prepared by

First Housing Development Corporation of Florida

Final Report

April 9, 2009

The Allen Apartments

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FHDC

Section A

Board Summary

April 9, 2009

EHCL Program Credit Underwriting Report

FHDC

Recommendation

First Housing recommends an EHCL Program loan in the amount of **\$750,000** for life-safety and building preservation improvements to the subject.

DEVELOPMENT & SET-ASIDES																	
Location	2001 Washington Avenue Miami Beach, FL 33139 Miami-Dade County																
Number of Units/Unit Mix	<table border="1"> <thead> <tr> <th>Bedrooms</th> <th>Baths</th> <th>No. of Units</th> <th>Unit Size (Sf)</th> </tr> </thead> <tbody> <tr> <td>Studio</td> <td>1</td> <td>36</td> <td>335</td> </tr> <tr> <td>1</td> <td>1</td> <td>3</td> <td>440</td> </tr> <tr> <td>Total</td> <td></td> <td>39</td> <td>13,380</td> </tr> </tbody> </table>	Bedrooms	Baths	No. of Units	Unit Size (Sf)	Studio	1	36	335	1	1	3	440	Total		39	13,380
Bedrooms	Baths	No. of Units	Unit Size (Sf)														
Studio	1	36	335														
1	1	3	440														
Total		39	13,380														
Demographic Commitment	Elderly																
Set Asides	25% of units (10 ELI units) at 33% or less AMI 75% of units (remaining) at 50% or less AMI																
Affordability Period	30 years																
Year Built	1940																
County Size	Large																
Development Category	Rehabilitation																
Development Type	3 story mid rise development																
Occupancy Rate	N/A as it is 45% complete per the Developer, note that the building was not inhabitable prior to rehabilitation																
Acreage	0.2210 Acres (9,625 Square Feet)																
Density	176.4 Dwelling units per net Acre																
Proposed use of EHCL Funds	To provide life-safety and building preservation improvements to the subject. Specifically, the conversion of six regular units to three ADA units, wiring upgrades, and replacement of the old elevator.																
Zoning	MXE Mixed-Use Entertainment, per the Appraisal																
Flood Zone	AE, which is within the 100-year floodplain, flood insurance will be required.																
DEVELOPMENT TEAM																	
Borrower	MBCDC: The Allen, LLC																
Managing Member	Miami Beach Community Development Corporation ("MBCDC")																
Limited Member	N/A																
Guarantors	Miami Beach Community Development Corporation																
Developer	MBCDC: The Allen, LLC																

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	A Florida 501(c)(3) organization 945 Pennsylvania Avenue Miami Beach, FL 33139
General Contractor	J. Cappelletti, Inc. License Type: General Contractor License Number: CGC054385 Valid Through: August 2010
Management Company	MBCDC: Property Management, LLC
1st Mortgage Lender	Great Florida Bank
2nd Mortgage Lender	City of Miami Beach Community Redevelopment Agency
3rd Mortgage Lender	Florida Housing Finance Corporation
4th Mortgage Lender	City of Miami Beach - HOME
5th Mortgage Lender	City of Miami Beach - Community Development Block Grant ("CDBG")
6th Mortgage Lender	City of Miami Beach - SHIP
FINANCING INFORMATION	
FHFC Programs	EHCL
Total 1st Mtg. Loan Balance	\$500,000 - paid down to \$263,301 at Permanent
"All in" Underwritten Interest Rate	6.19%
Term/Amortization	5 years / 20 years
Total 2nd Mtg. Loan Balance	\$3,469,347
"All in" Underwritten Interest Rate	0.00%
Term/Amortization	30 years / N/A years
3rd Mortgage Loan (EHCL)	\$750,000
Interest Rate	1.25% (non-amortizing, simple interest; principal and interest deferred until maturity; plus 25 bps servicing fee)
Term/Amortization	30 years / N/A
Total 4th Mtg. Loan Balance	\$192,481
"All in" Underwritten Interest Rate	0.00%
Term/Amortization	N/A
Total 5th Mtg. Loan Balance	\$159,684
"All in" Underwritten Interest Rate	0.00%
Term/Amortization	N/A
Total 6th Mtg. Loan Balance	\$273,106
"All in" Underwritten Interest Rate	0.00%
Term/Amortization	N/A
Appraised Value "As Is"	\$575,000
Appraisal Restricted Value	\$1,465,000
Projected Net Operating Income	\$45,810
Debt Service Coverage - 1st Mortgage	1.99
Debt Service Coverage - 2nd Mortgage	1.99
Debt Service Coverage - 3rd Mortgage	1.42
Debt Service Coverage - All Debt	1.42

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Permanent Restricted Loan To Value - First, Second, and Third Mortgage	312.56%
FHFC EHCL Loan to Cost	95%
FHFC Assistance Per Unit	\$19,231

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

According to the FHFC January 6, 2009, Asset Management Non-Compliance Report, The Allen has the following non-compliance item(s):

- None

The Past Due report dated March 3, 2009 indicates that The Allen has the following past due item(s):

- None

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

Other Considerations: None

Mitigating Factors: None

Waiver Requests/Special Conditions: None

Additional Information:

MBCDC: The Allen ("The Allen") closed the first mortgage through Great Florida Bank in August 2008, of which, approximately \$247,000 of the funds allocated for this loan will be used to complete life-safety and building preservation improvements to the subject as specified in the ECHL application. The applicant has requested that funds from the ECHL be used to reimburse items that were previously completed. First Housing advised The Allen that all construction draws will need to be provided in order for reimbursement.

EHCL Program Credit Underwriting Report**FHDC**Recommendation:

First Housing recommends that an EHCL Program loan allocation of \$750,000 be awarded to The Allen for the improvement of life-safety equipment and building preservation. These improvements will include conversion of six regular units to three ADA units, rewiring of the electricity, and replacement of the existing elevator.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A), and Supporting information and Schedules (Section C). In addition, these recommendations are subject to the EHCL Special and General Conditions (Section B). The reader is cautioned to refer to these sections for complete information.

Prepared by:



Brigitte Coover, Analyst

Reviewed by:



Ed Busansky, Senior Vice President

EHCL Program Credit Underwriting Report**FHDC****Renovation Sources**

Renovation Sources	Lender	Underwriter	Term Yrs.	Amort. Yrs.	Interest Rate	Annual Debt Service
EHCL Loan	FHFC	\$750,000	30	-	1.25%	\$9,375
Matching Funds	MBCDC	\$40,000	-	-	0.00%	\$0
Total		\$790,000				\$32,359

Development Description

The Allen offer features and amenities typical of other high rise affordable housing developments. The development contains efficiency and one bedroom units that feature a range, refrigerator, air conditioner, and window blinds.

Existing Finance StructureFirst Mortgage

A Mortgage, Assignment of Rents and Security Agreement, dated September 15, 2008, between Great Florida Bank ("Lender") and MBCDC: The Allen, LLC ("Borrower"). Additionally, a Non-Revolving Construction and Term Loan Promissory Note, dated September 15, 2008, between the Lender and Borrower, and in the amount of \$500,000 was received. The term of the construction loan will be for six (6) months from closing date with an interest rate of LIBOR plus 250 basis points ("bps") with monthly payments of interest-only due during the construction phase. The permanent phase will be for five (5) years after the date of conversion with an interest rate based on the 5-year Treasury Bill constant maturity rate plus 275 bps, fixed at the day of closing at the then-prevailing rate; however, in no event shall the rate be less than 6.125%. Monthly principal and interest payments during the initial 5-year term based on a 20-year amortization. Additionally, the Borrower has the option to extend the loan for an additional five (5) year period. Provided the loan is current, not in default, and is extended for an additional five-year term, monthly payments of principal and interest will be due based on the remaining 15-year amortization. Upon the maturity of the loan the remaining principal balance plus any accrued and unpaid interest will be due in full. Per the Developer the loan will be paid down to \$263,300.80.

Second Mortgage

The Underwriter has reviewed an executed Loan Agreement, dated April 30, 2007, between MBCDC: The Allen, LLC ("Borrower") and Miami Beach Redevelopment Agency, in the amount of \$3,469,347.50, for the acquisition of the subject property. Per the agreement the

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completion date of the project must occur on or prior to May 1, 2012. Additionally, provided that the Borrower is in good standing and in compliance with the terms of the agreement, they will not be required to make any payments on the principal amount during the term. Per Exhibit A, the executed Promissory Note dated April 30, 2007, the Note shall not bear interest and the entire principal amount shall be due and payable at the end of the term. The term is thirty (30) years from the closing date of the loan, and will expire April 30, 2037. However, per the Developer, the balance has been increased to \$3,565,672.

Third Mortgage

The Applicant has applied to FHFC for EHCL funds in the amount of \$750,000 to finance the proposed renovation of The Allen Apartments, a currently vacant, historic hotel property in order for it to comply with ADA and current building standards.

The EHCL loan will be non-amortizing with a 30 year term to be co-terminus with the superior second mortgage as permitted by the Rule and an interest rate of 1.25% comprised of a base rate of 1% plus servicing fees of 0.25%. This loan will be in a third mortgage position. Both principal and accrued interest will be due at maturity. Loan servicing fees are due annually. As the Applicant has committed to provide 25% units to extremely low income persons for 15 years or more (33% or less AMI), therefore 25% of the EHCL loan shall be forgiven. Additionally, as the Debt Service Coverage does not exceed 1.50, repayment of principal and interest may be deferred until the maturity of the Note, per the Rule.

Fourth Mortgage

The underwriter has received a HOME Program Agreement, dated October 30, 2008, between the City of Miami Beach and Miami Beach Community Development Corporation to provide \$192,481 in assistance to the subject property. The forgivable loan shall only be repayable in event that the property does not comply with the HOME agreement, which includes HUD rents and an affordability period of 30 years. Per the Developer, the HOME funds have not been recorded and wont be until after the closing of the EHCL.

Fifth Mortgage

The underwriter has received a Resolution for the 2008/2009 Community Development Block Grant ("CDBG") in the amount of \$1,722,590, of which The Allen is anticipated to receive \$159,684 for the subject property. This report is conditioned on the receipt of said funds.

Sixth Mortgage

The underwriter has received a SHIP Agreement between the City of Miami Beach and the Miami Beach Community Development Corporation for 2006-7 SHIP funds in the amount of

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\$798,763 total, \$273,106 of which may be used to fund seven (7) rental activities at a maximum per-unit subsidy of \$40,000. The funds are reserved for use through June 2009. The affordability period will be the later of SHIP or HUD terms, which ever is longer. SHIP units must benefit very-low, low, or moderate income families. SHIP records must be maintained, the loan is repayable in the "event the housing is transferred or sold for any purpose other than settling the estate of one of the owners." The minimum amount invested per unit is \$1,000 with the maximum at \$40,000.

Matching Funds

Additional financing sources to fund the proposed improvements are provided in the form of matching funds totaling \$40,000. The required matching funds will be funded from Miami Beach Community Development Corporation, Inc., as sole member of MBCDC: The Allen, per an executed commitment letter dated April 8, 2008. The matching fund amount is equal to 5.3% of the requested loan amount of \$750,000, which meets the minimum 5% requirement set forth in the Rule.

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Uses of Funds

EHCL Renovation Costs	Applicant's Cost	Underwriter's Total Cost
SELECTIVE DEMOLITION	\$10,000	\$10,000
FRAMING	\$41,353	\$41,353
GYP SUM DRYWALL SYSTEMS	\$18,476	\$18,476
CERAMIC TILE @ BATHROOMS	\$0	\$0
VCT TILE @ KITCHENS	\$0	\$0
WASTE MANAGEMENT	\$0	\$0
CMB - FPL (UTILITIES DURING CONST)	\$0	\$0
FIRE ALARM	\$29,281	\$29,281
KITCHEN CABINETS	\$0	\$0
ROOFING	\$0	\$0
ALL STAR SOUTH GLASS	\$0	\$0
DON BAYLEY CARPETS	\$0	\$0
SHERWIN WILLIAMS + INT PAINT LABOR	\$0	\$0
APPLIANCES (BRANDSMART)	\$0	\$0
WIDOWS AND STOREFRONTS	\$165,000	\$165,000
EXTERIOR METAL DOORS AND FRAMES	\$8,000	\$8,000
INTERIOR DOORS	\$19,680	\$19,680
RAILINGS	\$5,200	\$5,200
ADA RAMP VERTICAL ACCESSIBILITY	\$8,000	\$8,000
STUCCO	\$0	\$0
EXTERIOR PAINT	\$0	\$0
ELEVATOR + PERM + COMP	\$63,000	\$63,000
PLUMBING	\$124,000	\$124,000
FIRE EXTIGUISHERS	\$200	\$200
FIRE SPRINKLERS	\$70,000	\$70,000
FIRE RATING ALL PENETRATIONS	\$3,500	\$3,500
H/VAC	\$0	\$0
BUILDING WATER HEATER	\$8,600	\$8,600
ELECTRICAL FIX + PCGK	\$175,710	\$175,710
CONTINGENCIES (TBD)	\$40,000	\$40,000
Total Uses	\$790,000	\$790,000

The Applicant intends to complete improvements to bring the building, a former hotel property, up to code. Specifically, the conversion of six (6) regular units to three (3) ADA compliant units, including the conversion of one (1) regular unit to a hearing impaired ADA compliant unit, and

the installation of one ADA ramp. Also, a water connection from the street to backflow as required by the City of Miami Beach Fire Department, as well as a fire stand pipe and backflow preventer as required by the NFPA. Railings will be provided at the ADA ramp and stairs in order to comply with the Florida Building Code and NFPA, as well as the City of Miami Beach Building and Fire Departments. Additionally, a fire safety and sprinkler system as required by the City of Miami Beach Fire Department and the NFPA. New doors at emergency exits should be replaced in order to comply with NFPA and FBC as well as the City of Miami Beach Fire Department. Because the building is classified as historic, hurricane shutters cannot be installed on any facade facing a major street; because of this the Applicant has opted to install impact resistant windows, replacing the 80-year old current windows, which will also serve to seal the building, which will prevent water damage to the remodeled units. Additionally, installing a new elevator on the existing elevator shaft will be needed to comply with accessibility requirements. The 80-year old plumbing system needs to be replaced, and a new boiler and holding tank will be installed, which will serve the entire building. Finally, the entire building will be rewired in order to meet Florida Electric Code and Florida Building Code minimum requirements; the old wiring makes the building unsafe, and it was an electrical fire which rendered the building uninhabitable in 2005.

CASI conducted a Limited Property Condition Assessment, dated March 20, 2009, and concluded that the scope of work appears adequate. The Scope of Renovations consists of conversion of three ADA units, ADA ramp, new water and fire supply lines to the building, new fire alarm system, sprinkler system upgrades, fire stopping, added smoke detectors, fire doors, replace exterior doors and frames, replace windows, new hot water boiler, wiring upgrades, new carpet, interior paint, and appliances.

The General Contractor will be J. Cappelletti, Inc. General Contractors, a State Certified GC with offices in Miami, Florida, active in the industrial, commercial, and residential market in South Florida since 1993. They have experience working with rehabilitations in the Miami area, including historical buildings like the subject. Bids have been received and appear acceptable, revised bids will be required prior to closing.

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OPERATING PROFORMA

Description	Annual	Per Unit
Revenue		
Gross Potential Revenue	\$231,072	\$5,925
Other Income		
Washer/Dryer	\$0	\$0
Cable	\$0	\$0
Miscellaneous	\$7,800	\$200
Gross Potential Revenue	\$238,872	\$6,125
Vacancy and Collection Loss @ 6%	(\$14,332)	(\$367)
Total Effective Gross Revenue	\$224,540	\$5,757
Expenses		
Fixed		
Real Estate Taxes	\$0	\$0
Insurance	\$39,000	\$1,000
Variable		
Management Fee	\$12,000	\$308
General and Administrative	\$3,900	\$100
Payroll Expenses	\$44,850	\$1,150
Utilities	\$35,300	\$905
Marketing and Advertising	\$1,950	\$50
Maintenance and Repairs	\$23,400	\$600
Contract Services & Misc.	\$4,680	\$120
Reserve for Replacements	\$13,650	\$350
Total Expenses	\$178,730	\$4,583
Net Operating Income	\$45,810	\$1,175
Debt Service Payments		
Great Florida Bank	\$22,984	\$589
Miami Beach RDA	\$0	\$0
FHFC	\$9,375	\$240
City of Miami Beach	\$0	\$0
CMB - CDBG	\$0	\$0
CMB - SHIP	\$0	\$0
Total Debt Service Payments	\$32,359	\$830
Cash Flow After Debt Service	\$13,451	\$345

Debt Service Coverage Ratios	
Debt Service Coverage - 1st Mtg	1.99
Debt Service Coverage - 1st & 2nd Mtg	1.99
Debt Service Coverage - 1st, 2nd, & 3rd Mtg	1.42

Financial Ratios	
Operating Expense Ratio	80%
Break-Even Ratio	88%

EHCL Program Credit Underwriting Report**FHDC**

Notes to the Operating Proforma and Ratios:

1. The underwriter has received a HOME Program Agreement, dated October 30, 2008, between the City of Miami Beach and the Miami Beach Community Development Corporation ("MBCDC") for HUD assistance under the HOME program. The term of the rental and occupancy limitations is 30 years. The 2009 FHFC rents are reflected below:

County (MSA)		Miami - Dade							
Bedrooms	Baths	No. of Units	Unit Size (SF)	Median Income %	Max Gross FHFC Rents	Utility Allowance	Max Net FHFC Rents	Underwriter Rents	Annual Rents
Studio	1	9	335	33%	\$389	\$47	\$342	\$342	\$36,936
Studio	1	27	335	50%	\$590	\$47	\$543	\$543	\$175,932
1	1	1	440	33%	\$417	\$54	\$363	\$363	\$4,356
1	1	2	440	50%	\$631	\$54	\$577	\$577	\$13,848
Total		39	13,380						\$231,072

2. Based upon operating data from comparable properties, third party reports (primarily a subject limited appraisal), and the credit underwriter's independent due diligence; First Housing 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.
3. The 6% vacancy/collection loss rate is based on First Housing's estimate of sustainable economic occupancy. The Appraisal also estimated a 6% vacancy/collection loss rate.
4. Operating Proforma number are the Appraiser's estimates which appear to be reasonable, with the exception of utilities, which were adjusted upward to reflect the higher utility expenses provided by the Developer.
5. Miami Beach Community Development Corporation, Inc., is a Florida not-for-profit and 501(c)(3) tax-exempt corporation, therefore, the Subject Property will be exempt from real estate taxes. A Replacement Reserve Fund shall be maintained by the second mortgagee or Florida Housing, for the term of the loan at a minimum amount of \$350 per unit annually, which meets the Second Mortgagee/HUD requirements and as approved by the Servicer.
6. Please see Exhibit 1 Page 1 for a 15 year Pro Forma with income increasing at 3% and expenses increasing at 4% per year.

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Section B

EHCL Program Special and General Loan Conditions

Special Conditions

This recommendation is contingent upon the review and approval of the following items by First Housing and FHFC **at least (2) weeks before closing**. Failure to receive approval of these items within this timeframe may result in postponement of the closing date.

1. CASI is to act as inspector during the rehabilitation phase.
2. Receipt and acceptance of revised General Contractor bids that are substantially similar in size and scope prior to loan closing.
3. Paydown of the First Mortgage to \$263,300.80.
4. Evidence that the Second Mortgage has been increased to \$3,565,672.
5. Receipt of final commitments from all funding sources.

General Conditions

This recommendation is contingent upon the review and approval of the following items by First Housing and FHFC **at least (2) weeks before closing**. Failure to receive approval of these items within this timeframe may result in postponement of the closing date.

1. The proceeds of all loans shall be used for life-safety, building preservation, health, sanitation, or security-related repairs or improvements which result in making the development safe and secure, and meeting requirements of state, federal, or local regulation.
2. Funding provided under the EHCL Program may not exceed \$750,000 per Housing Community for the Elderly.
3. Loan proceeds shall not be used to pay for administrative costs, routine maintenance or new construction.
4. Building permits and any other necessary approvals and permits required to implement the improvements or a letter from the local permitting and/or approval authority stating that all necessary permits and approvals will be issued upon receipt of applicable fees. If a letter is provided, copies of all permits will be required as a condition to the first post-closing draw.
5. Final sources and uses of funds schedule, itemized by source and line item, in a format and in amounts approved by the Servicer, will be attached to the loan agreement as the approved development budget.

6. Final draw schedule to be approved prior to closing, itemized by line item and showing the sources of funds for monthly draws. Loan funds must be disbursed pro rata with the Borrower's contribution and all other loan funds.
7. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to Florida Housing.

This recommendation is contingent upon the review and approval of the following items by Florida Housing and its legal counsel **at least two (2) weeks** before closing. Failure to receive approval of these items, along with all other items listed on counsel's due diligence list, within this timeframe 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)/manager(s) of the Borrower, the guarantors, and any limited partners of the Borrower.
2. Title insurance Proforma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan naming FHFC as the insured. All endorsements required by FHFC shall be provided.
3. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan have been satisfied.
4. Evidence of general liability, flood (if applicable), builder's risk, and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, in coverage, deductibles and amounts satisfactory to Florida Housing.
5. Receipt of a legal opinion from the Borrower's legal counsel acceptable to Florida Housing addressing the following matters:
 - a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager.;

- b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
 - c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
 - d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership Agreement and;
 - e. Such other matters as Florida Housing or its legal counsel may require.
6. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its legal counsel in form and substance acceptable to Florida Housing or its legal counsel, in connection with the Loan.
 7. If applicable, construction contract or contracts pertaining to the improvements to be made with the loan.
 8. UCC Searches for the Borrower, its partnerships, as requested by legal council.
 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. The loan shall be in compliance with all provisions of Section 420.5087, Florida Statutes and Chapter 67-32, Florida Administrative Code (the statute and rule governing the EHCL Program).
2. The Applicant shall certify annually to the Corporation that the Development is providing Housing for the Elderly as defined in 67-32.002(9) and Section 420.503, Florida Statute.
3. Satisfactory achievement or completion of all conditions and requirements of the credit underwriting report.
4. Acceptance by the Borrower and execution of all documents evidencing and securing the Loan in form and substance satisfactory to FHFC, including, but not limited to, the

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Promissory Note, the Loan Agreement, and the Mortgage and Security Agreement, setting forth the terms of this commitment letter.

5. At all times there will be un-disbursed loan funds (collectively held by FHFC and any other sources) sufficient to complete the improvements. If at any time there are not sufficient funds to complete the improvements, the Borrower will be required to expend additional equity on the improvement costs or to deposit additional equity with FHFC which is sufficient (in FHFC's judgment) to complete the improvements before additional Loan funds are disbursed.
6. Construction Completion Guarantee from MBCDC: The Allen.
7. Environmental Indemnity from MBCDC: The Allen.
8. A mortgagee title insurance policy naming FHFC as the insured in the amount of the Loan to be issued at closing. Any exceptions to the title insurance policy must be acceptable to FHFC or its legal counsel.
9. Hazard Insurance escrow to be established and maintained by the First Lender or the Servicer.
10. Draw requests subsequent to the first draw request require lien releases from all parties filing notices to owner, acknowledging receipt of all payments due as of the date of the prior draw.
11. Evidence of work in place and amounts due contractors for work completed (or amounts due to Borrower as reimbursement for prior payments to contractors for completed work) is required prior to disbursement of any EHCL funds.
12. Receipt of a draw request and any reasonably required supporting documentation in the format prescribed by the Servicer and FHFC. Supporting Documentation may include lien releases, title insurance endorsements or other documentation.
13. EHCL Funds to be disbursed pro rata with Borrower's matching contribution funds.
14. Annual audited financial statements and operating statements for the development will be submitted to FHFC.

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15. A Replacement Reserve Fund shall be maintained by the second mortgagee or Florida Housing, for the term of the loan at a minimum amount of \$350 per unit annually (total monthly deposit of \$1,138).
16. FHFC or an authorized representative of the FHFC shall monitor compliance of all terms and conditions of the loan as provided in the loan documents.
17. Loan Servicing fees are to be paid by the Applicant to the Servicer pursuant to the contract in effect between the Corporation and the Servicer.
18. Resolution of any outstanding past due or non-compliance issues.
19. Any other reasonable requirements of the Servicer, FHFC or its legal counsel.

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15 Year Proforma

Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Revenue															
Gross Potential Revenue	\$231,072	\$238,004	\$245,144	\$252,499	\$260,074	\$267,876	\$275,912	\$284,189	\$292,715	\$301,497	\$310,541	\$319,858	\$329,453	\$339,337	\$349,517
Other Income															
Miscellaneous	\$7,800	\$8,034	\$8,275	\$8,523	\$8,779	\$9,042	\$9,314	\$9,593	\$9,881	\$10,177	\$10,483	\$10,797	\$11,121	\$11,455	\$11,798
Gross Potential Revenue	\$238,872	\$246,038	\$253,419	\$261,022	\$268,853	\$276,918	\$285,226	\$293,782	\$302,596	\$311,674	\$321,024	\$330,655	\$340,574	\$350,792	\$361,315
Vacancy and Collection Loss @ 6%	(\$14,332)	(\$14,762)	(\$15,205)	(\$15,661)	(\$16,131)	(\$16,615)	(\$17,114)	(\$17,627)	(\$18,156)	(\$18,700)	(\$19,261)	(\$19,839)	(\$20,434)	(\$21,047)	(\$21,679)
Total Effective Gross Revenue	\$224,540	\$231,276	\$238,214	\$245,361	\$252,721	\$260,303	\$268,112	\$276,155	\$284,440	\$292,973	\$301,763	\$310,815	\$320,140	\$329,744	\$339,636
Expenses															
Fixed															
Real Estate Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance	\$39,000	\$40,560	\$42,182	\$43,870	\$45,624	\$47,449	\$49,347	\$51,321	\$53,374	\$55,509	\$57,730	\$60,039	\$62,440	\$64,938	\$67,535
Variable															
Management Fee	\$12,000	\$11,564	\$11,911	\$12,268	\$12,636	\$13,015	\$13,406	\$13,808	\$14,222	\$14,649	\$15,088	\$15,541	\$16,007	\$16,487	\$16,982
General and Administrative	\$3,900	\$4,056	\$4,218	\$4,387	\$4,562	\$4,745	\$4,935	\$5,132	\$5,337	\$5,551	\$5,773	\$6,004	\$6,244	\$6,494	\$6,754
Payroll Expenses	\$44,850	\$46,644	\$48,510	\$50,450	\$52,468	\$54,567	\$56,750	\$59,020	\$61,380	\$63,836	\$66,389	\$69,045	\$71,806	\$74,679	\$77,666
Utilities	\$35,300	\$36,712	\$38,180	\$39,708	\$41,296	\$42,948	\$44,666	\$46,452	\$48,310	\$50,243	\$52,253	\$54,343	\$56,516	\$58,777	\$61,128
Marketing and Advertising	\$1,950	\$2,028	\$2,109	\$2,193	\$2,281	\$2,372	\$2,467	\$2,566	\$2,669	\$2,775	\$2,886	\$3,002	\$3,122	\$3,247	\$3,377
Maintenance and Repairs	\$23,400	\$24,336	\$25,309	\$26,322	\$27,375	\$28,470	\$29,608	\$30,793	\$32,025	\$33,305	\$34,638	\$36,023	\$37,464	\$38,963	\$40,521
Contract Services & Misc.	\$4,680	\$4,867	\$5,062	\$5,264	\$5,475	\$5,694	\$5,922	\$6,159	\$6,405	\$6,661	\$6,928	\$7,205	\$7,493	\$7,793	\$8,104
Reserve for Replacements	\$13,650	\$13,650	\$13,650	\$13,650	\$13,650	\$13,650	\$14,196	\$14,764	\$15,354	\$15,969	\$16,607	\$17,272	\$17,962	\$18,681	\$19,428
Total Expenses	\$178,730	\$184,417	\$191,132	\$198,112	\$205,368	\$212,910	\$221,297	\$230,014	\$239,077	\$248,498	\$258,291	\$268,472	\$279,055	\$290,058	\$301,495
Net Operating Income	\$45,810	\$46,859	\$47,082	\$47,248	\$47,353	\$47,393	\$46,815	\$46,141	\$45,363	\$44,476	\$43,471	\$42,343	\$41,084	\$39,686	\$38,141
Debt Service Payments															
Great Florida Bank	\$22,984	\$22,984	\$22,984	\$22,984	\$22,984	\$22,984	\$22,984	\$22,984	\$22,984	\$22,984	\$22,984	\$22,984	\$22,984	\$22,984	\$22,984
Miami Beach RDA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FHFC	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375	\$9,375
City of Miami Beach	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CMB - CDBG	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CMB - SHIP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service Payments	\$32,359	\$32,359	\$32,359	\$32,359	\$32,359	\$32,359	\$32,359	\$32,359	\$32,359	\$32,359	\$32,359	\$32,359	\$32,359	\$32,359	\$32,359
Cash Flow After Debt Service	\$13,451	\$14,500	\$14,723	\$14,889	\$14,994	\$15,034	\$14,456	\$13,782	\$13,004	\$12,116	\$11,112	\$9,984	\$8,725	\$7,327	\$5,782
Debt Service Coverage Ratios															
Great Florida Bank	1.99	2.04	2.05	2.06	2.06	2.06	2.04	2.01	1.97	1.94	1.89	1.84	1.79	1.73	1.66
Miami Beach RDA	1.99	2.04	2.05	2.06	2.06	2.06	2.04	2.01	1.97	1.94	1.89	1.84	1.79	1.73	1.66
FHFC	1.42	1.45	1.45	1.46	1.46	1.46	1.45	1.43	1.40	1.37	1.34	1.31	1.27	1.23	1.18
City of Miami Beach	1.42	1.45	1.45	1.46	1.46	1.46	1.45	1.43	1.40	1.37	1.34	1.31	1.27	1.23	1.18
CMB - CDBG	1.42	1.45	1.45	1.46	1.46	1.46	1.45	1.43	1.40	1.37	1.34	1.31	1.27	1.23	1.18
CMB - SHIP	1.42	1.45	1.45	1.46	1.46	1.46	1.45	1.43	1.40	1.37	1.34	1.31	1.27	1.23	1.18
Total Debt Service Payments	1.42	1.45	1.45	1.46	1.46	1.46	1.45	1.43	1.40	1.37	1.34	1.31	1.27	1.23	1.18
Financial Ratios															
Operating Expense Ratio	80%	80%	80%	81%	81%	82%	83%	83%	84%	85%	86%	86%	87%	88%	89%
Break-Even Ratio	88%	88%	88%	88%	88%	89%	89%	89%	90%	90%	91%	91%	91%	92%	92%