

Florida Housing Finance Corporation

Credit Underwriting Report

Kensington Gardens Apartments

RFP 2009-01 Housing Credit Program

2009-016C

Section A Report Summary

Section B HC Allocation Recommendation and Contingencies

Section C Supporting Information and Schedules

Prepared by

Seltzer Management Group, Inc.

Final Report

September 1, 2009

SMG

KENSINGTON GARDENS APARTMENTS

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Section A
Report Summary

September 1, 2009

Recommendation

Seltzer Management Group, Inc. (“SMG” or “Seltzer”) recommends an annual Housing Tax Credit (“HC”) allocation of \$2,110,000 be awarded to the Subject Development by Florida Housing Finance Corporation (“FHFC” or “Florida Housing”) for its construction and permanent financing.

DEVELOPMENT & SET-ASIDES																					
Location	South side of Progress Boulevard, 1,200' west of its intersection with U.S. Highway 301, Riverview, Hillsborough County, Florida 33578																				
Number of Units/Unit Mix	<table border="1" style="margin-left: auto; margin-right: auto;"> <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>761</td> </tr> <tr> <td>2</td> <td>2</td> <td>104</td> <td>974</td> </tr> <tr> <td>3</td> <td>2</td> <td>52</td> <td>1,240</td> </tr> <tr> <td>Totals</td> <td></td> <td>180</td> <td>184,040</td> </tr> </tbody> </table>	Bed-rooms	Baths	No. of Units	Unit Size (SF)	1	1	24	761	2	2	104	974	3	2	52	1,240	Totals		180	184,040
Bed-rooms	Baths	No. of Units	Unit Size (SF)																		
1	1	24	761																		
2	2	104	974																		
3	2	52	1,240																		
Totals		180	184,040																		
Demographic Commitment	Family																				
Set-Asides	10% of the units (18 units) designated as Extremely Low Income (“ELI”) units at 35% or less of Area Median Income (“AMI”) and 90% (remaining units) at 60% or less of AMI, for a total set-aside of 100%.																				
Set Aside Term	50 Years																				
County Size	Large (E)																				
Development Category	New Construction																				
Development Type	Garden Apartments																				
Occupancy Rate	N/A																				
Parking	The Subject Development will have 360 parking spaces, 15 of which will be handicap spaces.																				
Improvements	The Subject Development will consist of 180 units in 7 3-story garden-style Residential Buildings plus 2 Accessory Buildings; a Clubhouse and a Garage/Maintenance Building. Kensington Gardens Apartments will be wood frame on slab-on-grade construction.																				
Site Acreage	17.92 Gross Acres per a June 23, 2009, Boundary Survey by Hamilton Engineering & Surveying, Inc. (“Hamilton”), Tampa, Florida																				
Density	10.0 units per Gross Acre																				
Zoning	PD (Planned Development) – up to 338 units allowed (for Phases I and II) per a March 4, 2008, Local Government Zoning Verification by Paula Harvey, Division Director for Hillsborough County.																				

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Flood Zone Designation	Flood Zones "AE" and "X" per Hamilton Survey; Flood Insurance required for any improvements in Flood Zone "AE".
DEVELOPMENT TEAM	
Applicant/Borrower	Progress Boulevard, Ltd., a Florida Limited Partnership registered with the State of Florida September 19, 2007
General Partner	Progress Boulevard GP, LLC ("Progress GP"), a Florida Limited Liability Company with a 0.01% ownership interest, registered with the State of Florida on September 5, 2007
Limited Partner/Syndicator	The Richman Group of Florida, Inc. ("Richman"), West Palm Beach, Florida, is currently a 99.99% Limited Partner. The Richman Group Affordable Housing Corporation ("TRGAHC"), Greenwich, Connecticut, a related entity, will purchase the 99.99% Limited Partnership Interest.
Developer	Richman
General Contractor	First Florida, LLC ("First Florida"), Miami, Florida, a joint venture of Richman and First Florida Building Corporation, Miami, Florida
Management Company	Richman Property Services, Inc. ("RPS"), a related entity.
First Mortgage Lender - Construction	JP Morgan Chase Bank, NA, ("JP Chase"), Tampa, Florida
First Mortgage Lender - Permanent	Richman Mortgage Asset Company I, LLC ("RICHMAC"), Greenwich, Connecticut, a related entity.
FINANCING INFORMATION	
FHFC Programs	HC Program
First Mortgage Loan Amount	\$7,259,229 – Construction \$7,688,476 – Permanent
	Underwritten Interest Rate
	3.810% – Construction 7.250% – Permanent
	Term/Amortization
	Construction/Stabilization Phase – Up to 24 months with an option for a 6-month extension if necessary Permanent/Amortization Period – 35 years
Market Rent/Market Financing Value at Stabilization	\$13,130,000
Market Rent/Market Financing Loan to Value ("LTV") First Mortgage Loan	55.29% Construction/Stabilization Phase 58.56% Permanent/Amortization Period
Restricted Rent/Market Financing Value at Stabilization	\$9,080,000

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Restricted Rent/Market Financing LTV First Mortgage Loan	79.95% Construction/Stabilization Phase 84.67% Permanent/Amortization Period
Projected Net Operating Income (NOI)	\$693,016
Debt Service Coverage ("DSC") First Mortgage Loan	1.144
First Mortgage Loan to Cost	34.89%
FHFC Assistance per Unit	\$117,222 (Annual HC x 10 years / units)
Annual HC Allocation per Unit	\$11,722
Syndication Price	\$0.680 per dollar of HC

Construction / Permanent Sources:

Source	Lender	Construction	Permanent	Permanent Loan per Unit
First Mortgage Loan	RICHMAC	\$7,259,229	\$7,688,476	\$42,714
Housing Credit Equity	TRGAHC	\$12,194,580	\$14,346,565	\$79,703
Deferred Developer Fee	Richman	\$2,581,232	\$0	\$0
Total		\$22,035,041	\$22,035,041	\$122,417

Changes from the Application:

COMPARISON CRITERIA	YES	NO
Does the level of experience of the current team equal or exceed that of the team described in the application?	X	
Are all funding sources the same as shown in the Application?	X	
Are all local government recommendations/contributions still in place at the level described in the Application?	X	
Is the Development feasible with all amenities/features listed in the Application?	X	
Do the site plans/architectural drawings account for all amenities/features listed in the Application?	X	
Does the Applicant have site control at or above the level indicated in the Application?	X	
Does the Applicant have adequate zoning as indicated in the Application?	X	
Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application?	X	
Have the Development costs remained equal to or less than those listed in the Application?	X	

HC CREDIT UNDERWRITING REPORT

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Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	X	
Is the Development in all other material respects the same as presented in the Application?	X	

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

None

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 July 7, 2009, Richman has no violations.

Florida Housing's Past Due Report as of August 11, 2009, reflects no Past Due items for Richman.

Seltzer's recommendation is subject to satisfactory resolution (as determined by FHFC) of any outstanding Past Due or Non-Compliance Issues. Failure to correct such deficiencies could reflect poorly on the Development Team's past performance, which may cause the recommended HC to be in jeopardy.

Strengths:

1. 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. Richman provided SMG a list of 38 Affordable Properties (7,054 units) developed in Florida through the assistance of MMRB, SAIL, HOME Farmworker and/or HC financing.

Other Considerations:

None

Mitigating Factors:

None

Waiver Requests/Special Conditions:

None

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Additional Information:

1. Applicant applied to FHFC in its 2008 cycle for financing and was allocated a \$5,000,000 State Apartment Incentive Loan ("SAIL") Program Loan (2008-032S) and a \$2,720,000 Supplemental Loan, however the SAIL and Supplemental Loans were de-obligated in accordance with Emergency Rule 67ER09 implementing the provisions of Chapter 2009-01, Florida Statutes.

In response to Request for Proposal ("RFP") 2009-01, Applicant applied for and was awarded a preliminary 2009 annual HC allocation of \$2,110,000.

2. Richman purchased approximately 29 acres of land November 30, 2007, for Kensington Gardens Apartments in the name of Applicant at a Purchase Price of \$3,500,000. Richman subsequently decided to split the property into two phases, Phase I at 180 units and a future Phase II at 96 units. Phase I, the Subject Development, will be constructed on 17.92 acres. Land Acquisition Cost reflects an allocation of the Purchase Price based upon the number of units. Richman states that at or prior to closing, the acreage for Phase II will be transferred to Richman or a designated entity. At the time of purchase, the combined 29 acres were pledged to Citicorp USA, Inc. ("Citi USA") through a \$2,800,000 Mortgage. Applicant states that the Citi USA Mortgage will be paid at or prior to closing, with Phase I's pro rata portion of the amount coming from the Subject's Sources of Funds and Phase II's portion coming from Richman. Seltzer's recommendation is contingent upon documentation of the payment, cancellation and satisfaction of Citi USA's Mortgage.

Issues and Concerns:

None

Recommendation:

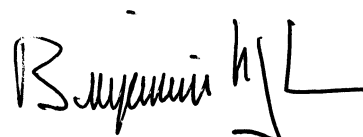
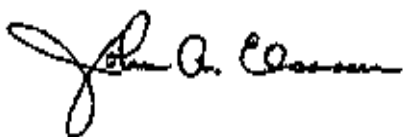
1. SMG recommends an annual HC Allocation of \$2,110,000 be awarded to the Subject Development based upon Applicant Request.

Seltzer's Recommendation is based upon assumptions detailed in the Report Summary (Section A) and the Supporting Information and Schedules (Section C). In addition, Seltzer's Recommendation is subject to HC Allocation Contingencies detailed in Section B of this Credit Underwriting Report. The reader is cautioned to refer to these Sections for complete information.

This Recommendation is valid for 6 months from the date of this Credit Underwriting Report.

Prepared by:

Reviewed by:



John A. Elsasser
Credit Underwriter

Benjamin S. Johnson
President

Overview

Construction Financing Sources

Source	Lender	Application	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
First Mortgage Loan	JP Chase	\$7,264,493	\$7,259,229	\$7,259,229	3.810%	\$315,297
Land Loan	Kensington Garden II	\$1,217,391	\$0	\$0	n/a	\$0
Housing Credit Equity	TRGAHC	\$12,194,580	\$12,194,580	\$12,194,580	n/a	\$0
Deferred Developer Fee	Richman	\$2,748,234	\$2,747,393	\$2,581,232	n/a	\$0
Total		\$23,424,698	\$22,201,202	\$22,035,041		\$315,297

First Mortgage Loan:

Per a June 19, 2009, Term Sheet, JP Chase will provide First Mortgage Construction Financing in an amount up to \$7,305,800, with the amount to be adjusted based upon a Final Budget and the availability of other sources of Debt and Equity. The Loan Term is 24 months with one 6-month option to extend at a Fee of 0.25%. Interest is quoted at the 30-day London InterBank Offer Rate ("LIBOR") plus 350 basis points ("bp"). Seltzer's calculation of Construction Debt Service is based upon Applicant's Construction Loan figure of \$7,259,229, a 24-month Construction/Stabilization Phase and an average outstanding balance of 57% during Construction/Stabilization.

Other Construction Period Sources of Funds:

During the Construction/Stabilization Phase, other Sources of Funds are HC Equity of \$12,194,580 and Deferred Developer Fees of \$2,581,232.

Construction Stabilization Period:

A July 2, 2009, Construction Contract with First Florida has a Construction Period of 12 months. Based upon its demographic and market analysis including existing and proposed developments, Meridian projects Kensington Gardens Apartments to be absorbed as an Affordable Property at a rate of 23 units per month. This represents a lease-up period of 7 to 8 months from the inception of leasing activities. Applicant, however, assumes absorption will take place at a slower rate and that leasing activities will commence upon Construction Completion. Applicant projects Stabilized Occupancy to occur within 24 months, which is allowable per RICHMAC.

Permanent Financing Sources

Source	Lender	Application	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
First Mortgage Loan	RICHMAC	\$7,750,000	\$7,750,000	\$7,688,476	7.250%	35	35	\$605,668
Land Loan	Kensington Garden II	\$1,217,391	\$0	\$0	n/a	n/a	n/a	\$0
Housing Credit Equity	TRGAHC	\$14,346,565	\$14,346,565	\$14,346,565	n/a	n/a	n/a	\$0
Deferred Developer Fee	Richman	\$110,742	\$104,637	\$0	n/a	n/a	n/a	\$0
Total		\$23,424,698	\$22,201,202	\$22,035,041				\$605,668

First Mortgage Loan:

Per a July 6, 2009, Commitment RICHMAC will extend Permanent Financing to Kensington Gardens Apartments in an amount up to \$7,750,000. SMG calculates the amount Applicant will actually require at \$7,688,476. The Loan Term will be 35 years (not including the 24 months for Construction/Stabilization). Interest is to be locked at or prior to closing. SMG underwrites at RICHMAC's underwriting interest rate of 7.250%. The RICHMAC Loan will be secured by a First Mortgage Lien on the Development Site and a First Security Interest in all Personality of the Subject Development.

Syndicated HC:

Applicant applied to FHFC for 9.00% HC in the amount of \$2,110,000. Per a June 29, 2009, Firm Commitment, TRGAHC will purchase a 99.99% Limited Partnership Interest, replacing Richman as the Limited Partner. The Limited Partnership will generate a Net Equity Contribution of \$14,346,565 as follows:

Capital Contributions	Amount	Percent of Total	When Due
1st Installment	\$2,151,985	15%	At or prior to Closing of Construction Financing
2nd Installment	\$10,042,595	70%	Prior to Construction Completion
3rd Installment	\$717,328	5%	Construction Completion
4th Installment	\$1,434,657	10%	Later of HC Certification or Receipt of Form(s) 8609
Total	\$14,346,565	100%	

Annual Tax Credits per Syndication Agreement:	\$2,110,000
Total HC Syndication:	\$21,097,890
Syndication Percentage (Limited Partner):	99.99%
Calculated HC Exchange Rate (per dollar):	\$0.680
Proceeds Available during Construction:	\$12,194,580

At least 15.00% of the total of HC Equity will be provided prior to or simultaneous with the closing of the Construction Financing.

Deferred Developer Fees:

Assuming the Hard Cost Contingency of \$582,500 is expended during construction, no Developer Fees need be deferred during the Permanent/Amortization Period after all available First Mortgage Loan Proceeds and HC Equity Contributions have been received.

Uses of Funds

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Actual Construction Costs				
Construction Contract				
Site Work	\$0	\$0	\$1,850,000	\$0
Off-Site	\$0	\$0	\$0	\$0
New Rental Units	\$10,564,529	\$10,210,600	\$8,169,300	\$0
Rehab of Existing Rental Units	\$0	\$0	\$0	\$0
Accessory Buildings	\$0	\$0	\$200,000	\$0
Recreational Amenities	\$0	\$0	\$0	\$0
Rehab of Existing Common Area	\$0	\$0	\$0	\$0
Contractor's Fee (Not to Exceed 14%)	\$1,056,453	\$1,439,400	\$1,430,700	\$0
Total Construction Contract	\$11,620,982	\$11,650,000	\$11,650,000	\$0
Contingency	\$593,549	\$595,000	\$582,500	\$0
Total Actual Construction Costs	\$12,214,531	\$12,245,000	\$12,232,500	\$0

Notes to the Actual Construction Costs:

1. Applicant provided SMG a copy of an executed Construction Contract with First Florida dated July 2, 2009, in the amount of \$11,650,000. Retainage per the First Florida Construction Contract is 10% until the work is 50% complete, with none thereafter. Assuming Construction Commencement at October 23, 2009, the Construction Contract states the General Contractor shall achieve Substantial Completion within a period of 365 days (12 months). Final Payment shall be made by Applicant when the Construction Contract has been fully performed by the General Contractor except for its responsibility to correct nonconforming work and a Final Certificate for Payment has been issued by the Architect. Such Final Payment shall be made by Applicant shall be made not more than 30 days after the issuance of the Architect's Final Certificate for Payment.
2. General Contractor Fees consist of Mobilization, General Requirements, Overhead and Profit. At \$1,430,700, General Contractor Fees are 14.00% of Net Construction Costs (i.e., the original Construction Contract figure of \$11,650,000 less the General Contractor Fee, itself). They are within the 14.00% cap for General Contractor Fees.
3. SMG limits the Hard Cost Contingency to \$582,500, which is 5.00% of the First Florida Construction Contract Amount.
4. SMG engaged and received from Consultech & Associates, Inc. ("Consultech"), Tampa, Florida, a Pre-Construction Analysis ("PCA") dated July 10, 2009. Results of the PCA are provided in Section "C" of this Credit Underwriting Report.

HC CREDIT UNDERWRITING REPORT

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	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
General Development Costs				
Accounting Fees	\$20,000	\$20,000	\$20,000	\$0
Appraisal	\$7,500	\$7,500	\$11,300	\$0
Architect's Fee	\$250,000	\$250,000	\$250,000	\$0
Landscape Architect	\$12,500	\$12,500	\$12,500	\$0
Traffic Planner Fee	\$12,500	\$12,500	\$12,500	\$12,500
Builder's Risk Insurance	\$162,000	\$162,000	\$162,000	\$0
Building Permits	\$76,500	\$76,500	\$76,500	\$0
Payment & Performance Bond Premiums	\$225,825	\$225,825	\$225,825	\$0
Financing/Closing Costs	\$77,600	\$65,000	\$94,300	\$39,500
Engineering Fee	\$140,000	\$140,000	\$140,000	\$0
Environmental Report	\$15,000	\$15,000	\$15,000	\$0
FHFC Administrative Fee	\$168,800	\$168,800	\$168,800	\$168,800
FHFC Application Fee	\$3,000	\$3,000	\$500	\$500
FHFC Compliance Monitoring Fee	\$90,221	\$90,221	\$108,849	\$108,849
FHFC Credit Underwriting Fees	\$18,410	\$18,410	\$29,191	\$0
Inspection Fees	\$13,200	\$13,200	\$13,200	\$0
Insurance	\$0	\$0	\$0	\$0
Legal Fees	\$125,000	\$125,000	\$125,000	\$37,500
Market Study	\$6,500	\$6,500	\$5,000	\$0
Marketing and Advertising	\$108,000	\$108,000	\$108,000	\$108,000
Pre-Construction Analysis ("PCA")	\$1,800	\$1,800	\$1,800	\$0
Property Taxes	\$61,250	\$61,250	\$61,250	\$0
Soil Test	\$20,000	\$20,000	\$20,000	\$0
Survey	\$18,000	\$18,000	\$18,000	\$0
Title Insurance & Recording Fees	\$76,500	\$76,500	\$76,500	\$0
Start-Up Costs / Operating Funds Advance	\$0	\$150,000	\$150,000	\$150,000
Off-Site Improvements outside Construction Contract	\$250,000	\$250,000	\$250,000	\$250,000
Utility Connection Fees	\$581,580	\$581,580	\$581,580	\$0
Impact Fees	\$814,519	\$814,519	\$814,519	\$0
Furniture, Fixtures and Equipment	\$175,000	\$175,000	\$175,000	\$36,000
Soft Cost Contingency	\$85,000	\$85,000	\$85,000	\$25,000
Total General Development Costs	\$3,616,205	\$3,753,605	\$3,812,114	\$936,649

Notes to the General Development Costs:

1. The Appraisal Fee is actual cost engaged by SMG.
2. General Liability/Property Hazard Insurance is included in Builder's Risk.
3. Financing/Closing Costs are the total of those quoted in JP Chase's June 29, 2009, Term Sheet and RICHMAC's July 6, 2009, Commitment.
4. FHFC Administrative Fees are based upon 8.00% of Seltzer's recommended annual HC Allocation.

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5. Applicant paid \$500 for submission to FHFC under the RFP.
6. FHFC Compliance Monitoring Fees are from Florida Housing's 2009 schedule based upon 180 units for 50 years plus a Year 2009 Pre-Final Allocation Compliance Fee of \$3,343.
7. FHFC Credit Underwriting Fees reflect actual costs incurred by Applicant.
8. The PCA Fee is \$1,800, engaged by SMG.
9. Start-Up Costs/Operating Funds Advance of \$150,000 is a projection for the Operating Funds deficit incurred during Lease-Up and prior to Stabilization.
10. Furniture, Fixtures and Equipment includes income-producing Washers and Dryers at an estimated cost of \$36,000.
11. Other General Development Costs are based upon Applicant's estimates, which appear reasonable.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Financial Costs				
Credit Enhancement Fees	\$0	\$0	\$0	\$0
Construction Loan Interest	\$730,438	\$666,976	\$666,976	\$237,135
Construction Loan Origination Fee	\$145,290	\$145,185	\$73,058	\$0
Permanent Loan Origination Fee	\$155,000	\$155,000	\$116,250	\$116,250
Pre-Development Interest on Land Acquisition Loan	\$315,000	\$205,435	\$0	\$0
Other	\$0	\$0	\$0	\$0
Total Financial Costs	\$1,345,728	\$1,172,596	\$856,284	\$353,385

Notes to the Financial Costs:

1. Construction Loan Interest is Applicant's estimate. Applicant's projection for Construction Loan Interest is higher than Seltzer's due to Applicant's more conservative funding and interest rate assumptions.
2. Construction Loan Origination Fee is 1.00% of JP Chase's Construction Loan Facility of \$7,305,800.
3. RICHMAC's Permanent Loan Origination Fee is 1.50% of the full \$7,750,000 Permanent Loan, payable no later than closing of the Construction Loan.
4. Applicant budgeted for interest on a November 30, 2007, Pre-Development Land Acquisition Loan from Citicorp USA, Inc. ("Citi USA"), in the amount of \$2,800,000, allocating the interest on the same basis as its allocation of Land Acquisition Cost (see Land Acquisition, below, for discussion). SMG has reclassified the Pre-Development Loan Interest to Land Acquisition.

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

Notes to the Non-Land Acquisition Costs:

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

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Development Cost Before Land and Developer Fee	\$17,176,464	\$17,171,201	\$16,900,898	\$1,290,034
Other Development Costs				
Developer Fee on Acquisition of Buildings	\$0	\$0	\$0	\$0
Developer Fee	\$2,748,234	\$2,747,392	\$2,646,099	\$0
Excess Land Costs (Pre-Development Interest)	\$0	\$0	\$58,044	\$58,044
Total Other Development Costs	\$2,748,234	\$2,747,392	\$2,704,143	\$58,044

Notes to the Other Development Costs:

1. SMG limits total Developer Fees to \$2,704,143 per FHFC Rule, which is 16.00% of Development Costs exclusive of Land Acquisition Cost and Developer Fees.
2. SMG re-classified a portion of Pre-Development Loan Interest to Developer Fee (see Land Acquisition, below).

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Development Cost Before Land	\$19,924,698	\$19,918,593	\$19,605,041	\$1,348,078
Land Acquisition Costs				
Land	\$3,500,000	\$2,282,609	\$2,282,609	\$2,282,609
Pre-Development Interest on Land Acquisition Loan	\$0	\$0	\$147,391	\$147,391
Total Land Acquisition Costs	\$3,500,000	\$2,282,609	\$2,430,000	\$2,430,000

Notes to the Land Acquisition Costs:

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1. Applicant provided SMG a copy of a November 28, 2007, Special Warranty Deed for the Development Site recorded in the Official Records of Hillsborough County on December 10, 2007, at Book 18305, Page 664 and a November 30, 2007, Closing Statement in the amount of \$3,500,000. Applicant also provided copies of the August 31, 2007, Agreement for Purchase and Sale in the amount of \$3,500,000 between Savannah Developers, LLC, seller, and Richman as buyer, and a First Amendment to Agreement for Sale and Purchase extending the Closing Date to November 30, 2007. The transaction was closed in the name of Applicant in lieu of Richman.

Note: The purchase of land for \$3,500,000 by Applicant covered approximately 29 acres. Richman subsequently decided to split the property into two phases. Phase I, the Subject Development, will be on 17.92 acres. Richman states that at or prior to closing, the remaining acreage for Phase II will be transferred to Richman or a designated entity. Applicant's Land Cost of \$2,282,609 for the Subject Development represents an allocation based upon relative number of units between the Subject Development (Phase I) at 180 units and a future Phase II at 96 units.

The 29 acres for Phase I and Phase II were pledged November 30, 2007, through a \$2,800,000 Mortgage to Citi USA. Applicant states that at or prior to closing, the Phase I pro rata portion of the amount due on the Citi USA Mortgage will be paid from the Subject's Sources of Funds and the Phase II (remaining) portion will be paid by Richman or a designated entity.

2. Pre-Development Interest on a Land Acquisition Loan is properly attributable to the Land and is therefore reclassified by SMG, but only to the extent the total does not exceed Appraised Value. Meridian concluded an "as is" value of \$2,430,000 to the Kensington Gardens (Phase I) Development Site. SMG limits Total Land Acquisition Cost for the Subject Development to the \$2,430,000 Appraised Value by assigning \$147,391 of Pre-Development Interest to Land and reclassifying excess Pre-Development Interest of \$30,938 as a subset of Developer Fee.
3. Applicant provided SMG a copy of First American Title Insurance Company Title Policy No. FA-35-1525707 dated December 10, 2007, insuring Applicant in the amount of \$3,500,000. A new Title Commitment will be obtained covering Phase I only.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Total Development Cost	\$23,424,698	\$22,201,202	\$22,035,041	\$3,778,078

Operating Pro forma

DESCRIPTION	ANNUAL	PER UNIT
Revenue		
Gross Potential Rental Revenue	\$1,469,844	\$8,166
Other Income:		
Washer/Dryer Rentals	\$37,800	\$210
Cable Television Income	\$29,160	\$162
Miscellaneous Income	\$43,200	\$240
Rent Concessions	\$0	\$0
Gross Potential Income	\$1,580,004	\$8,778
Less:		
Vacancy Loss - 5.0%	(\$79,000)	(\$439)
Collection Loss - 1.0%	(\$15,800)	(\$88)
Total Effective Gross Revenue	\$1,485,204	\$8,251
Expenses		
Fixed:		
Taxes	\$125,280	\$696
Insurance	\$76,500	\$425
Variable:		
Management Fees - 4.0%	\$59,408	\$330
General and Administrative	\$63,000	\$350
Payroll Expenses	\$171,000	\$950
Utilities	\$112,500	\$625
Marketing and Advertising	\$13,500	\$75
Maintenance and Repairs	\$72,000	\$400
Grounds Maintenance and Landscaping	\$36,000	\$200
Ground Lease	\$0	\$0
Replacement Reserve	\$45,000	\$250
Contract Services	\$18,000	\$100
Resident Programs	\$0	\$0
Total Expenses	\$792,188	\$4,401
Net Operating Income	\$693,016	\$3,850
Debt Service Payments		
First Mortgage Loan	\$605,668	\$3,365
Other Mortgages	\$0	\$0
Other Fees - Letter of Credit/Guarantee	\$0	\$0
Other Fees - Agency/Trustee/Service	\$0	\$0
Total Debt Service Payments	\$605,668	\$3,365
Operating Income After Debt Service - Before Tax Cash Flow	\$87,348	\$485

HC CREDIT UNDERWRITING REPORT

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Debt Service Coverage Ratios		
	Debt Service Coverage - First Mortgage Loan	1.144
	Debt Service Coverage - All Mortgage Loans and Fees	1.144
Financial Ratios		
	Operating Expense Ratio	53.3%
	Break-Even Ratio	88.5%

Notes to the Operating Pro forma and Ratios:

1. Rents for Kensington Gardens Apartments Extremely Low Income (“ELI”) units at 35% or less of AMI are based upon Year 2009 Maximum Restricted Rents published by FHFC, less applicable Utility Allowances as required by the HC Program. Meridian and Applicant project rents for 2 and 3-bedroom units at 60% or less of AMI to be somewhat less than the maximum allowable. SMG underwrites the Subject Development at the lesser of Maximum Restricted Rents, the Appraiser’s projections or Management expectations.
2. Utility Allowances are based upon a May 20, 2009, TECO Energy Utility Allowance Schedule Letter specific to Kensington Gardens Apartments that reflects the Subject as an all-electric development. Management will be paying Water/Sewer for residents. A Rent Roll reflecting no Manager/Employee Unit follows:

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

Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	Gross HC Rents	Utility Allowance	Max Net HC Rents	Applicant Rents	Underwriter Rents	Annual Rents
1	1	3	761	35%	\$388	\$82	\$306	\$306	\$306	\$11,016
1	1	21	761	60%	\$666	\$82	\$584	\$584	\$584	\$147,168
2	2	10	974	35%	\$466	\$90	\$376	\$376	\$376	\$45,120
2	2	94	974	60%	\$799	\$90	\$709	\$700	\$700	\$789,600
3	2	5	1,240	35%	\$538	\$109	\$429	\$429	\$429	\$25,740
3	2	47	1,240	60%	\$923	\$109	\$814	\$800	\$800	\$451,200
Totals		180	184,040							\$1,469,844

3. Washer/Dryer Income is based upon renting washers/dryers at \$35 per month with a 50% Penetration Rate, which projection is supported by Market Comparables and the Appraisal.
4. Cable Television Income reflects Revenues from retailing Cable TV service to tenants based upon a net of \$18 per unit per month with a Penetration Rate of 75%. Market Comparables and the Appraisal support the projection.
5. Miscellaneous Income is based upon Applicant’s projection for Late Fees, Cancellation Fees, Forfeited Deposits, Vending Income and Miscellaneous Income for this Family Development to total \$240 per unit per year. Market Comparables and the Appraisal support the projection.

HC CREDIT UNDERWRITING REPORT

SMG

6. SMG has underwritten Vacancy Loss at 5.0% and Collection Loss at 1.0%. Research performed by Meridian of comparable Affordable Properties for its August 7, 2009, Appraisal support these assumptions.
7. Applicant submitted a July 1, 2009, Management Agreement with RPS reflecting a monthly Management Fee that is 4.0% of Total Monthly Gross Receipts.
8. Replacement Reserves of \$250 per unit per year are required per Rule.
9. Other Operating Expense estimates are supported by the Appraisal or Market Comparables.
10. Termite Prevention and Pest Control are included in Maintenance and Repairs.
11. The cost of Resident Programs is included in the budget for General and Administrative. These costs primarily reflect resident activities, literacy training and job training. Other resident programs are provided without charge by various local organizations.
12. A 15-year Income and Expense projection that reflects increasing DSC is attached to this Credit Underwriting Report as Exhibit 1.

**Exhibit 1
Kensington Gardens 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	\$1,469,844	\$1,513,939	\$1,559,357	\$1,606,138	\$1,654,322	\$1,703,952	\$1,755,071	\$1,807,723	\$1,861,954	\$1,917,813	\$1,975,347	\$2,034,608	\$2,095,646	\$2,158,515	\$2,223,271
Other Income:															
Washer/Dryer Rentals	\$37,800	\$38,934	\$40,102	\$41,305	\$42,544	\$43,821	\$45,135	\$46,489	\$47,884	\$49,320	\$50,800	\$52,324	\$53,894	\$55,511	\$57,176
Cable Television Income	\$29,160	\$30,035	\$30,936	\$31,864	\$32,820	\$33,804	\$34,819	\$35,863	\$36,939	\$38,047	\$39,189	\$40,364	\$41,575	\$42,822	\$44,107
Miscellaneous Income	\$43,200	\$44,496	\$45,831	\$47,206	\$48,622	\$50,081	\$51,583	\$53,131	\$54,724	\$56,366	\$58,057	\$59,799	\$61,593	\$63,441	\$65,344
Resident Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Potential Income	\$1,580,004	\$1,627,404	\$1,676,226	\$1,726,513	\$1,778,308	\$1,831,658	\$1,886,607	\$1,943,206	\$2,001,502	\$2,061,547	\$2,123,393	\$2,187,095	\$2,252,708	\$2,320,289	\$2,389,898
Less:															
Vacancy Loss - 5.0%	(\$79,000)	(\$81,370)	(\$83,811)	(\$86,326)	(\$88,915)	(\$91,583)	(\$94,330)	(\$97,160)	(\$100,075)	(\$103,077)	(\$106,170)	(\$109,355)	(\$112,635)	(\$116,014)	(\$119,495)
Collection Loss - 1.0%	(\$15,800)	(\$16,274)	(\$16,762)	(\$17,265)	(\$17,783)	(\$18,317)	(\$18,866)	(\$19,432)	(\$20,015)	(\$20,615)	(\$21,234)	(\$21,871)	(\$22,527)	(\$23,203)	(\$23,899)
Total Effective Gross Revenue	\$1,485,204	\$1,529,760	\$1,575,653	\$1,622,922	\$1,671,610	\$1,721,758	\$1,773,411	\$1,826,613	\$1,881,412	\$1,937,854	\$1,995,990	\$2,055,869	\$2,117,545	\$2,181,072	\$2,246,504
Expenses															
Fixed:															
Taxes	\$125,280	\$130,291	\$135,503	\$140,923	\$146,560	\$152,422	\$158,519	\$164,860	\$171,454	\$178,313	\$185,445	\$192,863	\$200,577	\$208,600	\$216,944
Insurance	\$76,500	\$79,560	\$82,742	\$86,052	\$89,494	\$93,074	\$96,797	\$100,669	\$104,696	\$108,883	\$113,239	\$117,768	\$122,479	\$127,378	\$132,473
Variable:															
Management Fees - 4.0%	\$59,408	\$61,190	\$63,026	\$64,917	\$66,864	\$68,870	\$70,936	\$73,065	\$75,256	\$77,514	\$79,840	\$82,235	\$84,702	\$87,243	\$89,860
General and Administrative	\$63,000	\$65,520	\$68,141	\$70,866	\$73,701	\$76,649	\$79,715	\$82,904	\$86,220	\$89,669	\$93,255	\$96,986	\$100,865	\$104,900	\$109,096
Payroll Expenses	\$171,000	\$177,840	\$184,954	\$192,352	\$200,046	\$208,048	\$216,370	\$225,024	\$234,025	\$243,386	\$253,122	\$263,247	\$273,777	\$284,728	\$296,117
Utilities	\$112,500	\$117,000	\$121,680	\$126,547	\$131,609	\$136,873	\$142,348	\$148,042	\$153,964	\$160,123	\$166,527	\$173,189	\$180,116	\$187,321	\$194,814
Marketing and Advertising	\$13,500	\$14,040	\$14,602	\$15,186	\$15,793	\$16,425	\$17,082	\$17,765	\$18,476	\$19,215	\$19,983	\$20,783	\$21,614	\$22,478	\$23,378
Maintenance and Repairs	\$72,000	\$74,880	\$77,875	\$80,990	\$84,230	\$87,599	\$91,103	\$94,747	\$98,537	\$102,478	\$106,578	\$110,841	\$115,274	\$119,885	\$124,681
Grounds Maintenance and Landscaping	\$36,000	\$37,440	\$38,938	\$40,495	\$42,115	\$43,800	\$45,551	\$47,374	\$49,268	\$51,239	\$53,289	\$55,420	\$57,637	\$59,943	\$62,340
Ground Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserve	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Contract Services	\$18,000	\$18,720	\$19,469	\$20,248	\$21,057	\$21,900	\$22,776	\$23,687	\$24,634	\$25,620	\$26,644	\$27,710	\$28,819	\$29,971	\$31,170
Resident Programs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$792,188	\$821,482	\$851,929	\$883,576	\$916,470	\$950,660	\$986,198	\$1,023,136	\$1,061,531	\$1,101,440	\$1,142,922	\$1,186,040	\$1,230,860	\$1,277,447	\$1,325,873
Net Operating Income	\$693,016	\$708,278	\$723,724	\$739,346	\$755,140	\$771,098	\$787,213	\$803,477	\$819,881	\$836,414	\$853,068	\$869,829	\$886,686	\$903,625	\$920,631
Debt Service Payments															
First Mortgage Loan	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668
Other Mortgages	\$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	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668	\$605,668
Operating Income After Debt Service - Before Tax Cash Flow	\$87,348	\$102,610	\$118,056	\$133,679	\$149,472	\$165,430	\$181,546	\$197,809	\$214,213	\$230,747	\$247,400	\$264,161	\$281,018	\$297,957	\$314,963
Debt Service Coverage Ratios															
Debt Service Coverage - First Mortgage Loan	1.144	1.169	1.195	1.221	1.247	1.273	1.300	1.327	1.354	1.381	1.408	1.436	1.464	1.492	1.520
Debt Service Coverage - All Mortgages and Fees	1.144	1.169	1.195	1.221	1.247	1.273	1.300	1.327	1.354	1.381	1.408	1.436	1.464	1.492	1.520
Financial Ratios															
Operating Expense Ratio	53.3%	53.7%	54.1%	54.4%	54.8%	55.2%	55.6%	56.0%	56.4%	56.8%	57.3%	57.7%	58.1%	58.6%	59.0%
Break-Even Ratio	88.5%	87.7%	87.0%	86.3%	85.6%	85.0%	84.4%	83.8%	83.3%	82.8%	82.3%	81.9%	81.5%	81.2%	80.8%

Kensington Gardens Apartments
Features and Amenities and Resident Programs

A. The Subject Development will consist of:

180 Garden Apartment Units located in 7 Residential Buildings.

Unit Mix:

Twenty-four (24) One-Bedroom/One-Bath units containing a minimum of 761 square feet of heated and cooled living area.

One hundred four (104) Two-Bedroom/Two-Bath units containing a minimum of 974 square feet of heated and cooled living area.

Fifty-two (52) Three-Bedroom/Two-Bath units containing a minimum of 1,240 square feet of heated and cooled living area.

180 Total Units

The Subject Development is to be constructed in accordance with 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 has been approved in writing by Florida Housing or its Servicer. The Subject Development will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Federal Fair Housing Act and Americans with Disabilities Act ("ADA"), as applicable.

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

1. Air conditioning in all units (window units are not allowed; however, through-wall units are permissible for rehabilitation).
2. Window treatments for each window inside each unit.

3. Termite prevention and pest control throughout the entire affordability period.
 4. Peephole on all exterior doors.
 5. Exterior lighting in open and common areas.
 6. Cable or satellite TV hook-up in all units.
 7. Full-size range, oven and refrigerator in all units.
 8. At least two full bathrooms in all 3-bedroom or larger new construction units.
 9. Bathtub with shower in at least one bathroom in at least 90% of the new construction, non-Elderly units.
- C.** Applicant has committed to provide the following features in each new construction unit:
1. Marble window sills in all units
 2. Steel exterior entry door frames for all units
 3. At least 1.5 bathrooms (one full bath and one with at least a toilet and sink) in all 2-bedroom new construction units
 4. Double compartment kitchen sink in all units
 5. Dishwasher in all new construction units
 6. Garbage disposal in all new construction units
- D.** Applicant committed to the following amenities in the Subject Development:
1. 30 Year expected life roofing on all buildings
 2. Exercise room with appropriate equipment
 3. Community center or clubhouse
 4. Swimming pool

5. Playground/tot lot, accessible to children with disabilities (must be sized in proportion to Development's size and expected resident population with age-appropriate equipment)
 6. Car care area (for car cleaning/washing)
 7. Computer lab on-site with minimum one computer per 50 units, with basic word processing, spreadsheets and assorted educational and entertainment software programs and at least one printer
 8. Laundry hook-ups and space for full-size washer and dryer inside each unit
 9. Laundry facilities with full-size washers and dryers available in at least one common area on site
- E.** Applicant has committed to provide the following energy conservation features for all buildings in the Development:
1. Heat pump with a minimum HSPF of 8.2 instead of electric resistance
 2. Air conditioning with a minimum SEER rating of 14
 3. Wall insulation with a minimum of R-13 for frame built construction
 4. Attic insulation of R-30 or better
 5. Double-pane glass on all windows
 6. Energy Star certified refrigerator and dishwasher in each unit
 7. Ceiling fans in all bedrooms and living area in each unit
- F.** By initialing each item, the Applicant commits to the following 10 Green Building options for this Development:
1. Programmable thermostats in each unit
 2. Energy Star rated reversible ceiling fans in all bedrooms and living areas
 3. Showerheads that use less than 2.5 gallons of water per minute

4. Faucets that use 2 gallons of water per minute or less in the kitchen and all bathrooms
5. Toilets that have dual flush options which include 1.6 gallons of water or less
6. Energy Star qualified lighting in all open and common areas
7. Motion detectors on all outside lighting that is attached to the units
8. Low VOC paint (less than 50 grams per gallon) in all units and common areas
9. Reduced Heat-Island Effect paving (use light colored or porous paving materials)
10. Energy Star rating for all refrigerators, dishwashers and washing machines that are provided by the Applicant
11. Energy Star rating for all windows in each unit
12. Carpet and Rug Institute Green Label certified carpet and pad for all carpeting provided
13. Florida Yards and Neighborhood certification on all landscaping
14. Install daylight sensors or timers on all outdoor lighting

G. Applicant committed to provide the following Resident Programs:

1. Welfare to Work or Self-Sufficiency Type Programs – Applicant 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 – Applicant 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. Electronic media, if used, must be used in conjunction with live instruction.
3. Literacy Training – Applicant 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. Electronic media, if used, must be used in conjunction with live instruction.

4. Job Training – Applicant 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. Electronic media, if used, must be used in conjunction with live instruction.
5. Health and Nutrition Classes – At least 8 hours per year, provided on site at no cost to the residents. Electronic media, if used, must be used in conjunction with live instruction.
6. Resident Activities – These specified activities are planned, arranged, provided and paid for by Applicant or its Management Agent. These activities must be an integral part of the management plan. The Applicant must develop and execute a comprehensive plan of varied activities that brings the residents together and encourages community pride. The goal here is to foster a sense of community by bringing residents together on a regularly scheduled basis by providing activities such as holiday and special occasion parties, community picnics, newsletters, children’s special functions, etc.
7. Financial Counseling – This service must be provided by Applicant or its Management Agent, at no cost to the resident, and must include the following components: must be regularly scheduled at least once each quarter; must include tax preparation assistance by qualified professionals; must include educational workshops on such topics as “Learning to Budget,” “Handling Personal Finances,” “Predatory Lending,” or “Comparison Shopping for the Consumer.” Electronic media, if used, must be used in conjunction with live instruction.
8. Life Safety Training – Applicant 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. Electronic media, if used, must be used in conjunction with live instruction.

COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT

NAME: Kensington Gardens Apartments

DATE: September 1, 2009

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

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.	

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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: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis.	
22. Any additional items required by the credit underwriter.	Satis.	

NOTES AND APPLICANT'S RESPONSES:

None

HC Allocation Calculation

Section I: Qualified Basis Calculation	
Development Cost	\$22,035,041
Less Land Cost	(\$2,430,000)
Less Federal Funds	\$0
Less Other Ineligible Cost	(\$1,348,078)
Less Disproportionate Standard	\$0
Total Qualified Basis	\$18,256,963
Applicable Fraction	100.00%
DDA/QCT Basis Credit	130.00%
Qualified Basis	\$23,734,052
Housing Credit Percentage	9.00%
Annual Housing Credit Allocation	\$2,136,065

Notes to the Qualified Basis Calculation:

1. Other Ineligible Costs to include Pre-Development Interest on a Land Acquisition Loan, Construction Loan Interest after construction is complete and prior to conversion to Permanent Financing, Origination Fees and Closing Costs related to the Permanent Loan, Advertising and Marketing Expenses, FHFC Application, Administrative and Compliance Monitoring Fees and Income Producing Furniture, Fixtures and Equipment are as shown in the HC Ineligible Costs column of the Uses of Funds schedules within Section A of this Credit Underwriting Report.
2. The Subject Development has a 100% set-aside; the Applicable Fraction is therefore 100.00%.
3. The Subject Development is located in Hillsborough County, which is within the Tampa-St. Petersburg-Clearwater MSA, a 2009 Difficult Development Area ("DDA"). The DDA/QCT Basis Credit is therefore 130.00%.
4. The HC Rate for the Subject Development is 9.00% per the Housing and Economic Recovery Act of 2008 for developments placed in service after July 30, 2008, and before December 31, 2013.

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Section II: Gap Calculation	
Total Development Cost (Including Land and Ineligible Costs)	\$22,035,041
Less Loans/Mortgages	(\$7,688,476)
Less Grants	\$0
Equity Gap	\$14,346,565
Percentage to Investment Partnership/LLC	99.99%
HC Syndication Pricing	\$0.680
HC Required to Meet Gap	\$21,100,000
Annual HC Required	\$2,110,000

Notes to the Gap Calculation:

1. Loans/Mortgages represents a Permanent First Mortgage Loan by Richman Mortgage Assets Company I, LLC, Greenwich, Connecticut, which is related to the Developer, Richman Group of Florida, Inc.
2. Percentage to the Investment Entity and HC Syndication Pricing are based upon the June 29, 2009, Firm Commitment (Syndication Letter) from The Richman Group Affordable Housing Corporation, also a related entity. See the "Permanent Financing" portion of Section A within this Credit Underwriting Report for complete information.

Section III: Summary	
HC per Applicant Request	\$2,110,000
HC per Qualified Basis	\$2,136,065
HC per Gap Calculation	\$2,110,000
Annual HC Recommended	\$2,110,000

Notes to the Summary:

The Annual HC Recommendation is limited by the Applicant Request.

Exhibit 5
Kensington Gardens Apartments
Occupancy Analysis

Meridian's 6 Closest Restricted Rent Comparables tracked by Florida Housing Finance Corporation

Property	Bayou Crossing 10305 Zackary Cir.	Brandon Crossing 1911 Brandon Crossing Cir.	Bristol Bay 1241 S. 50th St.	Cypress Trace 741 Providence Trace Cir.	Lake Kathy 2231 Kendall Springs Ct.	Lakewood Shores 1722 Lakewood Shores Ln.	FHFC Average
County	Hillsborough	Hillsborough	Hillsborough	Hillsborough	Hillsborough	Hillsborough	
FHFC Program(s)	SAIL/HC	SAIL/HC	MMRB/GUAR/RISK/SAIL/HC	MMRB/HC	SAIL/HC	SAIL/HC	
# of Units	290	200	300	348	360	184	
Driving Distance from Subject	0.76 miles SE	3.99 miles NNE	4.62 miles NNE	6.24 miles NW	3.53 miles ENE	5.80 miles NNE	
Occupancy per FHFC Monthly Reporting							
Jul-08	92.00%	97.00%	94.00%	92.00%	86.00%	96.00%	92.83%
Aug-08	91.00%	98.00%	93.00%	92.00%	87.00%	99.00%	93.33%
Sep-08	87.00%	98.00%	92.00%	92.00%	83.00%	97.00%	91.50%
Oct-08	83.00%	99.00%	91.00%	93.00%	86.00%	98.00%	91.67%
Nov-08	84.00%	98.00%	92.00%	91.00%	86.00%	97.00%	91.33%
Dec-08	82.00%	98.00%	91.00%	90.00%	88.00%	98.00%	91.17%
Jan-09	82.00%	98.00%	91.00%	87.00%	89.00%	96.00%	90.50%
Feb-09	89.00%	100.00%	93.00%	88.00%	93.00%	98.00%	93.50%
Mar-09	93.00%	99.00%	94.00%	88.00%	96.00%	98.00%	94.67%
Apr-09	93.00%	98.00%	96.00%	87.00%	98.00%	97.00%	94.83%
May-09	87.00%	95.00%	96.00%	88.00%	98.00%	96.00%	93.33%
Jun-09	88.00%	92.00%	95.00%	89.00%	96.00%	90.00%	91.67%
12-mo. Average	87.58%	97.50%	93.17%	89.75%	90.50%	96.67%	92.53%
6-mo. Average	88.67%	97.00%	94.17%	87.83%	95.00%	95.83%	93.08%
3-mo. Average	89.33%	95.00%	95.67%	88.00%	97.33%	94.33%	93.28%
<u>June 2009 Meridian Weighted Average</u>							
					1	Bayou Crossing	87.00%
					2	Brandon Crossing	93.00%
					3	Bristol Bay	97.00%
					4	Cypress Trace	92.00%
					5	Lake Kathy	98.00%
					6	Lakewood Shores	91.00%
						Overall	93.00%