FHFC File No.: 2010-033GA

COPY

BEFORE THE STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

APD HOUSING PARTNERS 20, LP,

Petitioner,

vs.

FHFC No. ____________
Application No.2009-214C

FLORIDA HOUSING FINANCE CORPORATION,

Respondent.
_______________________________/

PETITION FOR ADMINISTRATIVE HEARING

Pursuant to sections 120.569 and .57, Florida Statutes (F.S.) and Rule 67-48.005, Florida Administrative Code (F.A.C.), Petitioner, APD HOUSING PARTNERS 20, LP ("APD") requests an administrative hearing to challenge FLORIDA HOUSING FINANCE CORPORATION's ("Florida Housing") actions in rescinding the award of supplemental Multifamily Mortgage Revenue Bonds and HOME funding. In support of this Petition, APD provides as follows:

Parties

1. APD is a Florida not-for-profit limited partnership with its address at 1700 Seventh Avenue, Suite 2075, Seattle, Washington 98101-1397. APD is in the business of providing affordable rental housing.

2. Florida Housing is the state agency delegated the authority and responsibility for administering and awarding funds pursuant to Chapter 420, F.S., and Rules 67-21 and 67-48, F.A.C.

Substantial Interests Affected

3. APD has proposed the rehabilitation and construction of a 151 unit multi-family housing development in Miami, Florida to be called the TM Alexander. As explained more fully below, APD applied to Florida Housing for an award of funding made available pursuant to RFP 2009-06.

4. APD was initially selected by Florida Housing for funding pursuant to RFP 2009-06. However, at a Board meeting held Friday, July 30, 2010, the Board voted to rescind APD's award of funding.

5. APD's substantial interests are affected by Florida Housing's decision to rescind the requested funding for the TM Alexander. Without the requested funding, APD lacks the resources necessary to construct and operate the development as affordable rental housing.

BACKGROUND

6. On August 20, 2009, in an effort to obtain funds for the TM Alexander project, APD applied in the Universal Application Cycle for funding pursuant to the Low Income Housing Tax Credit Program ("LIHTC"). While APD and its affiliates have conducted business and built affordable housing projects in many other states, this was its first time to participate in a program implemented by Florida Housing. APD's Application for the TM

Alexander was rejected by Florida Housing for allegedly failing to pass certain threshold requirements established by the applicable Universal Cycle Application and Rule provisions. After initiating the available administrative challenge process, a Recommended Order was entered by an informal hearing officer finding that Florida Housing incorrectly rejected APD's application.

7. On February 26, 2010, Florida Housing's Board of Directors decided, for the first time in the history of the Universal Cycle Appeals process, to overturn a Recommended Order and instead entered a Final Order upholding the rejection of APD's Application.

8. APD initially appealed that action but, rather than further litigating, decided to again attempt to work with Florida Housing through another funding option.

RFP 2009-06

9. On February 3, 2010, Florida Housing issued Request for Proposal 2009-06 *Financing of Multifamily Housing Properties with HOME Funds In Conjunction With Multifamily Mortgage Revenue Bonds* ("MMRB") ("RFP-2009-06"). By issuing RFP-2009-06, Florida Housing solicited responses from both for-profit and not-for-profit developers to preserve existing affordable housing developments in areas of the state experiencing a demand for affordable rental units by using HOME funds in conjunction with Multifamily Mortgage Revenue Bonds funds ("MMRB").

10. As defined by the RFP, the HOME Program is the Home Investment Partnership Program that Florida Housing administers pursuant to United States Department

of Housing and Urban Development Regulations, 24 C.F.R. Part 92, Sections 420.507 and 420.5089, Fla. Stat., and Rule Chapter 67-48, F.A.C.

11. The MMRB program, also administered by Florida Housing through Rule 67-21, F.A.C., uses both taxable and tax-exempt bonds to provide below market-rate loans to not-for-profit and for-profit developers who set aside a certain percentage of their apartment units for low income families. These bonds are sold through either a competitive or negotiated method of sale or private placements.

12. Pursuant to the RFP, Florida Housing anticipated allocating approximately $35,000,000 in HOME funds to be used with MMRB funds to acquire and rehabilitate existing housing or to construct new multifamily housing properties.

13. On February 23, 2010, APD again attempted to find funding for TM Alexander project and responded to the RFP with the appropriate filing fee. A total of 45 responses to the RFP were submitted and reviewed by Florida Housing staff. The review process allowed applicants the opportunity to cure their applications to maximize points. As required by RFP Section Four, each response to the RFP was required to satisfactorily pass threshold items which were listed in the RFP. Of the original 45 responses, 19 did not pass threshold which left 26 eligible for funding, including APD. Florida Housing staff recommended funding awards to several of these 26 applications. The remaining responses were placed on a waiting list.

14. On April 30, 2010, Florida Housing's Board of Directors approved the staff's recommendation for funding pursuant to RFP 2009-06. The TM Alexander project submitted by APD fell within the funding range. (See Exhibit A).

15. Based on the Board's action, APD was invited into credit underwriting. Both the HOME and MMRB program rules, as well as the RFP, require applicants selected for funding to submit to a detailed credit underwriting process. Specifically, as it relates to credit underwriting, the RFP provides the following at Section Four:

> An Applicant's past and ***current performance in Florida Housing's programs shall be considered during Credit Underwriting***. If an Applicant or Developer or Housing Credit Syndicator or any Principal, Affiliate or Financial Beneficiary of an Applicant or Developer has been a party of any Development ***which has been or is in the process of being foreclosed upon or is in arrears to Florida Housing or has any existing Developments participating in any Florida Housing programs*** that remain in non-compliance with Section 42 of the IRC, Title 67, F.A.C., or applicable loan documents, and any applicable cure period granted for correcting such non-compliance has ended as of the time of submission of the application or at the time of issuance of a credit underwriting report, the requested allocation will, ***upon a determination by the Board that such non-compliance substantially increases the likelihood that such Applicant or Developer will not be able to produce quality affordable housing, be denied*** and the Applicant or Developer and the Affiliates of the Applicant or Developer will be prohibited from new participation in this RFP and will continuing until such time as all of their existing Developments participating in any Florida Housing programs are in compliance.

(emphasis added).

16. The credit underwriting provisions of Florida Housing's rules governing the 2009 application process provide in pertinent part:

<u>67-48.0072 F.A.C. Credit Underwriting and Loan Procedures</u>

> The credit underwriting review shall include *a comprehensive analysis of the Applicant*, the real estate, the economics of the Development, the ability of the Applicant and the Development team to proceed, the evidence of need for affordable housing in order to determine that the Development meets the program requirements and determine a recommended SAIL or HOME loan amount, Housing Credit allocation amount or a combined SAIL loan amount and Housing Credit Allocation amount, if any. Corporation funding will be based on appraisals of comparable developments, cost benefit analysis, and other documents evidencing justification of costs. As part of the credit underwriting review, the Credit Underwriter will consider the applicable provisions of Rule Chapter 67-48, F.A.C.

17. The RFP also provides that the requirements outlined in Rule Chapters 67-21, and 67-48, F.A.C. are applicable in implementing the RFP. If any provisions of those Rule Chapters are in conflict with RFP provisions, RFP provisions will take precedence.

18. The credit underwriting process results in an independent third party report and recommendation by the underwriter to Florida Housing's staff and ultimately the Board. The decision whether or not to close on funding is not the credit underwriter's or Florida Housing's staff, but is instead the Board's, subject to the statutes and rules governing the various funding programs. The ultimate question in the credit underwriting process is whether the Applicant and development team, including affiliates, principals etc., are credit-worthy and financially able to produce quality affordable housing. Additionally, as it

relates to the MMRB funds the underwriting process must consider and properly analyze the credit risk being presented to Florida Housing and the Bondholders.

19. The credit underwriting for the proposed TM Alexander project was conducted by AmeriNational Community Services, Inc. ("AmeriNational"). APD was required to expend considerable time and effort in seeking credit underwriting approval for its proposed development. In addition to paying the credit underwriting fee, APD was required to pay for a market study, thereby incurring additional associated costs. The non-recoverable project costs incurred by APD in connection with the project were substantial. These expenditures include full construction drawings for the buildings and site work deposits related to land acquisition, and other expenses relating to permitting.

20. In May, 2010, APD began the underwriting process with AmeriNational. As required by the applicable RFP and Rule provisions, APD submitted the necessary information to AmeriNational. This information included all documentation as required to show the viability of the proposed project as well, as the Applicant and development team.

21. On or about June 4, 2010, after several weeks of underwriting, a First Draft Credit Underwriting Report was prepared. ("June CUR"). (See Exhibit B). The June CUR, based on the information possessed by the credit underwriter at the time, recommended at page A-1 approval of the requested funding. Pursuant to the applicable rules, the June CUR was made available to APD, as well as Florida Housing staff for review, comments, and discussion.

22. On July 15, 2010, a "Final Credit Underwriting Report" ("1st Final CUR") was prepared by AmeriNational which included more detailed information regarding the TM Alexander project and more analysis of that information. (See Exhibit C). Additional details were included concerning the proposed General Partner and the designated Developer for the project The American Opportunity Foundation, Inc. ("AOF"). The new information also included the long history of development successes of AOF, as well as several defaults on deals it or one of its subsidiaries had been involved with between the 1996-99 timeframe. Subsequent to the preparation of the initial June CUR, issues purportedly had been raised concerning the development history of AOF.

23. The new information clearly explained the circumstances of each listed default situation and elaborated on the more than 50 other deals AOF had successfully participated in subsequent to the defaults. With this additional information and analysis, the 1st Final CUR continued to recommend approval of the project and award of the requested funds. Indeed the 1st Final CUR, at Page C-15, specifically provided "in combination, all members of the Development Team have sufficient experience, net worth and liquidity to provide support for the Development." The 1st Final Draft CUR was also provided to ADP and Florida Housing for further review and comment. Based on the report, APD anticipated that AmeriNational would provide a favorable recommendation at the July 30, 2010 Board Meeting.

24. On or about July 23, 2010, a second Final Draft Credit Underwriting Report, also dated July 15, 2010, was issued ("2nd Final CUR") (See Exhibit D). Contrary to prior

reports, AmeriNational did not recommend approval of the project and funding with AOF as the sole General Partner, 2d Final CUR, at A-1. The sole reason given for this change was the AOF default history:

> It is AmeriNational's opinion that *strong arguments can be made to allow AOF to remain in the transaction as the controlling interest in the general partner.* However, their default history is considered an unacceptable risk for FHFC's investment.

Id. at C-9.

25. Upon receipt of the 2nd Final CUR, AOF immediately sought to address AmeriNational's concerns by explaining in more detail the circumstances regarding the questioned defaults. AmeriNational indicated that, subsequent to the issuance of the 1st Final CUR on July 15, 2010, Florida Housing staff expressed concerns with the number of defaults when compared to the remaining AOF portfolio. Florida Housing staff opined that AOF could not adequately serve as the General Partner because of the default history.

26. Florida Housing staff had their concerns despite the fact that all but two of the defaults had been corrected to the satisfaction of the parties, including Bondholders, and AOF was still working satisfactorily to resolve the remaining issues. Additionally, Florida Housing staff was not satisfied even though AOF has successfully completed more than 50 other deals since 2000, using various funding partners including CITI, and PNC, that were not in default. Moreover, none of the default deals involve any Florida Housing funded projects. These facts, as well as others, presumably are the "strong arguments" the

underwriter mentioned which would allow AOF to proceed, as the General Partner for the proposed project.

27. On July 30, 2010, the TM Alexander project was presented to Florida Housing's Board of Directors for consideration. Florida Housing staff recommended that the Board approve the new negative recommendation of the credit underwriter and attached the 2nd Final CUR to the Board packages. (See Exhibit E). After lengthy discussion, the Board approved the staff recommendations which rescinded the requested funding for the TM Alexander project.

28. As reflected in the 2nd Final CUR and the discussion of the Board on July 30th, the sole basis for the action is that AOF had 22 defaults in its portfolio of projects that it was involved with from 1996-99. The Board took this action despite the fact that none of the defaults were with Florida Housing funded projects. Indeed, the underwriting rules and the RFP specifically call for consideration of default and foreclosure issues in the credit underwriting process as they relate to Florida Housing funded projects.

29. The Board took this action even though the same Board previously had approved at least one project where a member of the development team had at least two defaults and foreclosures on Florida Housing funded projects within the last 2 years. Indeed, the underwriter in that case specifically questioned whether the entity at issue could be a going concern in the future. (See Exhibit F). Other deals have been approved with foreclosures and default issues as well. In those cases, Florida Housing did not rescind funding even though it was aware of defaults and foreclosures.

30. Stated simply, Florida Housing is relying on an underwritten policy that a certain number of defaults will lead Florida Housing to rescind funding. This policy has been applied notwithstanding the nature of the defaults or whether they were actually material defaults. No rule provision permits or requires Florida Housing to rescind funding based on a specified number of defaults. Rather, the underwriting rule seeks to confirm the ability of the applicant to receive funding. In the instant case, both APD and AOF have shown that ability and Florida Housing's decision otherwise is erroneous.

Notice

31. APD received formal notice of Florida Housing's decision to rescind the funding on August 6, 2010 by Federal Express (See Exhibit G).

Disputed Issues of Material Fact and Law

Disputed issues of material fact and law include:

a. Whether the Credit Underwriting Report was prepared in accordance with Florida Housing's rules and the RFP;

b. Whether the defaults at issue in this proceeding support the conclusion that AOF is unable to participate in the TM Alexander project;

c. Whether Florida Housing and its designated credit underwriters appropriately considered the circumstances on each alleged default;

d. Whether Florida Housing's decision to rescind funding to APD based solely on the number of defaults was erroneous, arbitrary or capricious and contrary to prior agency practice;

e. Whether Florida Housing's consideration of defaults gives an unfair advantage to entities that have been operating in Florida before;

f. Whether Florida Housing staff directed, influenced, or persuaded its credit underwriter to change its independent credit underwriter to recommendation;

g. Whether, by directing, influencing, or persuading its underwriter to change its recommendation concerning an award of funding, Florida Housing acted arbitrarily and capriciously;

h. Whether, by directing, influencing, or persuading its underwriter to change its recommendation concerning an award of funding, Florida Housing abused its discretion;

i. Whether, by directing, influencing or persuading its underwriter to change its recommendation concerning an award of funding, Florida Housing ignored the original findings of its professional credit underwriter and thereby acted in a clearly erroneous manner.

Ultimate Facts and Law

The ultimate facts and law are that Florida Housing acted arbitrarily and capriciously and abused its discretion by rescinding the Funding awards to APD.

Relief Requested.

32. For the reasons expressed, APD requests the following:

a. That Florida Housing forward this petition to the Division of Administrative Hearings ("DOAH") to conduct a hearing in accordance with sections 120.569 and 120.57(1), Florida Statutes;

b. That Florida Housing reserve and protect the Funding previously awarded to APD while this petition is considered by DOAH, in accordance with section 120.569(2)(a), Florida Statutes;

c. That the Administrative Law Judge ("ALJ") enters a recommended order finding that Florida Housing acted arbitrarily and capriciously by rescinding APD's Funding awards;

d. That the ALJ enter a recommended order finding that Florida Housing abused its discretion by rescinding APD's Funding awards;

e. That the ALJ enter a recommended order directing Florida Housing to reinstate the Funding awards to APD or if HOME Funding awards are unavailable, direct Florida Housing to provide similar funding from another source; and

f. That Florida Housing enter a final order adopting the ALJ's recommendations, as described above.

33. APD reserves the right to amend this petition if additional disputed issues or material fact or law become known during the course of discovery.

Respectfully submitted,

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Counsel for Applicant

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original of the foregoing has been filed by Hand Delivery with the Agency Clerk, Florida Housing Finance Corporation, 227 N. Bronough Street, Suite 5000, Tallahassee, FL 32301; and a copy furnished to Wellington H. Meffert, II, Esq., Florida Housing Finance Corporation, 227 N. Bronough St., Suite 5000, Tallahassee, FL 32301, this 26th day of April, 2010.

MICHAEL P. DONALDSON

MULTIFAMILY BONDS

Action

VI. MULTIFAMILY BONDS

A. Request Approval of Ranking for Requests for Proposals (RFP) for the Use of HOME Funds in Conjunction with Multifamily Revenue Bonds for the Purpose of Financing Multifamily Housing Properties

1. Background

On February 3, 2010 Florida Housing staff issued RFP 2009-06 to finance the preservation of existing affordable housing developments and acquisition, rehabilitation and new construction of properties in areas of the state experiencing a continued demand for affordable rental units using Florida Housing's HOME funds in conjunction with its Multifamily Mortgage Revenue Bonds (MMRB). The deadline for receipt of Responses was 2:00 p.m. Eastern Time, February 23, 2010.

2. Present Situation

a) A total of 45 Responses were received and reviewed by the Review Committee. The Review Committee members, designated by the Executive Director, consisted of Wayne Conner (Chairman), Director of Multifamily Bonds, Len Stirrat, Multifamily Bonds Administrator, Shannon Rivera, Multifamily Bonds Manager, David Woodward, Multifamily Bonds Manager, Jan Rayboun, Loan Closing Coordinator, Derek Helms, Multifamily Loans Administrator, Carolyn Hayse, Multifamily Loans Manager.

b) Each member of the Review Committee individually reviewed the responses prior to convening for Review Committee meetings. The Review Committee meetings were held on March 1, 2010, March 15, 2010 and April 15, 2010.

c) Pursuant to Section Four of the RFP (Exhibit A), Responses must have satisfactorily met all Threshold Items of this RFP as well as all of the threshold items and obtained a minimum of 70 points in the Original Supplemental Application, which must have been submitted by the due date for this RFP.

d) The following Responses did not satisfactorily meet all Threshold Items of this RFP as well as all of the threshold items and obtain a minimum of 70 points in the Original Supplemental Application:

(1) Artspace Lofts

(2) Bayside Reserve

(3) Broward Garden Apts.

(4) Campbell Arms

(5) Caribbean West

(6) Circle Creek Apts., Ltd.

(7) Colonial Lakes

MULTIFAMILY BONDS

Action

(8) Coral Gardens

(9) Dovetail Villas

(10) Glorieta Apts.

(11) Greynolds Commons, Ltd.

(12) Hollybrook Homes

(13) Kissimmee Homes Orlando, LP

(14) New Horizons

(15) Riverwalk II

(16) SBC Senior Housing, LLC

(17) Taylor Apartments

(18) Towers of Jacksonville

(19) Village at the Park, Ltd.

e) Results of the Review Committee's evaluation and ranking of the Responses, recommending that a total of eleven Responses be funded, with the remaining eligible, unfunded Responses being placed on the waiting list, per the RFP are provided in the attached Exhibit B.

3. **Recommendation**

Approve the Committee's recommendation for the RFP 2009-06 funding awards, as well as the waiting list of unfunded Responses, and authorize staff to proceed to issue the invitations to enter credit underwriting.

RFP 2009-06 Responses Received/Developer/County/Units/Funding Category

Responses Received	Developer	Contact Person	County	No. of Units	Funding Category	Tax Exempt Bonds Requested	4% HC	HOME	Tie Breaker Home Funds per Home Assisted Unit
Andrews Avenue Apts., Ltd.	The Richman Group of Florida	Todd Fabbri	Broward	88	New	$9,000,000	469,038	3,000,000	$ 34,090.91
Artspace Lofts	Artspace Projects, Inc.	Andrew Michaelson	Leon	50	New	$7,000,000	481,338	2,000,000	$ 333,333.33
Bayside Reserve I, Ltd.	NRP Florida Development LLC	Timothy Morgan	Pinellas	156	New	$12,000,000	368,921	4,500,000	$ 118,421.05
Biscayne Palm Preservation LP	Biscayne Palm Developer, LLC	Jay Rienhard	Miami-Dade	114	Acq. & Rehab	$5,500,000	0	3,000,000	$ 93,750.00
BPA II, Ltd. (Belleair Place)	The Richman Group of Florida	Todd Fabbri	Pinellas	144	New	$10,500,000	702,164	4,700,000	$ 32,638.89
Broward Garden Apts	Nat'l Community Renaissance Development	Elena Dominguez	Broward	96	Preservation	$7,350,000	378,080	2,100,000	$ 21,875.00
Campbell Arms	Preservation of Affordable Housing, LLC	Cory Mian/Rodger Browr	Miami-Dade	201	Preservation	$5,515,431	0	4,030,000	$ 22,265.19
Captiva Cove	Cornerstone Group	Mara Mades	Broward	360	New	$27,000,000	1,781,879	5,000,000	$ 11,805.56
Caribbean West	Creative Choice Homes	Jason Larson	Miami-Dade	102	Acquisition & Rehab	$4,200,000	365,639	1,600,000	$ 26,629.63
Circle Creek Apts., Ltd.	Landmark Development	Francisco Rojo	Miami-Dade	100	New	$9,000,000	552,086	3,900,000	$ 100,454.55
Civic Tower	American Opportunity Foundation/Allied Pacific	Gregory Dunfield	Miami-Dade	196	Preservation	$17,150,000	1,082,105	5,000,000	$ 25,510.20
Colonial Lakes Apts	The Richman Group of Florida	Todd Fabbri	Palm Beach	132	New	$11,000,000	638,452	5,000,000	$ 41,666.67
Coral Gardens	Creative Choice Homes	Jason Larson	Miami-Dade	92	Preservation	$6,300,000	524,577	2,590,000	$ 51,800.00
Douglas A. Fraser Towers	EHDOC Development Services, LLC	Robert Agus	Polk	156	Preservation	$5,450,000	389,765	5,000,000	$ 32,051.28
Dovetail Villas, LP	American Opportunity for Housing, Inc.	Rodrik Fitzgerald	Orange	232	Acq. & Rehab	$14,400,000	471,453	5,000,000	$ 21,551.72
Ehlinger Apts.	Carlisle Development	Matthew Greer	Broward	155	New	$13,500,000	990,000	2,420,000	$ 13,270.97
Georgia Ayers Apts., LLC	Biscayne Housing (GA Ayers Development)	Andrea Romero	Miami-Dade	72	New	$8,000,000	553,507	2,400,000	$ 28,333.33
Glorieta Apts	Creative Choice Homes	Ashok Kumar	Miami-Dade	165	Preservation	$23,000,000	1,599,082	5,000,000	$ 30,303.03
Greynolds Commons, Ltd.	Landmark Development	Francisco Rojo	Miami-Dade	100	New	$13,500,000	583,029	4,000,000	$ 72,000.00
Hollybrook Homes	NHTT/Enterprise Preservation Corp.	Aimee McHale	Duval	182	Preservation	$8,786,500	652,717	2,250,000	$ 12,362.64
Kings Terrace, LLC	Pinnacle Housing Group	David Deutch	Miami-Dade	300	New	$24,000,000	1,477,045	5,000,000	$ 14,166.67
Kissimmee Homes Orlando, LP	Pinnacle Housing & The Hallmark Companies	David Deutch	Osceola	105	Preservation	$3,900,000	172,915	4,200,000	$ 40,000.00
La Joya Apts.	RS Development Corp.	Lewis Swezy	Miami-Dade	125	New	$11,000,000	759,245	5,000,000	$ 34,000.00
Methodist Place	SP Three Development, Inc.	Debra Koehler	Hillsborough	200	Preservation	$10,000,000	604,789	3,923,000	$ 19,615.00
Monterra Apts.	ZF Development, LLC (ZOM)	Kyle Clayton	Broward	300	New	$25,825,000	1,445,388	3,500,000	$ 9,916.67
New Horizons Apts.	Preservation of Affordable Housing, LLC	Rodger Brown/Cory Miar	Miami-Dade	100	Preservation	$4,300,000	0	2,500,000	$ 25,000.00
Northwest Gardens, IV	Carlisle Development	Matthew Greer	Broward	150	New	$12,500,000	950,000	5,000,000	$ 28,333.33
Pelican Cove	Cornerstone Group	Mara Mades	Miami-Dade	112	New	$7,500,000	487,464	5,000,000	$ 34,000.00
Pine Meadow Redevelopment, Ltd.	SCG Development & Royal American Development	Stephen Wilson	Alachua	78	Preservation	$4,875,000	242,855	1,863,681	$ 23,893.35
Preserve at Boynton Beach	Cornerstone Group	Mara Mades	Palm	62	New	$7,250,000	469,579	2,430,000	$ 37,968.75
Regatta Pointe	Cornerstone Group	Mara Mades	Miami-Dade	108	New	$9,250,000	618,111	4,000,000	$ 37,037.04
Riverwalk II	Riverwalk II Developer, LLC	Jay Reinhard	Miami-Dade	112	Acq. & Rehab	$5,311,557	395,995	3,500,000	$ 89,743.59
SBC Senior Housing, LLC	Biscayne Housing Group	Gonzalo DeRamon	Miami-Dade	79	New	$7,000,000	579,545	3,160,000	$ 34,000.00
SP BCC, LP	Southport Financial Services, Inc.	Mary Thurman	Miami-Dade	103	Preservation	$6,100,000	378,050	2,500,000	$ 24,271.84
SP Crossroads LP	Southport Financial Services, Inc.	Mary Thurman	Orange	94	Preservation	$5,250,000	336,000	2,000,000	$ 21,216.60
Sand Dunes Apts	SCG Development & Royal American Development	Stephen Wilson	Bay	104	Preservation	$7,750,000	335,266	1,625,942	$ 15,634.06
Solabella	CSG Development Services (Cornerstone)	Mara Mades	Miami-Dade	92	New	$7,000,000	575,545	1,600,000	$ 17,391.30
Sorrento at Miramar	ZF Development, LLC (ZOM)	Kyle Clayton	Broward	320	New	$27,057,000	1,480,604	3,900,000	$ 11,023.44
TM Alexander	American Opportunity Foundation/Allied Pacific	Gregory Dunfield	Miami-Dade	151	Preservation	$13,200,000	795,880	3,000,000	$ 19,867.55
Taylor Apts	Center for Affordable Housing and Housing Partners	Bill Newman	Orange	100	Preservation	$3,595,000	0	4,000,000	$ 40,000.00
Timberleaf Apts., Ltd.	The Richman Group and Richelson Enterprises	Todd Fabbri	Orange	240	Acq. & Rehab	$11,500,000	715,754	5,000,000	$ 20,833.33
The Towers of Jacksonville	Towers of Jacksonville, LP	Sanford Horvitz	Duval	192	Preservation	$15,000,000	782,354	5,000,000	$ 26,881.72
Trotters Chase Apts.	Eastwind Development	John Weir	Broward	168	New	$15,700,000	1,042,244	5,000,000	$ 25,297.62
Villa Capri	Cornerstone Group	Mara Mades	Miami-Dade	220	New	$17,000,000	1,105,274	2,500,000	$ 9,659.09
Village at the Park, Ltd.	Auburn Development, LLC	Brian Hinners	Palm Beach	152	Acq. & Rehab	$9,285,000	619,111	4,000,000	$ 26,315.79

Notice of Award
Request for Proposal (RFP) #2009-06
Multi-Revenue Bond Program/HOME

At the April 30, 2010, Board Meeting, Florida Housing's Board of Directors approved Review Committee's ranking and recommendation (Exhibit A) for the RFP 2009-06 funding awards, as well as the waiting list of unfunded Responses, and authorize staff to proceed to issue the invitations to enter credit underwriting.

Please note, any unsuccessful applicant may file a notice of protest and a formal written protest in accordance with Section 120.57(3), Fla. Stat., and Rule Chapter 28-110, F.A.C. Failure to file a protest within the time prescribed in Section 120.57(3), Fla. Stat., et. al. or failure to post the bond or other security required by law within the time allowed for filing a bond shall constitute a waiver of proceedings under Chapter 120, Fla. Stat.

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RFP 2009-06 Ranking

Exhibit A

Preservation Requests

Developer	Development	Funding Category	County	No. of Units	Leverage Amount	HOME Loan Amount
SCG Dev. & Royal Am. Dev	Sand Dunes	Preservation	Bay	104	15,634.06	$1,625,942
SP Three Development	Methodist Place	Preservation	Hillsborough	200	19,615.00	3,923,000
Amer. Opportunity Found.	TM Alexander	Preservation	Miami-Dade	151	19,867.55	3,000,000
Southport Financial Serv.	SP Crossroads	Preservation	Orange	94	21,276.60	2,000,000

$10,548,942

All Other Requests

Developer	Development	Funding Category	County	No. of Units	Leverage Amount	HOME Loan Amount
Cornerstone Group	Villa Capri	New Construction	Miami-Dade	220	9,659.09	$2,500,000
ZOM	Monterra	New Construction	Broward	300	9,916.67	3,500,000
ZOM	Sorrento	New Construction	Broward	320	11,023.44	3,900,000
Cornerstone Group	Captiva Cove	New Construction	Broward	360	11,805.56	5,000,000
Carlisle Dev.	Ehlinger	New Construction	Broward	155	13,270.97	2,420,000
Pinnacle Housing Group	Kings Terrace	New Construction	Miami-Dade	300	14,166.67	5,000,000
Cornerstone Group	Solabella	New Construction	Miami-Dade	92	17,391.30	1,600,000

$23,920,000

$34,468,942

Waiting List

The Richman Group of Florida	Timberleaf	Acq/Rehab	Orange	240	20,833.33	5,000,000
SCG Dev & Royal Am. Dev	Pine Meadows	Preservation	Alachua	78	23,893.35	1,863,681
Southport Financial Serv.	SP BCC	Preservation	Miami-Dade	103	24,271.84	2,500,000
Eastwind Development	Trotters Chase	New Construction	Broward	168	25,297.62	5,000,000
American Opportunity Foundation	Civic Tower	Preservation	Miami-Dade	196	25,510.20	5,000,000
Carlisle Development	NW Gardens	New Construction	Broward	150	28,333.33	5,000,000
EHDOC Development	Douglas Fraser	Preservation	Polk	156	32,051.28	5,000,000
The Richman Group of Florida	BPA II	New Construction	Pinellas	144	32,638.89	4,700,000
RS Development Corp.	La Joya	New Construction	Miami-Dade	125	34,000.00	5,000,000
Cornerstone Group	Pelican Cove	New Construction	Miami-Dade	112	34,000.00	5,000,000
The Richman Group of Florida	Andrews Ave.	New Construction	Broward	88	34,090.91	3,000,000
Cornerstone Group	Regatta Pointe	New Construction	Miami-Dade	108	37,037.04	4,000,000
Cornerstone Group	Pres. Boynton	New Construction	Palm Beach	62	37,968.75	2,430,000
Biscayne Palm Developer, LLC	Biscayne Palm	Acq/Rehab	Miami-Dade	114	93,750.00	3,000,000
Biscayne Housing	Georgia Ayers**	New Construction	Miami-Dade	72	28,333.33	2,400,000

*In the event a Response that has been awarded funding, fails to receive a positive Credit Underwriting recommendation, the next Response on the waiting list will be eligible for funding. Should the failed Response be a Proposed Preservation Development, it will be replaced by the next Preservation response on the waiting list.

**Did not receive full points for the RFP and was therefore placed at the bottom of the waiting list.

Georgia Ayres did receive full points for the Supplemental Bond Application.

Florida Housing Finance Corporation

Credit Underwriting Report

TM Alexander Apartments

Tax-Exempt Multifamily Mortgage Revenue Bonds (MMRB/NIBP)
Housing Credits/HOME Loan

RFP 2009-06 / 2010A-219B

Section A: Report Summary

Section B: MMRB & HOME Loan Special and General Conditions and Housing Credit Allocation Recommendation & Contingencies

Section C: Supporting Information & Schedules

Prepared by

AmeriNational Community Services, Inc.

First Draft

June 4, 2010

TM Alexander Apartments

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Section A

Report Summary

AmeriNational Community Services, Inc. ("AmeriNational") recommends approval by Florida Housing Finance Corporation ("FHFC" or "Florida Housing") of the following funding sources for the acquisition and rehabilitation of TM Alexander Apartments ("Development"):

- $13,500,000 in Tax Exempt Municipal Revenue Bonds to be credit enhanced by Freddie Mac (Mod Rehab Loan Program)(see Issues and Concerns);
- $744,556 in annual allocation of 4% Housing Credits per the 2009 Universal Cycle; and a
- $3,000,000 HOME Loan.

<table>
<tr><th colspan="2">DEVELOPMENT & SET-ASIDES</th></tr>
<tr><td>Location/Address</td><td>1400 NW 19th Street
Miami, Miami-Dade County, Florida 33125</td></tr>
<tr><td>Number of Units/Unit Mix</td><td><table>
<tr><th>BR</th><th>BA</th><th># Units</th><th>Unit Size (SF)</th></tr>
<tr><td>0</td><td>1</td><td>38</td><td>403</td></tr>
<tr><td>1</td><td>1</td><td>112</td><td>510</td></tr>
<tr><td>2</td><td>1</td><td>1</td><td>708</td></tr>
<tr><td colspan="2">Total</td><td>151</td><td>73,142</td></tr>
</table>
Note: The 2/1 is the manager's unit and is not included as an affordable unit for LIHTC restrictions or the HAP contract.</td></tr>
<tr><td>Demographic Commitment</td><td>Elderly</td></tr>
<tr><td>Set Asides</td><td>100% of the 150 restricted units are set aside for tenants whose income is at or below 60% of Area Median Income. Per HOME requirements, 10% of the units must be set aside to tenants whose income is at or below 50% of Area Median Income. No election for ELI or Special Needs. All of the units are under an existing HAP contract that expires November 4, 2011. HUD will provide a "Comfort Letter" indicating their intent to provide a new contract (or extend the existing one) for an additional 20 years.</td></tr>
<tr><td>Set Aside Term</td><td>50 Years</td></tr>
<tr><td>County Size</td><td>Large</td></tr>
<tr><td>Development Category</td><td>Acquisition/Rehab</td></tr>
<tr><td>Development Type</td><td>High Rise</td></tr>
<tr><td>Absorption Rate</td><td>N/A – all units should be pre-leased upon completion of rehabilitation. According to the market study, the average absorption rate is 33.6 units per month.</td></tr>
<tr><td>Occupancy Rate</td><td>100% occupied as of 05/18/10</td></tr>
<tr><td>Parking</td><td>52 spaces or 0.35 spaces per unit. Since this is an affordable, elderly development, the need for parking is limited and marketability of the Development has not been impacted to date due to this low parking ratio.</td></tr>
<tr><td>Improvements</td><td>A 151-unit, 18-story high-rise apartment development built in 1984 with 38 studio units, 123, one bedroom, one bathroom units and 1, two bedroom, one bathroom unit (manager's unit).</td></tr>
</table>

Site Acre	1.17 acres, per site plan
Density	129 units per acre
Zoning	C-1, Restricted Commercial, by the City of Miami
Flood Zone Designation	Zone "AE"; flood insurance is required

DEVELOPMENT TEAM	
Applicant/Borrower	APD Housing Partners 20, LP
General Partner(s)	American Opportunity Foundation (501c3 non-profit)
Guarantor(s)	APD Housing Partners 20, LP, Allied Pacific Development, LLC, American Opportunity Foundation, and Stephen Whyte (individual).
Limited Partner	PNC Bank, N.A. ("PNC") will purchase 99.97% limited partner ownership in the Development, plus an additional 0.01% special limited partner ownership interest to be held by a corporate affiliate of PNC. Allied Pacific Development will have a 0.01% special limited partner ownership interest.
Developer	American Opportunity Foundation and Allied Pacific Development
General Contractor	L&H Renovations, Inc.
Management Company	HSI Management, Inc.
1st and 2nd Mortgage Lender	FHFC
Credit Enhancer	CitiBank, N.A. (by and through its Municipal Securities Division, as a Freddie Mac Seller/Servicer)

FINANCING INFORMATION	
FHFC Programs	MMRB (NIBP), HOME, and HC
First Mortgage – Bonds	$13,500,000 in total Real Estate Loan - $7,990,000 HAP Overhang Loan - $5,510,000
"All in" Underwritten Interest Rate	5.357%
Term/Amortization	Real Estate Loan – 30 / 35 HAP Overhang Loan – 20 / 20 (coterminous w/ HAP contract)
Second Mortgage – HOME	$3,000,000
"All in" Underwritten Interest Rate	1.354% simple interest (per RFP 2009-06)
Term/Amortization	30 years (co terminus w/ 1st mortgage) / interest paid from available cash flow; no amortization
Restricted Value at Stabilization	$15,540,000
Market Value at Stabilization	$6,890,000
Restricted Loan To Value – First Mortgage	86.9% (note: the credit enhanced bonds cannot exceed 85% LTV; adjustment in the credit enhancement is anticipated but not provided prior to submission of this CUR.
Market Loan To Value - First Mortgage	195.9%
Projected Net Operating Income	$1,097,453

FINANCING INFORMATION	
Debt Service Coverage – First Mortgage Loan	1.15 (final bond amount to be no less than 1.20 for Real Estate Loan and 1.05 for the HAP Overhang Loan)
Debt Service Coverage – All Debt	1.10 (to be no less than 1.10 due to HOME requirements)
First Mortgage Loan to Cost	58%
FHFC Assistance Per Unit	$37,126 (based on HC and HOME)
Annual HC Allocation Per Unit	$4,964 (based on 150 restricted units)
Syndication Price	$0.70
Operating Deficit Reserve	The Syndicator shall hold a funded ODR account in an amount equivalent to approximately nine months of combined debt service (per the Equity LOI, the amount is $777,727), which shall be held for the entire compliance period. No additional funded reserves are being recommended by AmeriNational.

Construction/Permanent Sources:

Source	Lender	Construction	Permanent	Perm Loan/Unit
MMRB	Citibank	$13,500,000	$13,500,000	$89,404
HOME	FHFC	$3,000,000	$3,000,000	$19,868
Housing Credits	PNC Bank	$3,284,149	$5,212,935	$34,523
Deferred Developer Fee	Applicant	$2,163,830	$899,671	$5,958
Capitalized Interest Paid from Operations	Applicant	$598,500	$598,500	$3,964
TOTAL		**$22,546,479**	**$23,211,105**	**$153,717**

Note: Loan per Unit is based on 151 total units.

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?	X	
Is the Development in all other material respects the same as presented in the Application?	X	

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

1. Some of the items listed in the Application were not evident in the site plans/specifications. These will be satisfactorily resolved prior to Closing.
2. TDC are higher from the Application to the Final Applicant's estimates.

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

- According to the FHFC Asset Management Noncompliance Report dated February 9, 2010, no non-compliance issues exist for The Development Team.
- According to the FHFC Past Due Report dated March 16, 2010, no past due item(s) exist.
- Per the Financial Monitoring Report dated March 16, 2010, no items noted
- Per the FHFC Foreclosure Report dated March 16, 2010, no foreclosures disclosed

This recommendation is subject to satisfactory resolution, as determined by Florida Housing, of any outstanding past due items or non-compliance issues applicable to the Development Team prior to the Loan closing.

Strengths:

1. Development fills an important need for decent affordable housing for very low income tenants.

2. Strong demand for affordable housing for age-restricted tenants exists within the submarket. Since this is a rehabilitation project, it should not impact the multifamily market in terms of occupancy or rental rates.

3. Rehabilitation will improve the overall appeal of the Development and increase its remaining economic life.

4. The Guarantors have demonstrated the ability to successfully develop and operate affordable multifamily rental communities using a variety of different financing vehicles.

Other Considerations:

1. None

Additional Information:

1. None

Issues and Concerns:

1. 100% of the Development's restricted units have been under a Section 8 HAP contract since inception and shall expire on or about November 4, 2011. HUD is providing a "comfort letter" indicating their intention to provide a new (or extend the existing contract) for an additional 20 years. Receipt of the letter is a Special Condition precedent to Closing. For underwriting purposes, the current HAP contract rents were used, which exceed both the housing credit rents and market rents. Failure to obtain the renewal would result in net operating income materially below what is projected in this report and would require significant financial restructuring and re-tenanting efforts.

   Mitigating Factors: The Syndicator shall be holding a reserve account equal to approximately nine months of combined debt service. This reserve should be sufficient to allow time for restructuring of the financing if the contract was not renewed, which is considered an unlikely event. As noted, HUD will be providing a comfort letter, which is accepted as proof of extension by the Credit Enhancer and the Syndicator. It is also unlikely that HUD would not renew the contract and immediately cut off subsidy to the owner, which would potentially result in eviction of 150+ low income elderly tenants.

2. The Applicant is applying for full real estate tax abatement due to the 501c3 nonprofit status of the General Partner. Approval of the abatement will not occur until after Closing. This factor represents material risk to the transaction as a whole if they are unsuccessful in obtaining a full tax abatement. Failure to secure the abatement would decrease NOI by approximately $165,000 resulting in potentially below breakeven operations.

   Mitigating Factors: An opinion letter from the Applicant's counsel shall be provided that will address the imminent approval of the exemption by the local municipality. There is no reason to conclude the abatement will not be approved; however, the timing of the approval is difficult to ascertain. As such, full taxes shall be escrowed for the upcoming year. As a further mitigant, the permanent lender (Citibank) and credit enhancer (Freddie Mac) will fully vet this issue and conclude their own suitable mitigant – either with additional holdback of bond proceeds or some other acceptable requirement. The Guarantors will be obligated to fund operating deficits if they occur for any reason, including failure to secure the abatement in a timely manner.

3. An executed GC Contract has not been provided to date. The Applicant plans on executing the agreement closer to the closing date.

   Mitigating Factors: The Applicant and General Contractor provided a draft of the GC contract that was reviewed and deemed acceptable by AmeriNational's construction consultant. Florida Housing has indicated their willingness to proceed without the executed contract.

4. The credit enhancement and total supported bond proceeds has not been finalized to date. Per conversations with the permanent lender, there are still significant issues that need to be addressed prior to Closing. The two main issues are the final loan to value (must be 85% on total bond proceeds) and the tax exemption. Until these two issues are fully vetted, there may be material variation from the "commitment" letter provided by the permanent lender and what the actual proceeds will be.

   Mitigating Factors: No mitigant exists for this issue. Upon finalizing of underwriting by the permanent lender, AmeriNational shall complete an updated analysis of the transaction.

Special Conditions:

See Section B

Waiver Requests:

None

Recommendation:

AmeriNational hereby recommends funding of the $13,500,000 in NIBP bonds, $3,000,000 in HOME Loan funds, and $744,556 in annual allocation of 4% Housing Credits to finance acquisition and rehabilitation of the Development.

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 Special and General Conditions set forth in Section B. This recommendation is only valid for six months from the date of the report. The reader is cautioned to refer to these sections for complete information.

Prepared by:

Rex N. Tilley
Chief Credit Underwriter

Reviewed by:

Michael Drapkin
Senior Credit Underwriter

Overview

Rehabilitation Financing Sources:

Source	Lender	Applicant's Initial Total	Applicant's Revised Total	UW Total	Interest Rate	Construction Debt Service
MMRB	Citibank	$15,300,000	$13,500,000	$13,500,000	5.357%	$723,195
HOME	FHFC	$2,075,000	$3,000,000	$3,000,000	1.00%	$30,000
Housing Credits	PNC Bank	$3,735,294	$3,531,827	$3,284,149		
Deferred Developer Fee	Applicant	$2,022,238	$2,502,891	$2,163,830		
Capitalized Interest Paid from Operations	Applicant	$0	$598,500	$598,500		
Total		**$23,132,532**	**$23,133,218**	**$22,546,479**		**$753,195**

First Mortgage:

Credit Enhanced Tax Exempt Bonds – Citibank (via Freddie Mac) shall provide credit enhancement on the entire bond amount via Freddie Mac's Mod Rehab Program. Per this program, Citibank will require funding of a holdback based on the difference between the loan proceeds supported by "As Is" operations and the loan proceeds supported via "As Renovated" operations. Per the loan commitment, the holdback is estimated to be $430,000. The holdback will be collateralized via a letter of credit provided by the Applicant. Once the Development has completed rehabilitation and at least three months of stabilized operations have been achieved, Citibank will complete a conversion analysis to determine whether the amount of outstanding bonds are supported by actual operations. If Citibank/Freddie Mac determines that insufficient income is being produced, they have the right to require redemption of a portion of the outstanding bonds. The entire bond amount shall be drawn at Closing and should be funded out completely within the first six months of the rehabilitation period.

- The bond proceeds shall be divided into two different "loans" due to leveraging of the HAP overhang income, as follows:
  - Real Estate Loan - $7,990,000
    - NOI Source........................ Based on LIHTC GPRR, other income, operating expenses & reserves
    - Loan Term.......................... 30 years
    - Amortization .... 35 years (interest only for first 24 months)
    - DSCR .... 1.20[1]
    - LTV.................................... 85% (based on favorable financing & combined debt)
    - Interest Rate...................... 5.357%
  - HAP Overhang Loan - $5,510,000
    - NOI Source........................ Based on difference between Section HAP GPRR and LIHTC GPRR, less 5% vacancy loss and 4% management fee
    - Term.................................. 20 years
    - Amortization .... 20 years (coterminous w/ HAP contract); (interest only for first 24 months)
    - DSCR .... 1.05[1]
    - LTV.................................... 85% (on combined debt)

- Interest Rate...................... 5.357%

[1] Due to the HOME loan requirements, the combined DSCR cannot exceed 1.10.

As noted above, the combined LTV for the total bond proceeds cannot exceed 85%. Per the final appraisal report, the As Renovated Value is $15,540,000, which equates to total bond proceeds of $13,209,000. A reduction in bond proceeds is possible (along with a reallocation between the two loans), but will not be determined until after the submission of this report; therefore, no change is made at this point, but any reduction (or increase) in bond proceeds shall be taken into account prior to Closing.

Note: Rule 67-21 requires that 50% or more of the Total Development Cost must be financed by tax-exempt bonds. For the Development, the bond proceeds are financing 58% of Total Development Costs.

Additional Rehabilitation Sources of Funds:

- HOME Loan – $3,000,000 with a 30 year term with 1% simple interest payments from available cash flow (per RFP 2009-06, which supersedes the requirements set forth in Rule 67-48). The term of the HOME Loan will be coterminous to the 1st mortgage, which is allowed per RFP 2009-06 (section A.8). The built up interest rate during the permanent phase per the most recent fee schedule is 1.354%, which includes the servicing fee and compliance monitoring fee per the 2010 fee schedule.

- Housing Credits – A Letter of Intent ("LOI") was provided by PNC Bank, N.A. ("Syndicator") dated May 27, 2010. The LOI concluded Housing Credits equal to $801,028 in annual allocation (divided into $351,806 per year for rehabilitation and $449,222 per year for acquisition) According to the LOI, the Syndicator shall purchase a 99.98% limited partnership interest in the Borrower at $0.70 on the dollar for a total investment of $5,606,075.

  Due to changes in the Use of Funds by AmeriNational, the supportable amount of Housing Credits using the same pricing as quoted in the LOI is decreased to per annum with a total investment of $5,212,935. Assuming the pay-in percentages will not change, the contributions are revised as follows:

Syndicator's Capital Contributions	Percent of Total	Due upon	LOI	UW
1st Installment	20%	Paid prior to or simultaneous with the closing of the construction financing.	$1,121,215	$1,042,587
2nd Installment	43%	Paid at 50% construction completion.	$2,410,612	$2,241,562
3rd Installment	10%	Paid at full disbursement of construction funds, less retainage; receipt of GC certificates of completion for all buildings; evidence of 100% lien-free construction completion; receipt of substantial completion certification from architect; receipt of C/Os; reciept of evidence of proper insurance coverage; and, receipt of draft cost certification by Partnership Accountant.	$560,607	$521,293
4th Installment	27%	Perm loan closing/conversion; 3 months of operations @ 1.15DSCR or higher; 93% or better occupancy; 100% tax credit qualification of all units; and receipt of final cost certification.	$1,513,640	$1,407,492
Total	**100%**		**$5,606,074**	**$5,212,935**

Annual Credit Per Syndication Agreement:	$801,028
Total Credit Per Syndication Agreement:	$5,606,074
Calculated HC Rate:	$0.70
Limited Partner Ownership Percentage:	99.98%

- Deferred Developer Fee - During the rehabilitation phase, it is estimated that $2,163,830 will be deferred, which is 95% of the total Developer Fee.

- Capitalized Interest From Operations – Since the Developer can utilize interest carry during the rehab period as eligible basis, they have requested that the income offsetting the interest carry be included as a Source. The amount shown is equivalent to ten months of interest payments during the rehabilitation period on both the bonds and the HOME loan. AmeriNational has determined that the Development will be able to cover all obligations (expenses and debt service) during the rehabilitation period (and beyond). Per the General Contractor's schedule, units should only be down for 20 days at most. During the rehab period, HUD will continue to provide subsidy payments for displaced tenants, which accounts for an average of 85% of total rent paid.

Projected Rehabilitation Term and Stabilization Period:

The total rehabilitation period is estimated to be approximately ten months and will involve one to two floors in the building at a time. Displaced tenants will either be given temporary housing until their units are finished or will be allowed to terminate their lease. Since the Development maintains a substantial waiting list, re-leasing any vacated units should be an immediate event. Stabilization is expected to occur upon completion of rehabilitation. The permanent lender is allowing a 24 month stabilization period.

Permanent Financing Sources:

Source	Lender	Applicant's Initial Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Amort. Years	Term Years	Annual Debt Service
MMRB	Citibank	$15,300,000	$13,500,000	$13,500,000	see comments			$955,449
HOME	FHFC	$2,075,000	$3,000,000	$3,000,000	1.354%	N/A	30	$40,607
Housing Credits	PNC Bank	$3,735,294	$5,642,781	$5,212,935				
Deferred Developer Fee	Applicant	$2,022,238	$1,632,732	$899,671				
Capitalized Interest Paid from Operations	Applicant	$0	$598,500	$598,500				
Total		**$23,132,532**	**$24,374,013**	**$23,211,105**				**$996,056**

First Mortgage:

- Tax Exempt Bonds – see comments under Construction Sources.

Additional Permanent Sources of Funds:

- HOME Loan – see comments under Rehabilitation Financing Sources. All of the HOME funds shall be funded prior to construction completion.
- Housing Credits - see comments under Rehabilitation Financing Sources. The final installment in the adjusted amount of $1,407,492 shall be funded after the "conversion date", which is defined as the date the permanent lender re-analyzes the operations to determine if the bonds are adequately supported. These proceeds will be used to pay Developer Fee and to fund the operating deficit reserve account.
- Deferred Developer Fee - The Developer will be deferring $899,671 of Developer Fee up to the date of the final equity installment. Per the Syndication LOI, the Developer is entitled to $720,879 of Developer Fee from the final installment. Any deferred fee shall be paid from available cash flow as determined per the partnership agreement.

Uses of Funds

Actual Construction Cost	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs
Construction Contract	$3,897,500	$4,146,000	$4,146,000	$0
General Contractor Fees (max 14%)	$475,650	$580,440	$580,440	$0
Subtotal	$4,373,150	$4,726,440	$4,726,440	$0
Other - P&P Bond	$59,456	$59,080	$59,080	$0
Hard Cost Contingency	$427,940	$472,644	$472,644	$0
Total Actual Construction Cost	**$4,860,546**	**$5,258,164**	**$5,258,164**	**$0**

Notes to Actual Construction Cost:

1. A draft Owner/Contractor Agreement was provided by the Applicant. The Plan and Cost Review prepared by New Perspective Florida, LLC for AmeriNational dated May 2010 concluded that the preliminary construction budget is reasonable and adequate to complete the planned rehabilitation (see Section C for more detail).

2. The General Contractor will secure a Payment and Performance Bond to secure the Construction Contract.

3. A Hard Cost Contingency in the amount of $472,644 was included in the construction budget, which equates to 10% of the Total Hard Costs. The contingency amount is well below the maximum allowed per Rules 67-21 and 67-48 (15%).

4. General Contractor's Fee (consisting of general requirements, overhead, and profit) amounts to 14.0% of Total Hard Costs, which is equal to the maximum allowed per Rules 67-21 and 67-48.

General Development Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs
Accounting Fees	$20,000	$20,000	$20,000	$0
Appraisal - Applicant	$0	$17,000	$17,000	$0
Appraisal - AmeriNational	$7,500	$0	$0	$0
Architect's Fee - Supervision	$150,000	$150,000	$150,000	$0
Builder's Liability/Risk Insurance	$33,975	$118,161	$118,161	$0
Closing Costs - Perm Loan	$309,050	$0	$0	$0
Environmental Report	$2,500	$5,000	$5,000	$0
FHFC Application Fee	$2,000	$2,000	$2,000	$0
FHFC HC Administrative Fee	$62,132	$37,228	$37,228	$0
FHFC HC Compliance Fee	$6,120	$0	$0	$0
FHFC Credit Underwriting Fee	$14,106	$16,967	$16,967	$0
HUD Counsel	$0	$100,000	$100,000	$0
Inspection Fees	$0	$6,000	$6,000	$0
Legal Fees - Partnership	$225,000	$125,000	$125,000	$25,000
Insurance - Prepaid	$60,400	$60,400	$60,400	$0
Inspection Fees	$82,500	$0	$0	$0
Market Study	$15,000	$15,000	$15,000	$0
PNA Report - Applicant	$18,000	$17,000	$17,000	$0
PCR/PNA Report - AmeriNational	$0	$2,350	$2,350	$0
Survey	$15,000	$15,000	$15,000	$0
Title Insurance	$40,000	$40,000	$40,000	$20,000
Other - Relocation Expense ("RE")	$175,000	$300,000	$300,000	$0
Other - RE Taxes during Construction	$63,663	$90,000	$90,000	$0
Soft Cost Contingency	$0	$50,000	$50,000	$10,000
Total General Development Costs	**$1,301,946**	**$1,187,106**	**$1,187,106**	**$55,000**

Notes to the General Development Costs:

1. AmeriNational reflects actual costs for the appraisal, market study, pre-construction analysis, and the Credit Underwriting fee. The Issuer Fee included in the interest stack by the credit enhancer in the amount of 37bps covers compliance monitoring fees, loan servicing fees, financial monitoring fees, trustee fees and the issuer fee.

2. FHFC Administrative Fee is based on 5% of annual housing credit allocation.

3. Miscellaneous Fees/Expenses related to the attempt to secure HUD financing are included. The HUD financing could not be secured in time to meet the MMRB closing requirements.

4. The Applicant included Soft Cost Contingencies in the amount equal to 4.4% of General Development Costs, which is acceptable and below the maximum allowed by the Rule.

5. The remaining General Development Costs are considered reasonable.

Financial Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs
Bond counsel fee	$0	$0	$0	$0
Construction/Perm Loan Origination Fee	$191,250	$168,750	$168,750	$167,073
Lender Processing Fee	$0	$41,450	$41,450	$40,439
Other Financing Fees	$0	$15,000	$15,000	$15,000
Lender Legal Fee	$0	$105,000	$105,000	$10,500
Perm Loan Credit Enhancement	$114,750	$0	$0	$0
Bond Issuance Fees				
Bond Counsel	$0	$60,000	$60,000	$60,000
Corporation Fee	$0	$47,250	$47,250	$47,250
Disclosure Counsel	$0	$22,500	$22,500	$22,500
Special Counsel	$0	$22,500	$22,500	$22,500
Transcript Expense	$0	$5,500	$5,500	$5,500
Rating Agency	$0	$13,500	$13,500	$13,500
UW Closing Attendance Expense	$0	$2,500	$2,500	$2,500
Trustee Acceptance Fee & Expenses	$0	$10,500	$10,500	$10,500
Cash Flow/Arbitrage Rebate	$0	$5,000	$5,000	$5,000
COI Contingency	$0	$25,000	$25,000	$25,000
State Board Administrative	$0	$2,500	$2,500	$2,500
Structuring Agent	$0	$31,000	$31,000	$31,000
Capitalized Interest from Operations	$0	$598,500	$598,500	$0
Interest During Rehab Period	$825,057	$0	$0	$0
Tax Credit Fees	$0	$64,495	$0	$0
Operating Deficit Reserve	$0	$792,761	$792,761	$792,761
Debt Service Reserve	$0	incl above	incl above	incl above
Total Financial Costs	**$1,131,057**	**$2,033,706**	**$1,969,211**	**$1,273,523**

Notes to the Financial Costs:

1. Capitalized Interest from Operations – As noted in the Source section, the Applicant included this line item for eligible basis purposes.

2. Interest Reserve during Rehab Period – As noted in the Source section, operations will cover all expenses and debt service during the rehab period; therefore, no interest reserve is being required.

3. Operating Deficit Reserve ("ODR") – this is a requirement of the Syndicator and shall be held for the entire compliance period. The funding of this account will not occur until the final equity installment that will occur after "conversion" and its main purpose is for re-tenanting expenditures related to potential loss of the HAP contract during the compliance period. The delayed funding of this account is acceptable considering the projected cash flow being produced by the property during the rehab period, the required operating deficit guarantees and the intention of HUD to extend the existing contract. AmeriNational does not recommend additional reserve funding at this time.

Non-Land Acquisition Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs
Building Acquisition Costs	$11,330,256	$11,330,256	$8,710,000	$0

Notes to Non-land Acquisition Costs

1. The Underwriter's conclusion of Building Acquisition Costs is based on the $11,860,000 As Is Value per the reviewed and approved appraisal report less the $3,150,000 estimated land value. The Applicant's Final Cost is based on the selling price less the current assessment for the land. Please see Other Development Costs for additional comments related to this issue.

2. AmeriNational received and reviewed a Contract for Purchase and Sale of Real Property Agreement ("P&S Agreement") dated August 17, 2009 between Mederos-T.M. Alexander Acquisitions, LLC ("Seller") and The American Opportunity Foundation, Inc. and Allied Pacific Development, LLC ("Buyers"). The original closing date was on or before March 30, 2010; however, two, 90 days extensions have been granted by the Seller, to September 30, 2010. The total purchase price is $12,527,323.05.

Other Development Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs
Development Cost Before Land and Developer Fee	$18,623,805	$19,809,232	$17,124,481	$1,328,523
Other Development Costs				
Developer Fee	$3,311,660	$3,366,116	$2,272,386	$0
Subset Developer Fee (difference between As Is Value and Acquisition Price)	$0	$0	$667,323	$0
Total Other Development Costs	**$3,311,660**	**$3,366,116**	**$2,939,709**	**$0**

Notes to the Other Development Costs:

1. Per Rule 67-21, Developer Fee is limited to 18% of Total Development Cost, excluding land and other uses in which Developer Fee would not be paid (see #2 below). Per the table above, the Developer Fee is equal to 18.0%, which meets the Rule requirements.

2. As noted above, the acquisition price is $12,527,323.05, which exceeds the $11,860,000 "As Is" Value of the Development per the appraisal. The difference of $667,323 (rounded to nearest dollar) is shown under Other Development Costs and not subject to Developer Fee, but is included in the calculation of maximum allowable Developer Fee.

Acquisition Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs
Development Cost Before Land	**$21,935,465**	**$23,175,348**	**$20,064,190**	**$1,328,523**
Land Acquisition Costs				
Land Cost	$1,197,067	$1,197,067	$3,150,000	$3,150,000
Total Acquisition Costs	**$1,197,067**	**$1,197,067**	**$3,150,000**	**$3,150,000**

Notes to Acquisition Costs:

1. The Land Cost is based on the Appraiser's estimate of fee simple market value for the site, or $3,150,000. This is significantly higher than the Applicant's conclusion of land cost, which was based on the current assessment data. Based upon review of the other tax comparables, there does not appear to be any trend in land assessments so reliance upon the assessed value is subjective. The use of the appraised land value has precedence with FHFC for acquisition/rehab developments and is thus used in this analysis as well.

	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs
Total Development Cost	**$23,132,532**	**$24,372,415**	**$23,214,190**	**$4,478,523**

OPERATING PRO FORMA

		AmeriNational	
Description		**Annual**	**$/Unit**
Revenue			
Gross Potential Rental Revenue		$1,760,688	$11,738
Other Income			
Miscellaneous Income		$11,250	$75
Gross Potential Income		$1,771,938	$11,813
Less:			
Vacancy and Collection Loss (Res. Only)	4%	$70,878	$473
Total Effective Gross Income (EGI)		**$1,701,060**	**$11,340**
Expenses ($/Unit based on 150 units)			
Fixed:			
Real Estate Taxes		$0	$0
Insurance		$67,500	$450
Variable:			
Management	4%	$68,042	$454
General and Administrative		$48,750	$325
Payroll Expenses		$187,500	$1,250
Utilities		$82,500	$550
Marketing and Advertising		$9,815	$65
Maintenance and Repairs		$82,500	$550
Security		$12,000	$80
Reserve for Replacements		$45,000	$300
Total Expenses		**$603,607**	$4,024
Net Operating Income		**$1,097,453**	$7,316
Debt Service Payments			
First Mortgage - MMRB (Combined)		$955,449	$6,370
Other - HOME Loan		$40,607	$271
Total Debt Service Payments		$996,056	$6,640
Operating Income After Debt Service - Before Tax Cash Flow		**$101,397**	**$676**

Notes to the Operating Pro Forma:

1. The preceding Pro Forma is based on Gross Potential Rental Revenue ("GPRR") using actual Section 8 HAP contract rents, as illustrated in the following table:

BR	BA	# Units	Unit Size (SF)	Median Income %	Max Gross HC Rents	UA	Max Net HC Rents	HAP Rent	Mkt Rent	UW Rent	Annual Income w/ HAP Rents	Annual Income - HC Rents Only
0	1	7	403	50%	$616	$65	$551	$846	$750	$846	$71,064	$46,284
0	1	31	403	60%	$739	$65	$674	$846	$750	$846	$314,712	$250,728
1	1	23	510	50%	$660	$88	$572	$1,023	$825	$1,023	$282,348	$157,872
1	1	89	510	60%	$792	$88	$704	$1,023	$825	$1,023	$1,092,564	$751,872
2	1	1	708	n/a	n/a	n/a	n/a	n/a	n/a	n/a	$0	
Total		151	73,142								$1,760,688	$1,206,756

As noted, 100% of the restricted units (not including the manager's unit) are under a Section 8 HAP contract with specified contract rents. Per the existing contract, rents cannot be lowered less than the base contract rent. It is assumed by AmeriNational that the new/renewal contract to be executed will have contract rents equal to or greater than the rents shown above. The "Annual Income – HC Rents Only" column illustrates the GPRR based on Housing Credit Rents, which is used in the pro forma to determine the Real Estate Loan sizing. The difference between the 'Annual Income w/ HAP Rents" column and the "Annual Income – HC Rents Only" column is the amount used to determine the HAP Overhang Loan sizing.

Rule 67-48 requires that at least 20% of the units must be set aside to tenants whose income does not exceed 50% of AMI. For this analysis, the 30 units are divided between the studio and one bedroom units although the Applicant is not required to allocate evenly between the unit types.

The Housing Credit Rents are based on 2010 income limits and the utility allowance that would be in effect if the Development leased units with the LIHTC restrictions (the HAP contract utility allowances are slightly different).

2. A 4% vacancy and collection loss rate was utilized by AmeriNational, which is equal to the Appraiser's conclusion. The Development is currently 100% occupied and has been above 96% occupied since the last historical information provided (2007). The estimated breakeven occupancy rate is 90%, which is well below the estimated stabilized occupancy rate of 96%.

3. Ancillary Income of $75 per unit per month is comparable to similar properties in the market. Other Income is comprised of fees associated with, late charges, pet deposits, forfeited security deposits, laundry facility income, etc. Other Income is typically lower for elderly projects, especially one with very low turnover.

4. Total operating expenses and reserves amount to $4,024 per unit, which is within the range of expense comparable data provided in the appraisal report and supported by historical operations. Some of the expenses, mainly common area utilities and water/sewer, will decline with installation of more energy efficient items.

5. The Development will benefit from 100% tax exemption due to the ownership of the Applicant by a qualified 501c3 entity. Since the exemption will not be approved until after the Development is

completed and stabilized, the approval of the tax exemption is a Special Condition in this report and a concern.

6. The concluded management fee is 4% of EGI, which is supported by the appraisal and the fee stipulated in the management contract.

7. The Applicant's budget included Replacement Reserves equal to $250 per unit per year; however, the Syndicator is requiring $300 per unit per year, which is used by AmeriNational as well. This conclusion is higher than the reserve amount estimated by New Perspective Florida, LLC ($127 per unit per year).

8. A 15-year Operating Pro Forma attached herein as Exhibit 1 reflects rental income increasing at an annual rate of 2% and expenses increasing at an annual rate of 3%. According to this analysis, the DSCRs will remain above the thresholds for the entire period.

Debt Service Ratios	
Debt Service Coverage - 1st Mortgage	1.15
Debt Service Coverage - Combined	1.10
Debt Service Coverage - All Mtgs. & Fees	1.10
Financial Ratios	
Operating Expense Ratio	35%
Break-even Economic Occupancy Rate	90%

Notes to the Ratios:

1. The DSC on the 1st mortgage is the combined coverage ratio for the Real Estate Loan at a 1.20DSC and the HAP Overhang Loan at a 1.05DSC. The only DSCR requirement per the Rules or RFP 2009-06 is related to the HOME Loan in that the combined DSCR cannot be less than 1.10. Based on AmeriNational's conclusions of net operating income and the permanent lender's information provided to date, this test is met.

2. The Breakeven Occupancy Rate (90%) is well below the market-derived occupancy rate of 96%. As noted, the Development has historically maintained high occupancy and has a sizable waiting list.

Section B
MMRB/HOME Loan Program Special and General Loan Conditions
&
HC Allocation/Recommendation

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and the Servicer, at least two weeks prior to Real Estate Loan Closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the loan closing date.

1. Assignment of the existing HUD HAP contract between the Buyer and Seller.

2. Letter from HUD ("Comfort Letter") stating their intention to provide a new HAP contract with substantially the same terms and conditions as the existing contract for a period of no less than 20 years.

3. HSI Management, Incorporated is not on FHFC's list of approved management companies. They will need to complete the requisite requirements and be approved by FHFC prior to Loan Closing.

4. Dun & Bradstreet Business Insight Report for L&H Renovations, Inc.

5. Receipt and review of opinion letter from Applicant's counsel related to the real estate tax exemption.

6. Receipt and review of Citibank's final loan commitment.

7. Receipt and review of executed Construction Contract.

8. Resolution of Features and Amenities compliance issues.

General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and the Servicer at least two weeks prior to Real Estate Loan Closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the bond pricing date. For competitive bond sales these items must be reviewed and approved prior to issuance of the notice of bond sale.

1. Borrower is to comply with any and all recommendations noted in the Plan and Cost Review prepared by New Perspective Florida, LLC.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
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.). An acceptable alternative to this requirement is receipt and satisfactory review of a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

4. The final "as permitted" (signed and sealed) site plans, building 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 the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The final sources and uses of funds schedule will be attached to the Loan Agreements as the approved Development budget.

6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. MMRB and HOME loan proceeds shall be disbursed pro-rata with other funding sources during the construction or rehabilitation period, unless otherwise approved by the Credit Underwriter. HOME loan proceeds shall be disbursed on a pro-rata basis during the rehabilitation phase in an amount per Draw that does not exceed the ratio of the HOME loan to the Total Development Cost, net of deferred developer fees, unless otherwise approved by the Credit Underwriter. The closing draw must include appropriate backup and ACH wiring instructions.

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, with coverages, deductibles and amounts satisfactory to Florida Housing.

8. If the development is not 100% lien-free completed, a 100% Payment and Performance Bond or a Letter of Credit (LOC) in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the GC and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds 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 Legal Counsel must approve the source, amount(s), and all terms of the P&P bonds, or LOC. If the LOC option is utilized, the LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer, and its Legal Counsel.

9. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.

This recommendation is contingent upon the review and approval by Florida Housing, and its Legal Counsel at least two (2) weeks before a requested date for funding. Failure to receive approval of these items within this timeframe may result in postponement of the bond pricing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the notice of bond sale.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/managers(s) of the Borrower, the guarantors, and any limited partners of the Borrower.

2. Award of Housing Credit ("HC") and purchase of same by PNC or assigns under terms consistent with the assumptions of this report.

3. Signed and sealed survey, dated within 90 days of MMRB and HOME loan closings, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

4. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of MMRB and HOME loan closings, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower is to comply with any and all recommendations noted in the updated Environmental Audit Report(s) and all other environmental reports related to the property, as deemed appropriate by Florida Housing in its sole discretion.

5. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the MMRB and HOME loan(s) naming Florida Housing as the insured. All endorsements required by Florida Housing shall be provided.

6. 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 MMRB and HOME loan(s) have been satisfied.

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.

8. 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, and of any corporate guarantor and any manager;

   b. Authorization, execution, and delivery by the Borrower and the guarantors, of all MMRB and HOME loan documents;

   c. The MMRB and HOME 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 MMRB and HOME 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.

9. Evidence of compliance with local concurrency laws, if applicable.

10. 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 MMRB, SAIL and Supplemental Loan(s).

11. UCC Searches for the Borrower, its partnerships, as requested by counsel.

12. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

This recommendation is also contingent upon the following additional conditions.

1. Compliance with all applicable provisions of Sections 420, Florida Statutes, Rule Chapter 67-21, F.A.C. (MMRB Program Loan), and Rule Chapter 67-48, F.A.C. (HOME Program Loan), and RFP 2009-06.

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

3. HOME Program Loan - At all times there will be undisbursed loan funds (collectively held by Florida Housing, First Lender and any other sources) sufficient to complete the rehabilitation of the Development. If at any time there are not sufficient funds (held by Florida Housing, First Lender and any other sources) to complete the rehabilitation of the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing that is sufficient (in Florida Housing's judgment) to complete the rehabilitation of the Development before additional Loan funds are disbursed. This condition specifically includes escrowing at closing all syndication and other equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

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

5. The Developer is only allowed to draw a maximum of 50% of the total developer fee (if available) during rehabilitation, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" will be funded at MMRB and HOME loan closings. The remainder of the "developer's overhead" will be disbursed during construction on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer. The remaining unpaid developer fee shall be considered attributable to "developer's profit", and may not be funded until the subject development is 100% lien-free completion, and retainage has been released.

6. A copy of an Amended and Restated Limited Partnership Agreement reflecting purchase of the Low Income Tax Credits ("HCs") by the Syndicator, or an affiliate, under terms consistent with the assumptions contained within this credit underwriting report.

7. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and PNC (or an affiliate) that requires funding of all HC Equity Installments during construction, even if the Borrower is in default under the Limited Partnership Agreement.

8. The limited partnership agreement from PNC or an affiliate shall be in a form and of financial substance satisfactory to Florida Housing, its Counsel, and its Servicer.

9. If applicable, receipt and satisfactory review of financial statements from all Guarantors dated within 90 days of real estate closing.

10. Guarantors to provide the standard Florida Housing Construction Completion Guaranty; to be released upon lien-free completion as approved by the Servicer.

11. Guarantors are to provide the standard Florida Housing Operating Deficit Guaranty to be released upon achievement of a 1.15 debt service coverage ratio on the combined debt service of the MMRB and HOME loans, 90% occupancy, and 90% of gross potential income – all for 12 consecutive months.

12. Guarantors are to provide the standard Florida Housing Environmental Indemnity Guaranty.

13. Guarantors are to provide the standard Florida Housing Guaranty of Recourse Obligations.

14. New Perspective Florida, LLC will act as Florida Housing's inspector during the rehabilitation period.

15. Closing of the first mortgage loan simultaneous with or prior to closing of the HOME loan. If the HOME loan does not close simultaneously with the first mortgage, the developer will be required to cover the resulting shortfall with additional deferrals, and/or equity, if necessary.

16. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the MMRB and HOME loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. The form of the title policy must be approved prior to MMRB and HOME loan closing(s).

17. Property tax and hazard insurance escrow are to be established and maintained by the Trustee. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release of funds shall be at Florida Housing's sole discretion.

18. Replacement Reserves funds in the amount of $250 per unit per year are required to be deposited on a monthly basis into a designated escrow account, to be maintained by the Trustee or the Credit Enhancer. The Permanent Lender has the right to adjust the reserve amount every three years per a new PNA.

19. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The construction contract indicates a 10% retainage holdback through 50% completion and a 5% retainage holdback thereafter, which satisfies the minimum requirement.

20. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.

21. Receipt and satisfactory resolution (as determined by Florida Housing) of any outstanding past due items or non-compliance issues, according to the latest Florida Housing Past Due and/or Non-Compliance Reports.

22. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

Housing Credit Allocation Recommendation

AmeriNational recommends that a 4% Housing Credit allocation in the amount of $801,028 per year be approved for the Development by the Florida Housing Finance Corporation (see Exhibits for supporting schedules).

Contingencies

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by AmeriNational and FHFC by the deadline established in the Preliminary Determination. Failure to resolve these contingencies within this timeframe may result in forfeiture of the HC allocation:

1. Closing of the MMRB and HOME loan consistent with the assumptions of this credit underwriting report.
2. Purchase of the HC by PNC Bank under the terms consistent with the most recent Letter of Intent.
3. Any other reasonable requirements of FHC or AmeriNational.

Section C

Supporting Information & Schedules

Additional Development & Third Party Supplemental Information

Appraised Value:

AmeriNational received and reviewed an appraisal prepared by Meridian Appraisal Group with an effective date of value of May 10, 2010. The appraisal was completed by Mark Davis (State Certified General Appraiser RZ0001604) and Robert Von (State Certified General Real Estate Appraiser RZ0001229) ("Appraiser" or "Appraisers").

The Appraisers concluded an As Renovated Value (assumes completion of rehab, HAP rents, tax abatement and favorable financing adjustment) of $15,540,000. Based on this value, the LTV for the bonds only is 86.9% and the LTV for combined debt (including the HOME loan) is 106.2%. As noted earlier, the bond financing cannot exceed 85% of the As Renovated Value.

The As Is Value of the existing improvements (assuming no renovations, existing HAP rents and no tax abatement) is $11,860,000. This is less than the acquisition price ($12,527,323.05).

The values concluded in the report were deemed reasonable and well supported.

Market Study:

A separate market study prepared by Rienhold P. Wolff Economic Research ("RWER"), Incorporated dated April 5, 2010 (inspection date was March 25, 2010) was received and deemed satisfactory by AmeriNational.

RWER defined the submarket ("PMA") as the Central Miami Market Area, which is delineated by the following boundaries: 79th Street to the north; Coral Way to the south; Intracoastal Waterway to the east; and Le June Road to the west. RWER further defined the Competitive Market Area as a 3-mile radius from the Development. Downtown Miami is approximately five miles to the southeast. The Miami International Airport is four miles to the southwest. Bus service is available along NW 14th Avenue within very easy walking distance of the Development. The unemployment rate for Miami-Dade County is currently 11.3% compared to 11.2% for the state (as of April 2010). Miami's economic base is relatively diverse but has suffered from the economic recession as has all areas in the state.

The PMA has a total population of 355,335 as of April 2010, which is only 14% higher than the population in 2000. This is a heavily developed area with only scattered open sites available for development (or those that are, feasibility of development is an issue). The population is expected to increase by 5.6% in 2015. There are 127,405 households in the PMA as of April 2010 with the same percentage increase as the population since 2000 (approximately 14%). Within the PMA, 50.3% of all housing is multifamily. Approximately 32.7% of the population is 55 years of age or older. The median income in the PMA evidences the low income composition of the population ($29,036 compared to the County @ $49,805).

<u>Overall CMA Apartment Market Highlights:</u>

- Average overall vacancy rate for CMA was 4.7% as of February 2010, which is considerably lower than 7.3% in August 2009.
- Overall average monthly rent was $1,100 as of February 2010 representing a decline of 3% from February 2009 ($1,134).
- Estimated overall demand for 1,604 units per year from 2010 to 2015, or 4,812 units. New unit supply potential totals 1,247 units over the next three years. As such, the demand for units significantly exceeds the supply of units coming on line over the next three years.
- Forecast vacancy rate is expected to decline to 4% by the end of 2010 and then decline to 3% or lower during 2011 and 2012.
- Forecast rent growth is expected to be 3% per year.

Low Income Apartment Market Highlights for CMA:

- Seven age-restricted affordable developments were surveyed containing 777 units.
- None of the developments surveyed had vacant units and at least two have a waiting list.
- REWR surveys 76 LIHTC developments throughout Miami-Dade County on a quarterly basis. Average vacancy rate is reported to be 2.2%.
- Eight age-restricted LIHTC developments containing 800 units were identified in the CMA that are either recently completed, under construction or proposed.
- Concluded under-supply of units is positive at 861 units for the CMA.

Review of Development Parameters

- Mix of unit types is excellent for age-restricted developments
- Units sizes are smaller than average, but this has not impacted historical occupancy.
- Unit features are basic but typical for this product type.

The overall conclusion in the REWR report is that the Development is feasible. For the Development, 100% of the units are occupied with a sizable waiting list. It is expected that there will be very little turnover, if any, once the Development rehab is completed. Even if all of the units were vacated during the rehabilitation period and none of the existing tenants re-occupied units, sufficient demand exists for this product type in this market area (as has been substantiated by market studies prepared for other pending FHFC financed developments within a five mile radius of the Development).

Impact on Like-Kind Competitive Properties:

- Since the Development is a rehabilitation of an existing property and most if not all of the existing tenants will be retained, no impact on Like-Kind competitive properties is anticipated.

Guaranteed Fund Development Impact:

- The appraisal report identified seven Guaranteed Fund developments within a 10-mile radius of the Development (defined PMA):

Development Name	Reported Occupancy [1]
Miami Stadium	100%
Hibiscus Pointe	98.1%
Vizcaya Villas	99.4%
Alhambra Cove	97.5%
Baywinds	100%
Golden Lakes	98.6%
Mabrisa Lakes	99.2%

[1] as of March 2010

As shown above, all of these developments are reporting occupancy rates of 95% or higher. The rehabilitation of the Development should have no impact on these deals.

90% Test Summary:

- Per 67-21, the submarket must have an average occupancy of 90% or greater. As noted above, occupancy in the CMA/PMA is well above 90% (100% for comparable subsidized properties in CMA).

Environmental Report: A Phase I Environmental Site Assessment ("ESA") was performed by Property Consulting Group, Incorporated ("PCG") for Gregory Dunfield as Director of Allied Pacific Development and Pacific Housing Advisors ("Client") dated August 13, 2009. The ESA was performed in accordance with ASTM Standards E 1527-05, the All Appropriate Final Rule (AAI Rule) for Phase I ESA's, the scope of work provided by the Client, and generally accepted industry standards.

PCG concluded that the existing environmental conditions are considered de minimus under ASTM 152705 and as such are not considered Recognized Environmental Conditions and will not require additional assessment of remediation. As a result, PCG did not recommend additional investigations related to potential subsurface contamination. At the request of the Client, PCG also completed testing for asbestos, lead based paint, lead in drinking water and a visual survey for mold. None of the test results were positive; therefore, further investigation was not recommended for any of these items. (Note: Freddie Mac will require a moisture management plan for mold)

Soils Test Report: A soils test report was not ordered since the Development is a rehabilitation of an existing property.

Plan & Cost Review: A Preliminary Plan and Cost Review dated May 2010 was prepared for AmeriNational by New Perspective, LLC ("NP"). The following is a summary of NP's findings:

- Upon review of the submitted construction drawings and specifications, no significant problems appear to exist with the design of the project.
- The site development construction drawings are considered adequate for the scope of work involved.
- The architectural and structural information provided on the drawings appears to be complete, well coordinated and adequate for this type of development.
- Overall design of the existing mechanical and electrical systems, as well as existing utilities, appears to be adequate.
- The Development was built prior to enactment of ADA and the Federal Fair Housing Act. As such, it does not need to comply with current regulations.
- In relation to compliance with the Features and Amenities, several items were noted that will need to be corrected prior to Closing:
  - Termite prevention/pest control throughout entire affordability period
  - 30-year expected life on roofing
  - New plumbing fixtures in kitchen and bathrooms in all units
  - Library consisting of 100 books and 5 current magazine subscriptions
  - Computer lab
  - Applicant commits to provide at least 10 of the Green Building options listed in Part III.B.# of the Application Instructions

- A preliminary Construction Contract between the Owner/Applicant and the General Contractor was provided. The basis of payment is the cost of work plus a fee with a Guaranteed Maximum Price. The Contract is undated and not executed (see Special Conditions). The Guaranteed Maximum Price is $4,726,439, which is for the construction hard costs, contractor's fee and overhead. This equates to $31,300 per unit or $64.54 per square foot, which is higher than the range found in Marshall Valuation Service ($18.26 to $49.16 per square foot). However, Marshall does not take into account common area renovations or the installation of the solar energy system. The report concludes the overall construction budget appears reasonable and adequate to complete the proposed renovations, and the schedule to complete of 10 months is realistic, provided no unforeseen circumstances occur.

Features, Amenities & Resident Programs: The Applicant committed to provide certain Features and Amenities per their Application and are set forth in the attached Exhibit 2 (see comments above related to inconsistencies).

Site Inspection: A site inspection of the existing building and surroundings was completed on May 21, 2010 by the Credit Underwriter. The Development is conveniently located to all supportive services. Visibility is considered good and the overall current condition of the building appeared to be average. Tenants have access to the bus line immediately adjacent to the Development along NW 14th Avenue. To the south of the site is a large parcel of vacant land (per sign on the site, to be developed with condominiums); to the east is the parking lot for the Miami VA Hospital; to the north are garden-style apartments in average to fair condition and a commercial land use; and, to the west is a high-rise family development known as Civic Tower (pending NIBP transaction) and other single and multifamily properties.

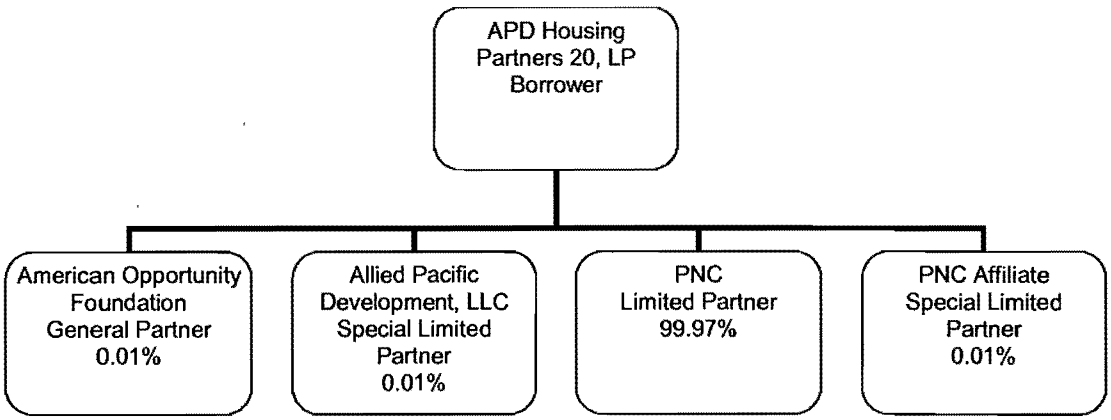
The building itself appeared to be in average to fair condition. The exterior has been recently painted. Unit interiors were in average condition and suitable for elderly tenants. The planned rehabilitation will dramatically improve the units themselves and increase the remaining economic life of the building. No material adverse conditions were noted.

Borrower Information

Borrower Name: APD Housing Partners 20, LP ("Applicant")

Borrower Type: A Florida limited partnership

Ownership Structure: The Applicant is a limited partnership organized under the laws of the State of Florida on August 17, 2009 to own and operate the Development. The General Partner is American Opportunity Foundation, a 501c3 nonprofit corporation, with a 0.01% ownership interest in the Applicant (and co-developer). Allied Pacific Development, LLC is a special limited partner (and co-developer) with a 0.01% ownership interest. PNC Bank, N.A. shall purchase a 99.97% limited partner interest and a 0.01% special limited partner interest, per a letter of intent dated May 6, 2010 (last revised on May 27, 2010).



Copies of the Articles of Incorporation and/or Organization have been provided on each of the ownership structures entities. Receipt of current certificates of status will be a condition precedent to closing.

Contact Person(s): Gregory Dunfield
gmd@housingadvisors.com
Telephone (206) 832-1308
Facsimile (206) 832-1308

Applicant Address: 1700 Seventh Avenue #2075
Seattle, WA 98101

Federal Employer ID: 27-0754039 (for Applicant/Borrower)

Experience: APD Housing Partners 20, LP – recently formed with no experience.

American Opportunity Foundation ("AOF") - AOF was formed in 1983 in order to sponsor low-income housing, housing for the elderly and handicapped, and all other charitable purposes permitted under Internal Revenue Code Section 501c3. AOF received its initial Determination Letter from the Department of the Treasury on January 30, 1985 and received its Group Determination Letter on April 7, 1993. The group letter permits AOF to extend its exempt status to organizations under AOF's direct supervision and control as outlined in Revenue Procedure 80-27. AOF's primary business plan is acquiring multifamily properties utilizing tax exempt bond financing under the "Safe Harbor" provisions of IRS procedure 96-32. The acquisitions of these properties are financed by the issuance of tax exempt bonds that are either rated by Standard & Poor's, enhanced by FNMA or HUD, or unrated (un-enhanced). The ownership entity is usually a subordinate entity under AOF's group exemption letter.

From March 1996 through today, AOF has acquired twenty-eight (28) properties in twenty (20) subordinate entities totaling 6,808 affordable housing units. AOF currently holds an ownership interest in 1,030 affordable housing units, exclusive of the units held under AOF/Pacific and AOF/Golden State.

AOF/Pacific is currently the Managing General Partner in over 43 limited partnerships or LLC's established to acquire, develop, rehabilitate, and operate apartment complexes for seniors and moderate to low income persons or families. These apartment complexes are located in California, Oregon, and Washington State.

AOF/Golden State was incorporated in 1999 as a nonprofit corporation organized under the laws of the State of California. AOF/Golden State is run by its Board of Trustees. One-third of its board is comprised of representatives of the low-income communities it serves. It is organized as a Community Housing Development Organization ("CHDO") and, as such, is limited to business activities in the counties of Los Angeles, San Bernandino, Riverside, Ventura, Orange, and San Bernandino County. Its primary goal is to provide quality affordable housing to the public, particularly low income and first-time home buyers. To achieve this goal, AOF/Golden State develops, operates, promotes, funds, and supports existing low-income housing. It also assists in the construction of affordable housing and the acquisition and rehabilitation of existing housing for the benefit of moderate to low income persons or families.

The President of AOF is Phillip Kennedy. Mr. Kennedy has served as President of AOF since 1991, and has been employed full time with the corporation since 1995. During his tenure as President, AOF and its subordinate entities have been involved in the acquisition, rehabilitation, and ownership of over 7,000 affordable housing units in ten states.

From 1983 to 1995, Mr. Kennedy was the Director, Executive Vice President and Chief Operating Officer of Housing Systems, Inc. ("HSI"). HSI is a privately-owned corporation which owns and/or is the managing agent of more than 5,000 affordable housing units financed primarily through loans subsidized under various HUD programs. He was responsible for the overall operations at HSI, including the acquisition, management, and financing of the corporation's numerous projects. Prior to 1983, he served as the General Partner and Chief Financial Officer in various entities engaged in the acquisition and development of commercial real estate in the Atlanta, Georgia area.

The remaining AOF board members are as follows:

- Jack T. Hammer – member of board since 1983 (date of formation). Former Chairman of HSI.
- William Fisher – member of board since 2002. Strong public finance background.
- Robert Derrick – member of board since 1995. SVP of Prudential Financial's SE region office.
- David Flint – member of board since 1995. He is a founding partner of the law firm Schreeder, Wheeler & Flint in Atlanta, Georgia.

In conclusion, AOF and its board members have strong affordable housing experience and the expertise to ensure the Development is properly managed and to continue its 501c3 nonprofit tax exempt ownership status.

Allied Pacific Development, LLC ("APD") – APD is a Delaware limited liability company that is one of three companies owned by Modern Realty, Incorporated ("MRI"). MRI is an S corporation formed in 1993, domiciled in the state of Washington, and Stephen Whyte is the president, secretary and sole shareholder. Pacific Housing Partners, Incorporated provides independent consulting services for developers of affordable housing throughout the United States. Allied Pacific Development, LLC develops affordable housing projects and is a national leader in the redevelopment of preservation projects (HUD and RD). APD Energy Solutions provides solar energy installations for affordable housing projects. According to their brochure, MRI and its subsidiaries has been involved in the following properties:

New Construction Affordable Development	
Financial Advisor	19
Development Manager	10
Consultant	13
Developed/Purchased as Principal	2
Total	44

HUD Preservation	
Financial Advisor	27
Developed/Purchased as Principal	11
Total	38

Rural Development Preservation	
Financial Advisor	29
Developed/Purchased as Principal	19
Total	48

Acquisition/Rehab of Conventional Multifamily Developments	
Financial Advisor	28
Development Manager	2
Consultant	5
Developed/Purchased as Principal	7
Total	42

In conclusion, APD has considerable experience in all aspects of affordable housing development and ownership.

A Schedule of Real Estate Owned ("SREO") was provided for APD, which also includes all property partnerships listed on Mr. Whyte's statement. The SREO shows 30 partnerships/properties containing 4,665 units. Total mortgage balance was $232.98M with cash flow after debt service of $5.67M. The overall DSCR is 1.39.

Overall, no major adverse issues were noted upon review of the SREO. Only two properties on the SREO are showing material negative cash flow. Bella Vista Apartments is located in Phoenix, which is a very soft market. Occupancy is at 85% with a 0.63DSC. APD has been funding deficits for this project. The project has a physical occupancy of 90% and is leased to 92% occupancy, also out-performing the submarket in Phoenix in which it is located. APD is pursuing a restructuring of the debt through the lender, Citibank, which should be in place in the next six months. The other property is Concord Crossing, which is located in Smyrna, Georgia (Atlanta area). APD has been funding deficits for this project. The project has a physical occupancy of 94% and is leased to 99% occupancy, significantly out-performing the submarket in Atlanta. APD recently restructured the debt on this project, reducing debt service to $16,000 per month starting in April, 2010. APD is pursuing permanent financing through Freddie Mac which is anticipated to be put in place in the next six months.

APD provided a Schedule of Contingent Liabilities showing obligations on 30 partnerships and comprised of $44.55M in recourse debt (5 loans) and $9.03M in maximum operating guaranties. The level of contingent liabilities is typical for medium-sized affordable housing developers. No significant issues disclosed on the statement.

Stephen Whyte – As noted above, Mr. Whyte is currently the president, secretary and sole shareholder in Modern Realty, Incorporated ("MRI") and is actively involved in the management and operations of all three companies under the MRI umbrella. He has been involved with Pacific Housing Advisors since 1993 and Allied Pacific Development since 1999. Mr. Whyte has been involved with affordable housing since 1989.

See APD for Schedule of Real Estate Owned and Contingent Liabilities that are related to Mr. Whyte.

Credit Evaluation: Applicant – recently formed - no credit history exists.

American Opportunity Foundation - A D&B was obtained as of May 11, 2010. No issues noted.

Allied Pacific Development, LLC - A D&B was obtained as of May 11, 2010. No issues noted.

Stephen Whyte - an Experian Credit Profile Report dated May 11, 2010 was obtained by AmeriNational. No material derogatory credit issues were noted.

Banking References: Applicant – newly formed entity; would not be relied upon to provide financial backing terms of liquid assets to cover deficits or guarantees.

American Opportunity Foundation - ACS verified $78,320 in a checking account and $4.751M in an investment account comprised of cash ($581k), stocks ($2.845M), corporate fixed income (819k), government securities ($161k), unit investment trusts (113k) and other investments (233k). This represents a rather sizable liquid position for AOF and provides sufficient support for their guaranty position.

Allied Pacific Development, LLC – ACS verified $138,994 in bank accounts.

Stephen Whyte – ACS verified $227,320 in bank accounts.

Total Liquid Assets for Guarantors - $5.2M

Financial Statements: Applicant – newly formed entity; no financial statements

American Opportunity Foundation

December 31, 2008		(Audited)
Cash:	$	686,479
Investment in Securities:	$	3,080,067
Total Assets:	$	5,053,840
Total Liabilities:	$	83,297
Unrestricted Net Assets:	$	5,053,840

Note: A statement of no material change was provided for this statement. 2009 audited statements will not be ready until late June or July.

The majority of the reported total assets are in readily marketable securities, which were verified via a recent investment account statement. Per the statement, AOF does not directly own any real estate other than their office; however, AOF does indirectly own real estate via their numerous controlled subsidiaries. The CPA that prepared the audit disclosed this issue and provided combined financial data for the controlled subsidiaries, as follows:

Total Assets:	$	36,879,398
Total Liabilities:	$	39,748,313
Unrestricted Net Deficit:	$	(2,868,915)
Total Revenues:	$	8,199,627
Total Expenses:	$	9,653,910
Net Increase in Unrestr. Net Assets	$	(1,454,283)

Compared to 2007 operations, the Unrestricted Net Deficit increased (-$1,414,632 to -$2,868,915) as did the Total Net Increase in Unrestricted Net Assets ($392,812 to -$1,454,283). As noted, these deficits were not considered in AOF's statement above.

In conclusion, the parent company (AOF) shows a strong cash/cash equivalent position on their audited statement but obviously has more material real estate holdings and operational issues that are only shown in the combined statement in a footnote. It is indeterminate at this point what financial strain the subsidiaries are having on AOF and what is expected of the parent company in terms of handling operational deficits.

Allied Pacific Development, LLC

As of 12/31/08		(Unaudited)
Cash:	$	125,661
Total Assets:	$	22,672,017
Total Liabilities	$	3,765,195
Net Worth:	$	18,906,822

Comments: A no material change letter was provided by APD. 2009 audited statements will not be available until late June or July. APD's largest asset is Developer Fee Receivables ($13.4M) and Advances to Affiliates ($6.86M). APD reported cash in the amount of $125,661. Its largest liability is a note payable in the amount of $2.1M. APD also provided an income statement that showed $10.33M in income, $4.4M in expenses with net ordinary income of $5.9M. APD's largest source of income is from development fee. Overall, APD's net worth supports the amount of financing but their liquidity position is only marginal. However, it is sufficient in combination with the other guarantors and reserves in place.

Stephen Whyte

As of 12/31/09		(Unaudited)
Cash:	$	73,639
Total Assets:	$	32,089,021
Total Liabilities	$	1,554,228
Net Worth:	$	30,534,793

Note: the statement provided by Mr. Whyte is a joint statement with Leslie R. Lackey. An updated financial statement dated within 90 days from this report is a condition precedent to Closing

Mr. Whyte disclosed cash in bank amounting to $73,639, which is a low liquidity position considering his overall net worth. No other liquid assets or readily marketable securities were disclosed. Real Estate and Business Interests account for $31.6M of his total assets. The remaining $459,079 is in retirement accounts and cash value of a life insurance policy. His largest liabilities are in mortgages for residences he owns.

AmeriNational received and reviewed 2007 and 2008 Form 1040 U.S. Individual Income Tax Returns for Stephen Whyte and his spouse (2009 extension was filed). The 2007 return confirms total adjusted gross income of -$307,728 with a loss from rental real estate/partnerships of -$953,085. The 2008 return confirms total adjusted gross income of $474,423 with a gain from rental real estate/partnerships of -$202,096.

Statement of
Financial/Credit

Affairs:

Applicant - AmeriNational received and reviewed a Statement of Financial/Credit Affairs for the Applicant dated May 7, 2010. The statement represents that the Applicant has no pending litigation, unsatisfied judgments, or past or present bankruptcy or foreclosure proceedings.

American Opportunity Foundation - AmeriNational received and reviewed a Statement of Financial/Credit Affairs dated May, 5, 2010. The statement represents that AOF has no pending litigation, unsatisfied judgments, past or present bankruptcy, or prior/current foreclosure actions.

Allied Pacific Development, LLC - APD provided a Statement of Financial/Credit Affairs that was undated but provided via email on May 7, 2010. No adverse issues were noted except for the following related to loans in which APD had an ownership interest in:

- Concord Crossing Smyrna, GA – this 190 unit apartment project financed with tax exempt bonds issued by GDCA and 4% credits was declared in default in May 2009. APD is the sole member of the general partner of the borrower. The borrower worked with the lender to pay off the loan at a discount in April 2010 thus averting foreclosure action. The property is reportedly 94% occupied and producing positive cash flow.
- Pheasant Ridge Bellevue, NE – this 264 unit project was financed with tax exempt bonds from NIFA and 4% credits. APD is the sole member of the general partner of the borrower. The project went into receivership in 2005 due to soft market conditions. A refinance with PNC/Freddie Mac occurred in 2008. Over $1.2M in unit upgrades have been completed and the project is currently operating strongly.
- Nora Pines Indianapolis, IN – this 254 unit project was declared in default in October 2006 due to poor occupancy and weak market conditions. APD is the sole member of the general partner of the borrower. A workout plan was entered into in May 2007 between the borrower, its partners, and Fannie Mae. The loan has been kept current from December 2006 to present.

While these default situations are of some concern, APD was successful in working with their partners resulting in a positive outcome in every instance.

Stephen Whyte – see comments above under APD.

Overall Summary:

In combination, all four guarantors have sufficient experience, net worth and liquidity to provide support for the Development. Further support for their acceptableness is the approval of the credit enhancement by the Freddie Mac Seller/Servicer and by the LIHTC Syndicator. No additional reserves are considered by AmeriNational.

Guarantor Information

Guarantor Names:	APD Housing Partners 20, LP American Opportunity Foundation Allied Pacific Development, LLC Stephen Whyte
Contact Person(s):	Gregory Dunfield gmd@housingadvisors.com Telephone (206) 832-1308 Facsimile (206) 832-1308
Applicant Address:	1700 Seventh Avenue #2075 Seattle, WA 98101
Guarantor Description:	APD Housing Partners 20, LP (Applicant) American Opportunity Foundation (General Partner/Co-developer) Allied Pacific Development, LLC (Special Limited Partner/Co-developer) Mr. Stephen Whyte
Nature of Guarantee:	All Guarantors identified above shall sign a Construction Completion Guarantee, an Operating Deficit Guarantee, a continuous FHFC Environmental Indemnity, and a Recourse Obligation Guarantee.
Credit Evaluation:	The credit evaluations for the Guarantors were summarized in the "Borrower Information" section of this report.
Financial Statements:	The financial statements for the Guarantors were summarized in the "Borrower Information" section of this report.
Contingent Liabilities:	The contingent liabilities for the Guarantors were summarized in the "Borrower Information" section of this report.
Summary:	No concerns were noted upon review of the Guarantors' experience, financial and credit information. As noted, the combined liquid assets total $5.2M for all guarantors, which is more than sufficient for a transaction of this size.

Credit Enhancer Information

Name:	Freddie Mac through Citibank, N.A. ("Citibank"), as an approved seller/servicer
Type:	GSE enhancement of existing issued bonds
Contact Person:	Mike Hemmens, Vice President Citigroup Global Markets, Inc. Telephone (805) 557-0930 Email mike.hemmens@citigroup.com
Address:	325 E. Hillcrest Drive, Ste 160 Thousand Oaks, CA 91360
Experience:	Freddie Mac has considerable experience credit enhancing tax exempt bonds transactions; further discussion unwarranted.

Financial Info: First quarter 2010 Results - net loss was $6.7 billion. Net loss attributable to common stockholders was $8.0 billion, or $2.45 per diluted common share, reflecting $1.3 billion in senior preferred stock dividend payments to the U.S. Department of the Treasury (Treasury).

- Provision for credit losses of $5.4 billion, down from $7.0 billion for the fourth quarter of 2009;
- Derivative losses of $4.7 billion due to the decline in long-term rates during the quarter; and
- Net interest income of $4.1 billion.
- Net worth deficit was $10.5 billion at March 31, 2010, driven primarily by a significant adverse impact due to the change in accounting principles. The impact of these new accounting standards resulted in a decrease in total equity of $11.7 billion. Other factors impacting equity include:
- Net loss of $6.7 billion;
- Improvement of $4.8 billion to accumulated other comprehensive income (loss) (AOCI); and
- Dividend payment of $1.3 billion to Treasury.
- The Federal Housing Finance Agency (FHFA), as Conservator, will submit a request on the company's behalf to Treasury for a draw of $10.6 billion under the Senior Preferred Stock Purchase Agreement (Purchase Agreement).
- The total single-family delinquency rate was 4.13% at March 31, 2010, down from 4.20% at February 28, 2010 and up modestly from 3.98% at December 31, 2009.
- Continued support for the housing market in the first quarter of 2010 included approximately $97 billion in liquidity and increased efforts to prevent foreclosures

Summary: The issues surrounding Freddie Mac (and Fannie Mae) and the significant impact on the single family market meltdown on both is well known by all participants in this transaction. It is impossible to objectively determine via analysis of financial information whether the U.S. Government will continue to provide monetary support for both Freddie Mac and Fannie Mae. However, one can conclude that allowing either to fail would undoubtedly result in global financial depression.

Syndicator Information

Name:	PNC Bank, N.A.
Contact Person:	Mark Ragsdale, Senior Vice President Telephone (415) 733-1533 Email mark.ragsdale@pnc.com
Address:	100 Pine St FL 16 San Francisco, CA 94111-5211
Experience:	PNC Bank has been providing low income housing tax credit investments for many years and is one of the nation's largest financial services companies. The LIHTC syndication business is only a small part of their entire business line. Specific information related to their current LIHTC business was not provided.

Financial Information:

- $265.4B in Assets
- $182.5B in Deposits
- $26.8B in shareholder equity
- $105B in assets under management
- For 1st quarter 2010 – PNC reported net income of $671 million, or $.66 per diluted common share, for the first quarter of 2010. Net income would have been $744 million, or $1.31 per diluted common share, for the quarter excluding $.50 per diluted common share related to the redemption of TARP preferred shares and $73 million, or $.15 per diluted common share, for after-tax integration costs.

Summary: PNC has strong experience and financial wherewithal to continue to be a successful LIHTC Syndicator. Of course, the future motivation of PNC to fund deficits if the other deal participants are unwilling or unable to will be based on the overall fund performance and reserves held (if this transaction becomes part of the multi-asset fund).

General Contractor Information

General Contractor:	L & H Renovations, Incorporated ("L&H" or "General Contractor")
Type:	A Florida corporation
Contact Person:	Timothy Leffler, President Telephone: (407) 839-5514 Facsimile: (407) 426-7282
Address:	545 Delaney Avenue #9 Orlando, Fl 32801
Contractor License#:	William Terry Rollis – CGC1511630
Expiration Date:	August 31, 2010

Experience: The General Contractor presents a management team with over 20 years of experience in the construction industry. Since its inception in 1986, L&H has completed more than 500 renovation projects. Sean Heaney is a co-owner with 28 years of construction experience. Timothy Leffler is a partner and responsible for directing all contracted jobs and has over 34 years of construction experience. William Rollis is a project manager with 13 years of construction/project engineering experience. L&H provided an extensive list of multifamily projects completed in recent years and should have the experience and staff to complete the rehabilitation of the Development.

Credit Evaluation: A Dun & Bradstreet Business Insight Report was ordered and reviewed on June 3, 2010. No derogatory issues noted.

Financial Statements: The most recent available financial statements are summarized as follows:

December 31, 2009		(Reviewed)
Total Assets:	$	1,253,739
Total Liabilities:	$	629,376
Total Stockholders' Equity:	$	624,363

The summary information is based on CPA reviewed statements prepared by Vestal & Wiler as of December 31, 2009. No material adverse issues were noted upon review of the balance sheet (no detail on assets was provided in the statement). The statement of operations shows net income of $1.21M in 2009 compared to $1.14M in 2008. While the General Contractor has strong development experience, the financial statements show only moderate net worth. According to the statement, L&H has access to a $1M line of credit, which had no outstanding balance. A 100% Payment and Performance Bond will be provided by the General Contractor, which mitigates potential issues related to their ability to complete the rehabilitation of the Development.

Summary: AmeriNational recommends that L&H Renovations, Inc. be accepted as the general contractor and the construction contract be approved subject to the recommendations set forth in the Plan and Cost Review.

Property Manager Information

Management Company:	HSI Management, Incorporated ("HSI")
Type:	A Georgia Corporation
Contact Person(s):	Jack T Hammer, Chairman and Executive Officer Phone: (770) 952-2233 Fax: (770) 956-9057
Address:	5505 Interstate North Parkway NW Atlanta, Georgia 30328
Experience:	HSI is a full service property management company headquartered in Atlanta, Georgia. They currently manage over 4,000 multifamily units in Texas and all other states east of the Mississippi River.
Management Agreement:	Pending item and a Special Condition precedent to loan closing. The pro forma indicated a management fee of 4%, which was supported by the appraisal report.
Management Plan:	HSI provided a comprehensive management plan that details all aspects of property management, including duties related to the HUD HAP contract and applicable regulatory agreements.
Summary:	HSI clearly demonstrates sufficient experience in the management of affordable multifamily housing to serve as the property manager for the Development. HMI is currently <u>not</u> an approved management company per FHFC's Asset Management Department and must complete the requisite requirements. This is a Special Condition precedent to Closing.

Exhibit 1
TM Alexander
15 Year Pro Forma

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
Income																
Gross Potential Rental Revenue		$1,760,688	$1,795,902	$1,831,820	$1,868,456	$1,905,825	$1,943,942	$1,982,821	$2,022,477	$2,062,927	$2,104,185	$2,146,269	$2,189,194	$2,232,978	$2,277,638	$2,323,190
Other Income																
Miscellaneous Income		$11,250	$11,475	$11,705	$11,939	$12,177	$12,421	$12,669	$12,923	$13,181	$13,445	$13,714	$13,988	$14,268	$14,553	$14,844
Gross Potential Income		$1,771,938	$1,807,377	$1,843,524	$1,880,395	$1,918,003	$1,956,363	$1,995,490	$2,035,400	$2,076,108	$2,117,630	$2,159,983	$2,203,182	$2,247,246	$2,292,191	$2,338,035
Less:																
Vacancy & Collection Loss @	4%	$70,878	$72,295	$73,741	$75,216	$76,720	$78,255	$79,820	$81,416	$83,044	$84,705	$86,399	$88,127	$89,890	$91,688	$93,521
Total Effective Gross Income		$1,701,060	$1,735,082	$1,769,783	$1,805,179	$1,841,283	$1,878,108	$1,915,670	$1,953,984	$1,993,063	$2,032,925	$2,073,583	$2,115,055	$2,157,356	$2,200,503	$2,244,513
Expenses																
Fixed:																
Real Estate Taxes		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Insurance		$67,500	$69,525	$71,611	$73,759	$75,972	$78,251	$80,599	$83,016	$85,507	$88,072	$90,714	$93,436	$96,239	$99,126	$102,100
Variable:																
Management Fee @	4%	$68,042	$69,403	$70,791	$72,207	$73,651	$75,124	$76,627	$78,159	$79,723	$81,317	$82,943	$84,602	$86,294	$88,020	$89,781
General and Administrative		$48,750	$50,213	$51,719	$53,270	$54,869	$56,515	$58,210	$59,956	$61,755	$63,608	$65,516	$67,481	$69,506	$71,591	$73,739
Payroll Expenses		$187,500	$193,125	$198,919	$204,886	$211,033	$217,364	$223,885	$230,601	$237,519	$244,645	$251,984	$259,544	$267,330	$275,350	$283,611
Utilities		$82,500	$84,975	$87,524	$90,150	$92,854	$95,640	$98,509	$101,465	$104,509	$107,644	$110,873	$114,199	$117,625	$121,154	$124,789
Marketing and Advertising		$9,815	$9,815	$9,815	$9,815	$9,815	$9,815	$9,815	$9,815	$9,815	$9,815	$9,815	$9,815	$9,815	$9,815	$9,815
Maintenance and Repairs		$82,500	$84,975	$87,524	$90,150	$92,854	$95,640	$98,509	$101,465	$104,509	$107,644	$110,873	$114,199	$117,625	$121,154	$124,789
Security		$12,000	$12,360	$12,731	$13,113	$13,506	$13,911	$14,329	$14,758	$15,201	$15,657	$16,127	$16,611	$17,109	$17,622	$18,151
Reserve for Replacements		$45,000	$45,000	$45,000	$45,000	$45,000	$45,000	$46,350	$47,741	$49,173	$50,648	$52,167	$53,732	$55,344	$57,005	$58,715
Total Expenses		$603,607	$619,391	$635,634	$652,351	$669,555	$687,260	$706,832	$726,977	$747,710	$769,050	$791,013	$813,620	$836,888	$860,837	$885,488
Net Operating Income		$1,097,453	$1,115,691	$1,134,149	$1,152,828	$1,171,728	$1,190,848	$1,208,838	$1,227,007	$1,245,353	$1,263,875	$1,282,570	$1,301,435	$1,320,468	$1,339,666	$1,359,025
Debt Service Payments																
First Mortgage		$955,449	$955,449	$955,449	$955,449	$955,449	$955,449	$955,449	$955,449	$955,449	$955,449	$955,449	$955,449	$955,449	$955,449	$955,449
Second Mortgage - Other		$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607
Total Debt Service Payments		$996,056	$996,056	$996,056	$996,056	$996,056	$996,056	$996,056	$996,056	$996,056	$996,056	$996,056	$996,056	$996,056	$996,056	$996,056
Operating Income After Debt Service - Before Tax Cash Flow		$101,397	$119,635	$138,094	$156,773	$175,672	$194,792	$212,782	$230,951	$249,298	$267,820	$286,514	$305,379	$324,412	$343,610	$362,970
Debt Service Coverage Ratios																
Debt Service Coverage - First Mortgage		1.15	1.17	1.19	1.21	1.23	1.25	1.27	1.28	1.30	1.32	1.34	1.36	1.38	1.40	1.42
Debt Service Coverage - 1st & Other		1.10	1.12	1.14	1.16	1.18	1.20	1.21	1.23	1.25	1.27	1.29	1.31	1.33	1.34	1.36
Financial Ratios																
Operating Expense Ratio		35%	36%	36%	36%	36%	37%	37%	37%	38%	38%	38%	38%	39%	39%	39%
Break-even Economic Occupancy Rate		90%	89%	89%	88%	87%	86%	85%	85%	84%	83%	83%	82%	82%	81%	80%

Exhibit 2
TM ALEXANDER / 2010A-219B
Description of Features and Amenities

A. ***The Development will consist of:***

151 Units located in 1 residential building

Unit Mix:

Thirty-eight (38) studio/one bath units; and

One-hundred thirteen (113) one bedroom/one bath units; and

151 Total Units

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

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 and glass door 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. The Applicant has committed to the following amenities in the Development:

1. New kitchen cabinets and counter top(s) in all units.
2. 30 Year expected life roofing on all buildings.

3. New bathroom cabinet(s), excluding medicine cabinet, in all units
4. New full-size range and oven in all units
5. New full-size refrigerator in all units
6. New plumbing fixtures in kitchen and bathroom(s) in all units

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

1. Emergency call service in all units.
2. Community center or clubhouse.
3. Outside recreation facility: Shuffleboard Court
4. Library consisting of a minimum of 100 books and 5 current magazine subscriptions.
5. 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.
6. Each unit wired for high speed internet.
7. Laundry facilities with full-size washers and dryers available in at least one common area on site.

E. Elderly Requirements:

1. Thermostat place at 48" maximum height.
2. Tight-napped Berber-type carpet or non-skid/non-glossy tile in all living areas or a combination of both.
3. 36" entrances on all exterior doors
4. All wall electrical outlets placed between 18" and 48" above the floor
5. Scald control valves on all bathtub and shower faucets
6. Peephole at 4'10" on all exterior doors
7. Toggle type switches for each light and each fan throughout the unit
8. Adjustable shelving in master bedroom closets (style of shelving must be re-adjustable by resident)
9. Lever-action handles on all doors in units and public areas
10. Horizontal grab bars installed around shower per ANSI standards
11. Horizontal grab bars installed around toilet per ANSI standards.
12. Roll-out shelving or drawers in all bottom bathroom vanity cabinets.

13. Roll-out shelving or drawers in at least one bottom kitchen cabinet.

The following will be provided in at least fifteen percent (15%) of the units:

14. Roll-In showers (5% of the overall requirement for roll-in showers may be met with walk-in type shower stalls with permanently affixed seat which meet or exceed the Universal Federal Accessibility Standards.)

F. The Applicant has committed provide the following energy conservation features for all buildings in the Development:

1. Heat pump with minimum HSPF of 8.5 instead of electric resistance.
2. Wall insulation of a minimum of R-13.
3. Insulation of R-19 with radiant barrier on top floor only.
4. All windows double-pane with minimum solar heat gain coefficient of < or equal to .50 and minimum of .75 U Value.
5. Energy Star certified refrigerator and dishwasher in each unit.

G. The Applicant commits to provide at least 10 of the Green Building options listed below:

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

H. The Applicant has committed to provide the following Resident Programs:

1. Resident Assurance Check-In Program - The Applicant or its Management Agent will make available to its residents information about services such as crisis intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self sufficiency, and advocacy to assist clients in securing needed resources. This service must be provided at no cost to the resident.

2. Manager On-Call 24 Hours Per Day - Applicant must provide management personnel on the Development's premises at all times to be available and accessible to the resident 24 hours per day, seven days per week, at no cost to the resident.

3. Computer Training - Applicant or Management Agent shall make available computer and internet training classes (basic and/or advanced level depending on the needs and requests of the residents). The training classes must be provided at least once a week, at no cost to the resident, in a dedicated space on site. Electronic media, if used, must be used in conjunction with live instruction.

4. Health Care - At least quarterly visits by health care professionals such as nurses, doctors, or other licensed care providers. At a minimum, the following services must be provided: health screening, flu shots, vision and hearing tests. Regularly scheduled is defined as not less often than once each quarter. On-site space must be provided. Service must be provided at no cost to the residents, with the exception that the residents may be charged for medications.

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

6. Resident Activities - These specified activities are planned, arranged, provided and paid for by the 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 be 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. Resident Assistance Referral Program – The Applicant or its Management Agent will make available to residents information about services such as crises intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self sufficiency, and advocacy to assist clients in securing needed resources. This service must be provided at no cost to the resident. Electronic media, if used, must be in conjunction with live instruction.

Exhibit 3
HC Allocation Calculation

Section I: Qualified Basis Calculation

Acquisition

Total Development Cost	$11,860,000
Less Land Costs	$3,150,000
Less Federal Grants	$0
Plus Other Eligible Acquisition Costs	$1,567,800
Total Eligible Basis	$10,277,800
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	100%
Qualified Basis	$10,277,800
HC Percentage (Federal allocation)	3.50%
Annual HC Allocation	$359,723

Rehabilitation

Total Development Cost	$23,214,190
Less Land & Building Costs	$11,860,000
Less Developer Fee on Building Acquisition	$1,567,800
Less Other Ineligible Costs	$1,328,523
Total Eligible Basis	$8,457,867
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	130%
Qualified Basis	$10,995,228
HC Percentage (Federal allocation)	3.50%
Annual HC Allocation	$384,833

Total Qualified Basis - Acquisition/Rehab	$744,556

Notes to the Qualified Basis Calculation:

1. The proposed development is 100% set-aside; therefore, the Applicable Fraction is 100%.
2. The Development is located in a QCT and DDA; therefore, a 130% basis credit was applied for rehabilitation costs only.
3. The Acquisition/Rehab Housing Credit percentage is 3.5% based on the percentage as of the date of invitation to Final Credit Underwriting plus 15 basis points up to 4 percent (per Rule 67-48). As of March 26, 2010 the Tax Credit percentage was 3.35% plus the 15bps = 3.5%.

CREDIT UNDERWRITING REPORT

Section II: Gap Calculation

Gap Calculation

Total Development Cost (including land and ineligible costs)	$23,214,190
Less: Senior Mortgage	$13,500,000
Less: HOME Loan	$3,000,000
Equity Gap	$6,714,190
Percentage to Applicant	99.98%
HC Syndication Pricing	$0.70
HC Required to Meet Gap	$9,593,618

Notes to the Gap Calculation:

1. The Mortgage amounts deducted from Total Development Cost represent the total bond allocation and the HOME Loan.

Section III: Tax Exempt Bond 50% Test

Total DEPRECIABLE Cost	$18,735,667
Plus Land Cost	$3,150,000
Equals Aggregate Basis	$21,885,667
Tax Exempt Bond Amount	$13,500,000
Plus GIC Income	$0
LESS Debt Service Reserve	$0
LESS Tax Exempt Proceeds Used for Cost of Issuance	$0
Equals Tax Exempt Proceeds Used for Building and Land	$13,500,000
Tax Exempt Proceeds as a Percentage of Aggregate Basis	61.68%

Notes to Tax Exempt Bond 50% Test:

1. The Development meets this test; further comments unwarranted.

Section IV: Summary

HC per Qualified Basis	$744,556
HC per Gap Calculation	$959,362

Notes to the Summary:

1. The Annual HC recommendation is limited by the lesser of the Qualified Basis or the Gap Calculation.

Exhibit 4
COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: TM Alexander
DATE: June 4, 2010

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

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	Satis. / Unsatis.	
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.	
Final site plan and/or status of site plan approval.	Satis.	
Permit Status.	Satis.	
Pre-construction analysis ("PCA").	Satis.	
Survey.	Satis.	
Complete, thorough soil test reports.	Satis.	
Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
Market Study separate from the Appraisal.	Satis.	
Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors, and general contractor.	Satis.	
Resumes and experience of applicant, general contractor, and management agent.	Satis.	
Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
Management Agreement and Management Plan.	Satis.	
Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
Firm commitment letter from the syndicator, if any.	Satis.	
Firm commitment letter(s) for any other financing sources.	Satis.	
Updated sources and uses of funds.	Satis.	
Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
Fifteen-year income, expense, and occupancy projection.	Satis.	

CREDIT UNDERWRITING REPORT

FINAL REVIEW REQUIRED ITEMS:	STATUS Satis. / Unsatis.	NOTE
Executed general construction contract with "not to exceed" costs.	Satis.	
HC ONLY: 20% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis	
Any additional items required by the credit underwriter.	Satis	

NOTES AND DEVELOPER RESPONSES:

None

Florida Housing Finance Corporation

Credit Underwriting Report

TM Alexander

Multifamily Mortgage Revenue Bond/New Issue Bond Program (MMRB/NIBP)
Housing Credits/HOME Loan

2010A-219B

RFP 2009-06-03

Section A: Report Summary

Section B: Loan Conditions and Housing Credit Contingencies

Section C: Supporting Information & Schedules

Prepared by

AmeriNational Community Services, Inc.

Final Report

July 15, 2010

Exhibit C

TM Alexander

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Section A

Report Summary

Recommendation

AmeriNational Community Services, Inc. ("AmeriNational") recommends approval by Florida Housing Finance Corporation ("FHFC" or "Florida Housing") of the following funding sources for the acquisition and rehabilitation of TM Alexander Apartments ("Development"):

- $12,335,000 in an MMRB/NIBP Bond issuance;
- $746,678 in annual allocation of 4% Housing Credits; and, a
- $3,000,000 HOME Loan.

DEVELOPMENT & SET-ASIDES	
Location/Address	1400 NW 19th Street Miami, Miami-Dade County, Florida 33125
Number of Units/Unit Mix	BR / BA / # Units / Unit Size (SF): 0 / 1 / 38 / 403 1 / 1 / 112 / 510 2 / 1 / 1 / 708 Total / 151 / 73,142 Note: The 2/1 is the manager's unit and is not included in the HAP contract but is considered an affordable unit per applicable FHFC programs and the manager will have to income-qualify.
Demographic Commitment	Elderly
Designation	Preservation
Set Asides	MMRB – 85% of units @ 60% of AMI HC - 100% of units @ 60% of AMI HOME – 20% of units (30) at 50% of AMI 80% of units (remaining) at 60% of AMI
Set Aside Term	MMRB, HOME and HC - 50 Years
HOME Subsidy Limits	38 Studios $76,121 112 1 Bedroom $87,259 1 2 Bedroom $106,108 Total $12,771,714 Note: maximum proceeds allowed per RFP2009-06 are the lesser of $40,000 per set aside unit ($6,040,000) or $5,000,000.
County Size	Large
Development Category	Acquisition/Rehab
Development Type	High Rise

Absorption Rate	According to the market study, the average absorption rate is 33.6 units per month. AmeriNational assumed two floors are taken offline each month and rehabbed and those units re-occupied the following month, which equates to an absorption rate of approximately 18 units per month. All units are expected to be re-occupied shortly after rehab completion.
Occupancy Rate	100% occupied as of 07/15/10
Parking	52 spaces or 0.35 spaces per unit. Since this is an affordable, elderly development, the need for parking is limited and marketability of the Development has not been impacted to date due to this low parking ratio.
Improvements	A 151-unit, 18-story high-rise apartment development built in 1984 with 38 studio units, 112, one bedroom, one bathroom units and 1, two bedroom, one bathroom unit (manager's unit).
Site Acre	1.17 acres, per site plan
Density	129 units per acre
Zoning	C-1, Restricted Commercial, by the City of Miami
Flood Zone Designation	Zone "AE"; flood insurance is required

DEVELOPMENT TEAM	
Applicant/Borrower	APD Housing Partners 20, LP
General Partner(s)	A to-be-named subsidiary entity managed by The American Opportunity Foundation, Inc. (a 501c3 nonprofit) - see Issues and Concerns
Guarantor(s)	APD Housing Partners 20, LP; The American Opportunity Foundation, Inc.; To Be Named General Partner; Vitus Group, Inc. (f/k/a Modern Realty, Inc.; parent company of Vitus Development, LLC (f/k/a Allied Pacific Development, LLC)); and Stephen Whyte (individual).
Limited Partner	PNC Bank, N.A. ("PNC" or "Syndicator") will purchase 99.97% limited partner ownership in the Development, plus an additional 0.01% special limited partner ownership interest to be held by a corporate affiliate of PNC. Vitus Development Group, LLC (f/k/a Allied Pacific Development, LLC) will have a 0.01% special limited partner ownership interest.
Developer(s)	The American Opportunity Foundation, Inc. and Vitus Development, LLC (f/k/a Allied Pacific Development, LLC)
General Contractor	L&H Renovations, Inc.
Management Company	HSI Management, Inc.
1st and 2nd Mortgage Lender	FHFC
Credit Enhancer	CitiBank, N.A. (by and through its Municipal Securities Division, as a Freddie Mac Seller/Servicer)

FINANCING INFORMATION	
FHFC Programs	MMRB (NIBP), HOME, and HC
First Mortgage – MMRB	$12,335,000 in total One note comprised of two "tranches" – the first tranche is based on NOI attributable to LIHTC income only ($6,905,000), and the second tranche is based on NOI attributable to the HAP overhang income ($5,430,000). Note: there will be only one bond issuance
"All in" Underwritten Interest Rate	Blended interest rate - 5.379% LIHTC Income Tranche - 5.357% HAP Overhang Tranche - 5.407% (rate subject to change up to date of Freddie Mac commitment)
Term/Amortization	LIHTC Income Tranche – 30 / 35 HAP Overhang Tranche – 20 / 20 (coterminous w/ HAP contract) Amortization shall begin at Loan Closing (no interest only period)
Second Mortgage – HOME	$3,000,000
"All in" Underwritten Interest Rate	1.00%
Term/Amortization	30 years (co terminus w/ 1st mortgage) / no amortization; interest paid from available cash flow
Restricted Value at Stabilization	$15,540,000
Market Value at Stabilization	$7,840,000
Restricted Loan to Value – MMRB	79.4%
Restricted Loan to Value – Combined	98.7%
Market Loan to Value - MMRB	157.3%
Market Loan to Value – Combined	195.6%
Projected Net Operating Income	$1,069,937
Debt Service Coverage – First Mortgage Loan	1.21 (final bond amount to be no less than 1.20 for LIHTC Income tranche and 1.00 for the HAP Overhang NOI tranche)
Debt Service Coverage – All Debt	1.16 (to be no less than 1.10 due to HOME requirements)
First Mortgage Loan to Cost	53%
FHFC Assistance Per Unit	$101,557 (based on MMRB and HOME)
Annual HC Allocation Per Unit	$4,945
Syndication Price	$0.70
Bond Structure	Fixed Rate Tax-Exempt Multifamily Mortgage Revenue Bond based on the 10-year Constant Maturity Treasury Rate as of December 10, 2009.
Operating Deficit Reserve	The Syndicator is requiring and holding a funded ODR account in an amount equivalent to approximately nine months of combined debt service (the exact amount will be determined upon completion of underwriting by the Syndicator). The account shall be held for the 15 year compliance period. No additional funded reserves are being recommended by AmeriNational.

Construction/Permanent Sources:

Source	Lender	Construction	Permanent	Perm Loan/Unit
MMRB	FHFC	$12,070,000	$12,335,000	$81,689
HOME	FHFC	$3,000,000	$3,000,000	$19,868
Housing Credits	PNC Bank	$3,293,509	$5,227,792	$34,621
Deferred Developer Fee	AOF/Vitus	$2,886,354	$2,111,028	$13,980
Capitalized Interest Paid from Operations	Applicant	$571,543	$571,543	$3,785
TOTAL		**$21,821,406**	**$23,245,363**	**$153,943**

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?		1
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?		2
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?		3
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	X	
Is the Development in all other material respects the same as presented in the Application?	X	

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

1. The Application contemplated a HUD 221d4 loan, which was replaced with the Freddie Mac Mod Rehab program loan due to loan closing timing issues.

2. Some of the items listed in the Application were not evident in the site plans/specifications. These will be satisfactorily resolved prior to Closing.

3. Total Development Costs are higher from the Application to the Final Applicant's estimates primarily due to higher financial costs.

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

- According to the FHFC Asset Management Noncompliance Report dated June 3, 2010, no non-compliance issues exist for The Development Team.
- According to the FHFC Past Due Report dated June 8, 2010, no past due item(s) exist.
- Per the Financial Monitoring Report dated June 8, 2010, no items noted
- Per the FHFC Foreclosure Report dated June 8, 2010, no foreclosures disclosed

This recommendation is subject to satisfactory resolution, as determined by Florida Housing, of any outstanding past due items or non-compliance issues applicable to the Development Team prior to the Loan closing.

Strengths:

1. Development fills an important need for decent affordable housing for very low income tenants.

2. Strong demand for affordable housing for age-restricted tenants exists within the submarket.

3. Since this is a rehabilitation project, it will not impact competitive properties within the submarket market in terms of occupancy or rental rates since it is assumed that the majority of existing tenants will be retained.

4. Rehabilitation will improve the overall appeal of the Development and increase its remaining economic life.

5. The Guarantors have demonstrated the ability to successfully develop and operate affordable multifamily rental communities using a variety of different financing vehicles nationwide.

Other Considerations:

1. None

Additional Information:

1. If interest rates decline between the date of this report and prior to closing, the Bond proceeds may be adjusted accordingly as long as consent is obtained from the Credit Enhancer, the Syndicator, and Florida Housing. Said adjustment must meet all requirements of Florida Housing and any conditions set forth in this report, and shall be at the sole discretion of Florida Housing and its underwriter.

Issues and Concerns:

1. 100% of the Development's restricted units have been under a Section 8 HAP contract since inception. This existing contract will expire on or about November 4, 2011. HUD is providing a

"comfort letter" indicating their intention to provide a new (or extend the existing contract) for an additional 20 years. Receipt of the letter is a Special Condition precedent to Closing. For underwriting purposes, the current HAP contract rents were used, which exceed both the housing credit rents and market rents. Failure to obtain the renewal would result in net operating income materially below what is projected in this report and would require significant financial restructuring and re-tenanting efforts.

Mitigating Factors: The Syndicator shall be holding a reserve account equal to approximately nine months of combined debt service during the initial compliance period. This reserve should be sufficient to allow time for restructuring of the financing if the contract was not renewed, which is considered an unlikely event. As noted, HUD will be providing a comfort letter, which is accepted as proof of extension by the Credit Enhancer and the Syndicator. It is also unlikely that HUD would not renew the contract and immediately cut off subsidy to the owner, which would potentially result in eviction of 150+ low income elderly tenants.

2. The Applicant is applying for full real estate tax abatement due to the 501c3 nonprofit status of the General Partner. Approval of the abatement will not occur until after Closing. This factor represents material risk to the transaction as a whole if they are unsuccessful in obtaining a full tax abatement.

   Mitigating Factors: An opinion letter from the Applicant's counsel shall be provided that will address the imminent approval of the exemption by the local municipality. There is no reason to conclude the abatement will not be approved; however, the decision is up to the local assessor (although mandated by state legislation). The Applicant should be able to apply for the abatement in or around March of 2011 with approval expected by November 2011 when tax bills are submitted. The taxes due for 2010 (early payment allowed in November) will be escrowed at Closing by CitiBank in case the abatement approval is delayed or denied for some reason.

   Freddie Mac required CitiBank to "stress test" the total supportable bond proceeds assuming full real estate taxes and a 1.05 DSCR so, technically, the Development could not obtain the tax abatement and operations will be able to cover the bond payments. The Guarantors will be obligated to fund operating deficits if they occur for any reason, including failure to secure the abatement in a timely manner.

3. Modern Realty, Inc. (via its wholly owned developer entity – Allied Pacific Development, LLC) and The American Opportunity Foundation, Inc. reported past defaults and foreclosure actions.

   Mitigating Factors:

   Modern Realty, Inc. – MRI reported three defaults, which are discussed in greater detail in Section C of this report. While defaults are always a concern, MRI has handled these in an appropriate manner. In fact, one of the three deals involved PNC and CitiBank, who are involved in this transaction.

   The American Opportunity Foundation, Inc. ("AOF") - AOF disclosed numerous defaults on 501c3 bonds that were owned by subsidiary entities controlled by AOF. According to Mr. Phil Kennedy, President of AOF, during the mid to late 1990's, investors were actively seeking out acceptable nonprofits (such as AOF) to "acquire" interest in bond-financed properties. The nonprofit was not required to invest their own equity and no other partners/investors were in the deals. Most of these properties were overleveraged and many were poorly rehabbed but were performing at an acceptable level at time of acquisition. With the decline in market conditions during the early 2000's, many of these properties were no longer able to cover debt service or capital expenditures via ongoing operations. AOF's only viable option was to enter negotiations with the bond trustee(s) and return the asset to the bondholders. Please see Section C for additional details on the actions taken on this portfolio.

While any reported defaults or foreclosure-type actions are a concern, [redacted]

- Both CitiBank/Freddie Mac (as the credit enhancer) and PNC (as the LIHTC syndicator) are expected to approve AOF to be in this transaction. Both of these lenders/investors have substantial investment in the Development and have also recently closed deals with AOF involved. As such, the major investors in this transaction have gotten comfortable with AOF's history and acknowledge that AOF's board members (through approval of their investment) can competently manage affordable housing business.
- AOF was recently approved as the managing general partner on a HUD financed transaction in Sacramento, California that also had a Section 8 HAP contract, HOME funds and LIHTC syndicated by PNC.
- Even with AOF's default history, they continue to be an active controlling interest in over 50 partnerships.
- Significant controls will be in place to closely monitor the actions of AOF. This includes annual partnership audits and all other servicing, asset management or compliance oversight completed by FHFC (or its Servicer), CitiBank, PNC Bank, HUD, and Vitus Group (having controlling interest in the special limited partner and co-developer). Failure to properly manage the Development or the partnership will result in the removal of AOF, which is well documented via the LPA and other legal documents and is standard for nonprofit ownership structures. Increased financial oversight or compliance reviews can be added as further mitigant.
- A nonprofit general partner is typically not relied upon to provide substantive financial support to a transaction such as this. In the case of AOF, they have decent liquid assets (approx. $5M) and will be a Guarantor as required by FHFC. Their primary purpose in this transaction is to provide tax exempt status for the Borrower so it qualifies for real estate tax exemption (in addition to complying with their mission statement).
- A funded operating reserve account equal to approximately nine months of combined debt service will be available in any instance if AOF were to commit some act resulting in loss of rental income (such action would be grounds for immediate involuntary removal from the partnership).
- The likelihood of FHFC's investment (namely the HOME loan) being in jeopardy due to less than anticipated property performance resulting in default/foreclosure is minimal since the Development will have a 20-year HAP contract in place and has had a very strong occupancy history to date.
- The Development itself is an excellent investment for FHFC and the State of Florida as it serves a dire need for decent affordable housing for low income elderly residents. It will also have no supply impact on the affordable housing submarket since it is a preservation transaction.

[redacted]

4. An executed GC Contract has not been provided to date. The Applicant plans on executing the agreement closer to the closing date.

Mitigating Factors: The Applicant and General Contractor provided a draft of the GC contract that was reviewed and deemed acceptable by AmeriNational's construction consultant.

Special Conditions:

None

Waiver Requests:

None

Recommendation:

AmeriNational hereby recommends funding of the $12,335,000 in a Multifamily Mortgage Revenue/NIBP Bond, $3,000,000 in HOME Loan funds, and $746,678 in annual allocation of 4% Housing Credits to finance acquisition and rehabilitation of the Development. When utilizing a 1.000 to 1.000 bond debt service coverage ratio required by the State Board of Administration in their fiscal sufficiency determination, the current net operating income at the current blended interest rate would support a tax-exempt bond amount of $14,962,524.

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 Special and General Conditions set forth in Section B. This recommendation is only valid for six months from the date of the report. The reader is cautioned to refer to these sections for complete information.

Prepared by:

Rex N. Tilley
Chief Credit Underwriter

Reviewed by:

Michael Drapkin
Senior Credit Underwriter

Overview

Rehabilitation Financing Sources:

Source	Lender	Applicant's Initial Total	Applicant's Revised Total	UW Total	Interest Rate	Construction Debt Service
MMRB	FHFC	$15,300,000	$12,070,000	$12,070,000	see comments	$882,049
HOME	FHFC	$2,075,000	$3,000,000	$3,000,000	1.00%	$30,000
Housing Credits	PNC Bank	$3,735,294	$2,652,385	$3,293,509		
Deferred Developer Fee	AOF/Vitus	$2,022,238	$3,103,108	$2,886,354		
Capitalized Interest Paid from Operations	Applicant	$0	$571,543	$571,543		
Total		**$23,132,532**	**$21,397,036**	**$21,821,406**		**$912,049**

MMRB/NIBP:

Credit Enhanced Tax Exempt Bond – Citibank (via Freddie Mac) shall provide credit enhancement on the entire bond amount via Freddie Mac's Mod Rehab Program. Per this program, Citibank will require funding of a holdback based on the difference between the loan proceeds supported by "As Is" operations and the loan proceeds supported via "As Renovated" operations. Per CitiBank, the holdback is estimated to be $265,000. The holdback will be funded via the bond proceeds and held under the conversion analysis (see below).

Once the Development has completed rehabilitation and at least three months of stabilized operations have been achieved, Citibank (via request from Applicant) will complete a conversion analysis to determine whether the amount of outstanding bonds are supported by actual operations (the Borrower has up to 24 months to request this analysis). If Citibank/Freddie Mac determines that insufficient income is being produced, they have the right to require redemption of a portion of the outstanding bonds. The entire bond amount shall be funded and drawn at Loan Closing.

Note: CitiBank has not issued a final commitment or formally approved the transaction as of the date of this report, and is not expected until the end of July. The Freddie Mac commitment is not expected until August 6th. The following information is based on conversation with CitiBank's underwriter on July 13, 2010:

- The $12,335,000 in bond proceeds shall be covered under one note with the proceeds determined by two different sizing models as follows (one amortization schedule shall cover the bond payments during the 30 year term):
  - Real Estate Sizing $6,905,000
    - NOI Source .... Based on LIHTC GPRR, other income, operating expenses & reserves
    - Term .... 30 years
    - Amortization .... 35 years (amortization begins at Loan Closing)
    - DSCR .... 1.20 (see Sizing Comments below)
    - LTV .... 85% (based on favorable financing & combined debt)
    - Interest Rate .... 5.357%, which consists of the bond rate of 3.45% plus Freddie Mac's spread (0.60%) servicing (0.28%) and guaranty fee (0.64%), trustee fee (0.037%), and issuer fee (0.35%).

- Sizing Comment............... loan sizing based upon using full real estate taxes and a 1.05 DSCR.

- HAP Overhang Sizing $5,430,000
  - NOI Source....................... Based on difference between Section HAP GPRR and LIHTC GPRR, less 5% vacancy loss and 4% management fee
  - Term................................ 20 years
  - Amortization .... 20 years (coterminous w/ HAP contract; amortization begins at Loan Closing)
  - DSCR............................... 1.00
  - LTV.................................. 85% (on combined debt)
  - Interest Rate .... 5.407%, which consists of the bond rate of 3.45% plus Freddie Mac's spread (0.60%) servicing (0.28%) and guaranty fee (0.69%), trustee fee (0.037%), and issuer fee (0.35%).

Note 1: CitiBank is negotiating with Freddie Mac to allow the bond proceeds to be sized without using a bifurcated model as illustrated above. If this is approved, it could increase the bond proceeds to over $13M (assuming LTV would become the constraint, the Development could qualify for $13.2M in bond proceeds). The proposed change is not contemplated within this CUR.

Rule 67-21 requires that 50% or more of the Total Development Cost must be financed by tax-exempt bonds. For the Development, the bond proceeds are financing 53% of Total Development Costs.

Additional Rehabilitation Sources of Funds:

- HOME Loan – $3,000,000 with a 30 year term with 1% simple interest payments from available cash flow (per RFP 2009-06, which supersedes the requirements set forth in Rule 67-48). The term of the HOME Loan will be coterminous to the 1st mortgage, which is allowed per RFP 2009-06.

- Housing Credits – A Letter of Intent ("LOI") was provided by PNC Bank, N.A. ("PNC" or "Syndicator") dated May 27, 2010. The LOI concluded Housing Credits equal to $801,028 in annual allocation (divided into $351,806 per year for rehabilitation and $449,222 per year for acquisition) According to the LOI, the Syndicator shall purchase a 99.98% limited partnership interest in the Borrower at $0.70 on the dollar for a total investment of $5,606,074 with $3,531,827 paid during construction.

  Due to changes in the Use of Funds by AmeriNational, the supportable amount of Housing Credits using the same pricing as quoted in the LOI is decreased to $746,678 per annum with a total investment of $5,227,792 with $3,293,509 paid during construction. Assuming the pay-in percentages will not change or the price per credit, the contributions are revised as follows:

Syndicator's Capital Contributions	from LOI	Due upon	LOI	UW
1st Installment	20%	Paid prior to or simultaneous with the closing of the construction financing.	$1,121,215	$1,045,558
2nd Installment	43%	Paid at 50% construction completion.	$2,410,612	$2,247,950
3rd Installment	10%	Paid at full disbursement of construction funds, less retainage; receipt of GC certificates of completion for all buildings; evidence of 100% lien-free construction completion; receipt of substantial completion certification from architect; receipt of C/Os; reciept of evidence of proper insurance coverage; and, receipt of draft cost certification by Partnership Accountant.	$560,607	$522,779
4th Installment	27%	Perm loan closing/conversion; 3 months of operations @ 1.15DSCR or higher; 93% or better occupancy; 100% tax credit qualification of all units; and receipt of final cost certification.	$1,513,640	$1,411,504
Total	**100%**		**$5,606,074**	**$5,227,792**

Annual Credit Per Syndication Agreement:	$801,028	
Total Credit Per Syndication Agreement:	$5,606,074	
Calculated HC Rate:	$0.70	
Limited Partner Ownership Percentage:	99.98%	
Proceeds During Construction:	$3,531,827	$3,293,509

- Deferred Developer Fee - During the rehabilitation phase, it is estimated that $2,886,354 of the total $2,953,677 will be deferred, which is 98% of the total Developer Fee (a portion of the developer fee is being used for acquisition costs).

- Capitalized Interest From Operations – Since the Developer can utilize interest carry during the rehab period as eligible basis, they have requested that the income offsetting the interest carry be included as a Source. The amount shown is roughly equivalent to ten months of interest payments during the rehabilitation period on both the bonds and the HOME loan. AmeriNational has determined that the Development will be able to cover all obligations (expenses and debt service) during the rehabilitation period (and beyond).

Projected Rehabilitation Term and Stabilization Period:

The total rehabilitation period is estimated to be approximately ten months and will involve one to two floors in the building at a time. Displaced tenants will either be given temporary housing until their units are finished or will be allowed to terminate their lease. Since the Development maintains a substantial waiting list, re-leasing any vacated units should be an immediate event. Stabilization is expected to occur upon completion of rehabilitation. The Credit Enhancer is allowing the Applicant 24 months to request the conversion analysis.

Permanent Financing Sources:

Source	Lender	Applicant's Initial Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Amort. Years	Term Years	Annual Debt Service
MMRB	FHFC	$15,300,000	$12,335,000	$12,335,000	see comments			$882,049
HOME	FHFC	$2,075,000	$3,000,000	$3,000,000	1.000%	N/A	30	$40,607
Housing Credits	PNC Bank	$3,735,294	$5,304,770	$5,227,792				
Deferred Developer Fee	AOF/Vitus	$2,022,238	$2,334,580	$2,111,028				
Capitalized Interest Paid from Operations	Applicant	$0	$571,543	$571,543				
Total		**$23,132,532**	**$23,545,893**	**$23,245,363**				**$922,656**

First Mortgage:

- Credit Enhanced Tax Exempt Bond – see comments under Construction Sources.

Additional Permanent Sources of Funds:

- HOME Loan – see comments under Rehabilitation Financing Sources. All of the HOME funds shall be funded prior to construction completion.

- Housing Credits - see comments under Rehabilitation Financing Sources. The final installment in the adjusted amount of $1,411,504 shall be funded after the "conversion date", which is defined as the date the permanent lender re-analyzes the operations to determine if the bonds are adequately supported. These proceeds will be used to pay Developer Fee and to fund the operating deficit reserve account.

- Deferred Developer Fee - The Developer will be deferring $2,111,028 of Developer Fee up to the date of the final equity installment. Any deferred fee shall be paid from available cash flow as determined per the partnership agreement. Based on AmeriNational's cash flow projection, the deferred fee should be paid from cash flow after debt service within ten years of stabilization.

Uses of Funds

Actual Construction Cost	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Rehabilitation Hard Costs	$3,897,500	$4,146,000	$4,146,000	$0	$0
General Contractor Fees (max 14%)	$475,650	$580,440	$580,440	$0	$0
Subtotal	$4,373,150	$4,726,440	$4,726,440	$0	$0
Other - P&P Bond	$59,456	$59,080	$59,080	$0	$0
Hard Cost Contingency	$427,940	$472,644	$472,644	$0	$472,644
Total Actual Construction Cost	**$4,860,546**	**$5,258,164**	**$5,258,164**	**$0**	**$472,644**

Notes to Actual Construction Cost:

1. A draft Owner/Contractor Agreement was provided by the Applicant. The Preliminary Plan and Cost Review prepared by New Perspective Florida, LLC for AmeriNational dated May 2010

concluded that the preliminary construction budget is reasonable and adequate to complete the planned rehabilitation (see Section C for more detail).

2. The General Contractor will secure a Payment and Performance Bond to secure the Construction Contract.

3. A Hard Cost Contingency amounts to 10% of the Total Hard Costs, which is well below the maximum allowed per Rules 67-21 and 67-48 (15%).

4. General Contractor's Fee (consisting of general requirements, overhead, and profit) amounts to 14.0% of Total Hard Costs, which is equal to the maximum allowed per Rules 67-21 and 67-48.

General Development Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Accounting Fees	$20,000	$20,000	$20,000	$0	$0
Appraisal - Applicant	$0	$17,000	$17,000	$0	$0
Appraisal - AmeriNational	$7,500	$0	$0	$0	$0
Architect's Fee - Supervision	$150,000	$150,000	$150,000	$0	$0
Builder's Liability/Risk Insurance	$33,975	$118,161	$118,161	$0	$0
Closing Costs - Perm Loan	$309,050	$0	$0	$0	$0
Environmental Report	$2,500	$5,000	$5,000	$0	$0
FHFC Application Fee	$2,000	$0	$5,000	$5,000	$5,000
FHFC HC Administrative Fee	$62,132	$0	$36,290	$36,290	$0
FHFC HC Compliance Fee	$6,120	$0	$0	$0	$0
FHFC Credit Underwriting Fee	$14,106	$18,967	$20,430	$0	$0
HUD Financing Related Expenditure	$0	$100,000	$100,000	$0	$0
Inspection Fees	$0	$6,000	$6,000	$0	$0
Legal Fees - Partnership	$225,000	$125,000	$125,000	$25,000	$0
Insurance - Prepaid	$60,400	$60,400	$60,400	$0	$0
Inspection Fees	$82,500	$0	$0	$0	$0
Market Study	$15,000	$15,000	$15,000	$0	$0
PNA Report - Applicant	$18,000	$19,350	$19,350	$0	$0
PCR/PNA Report - AmeriNational	$0	$0	$2,350	$0	$0
Survey	$15,000	$15,000	$15,000	$0	$0
Title Insurance	$40,000	$40,000	$40,000	$20,000	$0
Other - Relocation Expense ("RE")	$175,000	$300,000	$300,000	$0	$0
Other - RE Taxes during Construction	$63,663	$90,000	$90,000	$0	$0
Soft Cost Contingency	$0	$50,000	$50,000	$10,000	$50,000
Total General Development Costs	**$1,301,946**	**$1,149,878**	**$1,194,981**	**$96,290**	**$55,000**

Notes to the General Development Costs:

1. AmeriNational reflects actual costs for the appraisal, market study, pre-construction analysis, and the Credit Underwriting fee.

2. FHFC Administrative Fee is based on 5% of annual housing credit allocation (nonprofit).

3. The FHFC Application Fee reflects the MMRB application fee of $3,000, the TEFRA fee of $500, and the HOME RFP fee of $1,500.

4. Miscellaneous Fees/Expenses related to the attempt to secure HUD financing are included. The HUD financing could not be secured in time to meet the MMRB closing requirements.

5. The remaining General Development Costs are considered reasonable.

Financial Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Bond counsel fee	$0	$0	$0	$0	$0
Construction/Perm Loan Origination Fee	$191,250	$191,688	$191,688	$191,688	$0
Lender Processing Fee	$0	$41,450	$41,450	$41,450	$0
Other Financing Fees	$0	$15,000	$15,000	$15,000	$0
Lender Legal Fee	$0	$105,000	$105,000	$10,500	$0
Perm Loan Credit Enhancement	$114,750	$0	$0	$0	$0
Bond Issuance Fees	$0	$254,173	$254,173	$254,173	$0
Capitalized Interest from Operations	$0	$571,543	$571,543	$0	$0
Interest During Rehab Period	$825,057	$0	$0	$0	$0
Tax Credit Fees	$0	$99,457	see FHFC fees	$0	$0
Operating Deficit Reserve	$0	$732,364	$732,364	$732,364	$732,364
Debt Service Reserve	$0	incl above	incl above	incl above	incl above
Total Financial Costs	**$1,131,057**	**$2,010,675**	**$1,911,218**	**$1,245,175**	**$732,364**

Notes to the Financial Costs:

1. Capitalized Interest from Operations – As noted in the Source section, the Applicant included this line item for eligible basis purposes.

2. Interest Reserve during Rehab Period – As noted in the Source section, operations will cover all expenses and debt service during the rehab period; therefore, no interest reserve is being required.

3. Operating Deficit Reserve ("ODR") – this is a requirement of the Syndicator and shall be held for the 15 year tax credit compliance period. The funding of this account will not occur until the final equity installment that will occur after "conversion" and its main purpose is for re-tenanting expenditures related to potential loss of the HAP contract during the compliance period. The delayed funding of this account is acceptable considering the projected cash flow being produced by the property during the rehab period, the required operating deficit guarantees and the intention of HUD to extend the existing contract. AmeriNational does not recommend additional reserve funding at this time.

Non-Land Acquisition Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Building Acquisition Costs	$11,330,256	$10,776,611	$8,777,323	$0	$0
Total Non-Land Acquisition Costs	**$11,330,256**	**$10,776,611**	**$8,777,323**	**$0**	**$0**

Notes to Non-land Acquisition Costs

1. The Underwriter's conclusion of Building Acquisition Costs is based on the $11,860,000 As Is Value per the reviewed and approved appraisal report less the $3,150,000 estimated land value. The Applicant's Final Cost is based on the selling price less the current assessment for the land. Please see Other Development Costs for additional comments related to this issue.

2. AmeriNational received and reviewed a Contract for Purchase and Sale of Real Property Agreement ("P&S Agreement") dated August 17, 2009 between Mederos-T.M. Alexander Acquisitions, LLC ("Seller") and The American Opportunity Foundation, Inc. and Allied Pacific Development, LLC ("Buyers"). The original contract was subsequently assigned to the Applicant. The original closing date was on or before March 30, 2010; however, two, 90 days extensions have been granted by the Seller, to September 30, 2010. The total purchase price is $12,527,323.05. Note: the Applicant informed AmeriNational on July 14, 2010 that the Seller

has reduced the price by $600,000 to $11,927,323.05. Amendment to the contract is a condition precedent to Closing.

Other Development Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Development Cost Before Land and Developer Fee	$18,623,805	$19,195,328	$17,141,686	$1,341,465	$1,260,008
Other Development Costs					
Developer Fee	$3,311,660	$3,203,853	$2,886,354	$0	$0
Subset Developer Fee (difference between As Is Value and Acquisition Price)	$0	$0	$67,323	$0	$0
Total Other Development Costs	**$3,311,660**	**$3,203,853**	**$2,953,677**	**$0**	**$0**

Notes to the Other Development Costs:

1. Per Rule 67-21, Developer Fee is limited to 18% of Total Development Cost, excluding land and other uses in which Developer Fee would not be paid (see #2 below). The actual Developer Fee per the table above is within the 18% allowed by the Rule.

2. As noted above, the amended acquisition price is $11,927,323.05, which exceeds the $11,860,000 "As Is" Value of the Development per the appraisal. The difference of $67,323 (rounded to nearest dollar) is shown under Other Development Costs as a subset of Developer Fee.

Acquisition Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Development Cost Before Land	**$21,935,465**	**$22,399,181**	**$20,095,363**	**$1,341,465**	**$1,260,008**
Land Acquisition Costs					
Land Cost	$1,197,067	$1,146,712	$3,150,000	$3,150,000	$0
Total Acquisition Costs	**$1,197,067**	**$1,146,712**	**$3,150,000**	**$3,150,000**	**$0**

Notes to Acquisition Costs:

1. The Land Cost is based on the Appraiser's estimate of fee simple market value for the site, or $3,150,000. This is significantly higher than the Applicant's conclusion of land cost, which was based on the current assessment data. Based upon review of the other tax comparables, there does not appear to be any trend in land assessments so reliance upon the assessed value is subjective. The use of the appraised land value has precedence with FHFC for acquisition/rehab developments and is thus used in this analysis as well.

	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Total Development Cost	**$23,132,532**	**$23,545,893**	**$23,245,363**	**$4,491,465**	**$1,260,008**

OPERATING PRO FORMA

Description		AmeriNational Annual	AmeriNational $/Unit
Revenue			
Gross Potential Rental Revenue		$1,760,688	$11,660
Other Income			
Miscellaneous Income		$11,325	$75
Gross Potential Income		$1,772,013	$11,735
Less:			
Vacancy and Collection Loss (Res. Only)	4%	$70,881	$469
Total Effective Gross Income (EGI)		**$1,701,132**	**$11,341**
Expenses ($/Unit based on 150 units)			
Fixed:			
Real Estate Taxes		$0	$0
Insurance		$90,600	$600
Variable:			
Management	4%	$68,045	$451
General and Administrative		$49,075	$325
Payroll Expenses		$196,300	$1,300
Utilities		$83,050	$550
Marketing and Advertising		$7,550	$50
Maintenance and Repairs		$79,275	$525
Security		$12,000	$79
Reserve for Replacements		$45,300	$300
Total Expenses		**$631,195**	$4,180
Net Operating Income		**$1,069,937**	$7,086
Debt Service Payments			
First Mortgage - MMRB (Combined)		$882,049	$5,841
Other - HOME Loan		$40,607	$269
Total Debt Service Payments		$922,656	$6,110
Operating Income After Debt Service - Before Tax Cash Flow		**$147,281**	**$975**

Debt Service Ratios	
Debt Service Coverage - 1st Mortgage	1.21
Debt Service Coverage - Combined	1.16
Debt Service Coverage - All Mtgs. & Fees	1.16
Financial Ratios	
Operating Expense Ratio	37%
Breakeven Economic Occupancy Rate	88%

Notes to the Operating Pro Forma:

1. The preceding Pro Forma is based on Gross Potential Rental Revenue ("GPRR") using actual Section 8 HAP contract rents, as illustrated in the following table:

Miami-Miami Beach-Kendall, FL MSA (Miami-Dade)

BR	BA	# Units	Unit Size (SF)	Median Income %	Max Gross HC Rents	UA	Max Net HC Rents	HOME Low	HOME High	HAP Rent	Mkt Rent	UW Rent	Annual Income w/ HAP Rents	Annual Income - HC Rents Only
0	1	8	403	50%	$616	$65	$551	$616		$846	$750	$846	$81,216	$52,896
0	1	30	403	60%	$739	$65	$674		$780	$846	$750	$846	$304,560	$242,640
1	1	23	510	50%	$660	$88	$572	$660		$1,023	$825	$1,023	$282,348	$157,872
1	1	89	510	60%	$792	$88	$704		$838	$1,023	$825	$1,023	$1,092,564	$751,872
2	1	1	708	60%	n/a	n/a	n/a			n/a	n/a	n/a	$0	
Total		**151**	**73,142**										**$1,760,688**	**$1,205,280**

Of the total 151 units, 150 are under a HUD Project Based Section 8 HAP contract with specified contract rents. The HAP contract has an expiration date of November 4, 2011. Per the existing contract, rents cannot be lowered less than the base contract rent. It is assumed by AmeriNational that the new/renewal contract to be executed upon expiration of the current contract will have contract rents equal to or greater than the rents shown above. The "Annual Income – HC Rents Only" column illustrates the GPRR based on Housing Credit Rents, which is used in the pro forma to determine the Real Estate Loan sizing. The difference between the 'Annual Income w/ HAP Rents" column and the "Annual Income – HC Rents Only" column is the amount used to determine the HAP Overhang Loan sizing. The 2/1 unit is occupied by the manager and will be rent/income restricted. For underwriting purposes, this unit is shown as producing no rental income.

Rule 67-48 and RFP 200-06 requires that at least 20% of the units (31) must be set aside to tenants whose income does not exceed 50% of AMI. For this analysis, the 31 units are divided between the studio and one bedroom units although the Applicant is not required to allocate evenly between the unit types.

The Housing Credit Rents are based on 2010 income limits and the utility allowance that would be in effect if the Development leased units with the LIHTC restrictions (the HAP contract utility allowances are slightly different). Included in the table above are the HOME low and high rents for each unit type, although these rent limits do not apply when the units are under a Section 8 HAP contract.

2. A 4% vacancy and collection loss rate was utilized by AmeriNational, which is equal to the Appraiser's conclusion. The Development is currently 100% occupied and has been above 96% occupied since the last historical information provided (2007).

3. Ancillary Income of $75 per unit per month is comparable to similar properties in the market. Other Income is comprised of fees associated with, late charges, pet deposits, forfeited security deposits, laundry facility income, etc. Other Income is typically lower for elderly projects, especially one with very low turnover.

4. The Development will benefit from 100% tax exemption due to the ownership of the Applicant by a qualified 501c3 entity. Since the exemption will not be approved until after the Development is completed and stabilized, the approval of the tax exemption is a Special Condition in this report and a concern.

5. The concluded management fee is 4% of EGI, which is supported by the appraisal and the fee stipulated in the management contract.

6. The Applicant's budget included Replacement Reserves equal to $250 per unit per year; however, the Syndicator is requiring $300 per unit per year, which is used by FHFC as well. This conclusion is higher than the reserve amount estimated by New Perspective Florida, LLC ($127 per unit per year).

7. Total operating expenses and reserves amount to $4,180 per unit, which is within the range of expense comparable data provided in the appraisal report and supported by historical operations. Some of the expenses, mainly common area utilities and water/sewer, will decline with installation of more energy efficient items.

8. A 15-year Operating Pro Forma attached herein as Exhibit 1 reflects rental income increasing at an annual rate of 2% and expenses increasing at an annual rate of 3%. According to this analysis, the DSCRs will remain above the thresholds for the entire period.

Notes to the Ratios:

1. The only DSCR requirement for the FHFC financing per the Rules or RFP 2009-06 is related to the HOME Loan in that the combined DSCR cannot be less than 1.10. Based on AmeriNational's conclusions of net operating income, this test is met.

2. The Breakeven Occupancy Rate (88%) is below the market-derived occupancy rate of 96%. As noted, the Development has historically maintained high occupancy and has a sizable waiting list.

Section B
Loan Conditions
&
HC Contingencies

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and the Servicer, at least 30 days prior to real estate loan closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the loan closing date.

1. Amended Purchase & Sale Agreement
2. Assignment of the existing HUD HAP contract between the Buyer and Seller.
3. Letter from HUD ("Comfort Letter") stating their intention to provide a new HAP contract with substantially the same terms and conditions as the existing contract for a period of no less than 20 years.
4. A National Environmental Policy Act of 1969 ("NEPA") Environmental Assessment.
5. An updated Phase I Environmental Site Assessment dated within 12 months of loan closing.
6. Receipt and review of opinion letter from Applicant's counsel related to the real estate tax exemption.
7. Receipt and review of Citibank and Freddie Mac's final loan commitments.
8. Receipt and review of executed Construction Contract.
9. Resolution of Features and Amenities compliance issues.

General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and the Servicer at least 30 days prior to real estate loan closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the bond pricing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the Notice of Bond Sale.

1. Borrower is to comply with any and all recommendations noted in the Plan and Cost Review prepared by New Perspective Florida, LLC.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
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.). An acceptable alternative to this requirement is receipt and satisfactory review of a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

4. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The final sources and uses of funds schedule will be attached to the Loan Agreements as the approved Development budget.

5. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. MMRB Program loan proceeds shall be disbursed pro-rata with other funding sources during the rehabilitation period, unless otherwise approved by the Credit Underwriter. HOME Program loan proceeds shall be disbursed during the rehabilitation phase in an amount per Draw that does not exceed the ratio of the HOME loan to the Total Development Cost, unless approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.

6. During construction/rehabilitation, the developer is only allowed to draw a maximum of 50% of the total developer fee (developer fee minus acquisition developer fee) during construction/rehabilitation, but in no case more than the payable developer fee, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" during construction/rehabilitation will be allowed to be disbursed at closing. The remainder of the "developer's overhead" will be disbursed during the construction/rehabilitation on a pro rata basis, based on the percentage of completion of the Development, as approved by FHFC and Servicer. The remaining unpaid developer fee shall be considered attributable to "developer's profit" and may not be funded until the development has achieved 100% lien-free completion and retainage has been released.

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, with coverages, deductibles and amounts satisfactory to Florida Housing.

8. If the development is not 100% lien-free completed, a 100% Payment and Performance Bond or a Letter of Credit (LOC) in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the GC and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds 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 Legal Counsel must approve the source, amount(s), and all terms of the P&P bonds, or LOC. If the LOC option is utilized, the LOC must include "evergreen" language and be in a form satisfactory to the Servicer, Florida Housing, and its Legal Counsel.

9. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, as applicable.

10. A copy of the Amended and Restated Limited Partnership Agreement ("LPA") reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The LPA shall be in a form and of financial substance satisfactory to Servicer, Florida Housing, and its Legal Counsel.

11. Satisfactory resolution of any outstanding past due or non-compliance notices applicable to the development team by closing of the loan(s).

This recommendation is contingent upon the review and approval by Florida Housing, and its Legal Counsel at least 30 days prior to real estate loan closing. Failure to receive approval of these items within this timeframe may result in postponement of the bond pricing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the notice of bond sale.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/managers(s) of the Borrower, the guarantors, and any limited partners of the Borrower.

2. Award of Housing Credit ("HC") and purchase of same by PNC or assigns under terms consistent with the assumptions of this report.

3. Signed and sealed survey, dated within 90 days of MMRB and HOME loan closings, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

4. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of MMRB and HOME loan closings, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower is to comply with any and all recommendations noted in the updated Environmental Audit Report(s) and all other environmental reports related to the property, as deemed appropriate by Florida Housing in its sole discretion.

5. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the MMRB and HOME loan(s) naming Florida Housing as the insured. All endorsements required by Florida Housing shall be provided.

6. 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 MMRB and HOME loan(s) have been satisfied.

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.

8. 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, and of any corporate guarantor and any manager;

    b. Authorization, execution, and delivery by the Borrower and the guarantors, of all MMRB and HOME loan documents;

    c. The MMRB and HOME 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 MMRB and HOME 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.

9. Evidence of compliance with local concurrency laws, if applicable.

10. 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 MMRB, SAIL and Supplemental Loan(s).

11. UCC Searches for the Borrower, its partnerships, as requested by counsel.

12. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

This recommendation is also contingent upon the following additional conditions.

1. Compliance with all applicable provisions of Sections 420, Florida Statutes, Rule Chapter 67-21, F.A.C. (MMRB Program Loan), Rule Chapter 67-48, F.A.C. (HOME Program Loan), RFP 2009-06, HUD Rule 24 CFR Part 92, and any other applicable State and Federal requirements.

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

3. HOME Program Loan - At all times there will be undisbursed loan funds (collectively held by Florida Housing, First Lender and any other sources) sufficient to complete the rehabilitation of the Development. If at any time there are not sufficient funds (held by Florida Housing, First Lender and any other sources) to complete the rehabilitation of the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing that is sufficient (in Florida Housing's judgment) to complete the rehabilitation of the Development before additional Loan funds are disbursed. This condition specifically includes escrowing at closing all syndication and other equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

4. MMRB Program Loan - All amounts necessary to complete rehabilitation, with the exception of HOME Program funds (if available), must be deposited with the Bond Trustee prior to closing, or any phased pay-in of amount necessary to complete rehabilitation shall be contingent upon an unconditional obligation of the entity providing HC Equity payments (and evidence that 100% of such amount is on deposit with such entity at closing) to pay, regardless of any default under any documents relating to the HC as long as the First Mortgage continues to be funded. Notwithstanding the foregoing, at least 50% of all HC Equity (but not less than provided for in the Syndication Agreement or such higher amount as recommended by the Credit Underwriter) required to complete construction shall be deposited with the Bond Trustee at the MMRB Loan closing. The Bridge Loan, if any, will close simultaneously or prior to the MMRB Loan, and sufficient amounts will be drawn from these funds at Loan Closing in order to satisfy this requirement.

5. Guarantors to provide the standard Florida Housing Construction Completion Guaranty; to be released upon lien-free completion as approved by the Servicer.

6. MMRB Program Loan – Guarantors are to provide the standard FHFC Operating Deficit Guaranty to be released upon achievement of an average 1.15 DSC on the First Mortgage (MMRB Program Loan), 90% occupancy and 90% of Gross Potential Rental Revenue, all for twelve (12) consecutive months certified by an independent Certified Public Accountant ("CPA").

7. HOME Program Loan – Guarantors are to provide the standard FHFC Operating Deficit Guaranty to be released upon achievement of an average 1.15 DSC for twelve (12) consecutive months on the combined First Mortgage (MMRB Program Loan) and HOME Loan.

8. Guarantors are to provide the standard Florida Housing Environmental Indemnity Guaranty.

9. Guarantors are to provide the standard Florida Housing Guaranty of Recourse Obligations.

10. Closing of the first mortgage loan simultaneous with or prior to closing of the HOME loan. If the HOME loan does not close simultaneously with the first mortgage, the developer will be required to cover the resulting shortfall with additional deferrals, and/or equity, if necessary.

11. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the MMRB and HOME loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.

12. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee, the Bond Trustee or the Servicer. In the event the reserve account is held by the Servicer, the release of funds shall be at Florida Housing's sole discretion.

13. Replacement Reserves funds in the amount of $300 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/Credit Enhancer, the Bond Trustee, or Florida Housing's loan servicing agent. The First Mortgagee/Credit Enhancer has the right to adjust the reserve amount every three years per a new PNA (or earlier if such determination is made at their reasonable discretion). Per RFP 2009-06, the Applicant is required to provide a new PNA every three to five years.

14. New Perspective Florida, LLC will act as Florida Housing's inspector during the rehabilitation period.

15. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The construction contract indicates a 10% retainage holdback through 50% completion and a 5% retainage holdback thereafter, which satisfies the minimum requirement.

16. Completion of a Davis-Bacon Federal Labor Standards pre-construction conference.

17. Satisfactory evidence of compliance with the Davis-Bacon Act and other applicable Federal Labor standards during the rehabilitation of this development. Evidence of compliance must be through satisfactory completion of a compliance audit by Florida Housing and its authorized subcontractor.

18. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.

19. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

HC Contingencies

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by AmeriNational and FHFC by the deadline established in the Preliminary Determination. Failure to resolve these contingencies within this timeframe may result in forfeiture of the HC allocation:

1. Closing of the MMRB and HOME loan consistent with the assumptions of this credit underwriting report.

2. Purchase of the HC by PNC Bank under the terms consistent with the most recent Letter of Intent.

3. Any other reasonable requirements of FHFC or AmeriNational.

Section C

Supporting Information & Schedules

Additional Development & Third Party Supplemental Information

Appraised Value: AmeriNational received and reviewed an appraisal prepared by Meridian Appraisal Group with an effective date of value of May 10, 2010. The appraisal was completed by Mark Davis (State Certified General Appraiser RZ0001604) and Robert Von (State Certified General Real Estate Appraiser RZ0001229) ("Appraiser" or "Appraisers").

The Appraisers concluded an As Renovated Value (assumes completion of rehab, HAP rents, tax abatement and favorable financing adjustment) of $15,540,000. Based on this value, the LTV for the MMRB Program Loan is 79.4% and the LTV for combined debt (including the HOME Program loan) is 98.7%. As noted earlier, the bond financing cannot exceed 85% of the As Renovated Value.

The Appraisers also concluded an As Renovated Value (assumes completion of rehab, but based on unrestricted market rents, no tax abatement, and no favorable financing) of $7,840,000. Based on this value, the LTV for the MMRB Program Loan is 157.3% and the LTV for the combined debt (including the HOME Program Loan) is 195.6%.

The As Is Value of the existing improvements (assuming no renovations, existing HAP rents and no tax abatement) is $11,860,000. This is less than the amended acquisition price ($11,927,323.05).

The values concluded in the report were deemed reasonable and well supported.

Market Study: A separate market study prepared by Rienhold P. Wolff Economic Research ("RWER"), Incorporated dated April 5, 2010 (inspection date was March 25, 2010) was received and deemed satisfactory by AmeriNational.

RWER defined the submarket ("PMA") as the Central Miami Market Area, which is delineated by the following boundaries: 79th Street to the north; Coral Way to the south; Intracoastal Waterway to the east; and Le June Road to the west. RWER further defined the Competitive Market Area as a 3-mile radius from the Development. Downtown Miami is approximately five miles to the southeast. The Miami International Airport is four miles to the southwest. Bus service is available along NW 14th Avenue within very easy walking distance of the Development. The unemployment rate for Miami-Dade County is currently 11.3% compared to 11.2% for the state (as of April 2010). Miami's economic base is relatively diverse but has suffered from the economic recession as has all areas in the state.

The PMA has a total population of 355,335 as of April 2010, which is only 14% higher than the population in 2000. This is a heavily developed area with only scattered open sites available for development (or those that are, feasibility of development is an issue). The population is expected to increase by 5.6% in 2015. There are 127,405 households in the PMA as of April 2010 with the same percentage increase as the population since 2000 (approximately 14%). Within the PMA, 50.3% of all housing is multifamily. Approximately 32.7% of the population is 55 years of age or older. The median income in the PMA evidences the low income composition of the population ($29,036 compared to the County @ $49,805).

Overall CMA Apartment Market Highlights:

- Average overall vacancy rate for CMA was 4.7% as of February 2010, which is considerably lower than 7.3% in August 2009.
- Overall average monthly rent was $1,100 as of February 2010 representing a decline of 3% from February 2009 ($1,134).
- Estimated overall demand for 1,604 units per year from 2010 to 2015, or 4,812 units. New unit supply potential totals 1,247 units over the next three years. As such, the demand for units significantly exceeds the supply of units coming on line over the next three years.
- Forecast vacancy rate is expected to decline to 4% by the end of 2010 and then decline to 3% or lower during 2011 and 2012.
- Forecast rent growth is expected to be 3% per year.

Low Income Apartment Market Highlights for CMA:

- Seven age-restricted affordable developments were surveyed containing 777 units.
- None of the developments surveyed had vacant units and at least two have a waiting list.
- REWR surveys 76 LIHTC developments throughout Miami-Dade County on a quarterly basis. Average vacancy rate is reported to be 2.2%.
- Eight age-restricted LIHTC developments containing 800 units were identified in the CMA that are either recently completed, under construction or proposed.
- Concluded under-supply of units is positive at 861 units for the CMA.

Review of Development Parameters

- Mix of unit types is excellent for age-restricted developments
- Units sizes are smaller than average, but this has not impacted historical occupancy.
- Unit features are basic but typical for this product type.

The overall conclusion in the REWR report is that the Development is feasible. For the Development, 100% of the units are occupied with a sizable waiting list. It is expected that there will be very little turnover, if any, once the Development rehab is completed. Even if all of the units were vacated during the rehabilitation period and none of the existing tenants re-occupied units, sufficient demand exists for this product type in this market area (as has been substantiated by market studies prepared for other pending FHFC financed developments within a five mile radius of the Development).

Impact on Like-Kind Competitive Properties:

- Since the Development is a rehabilitation of an existing property and most if not all of the existing tenants will be retained, no impact on Like-Kind competitive properties is anticipated.

Guaranteed Fund Development Impact:

- The appraisal report identified seven Guaranteed Fund developments within a 10-mile radius of the Development (defined PMA):

Development Name	Reported Occupancy [1]
Miami Stadium	100.0%
Hibiscus Pointe	98.1%
Vizcaya Villas	99.4%
Alhambra Cove	97.5%
Baywinds	100.0%
Golden Lakes	98.6%
Mabrisa Lakes	99.2%

[1] as of March 2010

As shown above, all of these developments are reporting occupancy rates of 95% or higher. The rehabilitation of the Development should have no impact on these deals.

90% Test Summary:

- Per 67-21, the submarket must have an average occupancy of 90% or greater. As noted above, occupancy in the CMA/PMA is well above 90% (100% for comparable subsidized properties in CMA).

Environmental Report: A Phase I Environmental Site Assessment ("ESA") was performed by Property Consulting Group, Incorporated ("PCG") for Gregory Dunfield as Director of Allied Pacific Development and Pacific Housing Advisors ("Client") dated August 13, 2009. The ESA was performed in accordance with ASTM Standards E 1527-05, the All Appropriate Final Rule (AAI Rule) for Phase I ESA's, the scope of work provided by the Client, and generally accepted industry standards.

PCG concluded that the existing environmental conditions are considered de minimus under ASTM 152705 and as such are not considered Recognized Environmental Conditions and will not require additional assessment of remediation. As a result, PCG did not recommend additional investigations related to potential subsurface contamination. At the request of the Client, PCG also completed testing for asbestos, lead based paint, lead in drinking water and a visual survey for mold. None of the test results were positive; therefore, further investigation was not recommended for any of these items. (Note: Freddie Mac will require a moisture management plan for mold)

Soils Test Report: A soils test report was not ordered since the Development is a rehabilitation of an existing property.

Physical Needs Assessment: A Preliminary Plan and Cost Review/Physical Needs Assessment dated May 2010 was prepared for AmeriNational by New Perspective Florida, LLC ("NPF"). The following is a summary of NPF's findings:

- Upon review of the submitted construction drawings and specifications, no significant problems appear to exist with the design of the project.
- The site development construction drawings are considered adequate for the scope of work involved.
- The architectural and structural information provided on the drawings appears to be complete, well coordinated and adequate for this type of development.
- Overall design of the existing mechanical and electrical systems, as well as existing utilities, appears to be adequate.
- The Development was built prior to enactment of ADA and the Federal Fair Housing Act. As such, it does not need to comply with current regulations.
- In relation to compliance with the Features and Amenities, several items were noted to be missing from the plans/specifications that will need to be corrected prior to Closing:
  - Termite prevention/pest control throughout entire affordability period
  - 30-year expected life on roofing
  - New plumbing fixtures in kitchen and bathrooms in all units
  - Library consisting of 100 books and 5 current magazine subscriptions
  - Computer lab
  - Applicant commits to provide at least 10 of the Green Building options listed in Part III.B.# of the Application Instructions

- A preliminary Construction Contract between the Owner/Applicant and the General Contractor was provided and reviewed by NPF. The basis of payment is the cost of work plus a fee with a Guaranteed Maximum Price. The Contract is undated and not executed (see Special Conditions). The Guaranteed Maximum Price is $4,726,439, which is for the construction hard costs, contractor's fee and overhead. This equates to $31,300 per unit or $64.54 per square foot, which is higher than the range found in Marshall Valuation Service ($18.26 to $49.16 per square foot). However, Marshall does not take into account common area renovations or the installation of the solar energy system. The report concludes the overall construction budget appears reasonable and adequate to complete the proposed renovations, and the schedule to complete of 10 months is realistic, provided no unforeseen circumstances occur.

- The following is a scope of work to be performed during the rehabilitation of the Development (note: the renovations are extensive and this list only highlights the major items):

  - Repair and reseal parking area
  - Install handicapped parking signs
  - Repair existing shuffleboard courts

- o Replace roof
- o Exterior repairs as needed with repainting of building
- o New windows
- o New PTAC units
- o Installation of solar electrical system
- o Complete refurbishment of elevators
- o Installation of VCT in all common area hallways
- o Replace all common area lighting
- o Replace 100% of unit hot water heaters
- o Replace 100% of unit appliances
- o Replace 100% of plumbing fixtures (some existing bathtubs and shower enclosures will remain; 90 units will have those refurbished)
- o Replace 100% of interior lighting fixtures
- o Replace 100% of all cabinets and countertops
- o Replace 100% of vanity mirrors and install medicine cabinets
- o Replace 100% of window treatments
- o Replace 100% of interior doors and hardware
- o Replace 100% of electrical outlets and switches (GFI in kitchen and bathrooms)
- o Install ceramic flooring in 96 units (remaining units already have ceramic tile)
- o Install battery operated smoke detectors in all bedrooms
- o Repaint all unit interiors

Features, Amenities & Resident Programs: The Applicant committed to provide certain Features and Amenities per their Application and are set forth in the attached Exhibit 2 (see comments above related to inconsistencies).

Site Inspection: A site inspection of the existing building and surroundings was completed on May 21, 2010 by the Credit Underwriter. The Development is conveniently located to all supportive services. Visibility is considered good and the overall current condition of the building appeared to be average. Tenants have access to the bus line immediately adjacent to the Development along NW 14th Avenue. To the south of the site is a large parcel of vacant land (per sign on the site, to be developed with condominiums); to the east is the parking lot for the Miami VA Hospital; to the north are garden-style apartments in average to fair condition and a commercial land use; and, to the west is a high-rise family development known as Civic Tower and other single and multifamily properties.

The building itself appeared to be in average to fair condition. The exterior has been recently painted. Unit interiors were in average condition and suitable for elderly tenants. The planned rehabilitation will dramatically improve the units themselves and increase the remaining economic life of the building. No material adverse conditions were noted.

Borrower Information

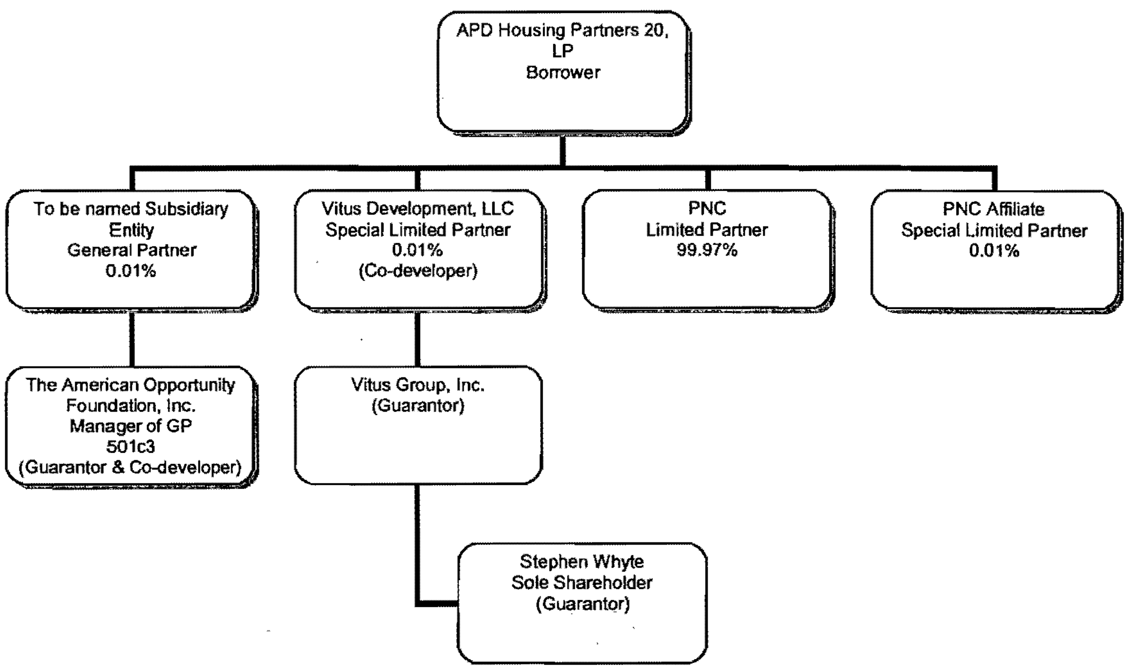
Foreword Comment: A name change was implemented for some of the entities involved in this transaction, which was disclosed to AmeriNational on July 9, 2010. According to Greg Dunfield of Vitus Group, Inc., the name change was completed in order to "re-brand" the parent company to the affiliated companies so there was commonality. Due to the recent name change, most of the due diligence was completed on the prior named entity. The following table illustrates the name changes for each entity:

Former Name	Current Name
Allied Pacific Development, LLC	Vitus Development, LLC
Modern Realty, Inc.	Vitus Group, Inc.

Borrower Name: APD Housing Partners 20, LP ("Applicant")

Borrower Type: A Florida limited partnership

Ownership Structure: The Applicant is a limited partnership organized under the laws of the State of Florida on August 17, 2009 to own and operate the Development. The General Partner is American Opportunity Foundation, Inc., a 501c3 nonprofit corporation, with a 0.01% ownership interest in the Applicant (and co-developer). Vitus Development, LLC (f/k/a Allied Pacific Development, LLC) is a special limited partner (and co-developer) with a 0.01% ownership interest (wholly owned affiliate of Vitus Group, Inc. f/k/a Modern Realty, Inc.). PNC Bank, N.A. shall purchase a 99.97% limited partner interest and a 0.01% special limited partner interest, per a letter of intent dated May 6, 2010 (last revised on May 27, 2010).



Copies of the Articles of Incorporation and/or Organization have been provided on each of the ownership structures entities. Receipt of current certificates of status will be a condition precedent to closing.

Contact Person(s): Gregory Dunfield
Greg.dunfield@vitusgroup.com
Telephone (206) 832-1308
Facsimile (206) 832-1308

Applicant Address: 1700 Seventh Avenue #2075
Seattle, WA 98101

Federal Employer ID: 27-0754039 (for Applicant/Borrower)

Experience: APD Housing Partners 20, LP – recently formed with no experience.

To Be Named General Partner – the 501c3 parent company (AOF) shall form a newly created, standalone subsidiary entity that shall be the sole general partner of the borrowing entity. AOF shall manage this entity via an asset management agreement but will have no direct ownership interest.

The American Opportunity Foundation, Inc. ("AOF") - AOF was formed in 1983 in order to sponsor low-income housing, housing for the elderly and handicapped, and all other charitable purposes permitted under Internal Revenue Code Section 501c3. AOF received its initial Determination Letter from the Department of the Treasury on January 30, 1985 and received its Group Determination Letter on April 7, 1993. The group letter permits AOF to extend its exempt status to organizations under AOF's direct supervision and control as outlined in Revenue Procedure 80-27. AOF's primary business plan is acquiring multifamily properties utilizing tax exempt bond financing under the "Safe Harbor" provisions of IRS procedure 96-32. The acquisitions of these properties are financed by the issuance of tax exempt bonds that are either rated by Standard & Poor's, enhanced by FNMA or HUD, or unrated (un-enhanced). The ownership entity is usually a subordinate entity under AOF's group exemption letter.

From March 1996 through today, AOF has acquired twenty-eight (28) properties in twenty (20) subordinate entities totaling 6,808 affordable housing units. AOF currently holds an ownership interest in 1,030 affordable housing units, exclusive of the units held under AOF/Pacific and AOF/Golden State.

AOF/Pacific is currently the Managing General Partner in over 43 limited partnerships or LLC's established to acquire, develop, rehabilitate, and operate apartment complexes for seniors and moderate to low income persons or families. These apartment complexes are located in California, Oregon, and Washington State.

AOF/Golden State was incorporated in 1999 as a nonprofit corporation organized under the laws of the State of California. AOF/Golden State is run by its Board of Trustees. One-third of its board is comprised of representatives of the low-income communities it serves. It is organized as a Community Housing Development Organization ("CHDO") and, as such, is limited to business activities in the counties of Los Angeles, San Bernandino, Riverside, Ventura, Orange, and San Bernandino County. Its primary goal is to provide quality affordable housing to the public, particularly low income and first-time home buyers. To achieve this goal, AOF/Golden State develops, operates, promotes, funds, and supports existing low-income housing. It also assists in the construction of affordable housing and the acquisition and rehabilitation of existing housing for the benefit of moderate to low income persons or families.

The President of AOF is Phillip Kennedy. Mr. Kennedy has served as President of AOF since 1991, and has been employed full time with the corporation since 1995. During his tenure as President, AOF and its subordinate entities have been involved in the acquisition, rehabilitation, and ownership of over 7,000 affordable housing units in ten states.

From 1983 to 1995, Mr. Kennedy was the Director, Executive Vice President and Chief Operating Officer of Housing Systems, Inc. ("HSI"). HSI is a privately-owned corporation which owns and/or is the managing agent of more than 5,000 affordable housing units financed primarily through loans subsidized under various HUD programs. He was responsible for the overall operations at HSI, including the acquisition, management, and financing of the corporation's numerous projects. Prior to 1983, he served as the General Partner and Chief Financial Officer in various entities engaged in the acquisition and development of commercial real estate in the Atlanta, Georgia area.

The remaining AOF board members are as follows:

- Jack T. Hammer – member of board since 1983 (date of formation). Former Chairman of HSI.
- William Fisher – member of board since 2002. Strong public finance background.
- Robert Derrick – member of board since 1995. SVP of Prudential Financial's SE region office.
- David Flint – member of board since 1995. He is a founding partner of the law firm Schreeder, Wheeler & Flint in Atlanta, Georgia.

Default Issue - AOF disclosed numerous defaults on 501c3 bonds that were owned by subsidiary entities controlled by AOF. According to AOF, during the late 1990's, 501c3 bond trustees were actively seeking out acceptable nonprofits (such as AOF) to "acquire" interest in bond-financed properties. The nonprofit was not required to invest their own equity and no other partners/investors were in the deals. Most of these properties were overleveraged and many were poorly rehabbed but were performing at an acceptable level at time of acquisition. With the decline in market conditions during the early 2000's, many of these properties were no longer able to cover debt service or needed capital expenditures. AOF's only viable option was to enter negotiations with the bond trustee(s) and return the asset to the bondholders.

The following summary of default actions was provided by AOF:

- 2,203 units (6 properties) were sold and the bonds paid in full (principal and accrued interest) resulting in no loss to any bondholder.
- 482 units (3 properties) were sold and all the senior bonds paid in full with a partial recovery on the subordinate bonds.
- 953 units (5 properties) were sold in cooperation with the trustee and significant bondholders and the majority of the bondholder's principal recovered.
- 1,421 units (6 properties) were transferred via a deed in lieu of foreclosure or foreclosure in cooperation with the lender. No suits, bankruptcies, or other legal action were involved outside of the transfer process.
- 746 units (2 properties) are still owned by a subordinate entity (AOF/Houston AHC) and are located in Houston, Texas. The project was current under a Forbearance Agreement with the controlling majority bondholder until the properties were severely damaged by Hurricane Ike in September, 2008. The properties had a collective insurance deductible of over $1M and the subordinate entity is currently in negotiation with the controlling bondholder to finalize the insurance claim and reinstate the Forbearance Agreement. It is anticipated that the transaction will either be restructured or disposed of within the next 12 months.

With the exception of the Houston properties, all defaults were resolved by April, 2007.

[redacted]

- Both CitiBank/Freddie Mac (as the credit enhancer) and PNC (as the LIHTC syndicator) are expected to approve AOF to be in this transaction. Both of these lenders/investors have substantial investment in the Development and have also recently closed deals with AOF involved. As such, the major investors in this transaction have gotten comfortable with AOF's history and acknowledge that AOF's board members (through approval of their investment) can competently manage affordable housing business.
- AOF was recently approved as the managing general partner on a HUD financed transaction in Sacramento, California that also had a Section 8 HAP contract, HOME funds and LIHTC syndicated by PNC.
- Even with AOF's default history, they continue to be an active controlling interest in over 50 partnerships.
- Significant controls will be in place to closely monitor the actions of AOF. This includes annual partnership audits and all other servicing, asset management or compliance oversight completed by FHFC (or its Servicer), CitiBank, PNC Bank, HUD, and Vitus Group, Inc. (having controlling interest in the special limited partner and co-developer). Failure to properly manage the Development or the partnership will result in the removal of AOF, which is well documented via the LPA and other legal documents and is standard for nonprofit ownership structures.

Increased financial oversight or compliance reviews can be added as further mitigant.

- A nonprofit general partner is typically not relied upon to provide substantive financial support to a transaction such as this. In the case of AOF, they have decent liquid assets (approx. $5M) and will be a Guarantor as required by FHFC. Their primary purpose in this transaction is to provide tax exempt status for the Borrower so it qualifies for real estate tax exemption (in addition to complying with their mission statement).
- A funded operating reserve account equal to approximately nine months of combined debt service will be available in any instance if AOF were to commit some act resulting in loss of rental income (such action would be grounds for immediate involuntary removal from the partnership).
- The likelihood of FHFC's investment (namely the HOME loan) being in jeopardy due to less than anticipated property performance is minimal since the Development will have a 20-year HAP contract in place and has had a very strong occupancy history to date.
- The Development itself is an excellent investment for FHFC and the State of Florida as it serves a dire need for decent affordable housing for low income elderly residents. It will also have no supply impact on the affordable housing submarket since it is a preservation transaction.

Modern Realty, Inc. (n/k/a Vitus Group, Incorporated) ("MRI") – MRI currently consists of three affiliated companies. Vitus Development, LLC (the co-developer entity of the Development; f/k/a Allied Pacific Development, LLC) develops affordable housing projects and is a national leader in the redevelopment of preservation projects (HUD and RD). Vitus Advisors, Inc. (f/k/a Pacific Housing Advisor's Inc.) provides independent consulting services for developers of affordable housing throughout the United States. APD Energy Solutions provides solar energy installations for affordable housing projects. According to their brochure, MRI and its affiliated companies have been involved in the following development activity:

New Construction Affordable Development	
Financial Advisor	19
Development Manager	10
Consultant	13
Developed/Purchased as Principal	2
Total	44

HUD Preservation	
Financial Advisor	27
Developed/Purchased as Principal	11
Total	38

Rural Development Preservation	
Financial Advisor	29
Developed/Purchased as Principal	19
Total	48

Acquisition/Rehab of Conventional Multifamily Developments	
Financial Advisor	28
Development Manager	2

Consultant	5
Developed/Purchased as Principal..........	7
Total..	42

MRI shows considerable experience in all aspects of affordable housing development and ownership.

A Schedule of Real Estate Owned ("SREO") was provided for MRI (note: statement is actually for Allied Pacific Development, LLC, which "owns" all the real estate held by MRI and also includes all property partnerships listed on Mr. Whyte's statement). The SREO shows 30 partnerships/properties containing 4,665 units. Total mortgage balance was $232.98M with cash flow after debt service of $5.67M. The overall DSCR is 1.39.

Overall, no major adverse issues were noted upon review of the SREO. Only two properties on the SREO are showing material negative cash flow. Bella Vista Apartments is located in Phoenix, which is a very soft market. Occupancy is at 85% with a 0.63DSC. MRI has been funding deficits for this project. The project has a physical occupancy of 90% and is leased to 92% occupancy, also out-performing the submarket in Phoenix in which it is located. MRI is pursuing a restructuring of the debt through the lender, Citibank, which should be in place in the next six months.

The other property is Concord Crossing, which is located in Smyrna, Georgia (Atlanta area). MRI has been funding deficits for this project. The project has a physical occupancy of 94% and is leased to 99% occupancy, significantly out-performing the submarket in Atlanta. MRI recently restructured the debt on this project, reducing debt service to $16,000 per month starting in April, 2010. MRI is pursuing permanent financing through Freddie Mac which is anticipated to be put in place in the next six months.

MRI provided a Schedule of Contingent Liabilities showing obligations on 30 partnerships and comprised of $44.55M in recourse debt (5 loans) and $9.03M in maximum operating guaranties. The level of contingent liabilities is typical for medium-sized affordable housing developers. No significant issues disclosed on the statement.

Stephen Whyte – As noted above, Mr. Whyte is currently the president, secretary and sole shareholder in MRI and is actively involved in the management and operations of all companies under the MRI umbrella. He has been involved with Vitus Advisor's Inc. (f/k/a Pacific Housing Advisors) since 1993 and Vitus Development, LLC (f/k/a Allied Pacific Development, LLC) since 1999. Mr. Whyte has been involved with affordable housing since 1989.

See MRI for Schedule of Real Estate Owned and Contingent Liabilities that are related to Mr. Whyte.

Credit Evaluation: Applicant – recently formed - no credit history exists.

To-be-named General Partner wholly controlled by AOF - newly formed entity; no credit history exists.

The American Opportunity Foundation, Inc. - A D&B was obtained as of May 11, 2010. No issues noted.

Allied Pacific Development, LLC (n/k/a Vitus Development, LLC) - A D&B was obtained for APD as of May 11, 2010. No issues noted.

Modern Realty, Inc. (n/k/a Vitus Group, Inc.) - A D&B was obtained for Modern Realty, Inc. as of July 14, 2010. No issues noted.

Stephen Whyte - an Experian Credit Profile Report dated May 11, 2010 was obtained by AmeriNational. No material derogatory credit issues were noted.

Banking References: Applicant – newly formed entity; would not be relied upon to provide financial backing terms of liquid assets to cover deficits or guarantees.

To-be-named General Partner wholly controlled by AOF - newly formed entity; no banking references.

The American Opportunity Foundation, Inc. - ACS verified $78k in a checking account and $4.75M in an investment account comprised of cash ($581k), stocks ($2.845M), corporate fixed income ($819k), government securities ($161k), unit investment trusts ($113k) and other investments ($233k). This represents a rather sizable liquid position for AOF and provides sufficient support for their guaranty position.

Allied Pacific Development, LLC (n/k/a Vitus Development, LLC) – see Modern Realty, Inc.

Modern Realty, Inc. (n/k/a Vitus Group, Inc.) – ACS verified $2.34M in bank accounts, which includes accounts held by the entity above.

Stephen Whyte – ACS verified $227,320 in bank accounts.

Total Liquid Assets for Guarantors - $7.32M

Financial Statements: Applicant – newly formed entity; no financial statements

To-be-named General Partner wholly controlled by AOF – newly formed entity; no financial statements.

The American Opportunity Foundation, Inc.

December 31, 2008		(Audited)
Cash:	$	686,479

Investment in Securities:	$ 3,080,067
Total Assets:	$ 5,053,840
Total Liabilities:	$ 83,297
Unrestricted Net Assets:	$ 5,053,840

Note: A statement of no material change was provided for this statement. The 2009 audited statements have not been released to date.

The majority of the reported total assets are in readily marketable securities, which were verified via a recent investment account statement. Per the audited statement, AOF does not directly own any real estate other than their office. In conclusion, the parent company (AOF) shows a strong cash/cash equivalent position on their audited statement.

Allied Pacific Development, LLC (n/k/a Vitus Development, LLC)

As of 12/31/08	(Unaudited)
Cash:	$ 125,661
Total Assets:	$ 22,672,017
Total Liabilities	$ 3,765,195
Net Worth:	$ 18,906,822

Comments: A no material change letter was provided by Allied Pacific Development, LLC ("APD"). Their 2009 audited statement has not been completed to date. APD's largest asset is Developer Fee Receivables ($13.4M) and Advances to Affiliates ($6.86M). APD reported cash in the amount of $125,661. Its largest liability is a note payable in the amount of $2.1M. APD also provided an income statement that showed $10.33M in income, $4.4M in expenses with net ordinary income of $5.9M. APD's largest source of income is from development fee. Overall, APD's net worth supports the amount of financing but their liquidity position is only marginal. However, it is sufficient in combination with the other guarantors and reserves in place.

Modern Realty, Inc. (n/k/a Vitus Group, Incorporated)

	12/31/09 (Unaudited)	12/31/08 (audited)
Cash:	$ 2,735,234	$ 589,912
Total Assets:	$ 27,132,540	$ 26,153,048
Total Liabilities	$ 8,848,028	$ 7,579,613
Total Stockholder's Equity:	$ 18,284,513	$ 18,573,435

Comments: a no material change certification was provided by Modern Realty, Inc ("MRI") for their unaudited 2009 statement. Developer Fee Receivables, both current and long term, are the primary assets for MRI. Cash was reported at $2.735M. Current liabilities consist of outstanding balances on lines of credit ($2.9M) and loans/notes payable ($4.8M). The Total Stockholder's equity has remained consistent over the past two years. MRI also provided tax returns for 2007 and 2008 (2009 has not been completed to date). The 2009 unaudited statement showed $7.5M in consolidated revenue over expenses compared to $4.98M in 2008. As expected, developer fees are the primary source of income for MRI. In summary, MRI shows good cash flow, moderate liquidity and good net worth. High liquidity is not expected for an entity involved in real estate development.

Stephen Whyte

As of 12/31/09	(Unaudited)
Cash:	$ 73,639
Total Assets:	$ 32,089,021
Total Liabilities	$ 1,554,228
Net Worth:	$ 30,534,793

Note: the statement provided by Mr. Whyte is a joint statement with Leslie R. Lackey. An updated financial statement dated within 90 days from this report is a condition precedent to Closing

Mr. Whyte disclosed cash in bank amounting to $73,639, which is a low liquidity position considering his overall net worth. No other liquid assets or readily marketable securities were disclosed. Real Estate and Business Interests account for $31.6M of his total assets. The remaining $459,079 is in retirement accounts and cash value of a life insurance policy. His largest liabilities are in mortgages for residences he owns.

AmeriNational received and reviewed 2007 and 2008 Form 1040 U.S. Individual Income Tax Returns for Stephen Whyte and his spouse (2009 extension was filed). The 2007 return confirms total adjusted gross income of -$307,728 with a loss from rental real estate/partnerships of -$953,085. The 2008 return confirms total adjusted gross income of $474,423 with a gain from rental real estate/partnerships of -$202,096.

Statement of Financial/Credit Affairs:

Applicant - AmeriNational received and reviewed a Statement of Financial/Credit Affairs for the Applicant dated May 7, 2010. The statement represents that the Applicant has no pending litigation, unsatisfied judgments, or past or present bankruptcy or foreclosure proceedings.

To-be-named General Partner wholly controlled by AOF – newly formed entity; statement not requested.

The American Opportunity Foundation, Inc. - AmeriNational received and reviewed a Statement of Financial/Credit Affairs dated May, 5, 2010. The statement represents that AOF has no pending litigation, unsatisfied judgments, past or present bankruptcy, or prior/current foreclosure actions.

Modern Realty, Inc. – A Statement of Financial/Credit Affairs was provided dated July 14, 2010. Please see comments under Vitus Development, LLC

Allied Pacific Development, LLC (n/k/a/ Vitus Development, LLC) - APD provided a Statement of Financial/Credit Affairs that was undated but provided via email on May 7, 2010. No adverse issues were noted except for the following related to loans in which APD had an ownership interest in:

- Concord Crossing Smyrna, GA – this 190-unit apartment project financed with tax exempt bonds issued by GDCA and 4% credits was declared in default in May 2009. APD is the sole member of the general partner of the borrower. The borrower worked with the lender to pay off the loan at a discount in April 2010 thus averting foreclosure action. The property is reportedly 94% occupied and producing positive cash flow.

- Pheasant Ridge Bellevue, NE – this 264-unit project was financed with tax exempt bonds from NIFA and 4% credits. APD is the sole member of the general partner of the borrower. The project went into receivership in 2005 due to soft market conditions. A refinance with PNC/Freddie Mac occurred in 2008. Over $1.2M in unit upgrades have been completed and the project is currently operating strongly.

- Nora Pines Indianapolis, IN – this 254-unit project was declared in default in October 2006 due to poor occupancy and weak market conditions. APD is the sole member of the general partner of the borrower. A workout plan was entered into in May 2007 between the borrower, its partners, and Fannie Mae. The loan has been kept current from December 2006 to present.

While these default situations are of some concern, APD was successful in working with their partners resulting in a positive outcome in every instance and continues to be approved for development of affordable projects.

Stephen Whyte – see comments above under Vitus Development, LLC.

Overall Summary: In combination, all member of the Development Team have sufficient experience, net worth and liquidity to provide support for the Development. Further support for their acceptableness is the approval of the credit enhancement by the Freddie Mac Seller/Servicer and by the LIHTC Syndicator. No additional reserves are considered by AmeriNational.

Guarantor Information

Guarantor Names:	APD Housing Partners 20, LP To-be-named subsidiary entity (wholly controlled by AOF) The American Opportunity Foundation, Incorporated Vitus Group, Incorporated Stephen Whyte
Contact Person(s):	Gregory Dunfield Gregory.dunfield@vitusgroup.com Telephone (206) 832-1308 Facsimile (206) 832-1308
Applicant Address:	1700 Seventh Avenue #2075 Seattle, WA 98101
Guarantor Description:	APD Housing Partners 20, LP (Applicant) To-be-named subsidiary entity wholly controlled by AOF (General Partner) The American Opportunity Foundation, Inc. (co-developer) Vitus Group, Incorporated (Parent Company of Allied Pacific Development, LLC (co-developer)) Mr. Stephen Whyte (individual and sole shareholder in VGI)
Nature of Guarantee:	All Guarantors identified above shall sign a Construction Completion Guarantee, an Operating Deficit Guarantee, a continuous FHFC Environmental Indemnity, and a Recourse Obligation Guarantee.
Credit Evaluation:	The credit evaluations for the Guarantors were summarized in the "Borrower Information" section of this report.
Financial Statements:	The financial statements for the Guarantors were summarized in the "Borrower Information" section of this report.
Contingent Liabilities:	The contingent liabilities for the Guarantors were summarized in the "Borrower Information" section of this report.
Summary:	No concerns were noted upon review of the Guarantors' experience, financial and credit information. As noted, the combined liquid assets total $7.32M for all guarantors, which is more than sufficient for a transaction of this size.

Credit Enhancer Information

Name:	Freddie Mac through Citibank, N.A. ("Citibank"), as an approved seller/servicer
Type:	GSE enhancement of existing bond issuance
Contact Person:	Mike Hemmens, Vice President Citigroup Global Markets, Inc. Telephone: (805) 557-0930 Email: mike.hemmens@citigroup.com
Address:	325 E. Hillcrest Drive, Ste 160 Thousand Oaks, CA 91360
Experience:	Freddie Mac has considerable experience credit enhancing tax exempt bonds transactions; further discussion unwarranted.

Financial Info: First quarter 2010 Results - net loss was $6.7 billion. Net loss attributable to common stockholders was $8.0 billion, or $2.45 per diluted common share, reflecting $1.3 billion in senior preferred stock dividend payments to the U.S. Department of the Treasury (Treasury).

- Provision for credit losses of $5.4 billion, down from $7.0 billion for the fourth quarter of 2009;
- Derivative losses of $4.7 billion due to the decline in long-term rates during the quarter; and
- Net interest income of $4.1 billion.
- Net worth deficit was $10.5 billion at March 31, 2010, driven primarily by a significant adverse impact due to the change in accounting principles. The impact of these new accounting standards resulted in a decrease in total equity of $11.7 billion. Other factors impacting equity include:
- Net loss of $6.7 billion;
- Improvement of $4.8 billion to accumulated other comprehensive income (loss) (AOCI); and
- Dividend payment of $1.3 billion to Treasury.
- The Federal Housing Finance Agency (FHFA), as Conservator, will submit a request on the company's behalf to Treasury for a draw of $10.6 billion under the Senior Preferred Stock Purchase Agreement (Purchase Agreement).
- The total single-family delinquency rate was 4.13% at March 31, 2010, down from 4.20% at February 28, 2010 and up modestly from 3.98% at December 31, 2009.
- Continued support for the housing market in the first quarter of 2010 included approximately $97 billion in liquidity and increased efforts to prevent foreclosures

Summary: The issues surrounding Freddie Mac (and Fannie Mae) and the significant impact on the single family market meltdown on both is well known by all participants in this transaction. It is impossible to objectively determine via analysis of financial information whether the U.S. Government will continue to provide monetary support for both Freddie Mac and Fannie Mae. However, one can conclude that allowing either to fail would undoubtedly result in global financial depression.

Syndicator Information

Name:	PNC Bank, N.A.
Contact Person:	Mark Ragsdale, Senior Vice President Telephone: (415) 733-1533 Email: mark.ragsdale@pnc.com
Address:	100 Pine St FL 16 San Francisco, CA 94111-5211
Experience:	PNC Bank has been providing low income housing tax credit investments for many years and is one of the nation's largest financial services companies. The LIHTC syndication business is only a small part of their entire business line. Specific information related to their current LIHTC business was not provided.
Financial Information:	\$265.4B in Assets \$182.5B in Deposits \$26.8B in shareholder equity \$105B in assets under management For 1st quarter 2010 – PNC reported net income of \$671 million, or \$.66 per diluted common share, for the first quarter of 2010. Net income would have been \$744 million, or \$1.31 per diluted common share, for the quarter excluding \$.50 per diluted common share related to the redemption of TARP preferred shares and \$73 million, or \$.15 per diluted common share, for after-tax integration costs.
Summary:	PNC has strong experience and financial wherewithal to continue to be a successful LIHTC Syndicator. Of course, the future motivation of PNC to fund deficits if the other deal participants are unwilling or unable to will be based on the overall fund performance and reserves held (if this transaction becomes part of the multi-asset fund).

General Contractor Information

General Contractor:	L & H Renovations, Incorporated ("L&H" or "General Contractor")
Type:	A Florida corporation
Contact Person:	Timothy Leffler, President Telephone: (407) 839-5514 Facsimile: (407) 426-7282
Address:	545 Delaney Avenue #9 Orlando, Fl 32801
Contractor License#:	William Terry Rollis – CGC1511630
Expiration Date:	August 31, 2010

Experience: The General Contractor presents a management team with over 20 years of experience in the construction industry. Since its inception in 1986, L&H has completed more than 500 renovation projects. Sean Heaney is a co-owner with 28 years of construction experience. Timothy Leffler is a partner and responsible for directing all contracted jobs and has over 34 years of construction experience. William Rollis is a project manager with 13 years of construction/project engineering experience. L&H provided an extensive list of multifamily projects completed in recent years and should have the experience and staff to complete the rehabilitation of the Development.

Credit Evaluation: A Dun & Bradstreet Business Insight Report was ordered and reviewed on June 3, 2010. No derogatory issues noted.

Financial Statements: The most recent available financial statements are summarized as follows:

December 31, 2009		(Reviewed)
Total Assets:	$	1,253,739
Total Liabilities:	$	629,376
Total Stockholders' Equity:	$	624,363

The summary information is based on CPA reviewed statements prepared by Vestal & Wiler as of December 31, 2009. No material adverse issues were noted upon review of the balance sheet (no detail on assets was provided in the statement). The statement of operations shows net income of $1.21M in 2009 compared to $1.14M in 2008. While the General Contractor has strong development experience, the financial statements show only moderate net worth. According to the statement, L&H has access to a $1M line of credit, which had no outstanding balance. A 100% Payment and Performance Bond will be provided by the General Contractor, which mitigates potential issues related to their ability to complete the rehabilitation of the Development.

Summary: AmeriNational recommends that L&H Renovations, Inc. be accepted as the general contractor and the construction contract be approved subject to the recommendations set forth in the Plan and Cost Review.

Property Manager Information

Management Company:	HSI Management, Incorporated ("HSI")
Type:	A Georgia Corporation
Contact Person(s):	Jack T Hammer, Chairman and Executive Officer Phone: (770) 952-2233 Fax: (770) 956-9057
Address:	5505 Interstate North Parkway NW Atlanta, Georgia 30328
Experience:	HSI is a full service property management company headquartered in Atlanta, Georgia. They currently manage over 4,000 multifamily units in Texas and all other states east of the Mississippi River.
Management Agreement:	Pending item and a Special Condition precedent to loan closing. The pro forma indicated a management fee of 4%, which was supported by the appraisal report.
Management Plan:	HSI provided a comprehensive management plan that details all aspects of property management, including duties related to the HUD HAP contract and applicable regulatory agreements.
Summary:	HSI clearly demonstrates sufficient experience in the management of affordable multifamily housing to serve as the property manager for the Development. HSI is currently an approved management company per FHFC's Asset Management Department.

Exhibit 1
TM Alexander
15 Year Pro Forma

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
Income																
Gross Potential Rental Revenue		$1,760,688	$1,795,902	$1,831,820	$1,868,456	$1,905,825	$1,943,942	$1,982,821	$2,022,477	$2,062,927	$2,104,185	$2,146,269	$2,189,194	$2,232,978	$2,277,638	$2,323,190
Other Income																
Miscellaneous Income		$11,325	$11,552	$11,783	$12,018	$12,259	$12,504	$12,754	$13,009	$13,269	$13,534	$13,805	$14,081	$14,363	$14,650	$14,943
Gross Potential Income		$1,772,013	$1,807,453	$1,843,602	$1,880,474	$1,918,084	$1,956,446	$1,995,574	$2,035,486	$2,076,196	$2,117,720	$2,160,074	$2,203,275	$2,247,341	$2,292,288	$2,338,134
Less:																
Vacancy & Collection Loss @	4%	$70,881	$72,298	$73,744	$75,219	$76,723	$78,258	$79,823	$81,419	$83,048	$84,709	$86,403	$88,131	$89,894	$91,692	$93,525
Total Effective Gross Income		$1,701,132	$1,735,155	$1,769,858	$1,805,255	$1,841,361	$1,878,188	$1,915,751	$1,954,066	$1,993,148	$2,033,011	$2,073,671	$2,115,144	$2,157,447	$2,200,596	$2,244,608
Expenses																
Fixed:																
Real Estate Taxes		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Insurance		$90,600	$93,318	$96,118	$99,001	$101,971	$105,030	$108,181	$111,427	$114,769	$118,212	$121,759	$125,412	$129,174	$133,049	$137,041
Variable:																
Management Fee @	4%	$68,045	$69,406	$70,794	$72,210	$73,654	$75,128	$76,630	$78,163	$79,726	$81,320	$82,947	$84,606	$86,298	$88,024	$89,784
General and Administrative		$49,075	$50,547	$52,064	$53,626	$55,234	$56,891	$58,598	$60,356	$62,167	$64,032	$65,953	$67,931	$69,969	$72,068	$74,230
Payroll Expenses		$196,300	$202,189	$208,255	$214,502	$220,937	$227,566	$234,392	$241,424	$248,667	$256,127	$263,811	$271,725	$279,877	$288,273	$296,921
Utilities		$83,050	$85,542	$88,108	$90,751	$93,474	$96,278	$99,166	$102,141	$105,205	$108,361	$111,612	$114,961	$118,409	$121,962	$125,621
Marketing and Advertising		$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550
Maintenance and Repairs		$79,275	$81,653	$84,103	$86,626	$89,225	$91,901	$94,658	$97,498	$100,423	$103,436	$106,539	$109,735	$113,027	$116,418	$119,911
Security		$12,000	$12,360	$12,731	$13,113	$13,506	$13,911	$14,329	$14,758	$15,201	$15,657	$16,127	$16,611	$17,109	$17,622	$18,151
Reserve for Replacements		$45,300	$45,300	$45,300	$45,300	$45,300	$45,300	$46,659	$48,059	$49,501	$50,986	$52,515	$54,091	$55,713	$57,385	$59,106
Total Expenses		$631,195	$647,865	$665,022	$682,679	$700,852	$719,555	$740,164	$761,376	$783,209	$805,682	$828,812	$852,621	$877,127	$902,351	$928,315
Net Operating Income		$1,069,937	$1,087,290	$1,104,837	$1,122,577	$1,140,509	$1,158,633	$1,175,588	$1,192,690	$1,209,939	$1,227,329	$1,244,859	$1,262,524	$1,280,320	$1,298,245	$1,316,293
Debt Service Payments																
First Mortgage - MMRB		$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049
Second Mortgage - HOME		$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607
Total Debt Service Payments		$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656
Operating Income After Debt Service - Before Tax Cash Flow		$147,281	$164,634	$182,181	$199,921	$217,853	$235,977	$252,932	$270,035	$287,283	$304,673	$322,203	$339,868	$357,665	$375,589	$393,637
Debt Service Coverage Ratios																
Debt Service Coverage - First Mortgage		1.21	1.23	1.25	1.27	1.29	1.31	1.33	1.35	1.37	1.39	1.41	1.43	1.45	1.47	1.49
Debt Service Coverage - 1st & Other		1.16	1.18	1.20	1.22	1.24	1.26	1.27	1.29	1.31	1.33	1.35	1.37	1.39	1.41	1.43
Financial Ratios																
Operating Expense Ratio		37%	37%	38%	38%	38%	38%	39%	39%	39%	40%	40%	40%	41%	41%	41%
Break-even Economic Occupancy Rate		88%	87%	86%	85%	85%	84%	83%	83%	82%	82%	81%	81%	80%	80%	79%

Exhibit 2
TM ALEXANDER / 2010A-219B/RFP 2009-06-03
Description of Features and Amenities

A. ***The Development will consist of:***

151 Units located in 1 residential building

Unit Mix:

Thirty-eight (38) studio/one bath units;

One-hundred twelve (112) one bedroom/one bath units; and

One (1) two bedroom, one bathroom units

151 Total Units

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

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 and glass door 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. The Applicant has committed to the following amenities in the Development:

1. New kitchen cabinets and counter top(s) in all units.

2. 30 Year expected life roofing on all buildings.
3. New bathroom cabinet(s), excluding medicine cabinet, in all units
4. New full-size range and oven in all units
5. New full-size refrigerator in all units
6. New plumbing fixtures in kitchen and bathroom(s) in all units

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

1. Emergency call service in all units.
2. Community center or clubhouse.
3. Outside recreation facility: Shuffleboard Court
4. Library consisting of a minimum of 100 books and 5 current magazine subscriptions.
5. 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.
6. Each unit wired for high speed internet.
7. Laundry facilities with full-size washers and dryers available in at least one common area on site.

E. Elderly Requirements:

1. Thermostat place at 48" maximum height.
2. Tight-napped Berber-type carpet or non-skid/non-glossy tile in all living areas or a combination of both.
3. 36" entrances on all exterior doors
4. All wall electrical outlets placed between 18" and 48" above the floor
5. Scald control valves on all bathtub and shower faucets
6. Peephole at 4'10" on all exterior doors
7. Toggle type switches for each light and each fan throughout the unit
8. Adjustable shelving in master bedroom closets (style of shelving must be re-adjustable by resident)
9. Lever-action handles on all doors in units and public areas
10. Horizontal grab bars in place around each tub and/or shower, the installation of which meets or exceeds the Universal Federal Accessibility Standards (UFAS 434.5)
11. Horizontal grab bars in place around each toilet

12. Roll-out shelving or drawers in all bottom bathroom vanity cabinets.

13. Roll-out shelving or drawers in at least one bottom kitchen cabinet.

The following will be provided in at least fifteen percent (15%) of the units:

14. Roll-In showers (5% of the overall requirement for roll-in showers may be met with walk-in type shower stalls with permanently affixed seat which meet or exceed the Universal Federal Accessibility Standards.)

F. The Applicant has committed provide the following energy conservation features for all buildings in the Development:

1. Heat pump with minimum HSPF of 8.5 instead of electric resistance. Electric water heater w/ energy factor of .93 or better

2. Wall insulation of a minimum of R-13.

3. Insulation of R-19 with radiant barrier on top floor only.

4. All windows double-pane with minimum solar heat gain coefficient of < or equal to .50 and minimum of .75 U Value.

5. Energy Star certified refrigerator and dishwasher in each unit.

G. The Applicant commits to provide at least 10 of the Green Building options listed below:

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

H. The Applicant has committed to provide the following Resident Programs:

1. Resident Assurance Check-In Program - The Applicant or its Management Agent will make available to its residents information about services such as crisis intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self sufficiency, and advocacy to assist clients in securing needed resources. This service must be provided at no cost to the resident.

2. Manager On-Call 24 Hours Per Day - Applicant must provide management personnel on the Development's premises at all times to be available and accessible to the resident 24 hours per day, seven days per week, at no cost to the resident.

3. Computer Training - Applicant or Management Agent shall make available computer and internet training classes (basic and/or advanced level depending on the needs and requests of the residents). The training classes must be provided at least once a week, at no cost to the resident, in a dedicated space on site. Electronic media, if used, must be used in conjunction with live instruction.

4. Health Care - At least quarterly visits by health care professionals such as nurses, doctors, or other licensed care providers. At a minimum, the following services must be provided: health screening, flu shots, vision and hearing tests. Regularly scheduled is defined as not less often than once each quarter. On-site space must be provided. Service must be provided at no cost to the residents, with the exception that the residents may be charged for medications.

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

6. Resident Activities - These specified activities are planned, arranged, provided and paid for by the 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 be 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. Resident Assistance Referral Program – The Applicant or its Management Agent will make available to residents information about services such as crises intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self sufficiency, and advocacy to assist clients in securing needed resources. This service must be provided at no cost to the resident. Electronic media, if used, must be in conjunction with live instruction.

Exhibit 3
HC Allocation Calculation

Section I: Qualified Basis Calculation

[redacted]

Total Qualified Basis - Acquisition/Rehab	$746,678

Notes to the Qualified Basis Calculation:

1. The proposed development is 100% set-aside; therefore, the Applicable Fraction is 100%.
2. The Development is located in a QCT and DDA; therefore, a 130% basis credit was applied for rehabilitation costs only.
3. The Acquisition/Rehab Housing Credit percentage is 3.51% based on the percentage as of the date of invitation to Final Credit Underwriting plus 15 basis points up to 4% (per Rule 67-48). As of February, 2010 the Tax Credit percentage was 3.36% plus the 15bps = 3.51%.

Section II: Gap Calculation

Total Development Cost (including land and ineligible costs)	$23,245,363
Less: Senior Mortgage	$12,335,000
Less: HOME Loan	$3,000,000
Equity Gap	$7,910,363
Percentage to Applicant	99.98%
HC Syndication Pricing	$0.70
HC Required to Meet Gap	$11,302,778
Annual HC Required	$1,130,278

Notes to the Gap Calculation:

1. The Mortgage amounts deducted from Total Development Cost represent the total bond allocation and the HOME Loan.

Section III: Tax Exempt Bond 50% Test

Total DEPRECIABLE Cost	$18,753,898
Plus Land Cost	$3,150,000
Equals Aggregate Basis	$21,903,898
Tax Exempt Bond Amount	$12,335,000
Plus GIC Income	$0
LESS Debt Service Reserve	$0
LESS Tax Exempt Proceeds Used for Cost of Issuance	$0
Equals Tax Exempt Proceeds Used for Building and Land	$12,335,000
Tax Exempt Proceeds as a Percentage of Aggregate Basis	56.31%

Notes to Tax Exempt Bond 50% Test:

1. The Development meets this test; further comments unwarranted.

Section IV: Summary

HC per Qualified Basis	$746,678
HC per Gap Calculation	$1,130,278

Notes to the Summary:

1. The Annual HC recommendation is limited by the lesser of the Qualified Basis or the Gap Calculation.

Exhibit 4
COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: TM Alexander
DATE: July 6, 2010

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

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	**Satis. / Unsatis.**	
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.	
Final site plan and/or status of site plan approval.	Satis.	
Permit Status.	Satis.	
Pre-construction analysis ("PCA").	Satis.	
Survey.	Satis.	
Complete, thorough soil test reports.	Satis.	
Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
Market Study separate from the Appraisal.	Satis.	
Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors, and general contractor.	Satis.	
Resumes and experience of applicant, general contractor, and management agent.	Satis.	
Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
Management Agreement and Management Plan.	Satis.	
Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
Firm commitment letter from the syndicator, if any.	Satis.	
Firm commitment letter(s) for any other financing sources.	Satis.	
Updated sources and uses of funds.	Satis.	
Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
Fifteen-year income, expense, and occupancy projection.	Satis.	

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	Satis. / Unsatis.	
Executed general construction contract with "not to exceed" costs.	Satis.	
HC ONLY: 20% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis	
Any additional items required by the credit underwriter.	Satis	

NOTES AND DEVELOPER RESPONSES:

None

Florida Housing Finance Corporation

Credit Underwriting Report

TM Alexander

**Multifamily Mortgage Revenue Bond/New Issue Bond Program (MMRB/NIBP)
Housing Credits/HOME Loan**

2010A-219B

RFP 2009-06-03

Section A: Report Summary

Section B: Loan Conditions and Housing Credit Contingencies

Section C: Supporting Information & Schedules

Prepared by

AmeriNational Community Services, Inc.

Final Report

July 15, 2010

TM Alexander

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Supporting Information and Schedules

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Section A

Report Summary

Recommendation

AmeriNational Community Services, Inc. ("AmeriNational") does not, at this time, recommend approval of the proposed acquisition/refinance financing for TM Alexander ("Development") with The American Opportunities Foundation, Incorporated ("AOF") as the sole General Partner – see Issues and Concerns and Section C.

If FHFC were to allow AOF to be replaced by an acceptable nonprofit general partner, the following financing sources would be recommended:

- $12,335,000 in an MMRB/NIBP Bond issuance;
- $746,678 in annual allocation of 4% Housing Credits; and, a
- $3,000,000 HOME Loan.

<table>
<tr><th colspan="2">DEVELOPMENT & SET-ASIDES</th></tr>
<tr><td>Location/Address</td><td>1400 NW 19th Street
Miami, Miami-Dade County, Florida 33125</td></tr>
<tr><td>Number of Units/Unit Mix</td><td>
<table>
<tr><th>BR</th><th>BA</th><th># Units</th><th>Unit Size (SF)</th></tr>
<tr><td>0</td><td>1</td><td>38</td><td>403</td></tr>
<tr><td>1</td><td>1</td><td>112</td><td>510</td></tr>
<tr><td>2</td><td>1</td><td>1</td><td>708</td></tr>
<tr><td colspan="2">Total</td><td>151</td><td>73,142</td></tr>
</table>
Note: The 2/1 is the manager's unit and is not included in the HAP contract but is considered an affordable unit per applicable FHFC programs and the manager will have to income-qualify.</td></tr>
<tr><td>Demographic Commitment</td><td>Elderly</td></tr>
<tr><td>Designation</td><td>Preservation</td></tr>
<tr><td>Set Asides</td><td>MMRB – 85% of units @ 60% of AMI

HC - 100% of units @ 60% of AMI

HOME – 20% of units (30) at 50% of AMI
80% of units (remaining) at 60% of AMI</td></tr>
<tr><td>Set Aside Term</td><td>MMRB, HOME and HC - 50 Years</td></tr>
<tr><td>HOME Subsidy Limits</td><td>38 Studios $76,121
112 1 Bedroom $87,259
1 2 Bedroom $106,108
Total $12,771,714
Note: maximum proceeds allowed per RFP2009-06 are the lesser of $40,000 per set aside unit ($6,040,000) or $5,000,000.</td></tr>
<tr><td>County Size</td><td>Large</td></tr>
<tr><td>Development Category</td><td>Acquisition/Rehab</td></tr>
<tr><td>Development Type</td><td>High Rise</td></tr>
</table>

Absorption Rate	According to the market study, the average absorption rate is 33.6 units per month. AmeriNational assumed two floors are taken offline each month and rehabbed and those units re-occupied the following month, which equates to an absorption rate of approximately 18 units per month. All units are expected to be re-occupied shortly after rehab completion.
Occupancy Rate	100% occupied as of 07/15/10
Parking	52 spaces or 0.35 spaces per unit. Since this is an affordable, elderly development, the need for parking is limited and marketability of the Development has not been impacted to date due to this low parking ratio.
Improvements	A 151-unit, 18-story high-rise apartment development built in 1984 with 38 studio units, 112, one bedroom, one bathroom units and 1, two bedroom, one bathroom unit (manager's unit).
Site Acre	1.17 acres, per site plan
Density	129 units per acre
Zoning	C-1, Restricted Commercial, by the City of Miami
Flood Zone Designation	Zone "AE"; flood insurance is required

DEVELOPMENT TEAM	
Applicant/Borrower	APD Housing Partners 20, LP
General Partner(s)	A to-be-named subsidiary entity managed by The American Opportunity Foundation, Inc. (a 501c3 nonprofit) - see Issues and Concerns
Guarantor(s)	APD Housing Partners 20, LP; The American Opportunity Foundation, Inc.; To Be Named General Partner; Vitus Group, Inc. (f/k/a Modern Realty, Inc.; parent company of Vitus Development, LLC (f/k/a Allied Pacific Development, LLC)); and Stephen Whyte (individual).
Limited Partner	PNC Bank, N.A. ("PNC" or "Syndicator") will purchase 99.97% limited partner ownership in the Development, plus an additional 0.01% special limited partner ownership interest to be held by a corporate affiliate of PNC. Vitus Development Group, LLC (f/k/a Allied Pacific Development, LLC) will have a 0.01% special limited partner ownership interest.
Developer(s)	The American Opportunity Foundation, Inc. and Vitus Development, LLC (f/k/a Allied Pacific Development, LLC)
General Contractor	L&H Renovations, Inc.
Management Company	HSI Management, Inc.
1st and 2nd Mortgage Lender	FHFC
Credit Enhancer	CitiBank, N.A. (by and through its Municipal Securities Division, as a Freddie Mac Seller/Servicer)

FINANCING INFORMATION	
FHFC Programs	MMRB (NIBP), HOME, and HC
First Mortgage – MMRB	$12,335,000 in total One note comprised of two "tranches" – the first tranche is based on NOI attributable to LIHTC income only ($6,905,000), and the second tranche is based on NOI attributable to the HAP overhang income ($5,430,000). Note: there will be only one bond issuance
"All in" Underwritten Interest Rate	Blended interest rate - 5.379% LIHTC Income Tranche - 5.357% HAP Overhang Tranche - 5.407% (rate subject to change up to date of Freddie Mac commitment)
Term/Amortization	LIHTC Income Tranche – 30 / 35 HAP Overhang Tranche – 20 / 20 (coterminous w/ HAP contract) Amortization shall begin at Loan Closing (no interest only period)
Second Mortgage – HOME	$3,000,000
"All in" Underwritten Interest Rate	1.00%
Term/Amortization	30 years (co terminus w/ 1st mortgage) / no amortization; interest paid from available cash flow
Restricted Value at Stabilization	$15,540,000
Market Value at Stabilization	$7,840,000
Restricted Loan to Value – MMRB	79.4%
Restricted Loan to Value – Combined	98.7%
Market Loan to Value - MMRB	157.3%
Market Loan to Value – Combined	195.6%
Projected Net Operating Income	$1,069,937
Debt Service Coverage – First Mortgage Loan	1.21 (final bond amount to be no less than 1.20 for LIHTC Income tranche and 1.00 for the HAP Overhang NOI tranche)
Debt Service Coverage – All Debt	1.16 (to be no less than 1.10 due to HOME requirements)
First Mortgage Loan to Cost	53%
FHFC Assistance Per Unit	$101,557 (based on MMRB and HOME)
Annual HC Allocation Per Unit	$4,945
Syndication Price	$0.70
Bond Structure	Fixed Rate Tax-Exempt Multifamily Mortgage Revenue Bond based on the 10-year Constant Maturity Treasury Rate as of December 10, 2009.
Operating Deficit Reserve	The Syndicator is requiring and holding a funded ODR account in an amount equivalent to approximately nine months of combined debt service (the exact amount will be determined upon completion of underwriting by the Syndicator). The account shall be held for the 15 year compliance period. No additional funded reserves are being recommended by AmeriNational.

Construction/Permanent Sources:

Source	Lender	Construction	Permanent	Perm Loan/Unit
MMRB	FHFC	$12,070,000	$12,335,000	$81,689
HOME	FHFC	$3,000,000	$3,000,000	$19,868
Housing Credits	PNC Bank	$3,293,509	$5,227,792	$34,621
Deferred Developer Fee	AOF/Vitus	$2,886,354	$2,111,028	$13,980
Capitalized Interest Paid from Operations	Applicant	$571,543	$571,543	$3,785
TOTAL		**$21,821,406**	**$23,245,363**	**$153,943**

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?		1
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?		2
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?		3
Is the Development feasible using the set-asides committed to in the Application?	X	
If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation?	X	
HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application?	N/A	
HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application?	X	
Is the Development in all other material respects the same as presented in the Application?	X	

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

1. The Application contemplated a HUD 221d4 loan, which was replaced with the Freddie Mac Mod Rehab program loan due to loan closing timing issues.

2. Some of the items listed in the Application were not evident in the site plans/specifications. These will be satisfactorily resolved prior to Closing.

3. Total Development Costs are higher from the Application to the Final Applicant's estimates primarily due to higher financial costs.

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

- According to the FHFC Asset Management Noncompliance Report dated June 3, 2010, no non-compliance issues exist for The Development Team.
- According to the FHFC Past Due Report dated June 8, 2010, no past due item(s) exist.
- Per the Financial Monitoring Report dated June 8, 2010, no items noted
- Per the FHFC Foreclosure Report dated June 8, 2010, no foreclosures disclosed

This recommendation is subject to satisfactory resolution, as determined by Florida Housing, of any outstanding past due items or non-compliance issues applicable to the Development Team prior to the Loan closing.

Strengths:

1. Development fills an important need for decent affordable housing for very low income tenants.

2. Strong demand for affordable housing for age-restricted tenants exists within the submarket.

3. Since this is a rehabilitation project, it will not impact competitive properties within the submarket market in terms of occupancy or rental rates since it is assumed that the majority of existing tenants will be retained.

4. Rehabilitation will improve the overall appeal of the Development and increase its remaining economic life.

5. The Guarantors have demonstrated the ability to successfully develop and operate affordable multifamily rental communities using a variety of different financing vehicles nationwide.

Other Considerations:

1. None

Additional Information:

1. If interest rates decline between the date of this report and prior to closing, the Bond proceeds may be adjusted accordingly as long as consent is obtained from the Credit Enhancer, the Syndicator, and Florida Housing. Said adjustment must meet all requirements of Florida Housing and any conditions set forth in this report, and shall be at the sole discretion of Florida Housing and its underwriter.

Issues and Concerns:

1. 100% of the Development's restricted units have been under a Section 8 HAP contract since inception. This existing contract will expire on or about November 4, 2011. HUD is providing a "comfort letter" indicating their intention to provide a new (or extend the existing contract) for an additional 20 years. Receipt of the letter is a Special Condition precedent to Closing. For underwriting purposes, the current HAP contract rents were used, which exceed both the housing credit rents and market rents. Failure to obtain the renewal would result in net operating income materially below what is projected in this report and would require significant financial restructuring and re-tenanting efforts.

   Mitigating Factors: The Syndicator shall be holding a reserve account equal to approximately nine months of combined debt service during the initial compliance period. This reserve should be sufficient to allow time for restructuring of the financing if the contract was not renewed, which is considered an unlikely event. As noted, HUD will be providing a comfort letter, which is accepted as proof of extension by the Credit Enhancer and the Syndicator. It is also unlikely that HUD would not renew the contract and immediately cut off subsidy to the owner, which would potentially result in eviction of 150+ low income elderly tenants.

2. The Applicant is applying for full real estate tax abatement due to the 501c3 nonprofit status of the General Partner. Approval of the abatement will not occur until after Closing. This factor represents material risk to the transaction as a whole if they are unsuccessful in obtaining a full tax abatement.

   Mitigating Factors: An opinion letter from the Applicant's counsel shall be provided that will address the imminent approval of the exemption by the local municipality. There is no reason to conclude the abatement will not be approved; however, the decision is up to the local assessor (although mandated by state legislation). The Applicant should be able to apply for the abatement in or around March of 2011 with approval expected by November 2011 when tax bills are submitted. The taxes due for 2010 (early payment allowed in November) will be escrowed at Closing by CitiBank in case the abatement approval is delayed or denied for some reason.

   Freddie Mac required CitiBank to "stress test" the total supportable bond proceeds assuming full real estate taxes and a 1.05 DSCR so, technically, the Development could not obtain the tax abatement and operations will be able to cover the bond payments. The Guarantors will be obligated to fund operating deficits if they occur for any reason, including failure to secure the abatement in a timely manner.

3. Modern Realty, Inc. (via its wholly owned developer entity – Allied Pacific Development, LLC) and The American Opportunity Foundation, Inc. reported past defaults and foreclosure actions.

   Mitigating Factors:

   Modern Realty, Inc. – MRI reported three defaults, which are discussed in greater detail in Section C of this report. While defaults are always a concern, MRI has handled these in an appropriate manner. In fact, one of the three deals involved PNC and CitiBank, who are involved in this transaction.

The American Opportunity Foundation, Inc. ("AOF") - AOF disclosed 22 defaults out of 80 properties listed on their loan history schedule. All of the defaults were on 501c3 bond financed properties owned by subsidiary entities controlled by AOF. Please see Section C for more detail. Due to this default history, AOF is not considered an acceptable general partner.

4. An executed GC contract has not been provided to date. The Applicant plans on executing the agreement closer to the closing date.

   Mitigating Factors: The Applicant and General Contractor provided a draft of the GC contract, which was reviewed and deemed acceptable by AmeriNational's construction consultant.

Special Conditions:

None

Waiver Requests:

None

Recommendation:

AmeriNational hereby does not recommend approval of the financing with AOF as the sole general partner.

If FHFC were to allow AOF to be replaced by an acceptable 501c3 nonprofit general partner, AmeriNational would recommend funding of the $12,335,000 in a Multifamily Mortgage Revenue/NIBP Bond, $3,000,000 in HOME Loan funds, and $746,678 in annual allocation of 4% Housing Credits to finance acquisition and rehabilitation of the Development. When utilizing a 1.000 to 1.000 bond debt service coverage ratio required by the State Board of Administration in their fiscal sufficiency determination, the current net operating income at the current blended interest rate would support a tax-exempt bond amount of $14,962,524.

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 Special and General Conditions set forth in Section B. This recommendation is only valid for six months from the date of the report. The reader is cautioned to refer to these sections for complete information.

Prepared by:	Reviewed by:
Rex N. Tilley	Michael Drapkin
Chief Credit Underwriter	Senior Credit Underwriter

Overview

Rehabilitation Financing Sources:

Source	Lender	Applicant's Initial Total	Applicant's Revised Total	UW Total	Interest Rate	Construction Debt Service
MMRB	FHFC	$15,300,000	$12,070,000	$12,070,000	see comments	$882,049
HOME	FHFC	$2,075,000	$3,000,000	$3,000,000	1.00%	$30,000
Housing Credits	PNC Bank	$3,735,294	$2,652,385	$3,293,509		
Deferred Developer Fee	AOF/Vitus	$2,022,238	$3,103,108	$2,886,354		
Capitalized Interest Paid from Operations	Applicant	$0	$571,543	$571,543		
Total		**$23,132,532**	**$21,397,036**	**$21,821,406**		**$912,049**

MMRB/NIBP:

Credit Enhanced Tax Exempt Bond – Citibank (via Freddie Mac) shall provide credit enhancement on the entire bond amount via Freddie Mac's Mod Rehab Program. Per this program, Citibank will require funding of a holdback based on the difference between the loan proceeds supported by "As Is" operations and the loan proceeds supported via "As Renovated" operations. Per CitiBank, the holdback is estimated to be $265,000. The holdback will be funded via the bond proceeds and held under the conversion analysis (see below).

Once the Development has completed rehabilitation and at least three months of stabilized operations have been achieved, Citibank (via request from Applicant) will complete a conversion analysis to determine whether the amount of outstanding bonds are supported by actual operations (the Borrower has up to 24 months to request this analysis). If Citibank/Freddie Mac determines that insufficient income is being produced, they have the right to require redemption of a portion of the outstanding bonds. The entire bond amount shall be funded and drawn at Loan Closing.

Note: CitiBank has not issued a final commitment or formally approved the transaction as of the date of this report, and is not expected until the end of July. The Freddie Mac commitment is not expected until August 6th. The following information is based on conversation with CitiBank's underwriter on July 13, 2010:

- The $12,335,000 in bond proceeds shall be covered under one note with the proceeds determined by two different sizing models as follows (one amortization schedule shall cover the bond payments during the 30 year term):
  - Real Estate Sizing.................... $6,905,000
    - NOI Source........................ Based on LIHTC GPRR, other income, operating expenses & reserves
    - Term................................. 30 years
    - Amortization .... 35 years (amortization begins at Loan Closing)
    - DSCR .... 1.20 (see Sizing Comments below)
    - LTV.................................... 85% (based on favorable financing & combined debt)
    - Interest Rate .... 5.357%, which consists of the bond rate of 3.45% plus Freddie Mac's spread (0.60%) servicing (0.28%) and guaranty fee (0.64%), trustee fee (0.037%), and issuer fee (0.35%).

- Sizing Comment................ Loan sizing based upon using full real estate taxes and a 1.05 DSCR.

➢ HAP Overhang Sizing $5,430,000
- NOI Source........................ Based on difference between Section HAP GPRR and LIHTC GPRR, less 5% vacancy loss and 4% management fee
- Term................................. 20 years
- Amortization .... 20 years (coterminous w/ HAP contract; amortization begins at Loan Closing)
- DSCR................................ 1.00
- LTV.................................... 85% (on combined debt)
- Interest Rate .... 5.407%, which consists of the bond rate of 3.45% plus Freddie Mac's spread (0.60%) servicing (0.28%) and guaranty fee (0.69%), trustee fee (0.037%), and issuer fee (0.35%).

Note 1: CitiBank is negotiating with Freddie Mac to allow the bond proceeds to be sized without using a bifurcated model as illustrated above. If this is approved, it could increase the bond proceeds to over $13M (assuming LTV would become the constraint, the Development could qualify for $13.2M in bond proceeds). The proposed change is not contemplated within this CUR.

Rule 67-21 requires that 50% or more of the Total Development Cost must be financed by tax-exempt bonds. For the Development, the bond proceeds are financing 53% of Total Development Costs.

Additional Rehabilitation Sources of Funds:

- HOME Loan – $3,000,000 with a 30 year term with 1% simple interest payments from available cash flow (per RFP 2009-06, which supersedes the requirements set forth in Rule 67-48). The term of the HOME Loan will be coterminous to the 1st mortgage, which is allowed per RFP 2009-06.

- Housing Credits – A Letter of Intent ("LOI") was provided by PNC Bank, N.A. ("PNC" or "Syndicator") dated May 27, 2010. The LOI concluded Housing Credits equal to $801,028 in annual allocation (divided into $351,806 per year for rehabilitation and $449,222 per year for acquisition) According to the LOI, the Syndicator shall purchase a 99.98% limited partnership interest in the Borrower at $0.70 on the dollar for a total investment of $5,606,074 with $3,531,827 paid during construction.

  Due to changes in the Use of Funds by AmeriNational, the supportable amount of Housing Credits using the same pricing as quoted in the LOI is decreased to $746,678 per annum with a total investment of $5,227,792 with $3,293,509 paid during construction. Assuming the pay-in percentages will not change or the price per credit, the contributions are revised as follows:

Syndicator's Capital Contributions	from LOI	Due upon	LOI	UW
1st Installment	20%	Paid prior to or simultaneous with the closing of the construction financing.	$1,121,215	$1,045,558
2nd Installment	43%	Paid at 50% construction completion.	$2,410,612	$2,247,950
3rd Installment	10%	Paid at full disbursement of construction funds, less retainage; receipt of GC certificates of completion for all buildings; evidence of 100% lien-free construction completion; receipt of substantial completion certification from architect; receipt of C/Os; reciept of evidence of proper insurance coverage; and, receipt of draft cost certification by Partnership Accountant.	$560,607	$522,779
4th Installment	27%	Perm loan closing/conversion; 3 months of operations @ 1.15DSCR or higher; 93% or better occupancy; 100% tax credit qualification of all units; and receipt of final cost certification.	$1,513,640	$1,411,504
Total	**100%**		**$5,606,074**	**$5,227,792**

Annual Credit Per Syndication Agreement:	$801,028	
Total Credit Per Syndication Agreement:	$5,606,074	
Calculated HC Rate:	$0.70	
Limited Partner Ownership Percentage:	99.98%	
Proceeds During Construction:	$3,531,827	$3,293,509

- Deferred Developer Fee - During the rehabilitation phase, it is estimated that $2,886,354 of the total $2,941,559 will be deferred, which is 98% of the total Developer Fee (a portion of the developer fee is being used for acquisition costs).

- Capitalized Interest From Operations – Since the Developer can utilize interest carry during the rehab period as eligible basis, they have requested that the income offsetting the interest carry be included as a Source. The amount shown is roughly equivalent to ten months of interest payments during the rehabilitation period on both the bonds and the HOME loan. AmeriNational has determined that the Development will be able to cover all obligations (expenses and debt service) during the rehabilitation period (and beyond).

Projected Rehabilitation Term and Stabilization Period:

The total rehabilitation period is estimated to be approximately ten months and will involve one to two floors in the building at a time. Displaced tenants will either be given temporary housing until their units are finished or will be allowed to terminate their lease. Since the Development maintains a substantial waiting list, re-leasing any vacated units should be an immediate event. Stabilization is expected to occur upon completion of rehabilitation. The Credit Enhancer is allowing the Applicant 24 months to request the conversion analysis.

Permanent Financing Sources:

Source	Lender	Applicant's Initial Total	Applicant's Revised Total	Underwriter's Total	Interest Rate	Amort. Years	Term Years	Annual Debt Service
MMRB	FHFC	$15,300,000	$12,335,000	$12,335,000	see comments			$882,049
HOME	FHFC	$2,075,000	$3,000,000	$3,000,000	1.000%	N/A	30	$40,607
Housing Credits	PNC Bank	$3,735,294	$5,304,770	$5,227,792				
Deferred Developer Fee	AOF/Vitus	$2,022,238	$2,334,580	$2,111,028				
Capitalized Interest Paid from Operations	Applicant	$0	$571,543	$571,543				
Total		**$23,132,532**	**$23,545,893**	**$23,245,363**				**$922,656**

First Mortgage:

- Credit Enhanced Tax Exempt Bond – see comments under Construction Sources.

Additional Permanent Sources of Funds:

- HOME Loan – see comments under Rehabilitation Financing Sources. All of the HOME funds shall be funded prior to construction completion.

- Housing Credits - see comments under Rehabilitation Financing Sources. The final installment in the adjusted amount of $1,411,504 shall be funded after the "conversion date", which is defined as the date the permanent lender re-analyzes the operations to determine if the bonds are adequately supported. These proceeds will be used to pay Developer Fee and to fund the operating deficit reserve account.

- Deferred Developer Fee - The Developer will be deferring $2,111,028 of Developer Fee up to the date of the final equity installment. Any deferred fee shall be paid from available cash flow as determined per the partnership agreement. Based on AmeriNational's cash flow projection, the deferred fee should be paid from cash flow after debt service within ten years of stabilization.

Uses of Funds

Actual Construction Cost	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Rehabilitation Hard Costs	$3,897,500	$4,146,000	$4,146,000	$0	$0
General Contractor Fees (max 14%)	$475,650	$580,440	$580,440	$0	$0
Subtotal	$4,373,150	$4,726,440	$4,726,440	$0	$0
Other - P&P Bond	$59,456	$59,080	$59,080	$0	$0
Hard Cost Contingency	$427,940	$472,644	$472,644	$0	$472,644
Total Actual Construction Cost	**$4,860,546**	**$5,258,164**	**$5,258,164**	**$0**	**$472,644**

Notes to Actual Construction Cost:

1. A draft Owner/Contractor Agreement was provided by the Applicant. The Preliminary Plan and Cost Review prepared by New Perspective Florida, LLC for AmeriNational dated May 2010

concluded that the preliminary construction budget is reasonable and adequate to complete the planned rehabilitation (see Section C for more detail).

2. The General Contractor will secure a Payment and Performance Bond to secure the Construction Contract.

3. A Hard Cost Contingency amounts to 10% of the Total Hard Costs, which is well below the maximum allowed per Rules 67-21 and 67-48 (15%).

4. General Contractor's Fee (consisting of general requirements, overhead, and profit) amounts to 14.0% of Total Hard Costs, which is equal to the maximum allowed per Rules 67-21 and 67-48.

General Development Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Accounting Fees	$20,000	$20,000	$20,000	$0	$0
Appraisal - Applicant	$0	$17,000	$17,000	$0	$0
Appraisal - AmeriNational	$7,500	$0	$0	$0	$0
Architect's Fee - Supervision	$150,000	$150,000	$150,000	$0	$0
Builder's Liability/Risk Insurance	$33,975	$118,161	$118,161	$0	$0
Closing Costs - Perm Loan	$309,050	$0	$0	$0	$0
Environmental Report	$2,500	$5,000	$5,000	$0	$0
FHFC Application Fee	$2,000	$0	$5,000	$5,000	$5,000
FHFC HC Administrative Fee	$62,132	$0	$36,290	$36,290	$0
FHFC HC Compliance Fee	$6,120	$0	$0	$0	$0
FHFC Credit Underwriting Fee	$14,106	$18,967	$20,430	$0	$0
HUD Financing Related Expenditure	$0	$100,000	$100,000	$0	$0
Inspection Fees	$0	$6,000	$6,000	$0	$0
Legal Fees - Partnership	$225,000	$125,000	$125,000	$25,000	$0
Insurance - Prepaid	$60,400	$60,400	$60,400	$0	$0
Inspection Fees	$82,500	$0	$0	$0	$0
Market Study	$15,000	$15,000	$15,000	$0	$0
PNA Report - Applicant	$18,000	$19,350	$19,350	$0	$0
PCR/PNA Report - AmeriNational	$0	$0	$2,350	$0	$0
Survey	$15,000	$15,000	$15,000	$0	$0
Title Insurance	$40,000	$40,000	$40,000	$20,000	$0
Other - Relocation Expense ("RE")	$175,000	$300,000	$300,000	$0	$0
Other - RE Taxes during Construction	$63,663	$90,000	$90,000	$0	$0
Soft Cost Contingency	$0	$50,000	$50,000	$10,000	$50,000
Total General Development Costs	**$1,301,946**	**$1,149,878**	**$1,194,981**	**$96,290**	**$55,000**

Notes to the General Development Costs:

1. AmeriNational reflects actual costs for the appraisal, market study, pre-construction analysis, and the Credit Underwriting fee.

2. FHFC Administrative Fee is based on 5% of annual housing credit allocation (nonprofit).

3. The FHFC Application Fee reflects the MMRB application fee of $3,000, the TEFRA fee of $500, and the HOME RFP fee of $1,500.

4. Miscellaneous Fees/Expenses related to the attempt to secure HUD financing are included. The HUD financing could not be secured in time to meet the MMRB closing requirements.

5. The remaining General Development Costs are considered reasonable.

Financial Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Bond counsel fee	$0	$0	$0	$0	$0
Construction/Perm Loan Origination Fee	$191,250	$191,688	$191,688	$191,688	$0
Lender Processing Fee	$0	$41,450	$41,450	$41,450	$0
Other Financing Fees	$0	$15,000	$15,000	$15,000	$0
Lender Legal Fee	$0	$105,000	$105,000	$10,500	$0
Perm Loan Credit Enhancement	$114,750	$0	$0	$0	$0
Bond Issuance Fees	$0	$254,173	$254,173	$254,173	$0
Capitalized Interest from Operations	$0	$571,543	$571,543	$0	$0
Interest During Rehab Period	$825,057	$0	$0	$0	$0
Tax Credit Fees	$0	$99,457	see FHFC fees	$0	$0
Operating Deficit Reserve	$0	$732,364	$732,364	$732,364	$732,364
Debt Service Reserve	$0	incl above	incl above	incl above	incl above
Total Financial Costs	**$1,131,057**	**$2,010,675**	**$1,911,218**	**$1,245,175**	**$732,364**

Notes to the Financial Costs:

1. Capitalized Interest from Operations – As noted in the Source section, the Applicant included this line item for eligible basis purposes.

2. Interest Reserve during Rehab Period – As noted in the Source section, operations will cover all expenses and debt service during the rehab period; therefore, no interest reserve is being required.

3. Operating Deficit Reserve ("ODR") – this is a requirement of the Syndicator and shall be held for the 15 year tax credit compliance period. The funding of this account will not occur until the final equity installment that will occur after "conversion" and its main purpose is for re-tenanting expenditures related to potential loss of the HAP contract during the compliance period. The delayed funding of this account is acceptable considering the projected cash flow being produced by the property during the rehab period, the required operating deficit guarantees and the intention of HUD to extend the existing contract. AmeriNational does not recommend additional reserve funding at this time.

Non-Land Acquisition Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Building Acquisition Costs	$11,330,256	$10,776,611	$8,710,000	$0	$0
Total Non-Land Acquisition Costs	**$11,330,256**	**$10,776,611**	**$8,710,000**	**$0**	**$0**

Notes to Non-land Acquisition Costs

1. The Underwriter's conclusion of Building Acquisition Costs is based on the $11,860,000 As Is Value per the reviewed and approved appraisal report less the $3,150,000 estimated land value. The Applicant's Final Cost is based on the selling price less the current assessment for the land. Please see Other Development Costs for additional comments related to this issue.

2. AmeriNational received and reviewed a Contract for Purchase and Sale of Real Property Agreement ("P&S Agreement") dated August 17, 2009 between Mederos-T.M. Alexander Acquisitions, LLC ("Seller") and The American Opportunity Foundation, Inc. and Allied Pacific Development, LLC ("Buyers"). The original contract was subsequently assigned to the Applicant. The original closing date was on or before March 30, 2010; however, two, 90 days extensions have been granted by the Seller, to September 30, 2010. The total purchase price is $12,527,323.05. Note: the Applicant informed AmeriNational on July 14, 2010 that the Seller

has reduced the price by $600,000 to $11,927,323.05. Amendment to the contract is a condition precedent to Closing.

Other Development Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Development Cost Before Land and Developer Fee	$18,623,805	$19,195,328	$17,074,363	$1,341,465	$1,260,008
Other Development Costs					
Developer Fee	$3,311,660	$3,203,853	$2,874,236	$0	$0
Subset Developer Fee (difference between As Is Value and Acquisition Price)	$0	$0	$67,323	$0	$0
Total Other Development Costs	**$3,311,660**	**$3,203,853**	**$2,941,559**	**$0**	**$0**

Notes to the Other Development Costs:

1. Per Rule 67-21, Developer Fee is limited to 18% of Total Development Cost, excluding land and other uses in which Developer Fee would not be paid (see #2 below). The actual Developer Fee per the table above is within the 18% allowed by the Rule.

2. As noted above, the amended acquisition price is $11,927,323.05, which exceeds the $11,860,000 "As Is" Value of the Development per the appraisal. The difference of $67,323 (rounded to nearest dollar) is shown under Other Development Costs as a subset of Developer Fee.

Acquisition Costs	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Development Cost Before Land	**$21,935,465**	**$22,399,181**	**$20,015,922**	**$1,341,465**	**$1,260,008**
Land Acquisition Costs					
Land Cost	$1,197,067	$1,146,712	$3,150,000	$3,150,000	$0
Total Acquisition Costs	**$1,197,067**	**$1,146,712**	**$3,150,000**	**$3,150,000**	**$0**

Notes to Acquisition Costs:

1. The Land Cost is based on the Appraiser's estimate of fee simple market value for the site, or $3,150,000. This is significantly higher than the Applicant's conclusion of land cost, which was based on the current assessment data. Based upon review of the other tax comparables, there does not appear to be any trend in land assessments so reliance upon the assessed value is subjective. The use of the appraised land value has precedence with FHFC for acquisition/rehab developments and is thus used in this analysis as well.

	Applicant's Initial Costs	Applicant's Final Costs	Underwriter's Total Costs	HC Ineligible Costs	HOME Ineligible Costs
Total Development Cost	**$23,132,532**	**$23,545,893**	**$23,165,922**	**$4,491,465**	**$1,260,008**

OPERATING PRO FORMA

Description		AmeriNational Annual	AmeriNational $/Unit
Revenue			
Gross Potential Rental Revenue		$1,760,688	$11,660
Other Income			
Miscellaneous Income		$11,325	$75
Gross Potential Income		$1,772,013	$11,735
Less:			
Vacancy and Collection Loss (Res. Only)	4%	$70,881	$469
Total Effective Gross Income (EGI)		**$1,701,132**	**$11,341**
Expenses ($/Unit based on 150 units)			
Fixed:			
Real Estate Taxes		$0	$0
Insurance		$90,600	$600
Variable:			
Management	4%	$68,045	$451
General and Administrative		$49,075	$325
Payroll Expenses		$196,300	$1,300
Utilities		$83,050	$550
Marketing and Advertising		$7,550	$50
Maintenance and Repairs		$79,275	$525
Security		$12,000	$79
Reserve for Replacements		$45,300	$300
Total Expenses		**$631,195**	$4,180
Net Operating Income		**$1,069,937**	$7,086
Debt Service Payments			
First Mortgage - MMRB (Combined)		$882,049	$5,841
Other - HOME Loan		$40,607	$269
Total Debt Service Payments		$922,656	$6,110
Operating Income After Debt Service - Before Tax Cash Flow		**$147,281**	**$975**

Debt Service Ratios	
Debt Service Coverage - 1st Mortgage	1.21
Debt Service Coverage - Combined	1.16
Debt Service Coverage - All Mtgs. & Fees	1.16
Financial Ratios	
Operating Expense Ratio	37%
Breakeven Economic Occupancy Rate	88%

Notes to the Operating Pro Forma:

1. The preceding Pro Forma is based on Gross Potential Rental Revenue ("GPRR") using actual Section 8 HAP contract rents, as illustrated in the following table:

Miami-Miami Beach-Kendall, FL MSA (Miami-Dade)

BR	BA	# Units	Unit Size (SF)	Median Income %	Max Gross HC Rents	UA	Max Net HC Rents	HOME Low	HOME High	HAP Rent	Mkt Rent	UW Rent	Annual Income w/ HAP Rents	Annual Income - HC Rents Only
0	1	8	403	50%	$616	$65	$551	$616		$846	$750	$846	$81,216	$52,896
0	1	30	403	60%	$739	$65	$674		$780	$846	$750	$846	$304,560	$242,640
1	1	23	510	50%	$660	$88	$572	$660		$1,023	$825	$1,023	$282,348	$157,872
1	1	89	510	60%	$792	$88	$704		$838	$1,023	$825	$1,023	$1,092,564	$751,872
2	1	1	708	60%	n/a	n/a	n/a			n/a	n/a	n/a	$0	
Total		151	73,142										$1,760,688	$1,205,280

Of the total 151 units, 150 are under a HUD Project Based Section 8 HAP contract with specified contract rents. The HAP contract has an expiration date of November 4, 2011. Per the existing contract, rents cannot be lowered less than the base contract rent. It is assumed by AmeriNational that the new/renewal contract to be executed upon expiration of the current contract will have contract rents equal to or greater than the rents shown above. The "Annual Income – HC Rents Only" column illustrates the GPRR based on Housing Credit Rents, which is used in the pro forma to determine the Real Estate Loan sizing. The difference between the 'Annual Income w/ HAP Rents" column and the "Annual Income – HC Rents Only" column is the amount used to determine the HAP Overhang Loan sizing. The 2/1 unit is occupied by the manager and will be rent/income restricted. For underwriting purposes, this unit is shown as producing no rental income.

Rule 67-48 and RFP 200-06 requires that at least 20% of the units (31) must be set aside to tenants whose income does not exceed 50% of AMI. For this analysis, the 31 units are divided between the studio and one bedroom units although the Applicant is not required to allocate evenly between the unit types.

The Housing Credit Rents are based on 2010 income limits and the utility allowance that would be in effect if the Development leased units with the LIHTC restrictions (the HAP contract utility allowances are slightly different). Included in the table above are the HOME low and high rents for each unit type, although these rent limits do not apply when the units are under a Section 8 HAP contract.

2. A 4% vacancy and collection loss rate was utilized by AmeriNational, which is equal to the Appraiser's conclusion. The Development is currently 100% occupied and has been above 96% occupied since the last historical information provided (2007).

3. Ancillary Income of $75 per unit per month is comparable to similar properties in the market. Other Income is comprised of fees associated with, late charges, pet deposits, forfeited security deposits, laundry facility income, etc. Other Income is typically lower for elderly projects, especially one with very low turnover.

4. The Development will benefit from 100% tax exemption due to the ownership of the Applicant by a qualified 501c3 entity. Since the exemption will not be approved until after the Development is completed and stabilized, the approval of the tax exemption is a Special Condition in this report and a concern.

5. The concluded management fee is 4% of EGI, which is supported by the appraisal and the fee stipulated in the management contract.

6. The Applicant's budget included Replacement Reserves equal to $250 per unit per year; however, the Syndicator is requiring $300 per unit per year, which is used by FHFC as well. This conclusion is higher than the reserve amount estimated by New Perspective Florida, LLC ($127 per unit per year).

7. Total operating expenses and reserves amount to $4,180 per unit, which is within the range of expense comparable data provided in the appraisal report and supported by historical operations. Some of the expenses, mainly common area utilities and water/sewer, will decline with installation of more energy efficient items.

8. A 15-year Operating Pro Forma attached herein as Exhibit 1 reflects rental income increasing at an annual rate of 2% and expenses increasing at an annual rate of 3%. According to this analysis, the DSCRs will remain above the thresholds for the entire period.

Notes to the Ratios:

1. The only DSCR requirement for the FHFC financing per the Rules or RFP 2009-06 is related to the HOME Loan in that the combined DSCR cannot be less than 1.10. Based on AmeriNational's conclusions of net operating income, this test is met.

2. The Breakeven Occupancy Rate (88%) is below the market-derived occupancy rate of 96%. As noted, the Development has historically maintained high occupancy and has a sizable waiting list.

Section B
Loan Conditions
&
HC Contingencies

Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and the Servicer, at least 30 days prior to real estate loan closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the loan closing date.

1. Amended Purchase & Sale Agreement
2. Assignment of the existing HUD HAP contract between the Buyer and Seller.
3. Letter from HUD ("Comfort Letter") stating their intention to provide a new HAP contract with substantially the same terms and conditions as the existing contract for a period of no less than 20 years.
4. A National Environmental Policy Act of 1969 ("NEPA") Environmental Assessment.
5. An updated Phase I Environmental Site Assessment dated within 12 months of loan closing.
6. Receipt and review of opinion letter from Applicant's counsel related to the real estate tax exemption.
7. Receipt and review of Citibank and Freddie Mac's final loan commitments.
8. Receipt and review of executed Construction Contract.
9. Resolution of Features and Amenities compliance issues.

General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and the Servicer at least 30 days prior to real estate loan closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the bond pricing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the Notice of Bond Sale.

1. Borrower is to comply with any and all recommendations noted in the Plan and Cost Review prepared by New Perspective Florida, LLC.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.
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.). An acceptable alternative to this requirement is receipt and satisfactory review of a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

4. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The final sources and uses of funds schedule will be attached to the Loan Agreements as the approved Development budget.

5. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. MMRB Program loan proceeds shall be disbursed pro-rata with other funding sources during the rehabilitation period, unless otherwise approved by the Credit Underwriter. HOME Program loan proceeds shall be disbursed during the rehabilitation phase in an amount per Draw that does not exceed the ratio of the HOME loan to the Total Development Cost, unless approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.

6. During construction/rehabilitation, the developer is only allowed to draw a maximum of 50% of the total developer fee (developer fee minus acquisition developer fee) during construction/rehabilitation, but in no case more than the payable developer fee, which is determined to be "developer's overhead". No more than 35% of "developer's overhead" during construction/rehabilitation will be allowed to be disbursed at closing. The remainder of the "developer's overhead" will be disbursed during the construction/rehabilitation on a pro rata basis, based on the percentage of completion of the Development, as approved by FHFC and Servicer. The remaining unpaid developer fee shall be considered attributable to "developer's profit" and may not be funded until the development has achieved 100% lien-free completion and retainage has been released.

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, with coverages, deductibles and amounts satisfactory to Florida Housing.

8. If the development is not 100% lien-free completed, a 100% Payment and Performance Bond or a Letter of Credit (LOC) in an amount not less than 25% of the construction contract is required in order to secure the construction contract between the GC and the Borrower. In either case, Florida Housing must be listed as co-obligee. The P&P bonds 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 Legal Counsel must approve the source, amount(s), and all terms of the P&P bonds, or LOC. If the LOC option is utilized, the LOC must include "evergreen" language and be in a form satisfactory to the Servicer, Florida Housing, and its Legal Counsel.

9. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, as applicable.

10. A copy of the Amended and Restated Limited Partnership Agreement ("LPA") reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The LPA shall be in a form and of financial substance satisfactory to Servicer, Florida Housing, and its Legal Counsel.

11. Satisfactory resolution of any outstanding past due or non-compliance notices applicable to the development team by closing of the loan(s).

This recommendation is contingent upon the review and approval by Florida Housing, and its Legal Counsel at least 30 days prior to real estate loan closing. Failure to receive approval of these items within this timeframe may result in postponement of the bond pricing date. For competitive bond sales, these items must be reviewed and approved prior to issuance of the notice of bond sale.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/managers(s) of the Borrower, the guarantors, and any limited partners of the Borrower.

2. Award of Housing Credit ("HC") and purchase of same by PNC or assigns under terms consistent with the assumptions of this report.

3. Signed and sealed survey, dated within 90 days of MMRB and HOME loan closings, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

4. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of MMRB and HOME loan closings, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower is to comply with any and all recommendations noted in the updated Environmental Audit Report(s) and all other environmental reports related to the property, as deemed appropriate by Florida Housing in its sole discretion.

5. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the MMRB and HOME loan(s) naming Florida Housing as the insured. All endorsements required by Florida Housing shall be provided.

6. 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 MMRB and HOME loan(s) have been satisfied.

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.

8. 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, and of any corporate guarantor and any manager;

    b. Authorization, execution, and delivery by the Borrower and the guarantors, of all MMRB and HOME loan documents;

    c. The MMRB and HOME 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 MMRB and HOME 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.

9. Evidence of compliance with local concurrency laws, if applicable.

10. 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 MMRB, SAIL and Supplemental Loan(s).

11. UCC Searches for the Borrower, its partnerships, as requested by counsel.

12. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

This recommendation is also contingent upon the following additional conditions.

1. Compliance with all applicable provisions of Sections 420, Florida Statutes, Rule Chapter 67-21, F.A.C. (MMRB Program Loan), Rule Chapter 67-48, F.A.C. (HOME Program Loan), RFP 2009-06, HUD Rule 24 CFR Part 92, and any other applicable State and Federal requirements.

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

3. HOME Program Loan - At all times there will be undisbursed loan funds (collectively held by Florida Housing, First Lender and any other sources) sufficient to complete the rehabilitation of the Development. If at any time there are not sufficient funds (held by Florida Housing, First Lender and any other sources) to complete the rehabilitation of the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing that is sufficient (in Florida Housing's judgment) to complete the rehabilitation of the Development before additional Loan funds are disbursed. This condition specifically includes escrowing at closing all syndication and other equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

4. MMRB Program Loan - All amounts necessary to complete rehabilitation, with the exception of HOME Program funds (if available), must be deposited with the Bond Trustee prior to closing, or any phased pay-in of amount necessary to complete rehabilitation shall be contingent upon an unconditional obligation of the entity providing HC Equity payments (and evidence that 100% of such amount is on deposit with such entity at closing) to pay, regardless of any default under any documents relating to the HC as long as the First Mortgage continues to be funded. Notwithstanding the foregoing, at least 50% of all HC Equity (but not less than provided for in the Syndication Agreement or such higher amount as recommended by the Credit Underwriter) required to complete construction shall be deposited with the Bond Trustee at the MMRB Loan closing. The Bridge Loan, if any, will close simultaneously or prior to the MMRB Loan, and sufficient amounts will be drawn from these funds at Loan Closing in order to satisfy this requirement.

5. Guarantors to provide the standard Florida Housing Construction Completion Guaranty; to be released upon lien-free completion as approved by the Servicer.

6. MMRB Program Loan – Guarantors are to provide the standard FHFC Operating Deficit Guaranty to be released upon achievement of an average 1.15 DSC on the First Mortgage (MMRB Program Loan), 90% occupancy and 90% of Gross Potential Rental Revenue, all for twelve (12) consecutive months certified by an independent Certified Public Accountant ("CPA").

7. HOME Program Loan – Guarantors are to provide the standard FHFC Operating Deficit Guaranty to be released upon achievement of an average 1.15 DSC for twelve (12) consecutive months on the combined First Mortgage (MMRB Program Loan) and HOME Loan.

8. Guarantors are to provide the standard Florida Housing Environmental Indemnity Guaranty.

9. Guarantors are to provide the standard Florida Housing Guaranty of Recourse Obligations.

10. Closing of the first mortgage loan simultaneous with or prior to closing of the HOME loan. If the HOME loan does not close simultaneously with the first mortgage, the developer will be required to cover the resulting shortfall with additional deferrals, and/or equity, if necessary.

11. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the MMRB and HOME loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.

12. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee, the Bond Trustee or the Servicer. In the event the reserve account is held by the Servicer, the release of funds shall be at Florida Housing's sole discretion.

13. Replacement Reserves funds in the amount of $300 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/Credit Enhancer, the Bond Trustee, or Florida Housing's loan servicing agent. The First Mortgagee/Credit Enhancer has the right to adjust the reserve amount every three years per a new PNA (or earlier if such determination is made at their reasonable discretion). Per RFP 2009-06, the Applicant is required to provide a new PNA every three to five years.

14. New Perspective Florida, LLC will act as Florida Housing's inspector during the rehabilitation period.

15. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The construction contract indicates a 10% retainage holdback through 50% completion and a 5% retainage holdback thereafter, which satisfies the minimum requirement.

16. Completion of a Davis-Bacon Federal Labor Standards pre-construction conference.

17. Satisfactory evidence of compliance with the Davis-Bacon Act and other applicable Federal Labor standards during the rehabilitation of this development. Evidence of compliance must be through satisfactory completion of a compliance audit by Florida Housing and its authorized subcontractor.

18. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.

19. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

HC Contingencies

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by AmeriNational and FHFC by the deadline established in the Preliminary Determination. Failure to resolve these contingencies within this timeframe may result in forfeiture of the HC allocation:

1. Closing of the MMRB and HOME loan consistent with the assumptions of this credit underwriting report.

2. Purchase of the HC by PNC Bank under the terms consistent with the most recent Letter of Intent.

3. Any other reasonable requirements of FHFC or AmeriNational.

Section C

Supporting Information & Schedules

Additional Development & Third Party Supplemental Information

Appraised Value: AmeriNational received and reviewed an appraisal prepared by Meridian Appraisal Group with an effective date of value of May 10, 2010. The appraisal was completed by Mark Davis (State Certified General Appraiser RZ0001604) and Robert Von (State Certified General Real Estate Appraiser RZ0001229) ("Appraiser" or "Appraisers").

The Appraisers concluded an As Renovated Value (assumes completion of rehab, HAP rents, tax abatement and favorable financing adjustment) of \$15,540,000. Based on this value, the LTV for the MMRB Program Loan is 79.4% and the LTV for combined debt (including the HOME Program loan) is 98.7%. As noted earlier, the bond financing cannot exceed 85% of the As Renovated Value.

The Appraisers also concluded an As Renovated Value (assumes completion of rehab, but based on unrestricted market rents, no tax abatement, and no favorable financing) of \$7,840,000. Based on this value, the LTV for the MMRB Program Loan is 157.3% and the LTV for the combined debt (including the HOME Program Loan) is 195.6%.

The As Is Value of the existing improvements (assuming no renovations, existing HAP rents and no tax abatement) is \$11,860,000. This is less than the amended acquisition price (\$11,927,323.05).

The values concluded in the report were deemed reasonable and well supported.

Market Study: A separate market study prepared by Rienhold P. Wolff Economic Research ("RWER"), Incorporated dated April 5, 2010 (inspection date was March 25, 2010) was received and deemed satisfactory by AmeriNational.

RWER defined the submarket ("PMA") as the Central Miami Market Area, which is delineated by the following boundaries: 79th Street to the north; Coral Way to the south; Intracoastal Waterway to the east; and Le June Road to the west. RWER further defined the Competitive Market Area as a 3-mile radius from the Development. Downtown Miami is approximately five miles to the southeast. The Miami International Airport is four miles to the southwest. Bus service is available along NW 14th Avenue within very easy walking distance of the Development. The unemployment rate for Miami-Dade County is currently 11.3% compared to 11.2% for the state (as of April 2010). Miami's economic base is relatively diverse but has suffered from the economic recession as has all areas in the state.

The PMA has a total population of 355,335 as of April 2010, which is only 14% higher than the population in 2000. This is a heavily developed area with only scattered open sites available for development (or those that are, feasibility of development is an issue). The population is expected to increase by 5.6% in 2015. There are 127,405 households in the PMA as of April 2010 with the same percentage increase as the population since 2000 (approximately 14%). Within the PMA, 50.3% of all housing is multifamily. Approximately 32.7% of the population is 55 years of age or older. The median income in the PMA evidences the low income composition of the population ($29,036 compared to the County @ $49,805).

Overall CMA Apartment Market Highlights:

- Average overall vacancy rate for CMA was 4.7% as of February 2010, which is considerably lower than 7.3% in August 2009.
- Overall average monthly rent was $1,100 as of February 2010 representing a decline of 3% from February 2009 ($1,134).
- Estimated overall demand for 1,604 units per year from 2010 to 2015, or 4,812 units. New unit supply potential totals 1,247 units over the next three years. As such, the demand for units significantly exceeds the supply of units coming on line over the next three years.
- Forecast vacancy rate is expected to decline to 4% by the end of 2010 and then decline to 3% or lower during 2011 and 2012.
- Forecast rent growth is expected to be 3% per year.

Low Income Apartment Market Highlights for CMA:

- Seven age-restricted affordable developments were surveyed containing 777 units.
- None of the developments surveyed had vacant units and at least two have a waiting list.
- REWR surveys 76 LIHTC developments throughout Miami-Dade County on a quarterly basis. Average vacancy rate is reported to be 2.2%.
- Eight age-restricted LIHTC developments containing 800 units were identified in the CMA that are either recently completed, under construction or proposed.
- Concluded under-supply of units is positive at 861 units for the CMA.

Review of Development Parameters

- Mix of unit types is excellent for age-restricted developments
- Units sizes are smaller than average, but this has not impacted historical occupancy.
- Unit features are basic but typical for this product type.

The overall conclusion in the REWR report is that the Development is feasible. For the Development, 100% of the units are occupied with a sizable waiting list. It is expected that there will be very little turnover, if any, once the Development rehab is completed. Even if all of the units were vacated during the rehabilitation period and none of the existing tenants re-occupied units, sufficient demand exists for this product type in this market area (as has been substantiated by market studies prepared for other pending FHFC financed developments within a five mile radius of the Development).

Impact on Like-Kind Competitive Properties:

- Since the Development is a rehabilitation of an existing property and most if not all of the existing tenants will be retained, no impact on Like-Kind competitive properties is anticipated.

Guaranteed Fund Development Impact:

- The appraisal report identified seven Guaranteed Fund developments within a 10-mile radius of the Development (defined PMA):

Development Name	Reported Occupancy [1]
Miami Stadium	100.0%
Hibiscus Pointe	98.1%
Vizcaya Villas	99.4%
Alhambra Cove	97.5%
Baywinds	100.0%
Golden Lakes	98.6%
Mabrisa Lakes	99.2%

[1] as of March 2010

As shown above, all of these developments are reporting occupancy rates of 95% or higher. The rehabilitation of the Development should have no impact on these deals.

90% Test Summary:

- Per 67-21, the submarket must have an average occupancy of 90% or greater. As noted above, occupancy in the CMA/PMA is well above 90% (100% for comparable subsidized properties in CMA).

Environmental Report: A Phase I Environmental Site Assessment ("ESA") was performed by Property Consulting Group, Incorporated ("PCG") for Gregory Dunfield as Director of Allied Pacific Development and Pacific Housing Advisors ("Client") dated August 13, 2009. The ESA was performed in accordance with ASTM Standards E 1527-05, the All Appropriate Final Rule (AAI Rule) for Phase I ESA's, the scope of work provided by the Client, and generally accepted industry standards.

PCG concluded that the existing environmental conditions are considered de minimus under ASTM 152705 and as such are not considered Recognized Environmental Conditions and will not require additional assessment of remediation. As a result, PCG did not recommend additional investigations related to potential subsurface contamination. At the request of the Client, PCG also completed testing for asbestos, lead based paint, lead in drinking water and a visual survey for mold. None of the test results were positive; therefore, further investigation was not recommended for any of these items. (Note: Freddie Mac will require a moisture management plan for mold)

Soils Test Report: A soils test report was not ordered since the Development is a rehabilitation of an existing property.

Physical Needs Assessment: A Preliminary Plan and Cost Review/Physical Needs Assessment dated May 2010 was prepared for AmeriNational by New Perspective Florida, LLC ("NPF"). The following is a summary of NPF's findings:

- Upon review of the submitted construction drawings and specifications, no significant problems appear to exist with the design of the project.
- The site development construction drawings are considered adequate for the scope of work involved.
- The architectural and structural information provided on the drawings appears to be complete, well coordinated and adequate for this type of development.
- Overall design of the existing mechanical and electrical systems, as well as existing utilities, appears to be adequate.
- The Development was built prior to enactment of ADA and the Federal Fair Housing Act. As such, it does not need to comply with current regulations.
- In relation to compliance with the Features and Amenities, several items were noted to be missing from the plans/specifications that will need to be corrected prior to Closing:
  - Termite prevention/pest control throughout entire affordability period
  - 30-year expected life on roofing
  - New plumbing fixtures in kitchen and bathrooms in all units
  - Library consisting of 100 books and 5 current magazine subscriptions
  - Computer lab
  - Applicant commits to provide at least 10 of the Green Building options listed in Part III.B.# of the Application Instructions

- A preliminary Construction Contract between the Owner/Applicant and the General Contractor was provided and reviewed by NPF. The basis of payment is the cost of work plus a fee with a Guaranteed Maximum Price. The Contract is undated and not executed (see Special Conditions). The Guaranteed Maximum Price is $4,726,439, which is for the construction hard costs, contractor's fee and overhead. This equates to $31,300 per unit or $64.54 per square foot, which is higher than the range found in Marshall Valuation Service ($18.26 to $49.16 per square foot). However, Marshall does not take into account common area renovations or the installation of the solar energy system. The report concludes the overall construction budget appears reasonable and adequate to complete the proposed renovations, and the schedule to complete of 10 months is realistic, provided no unforeseen circumstances occur.

- The following is a scope of work to be performed during the rehabilitation of the Development (note: the renovations are extensive and this list only highlights the major items):

- Repair and reseal parking area
- Install handicapped parking signs
- Repair existing shuffleboard courts
- Replace roof
- Exterior repairs as needed with repainting of building
- New windows
- New PTAC units
- Installation of solar electrical system
- Complete refurbishment of elevators
- Installation of VCT in all common area hallways
- Replace all common area lighting
- Replace 100% of unit hot water heaters
- Replace 100% of unit appliances
- Replace 100% of plumbing fixtures (some existing bathtubs and shower enclosures will remain; 90 units will have those refurbished)
- Replace 100% of interior lighting fixtures
- Replace 100% of all cabinets and countertops
- Replace 100% of vanity mirrors and install medicine cabinets
- Replace 100% of window treatments
- Replace 100% of interior doors and hardware
- Replace 100% of electrical outlets and switches (GFI in kitchen and bathrooms)
- Install ceramic flooring in 96 units (remaining units already have ceramic tile)
- Install battery operated smoke detectors in all bedrooms
- Repaint all unit interiors

Features, Amenities & Resident Programs: The Applicant committed to provide certain Features and Amenities per their Application and are set forth in the attached Exhibit 2 (see comments above related to inconsistencies).

Site Inspection: A site inspection of the existing building and surroundings was completed on May 21, 2010 by the Credit Underwriter. The Development is conveniently located to all supportive services. Visibility is considered good and the overall current condition of the building appeared to be average. Tenants have access to the bus line immediately adjacent to the Development along NW 14th Avenue. To the south of the site is a large parcel of vacant land (per sign on the site, to be developed with condominiums); to the east is the parking lot for the Miami VA Hospital; to the north are garden-style apartments in average to fair condition and a commercial land use; and, to the west is a high-rise family development known as Civic Tower and other single and multifamily properties.

The building itself appeared to be in average to fair condition. The exterior has been recently painted. Unit interiors were in average condition and suitable for elderly tenants. The planned rehabilitation will dramatically improve the units themselves and increase the remaining economic life of the building. No material adverse conditions were noted.

Borrower Information

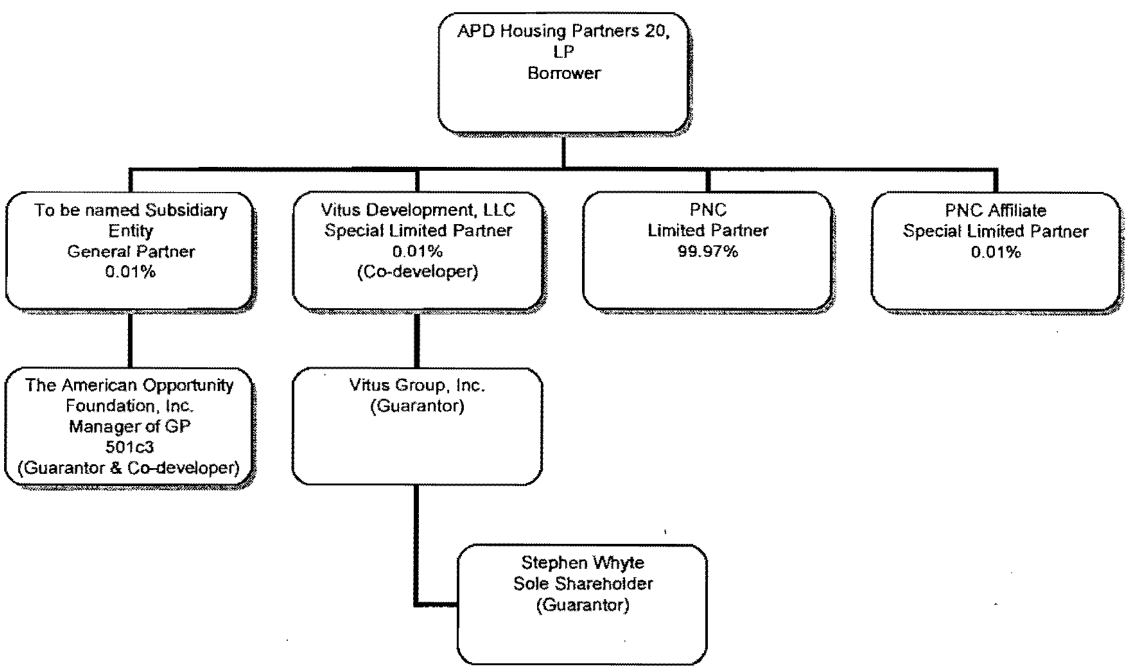
Foreword Comment: A name change was implemented for some of the entities involved in this transaction, which was disclosed to AmeriNational on July 9, 2010. According to Greg Dunfield of Vitus Group, Inc., the name change was completed in order to "re-brand" the parent company to the affiliated companies so there was commonality. Due to the recent name change, most of the due diligence was completed on the prior named entity. The following table illustrates the name changes for each entity:

Former Name	Current Name
Allied Pacific Development, LLC	Vitus Development, LLC
Modern Realty, Inc.	Vitus Group, Inc.

Borrower Name: APD Housing Partners 20, LP ("Applicant")

Borrower Type: A Florida limited partnership

Ownership Structure: The Applicant is a limited partnership organized under the laws of the State of Florida on August 17, 2009 to own and operate the Development. The General Partner is American Opportunity Foundation, Inc., a 501c3 nonprofit corporation, with a 0.01% ownership interest in the Applicant (and co-developer). Vitus Development, LLC (f/k/a Allied Pacific Development, LLC) is a special limited partner (and co-developer) with a 0.01% ownership interest (wholly owned affiliate of Vitus Group, Inc. f/k/a Modern Realty, Inc.). PNC Bank, N.A. shall purchase a 99.97% limited partner interest and a 0.01% special limited partner interest, per a letter of intent dated May 6, 2010 (last revised on May 27, 2010).



Copies of the Articles of Incorporation and/or Organization have been provided on each of the ownership structures entities. Receipt of current certificates of status will be a condition precedent to closing.

Contact Person(s): Gregory Dunfield
Greg.dunfield@vitusgroup.com
Telephone (206) 832-1308
Facsimile (206) 832-1308

Applicant Address: 1700 Seventh Avenue #2075
Seattle, WA 98101

Federal Employer ID: 27-0754039 (for Applicant/Borrower)

Experience: APD Housing Partners 20, LP – recently formed with no experience.

To Be Named General Partner – the 501c3 parent company (AOF) shall form a newly created, standalone subsidiary entity that shall be the sole general partner of the borrowing entity. AOF shall manage this entity via an asset management agreement but will have no direct ownership interest.

The American Opportunity Foundation, Inc. ("AOF") - AOF was formed in 1983 in order to sponsor low-income housing, housing for the elderly and handicapped, and all other charitable purposes permitted under Internal Revenue Code Section 501c3. AOF received its initial Determination Letter from the Department of the Treasury on January 30, 1985 and received its Group Determination Letter on April 7, 1993. The group letter permits AOF to extend its exempt status to organizations under AOF's direct supervision and control as outlined in Revenue Procedure 80-27. AOF's primary business plan is acquiring multifamily properties utilizing tax exempt bond financing under the "Safe Harbor" provisions of IRS procedure 96-32. The acquisitions of these properties are financed by the issuance of tax exempt bonds that are either rated by Standard & Poor's, enhanced by FNMA or HUD, or unrated (un-enhanced). The ownership entity is usually a subordinate entity under AOF's group exemption letter.

From March 1996 through today, AOF has acquired twenty-eight (28) properties in twenty (20) subordinate entities totaling 6,808 affordable housing units. AOF currently holds an ownership interest in 1,030 affordable housing units, exclusive of the units held under AOF/Pacific and AOF/Golden State.

AOF/Pacific is currently the Managing General Partner in over 43 limited partnerships or LLC's established to acquire, develop, rehabilitate, and operate apartment complexes for seniors and moderate to low income persons or families. These apartment complexes are located in California, Oregon, and Washington State.

AOF/Golden State was incorporated in 1999 as a nonprofit corporation organized under the laws of the State of California. AOF/Golden State is run by its Board of Trustees. One-third of its board is comprised of representatives of the low-income communities it serves. It is organized as a Community Housing Development Organization ("CHDO") and, as such, is limited to business activities in the counties of Los Angeles, San Bernandino, Riverside, Ventura, Orange, and San Bernandino County. Its primary goal is to provide quality affordable housing to the public, particularly low income and first-time home buyers. To achieve this goal, AOF/Golden State develops, operates, promotes, funds, and supports existing low-income housing. It also assists in the construction of affordable housing and the acquisition and rehabilitation of existing housing for the benefit of moderate to low income persons or families.

The President of AOF is Phillip Kennedy. Mr. Kennedy has served as President of AOF since 1991, and has been employed full time with the corporation since 1995. During his tenure as President, AOF and its subordinate entities have been involved in the acquisition, rehabilitation, and ownership of over 7,000 affordable housing units in ten states.

From 1983 to 1995, Mr. Kennedy was the Director, Executive Vice President and Chief Operating Officer of Housing Systems, Inc. ("HSI"). HSI is a privately-owned corporation which owns and/or is the managing agent of more than 5,000 affordable housing units financed primarily through loans subsidized under various HUD programs. He was responsible for the overall operations at HSI, including the acquisition, management, and financing of the corporation's numerous projects. Prior to 1983, he served as the General Partner and Chief Financial Officer in various entities engaged in the acquisition and development of commercial real estate in the Atlanta, Georgia area.

The remaining AOF board members are as follows:

- Jack T. Hammer – member of board since 1983 (date of formation). Former Chairman of HSI.
- William Fisher – member of board since 2002. Strong public finance background.
- Robert Derrick – member of board since 1995. SVP of Prudential Financial's SE region office.
- David Flint – member of board since 1995. He is a founding partner of the law firm Schreeder, Wheeler & Flint in Atlanta, Georgia.

Default Issue - AOF disclosed 22 defaults on 501c3 bonds owned by subsidiary entities controlled by AOF. According to AOF, during the late 1990's, 501c3 bond trustees were actively seeking out acceptable nonprofits (such as AOF) to "acquire" interest in bond-financed properties. The nonprofit was not required to invest their own equity and no other partners/investors were in the deals. Most of these properties were overleveraged and many were poorly rehabbed but were performing at an acceptable level at time of acquisition. With the decline in market conditions during the early 2000's, many of these properties were no longer able to cover debt service or needed capital expenditures. AOF's only viable option was to enter negotiations with the bond trustee(s) and return the asset to the bondholders.

The following summary of default actions was provided by AOF:

- 2,203 units (6 properties) were sold and the bonds paid in full (principal and accrued interest) resulting in no loss to any bondholder.
- 482 units (3 properties) were sold and all the senior bonds paid in full with a partial recovery on the subordinate bonds.
- 953 units (5 properties) were sold in cooperation with the trustee and significant bondholders and the majority of the bondholder's principal recovered.
- 1,421 units (6 properties) were transferred via a deed in lieu of foreclosure or foreclosure in cooperation with the lender. No suits, bankruptcies, or other legal action were involved outside of the transfer process.
- 746 units (2 properties) are still owned by a subordinate entity (AOF/Houston AHC) and are located in Houston, Texas. The project was current under a Forbearance Agreement with the controlling majority bondholder until the properties were severely damaged by Hurricane Ike in September, 2008. The properties had a collective insurance deductible of over $1M and the subordinate entity is currently in negotiation with the controlling bondholder to finalize the insurance claim and reinstate the Forbearance Agreement. It is anticipated that the transaction will either be restructured or disposed of within the next 12 months.

With the exception of the Houston properties, all defaults were resolved by April, 2007.

Both CitiBank (credit enhancer of the bond) and PNC Bank (syndicator of the housing credits) have approved or will approve (via conversations with both participants) their investment in the Development with AOF as the sole general partner. Both CitiBank and PNC have continued to do business with AOF as the sole general partner and have confidence in their ability to competently manage the partnership business. As with other transactions with a GSE lender/credit enhancer and syndicator, sufficient controls are in place to ensure the asset itself is properly managed and maintained by the nonprofit general partner. These controls also extend to FHFC's compliance inspections and HUD's inspections (via the HAP contract). AOF would not have the ability to declare default without the consent of all financing parties involved. Failure to properly maintain or manage the asset itself would be grounds for removal.

In similar transactions involving a managing nonprofit general partner (especially in states where this structure is very common, like California), the nonprofit general partner is rarely, if ever, obligated to fund deficits or provide meaningful financial support. In fact, most nonprofits brought into these types of transactions normally have very limited financial resources and, in many instances, limited real estate experience.

It is AmeriNational's opinion that strong arguments can be made to allow AOF to remain in the transaction as the controlling interest in the general partner. However, their default history is considered an unacceptable risk for FHFC's investment.

Modern Realty, Inc. (n/k/a Vitus Group, Incorporated) ("MRI") – MRI currently consists of three affiliated companies. Vitus Development, LLC (the co-developer entity of the Development; f/k/a Allied Pacific Development, LLC) develops affordable housing projects and is a national leader in the redevelopment of preservation projects (HUD and RD). Vitus Advisors, Inc. (f/k/a Pacific Housing Advisor's Inc.) provides independent consulting services for developers of affordable housing throughout the United States. APD Energy Solutions provides solar energy installations for affordable housing projects. According to their brochure, MRI and its affiliated companies have been involved in the following development activity:

New Construction Affordable Development	
Financial Advisor	19
Development Manager	10
Consultant	13
Developed/Purchased as Principal	2
Total	44

HUD Preservation	
Financial Advisor	27
Developed/Purchased as Principal	11
Total	38

Rural Development Preservation	
Financial Advisor	29
Developed/Purchased as Principal	19
Total	48

Acquisition/Rehab of Conventional Multifamily Developments	
Financial Advisor	28
Development Manager	2
Consultant	5
Developed/Purchased as Principal	7
Total	42

MRI shows considerable experience in all aspects of affordable housing development and ownership.

A Schedule of Real Estate Owned ("SREO") was provided for MRI (note: statement is actually for Allied Pacific Development, LLC, which "owns" all the real estate held by MRI and also includes all property partnerships listed on Mr. Whyte's statement). The SREO shows 30 partnerships/properties containing 4,665 units. Total mortgage balance was $232.98M with cash flow after debt service of $5.67M. The overall DSCR is 1.39.

Overall, no major adverse issues were noted upon review of the SREO. Only two properties on the SREO are showing material negative cash flow. Bella Vista Apartments is located in Phoenix, which is a very soft market. Occupancy is at 85% with a 0.63DSC. MRI has been funding deficits for this project. The project has a physical occupancy of 90% and is leased to 92% occupancy, also out-performing the submarket in Phoenix in which it is located. MRI is pursuing a restructuring of the debt through the lender, Citibank, which should be in place in the next six months.

The other property is Concord Crossing, which is located in Smyrna, Georgia (Atlanta area). MRI has been funding deficits for this project. The project has a physical occupancy of 94% and is leased to 99% occupancy, significantly out-performing the submarket in Atlanta. MRI recently restructured the debt on this project, reducing debt service to $16,000 per month starting in April, 2010. MRI is pursuing permanent financing through Freddie Mac which is anticipated to be put in place in the next six months.

MRI provided a Schedule of Contingent Liabilities showing obligations on 30 partnerships and comprised of $44.55M in recourse debt (5 loans) and $9.03M in maximum operating guaranties. The level of contingent liabilities is typical for medium-sized affordable housing developers. No significant issues disclosed on the statement.

Stephen Whyte – As noted above, Mr. Whyte is currently the president, secretary and sole shareholder in MRI and is actively involved in the management and operations of all companies under the MRI umbrella. He has been involved with Vitus Advisor's Inc. (f/k/a Pacific Housing Advisors) since 1993 and Vitus Development, LLC (f/k/a Allied Pacific Development, LLC) since 1999. Mr. Whyte has been involved with affordable housing since 1989.

See MRI for Schedule of Real Estate Owned and Contingent Liabilities that are related to Mr. Whyte.

Credit Evaluation:

Applicant – recently formed - no credit history exists.

To-be-named General Partner wholly controlled by AOF - newly formed entity; no credit history exists.

The American Opportunity Foundation, Inc. - A D&B was obtained as of May 11, 2010. No issues noted.

Allied Pacific Development, LLC (n/k/a Vitus Development, LLC) - A D&B was obtained for APD as of May 11, 2010. No issues noted.

Modern Realty, Inc. (n/k/a Vitus Group, Inc.) - A D&B was obtained for Modern Realty, Inc. as of July 14, 2010. No issues noted.

Stephen Whyte - an Experian Credit Profile Report dated May 11, 2010 was obtained by AmeriNational. No material derogatory credit issues were noted.

Banking References:

Applicant – newly formed entity; would not be relied upon to provide financial backing terms of liquid assets to cover deficits or guarantees.

To-be-named General Partner wholly controlled by AOF - newly formed entity; no banking references.

The American Opportunity Foundation, Inc. - ACS verified $78k in a checking account and $4.75M in an investment account comprised of cash ($581k), stocks ($2.845M), corporate fixed income ($819k), government securities ($161k), unit investment trusts ($113k) and other investments ($233k). This represents a rather sizable liquid position for AOF and provides sufficient support for their guaranty position.

Allied Pacific Development, LLC (n/k/a Vitus Development, LLC) – see Modern Realty, Inc.

Modern Realty, Inc. (n/k/a Vitus Group, Inc.) – ACS verified $2.34M in bank accounts, which includes accounts held by the entity above.

Stephen Whyte – ACS verified $227,320 in bank accounts.

Total Liquid Assets for Guarantors - $7.32M

Financial Statements: Applicant – newly formed entity; no financial statements

To-be-named General Partner wholly controlled by AOF – newly formed entity; no financial statements.

The American Opportunity Foundation, Inc.

December 31, 2008		(Audited)
Cash:	$	686,479
Investment in Securities:	$	3,080,067
Total Assets:	$	5,053,840
Total Liabilities:	$	83,297
Unrestricted Net Assets:	$	5,053,840

Note: A statement of no material change was provided for this statement. The 2009 audited statements have not been released to date.

The majority of the reported total assets are in readily marketable securities, which were verified via a recent investment account statement. Per the audited statement, AOF does not directly own any real estate other than their office. In conclusion, the parent company (AOF) shows a strong cash/cash equivalent position on their audited statement. It should be noted that the statement does not include subsidiary entities, which are not directly owned by AOF.

Allied Pacific Development, LLC (n/k/a Vitus Development, LLC)

As of 12/31/08		(Unaudited)
Cash:	$	125,661
Total Assets:	$	22,672,017
Total Liabilities	$	3,765,195
Net Worth:	$	18,906,822

Comments: A no material change letter was provided by Allied Pacific Development, LLC ("APD"). Their 2009 audited statement has not been completed to date. APD's largest asset is Developer Fee Receivables

($13.4M) and Advances to Affiliates ($6.86M). APD reported cash in the amount of $125,661. Its largest liability is a note payable in the amount of $2.1M. APD also provided an income statement that showed $10.33M in income, $4.4M in expenses with net ordinary income of $5.9M. APD's largest source of income is from development fee. Overall, APD's net worth supports the amount of financing but their liquidity position is only marginal. However, it is sufficient in combination with the other guarantors and reserves in place.

Modern Realty, Inc. (n/k/a Vitus Group, Incorporated)

	12/31/09 (Unaudited)	12/31/08 (audited)
Cash:	$ 2,735,234	$ 589,912
Total Assets:	$ 27,132,540	$ 26,153,048
Total Liabilities	$ 8,848,028	$ 7,579,613
Total Stockholder's Equity:	$ 18,284,513	$ 18,573,435

Comments: a no material change certification was provided by Modern Realty, Inc ("MRI") for their unaudited 2009 statement. Developer Fee Receivables, both current and long term, are the primary assets for MRI. Cash was reported at $2.735M. Current liabilities consist of outstanding balances on lines of credit ($2.9M) and loans/notes payable ($4.8M). The Total Stockholder's equity has remained consistent over the past two years. MRI also provided tax returns for 2007 and 2008 (2009 has not been completed to date). The 2009 unaudited statement showed $7.5M in consolidated revenue over expenses compared to $4.98M in 2008. As expected, developer fees are the primary source of income for MRI. In summary, MRI shows good cash flow, moderate liquidity and good net worth. High liquidity is not expected for an entity involved in real estate development.

Stephen Whyte

As of 12/31/09	(Unaudited)
Cash:	$ 73,639
Total Assets:	$ 32,089,021
Total Liabilities	$ 1,554,228
Net Worth:	$ 30,534,793

Note: the statement provided by Mr. Whyte is a joint statement with Leslie R. Lackey. An updated financial statement dated within 90 days from this report is a condition precedent to Closing

Mr. Whyte disclosed cash in bank amounting to $73,639, which is a low liquidity position considering his overall net worth. No other liquid assets or readily marketable securities were disclosed. Real Estate and Business Interests account for $31.6M of his total assets. The remaining $459,079 is in retirement accounts and cash value of a life insurance policy. His largest liabilities are in mortgages for residences he owns.

AmeriNational received and reviewed 2007 and 2008 Form 1040 U.S. Individual Income Tax Returns for Stephen Whyte and his spouse (2009 extension was filed). The 2007 return confirms total adjusted gross income of -

$307,728 with a loss from rental real estate/partnerships of -$953,085. The 2008 return confirms total adjusted gross income of $474,423 with a gain from rental real estate/partnerships of -$202,096.

Statement of Financial/Credit Affairs:

Applicant - AmeriNational received and reviewed a Statement of Financial/Credit Affairs for the Applicant dated May 7, 2010. The statement represents that the Applicant has no pending litigation, unsatisfied judgments, or past or present bankruptcy or foreclosure proceedings.

To-be-named General Partner wholly controlled by AOF – newly formed entity; statement not requested.

The American Opportunity Foundation, Inc. - AmeriNational received and reviewed a Statement of Financial/Credit Affairs dated May, 5, 2010. The statement represents that AOF has no pending litigation, unsatisfied judgments, past or present bankruptcy, or prior/current foreclosure actions. While AOF may not have declared default on real estate they own, they have been involved in numerous defaults declared on subsidiary entities in which AOF or its board members controlled.

Modern Realty, Inc. – A Statement of Financial/Credit Affairs was provided dated July 14, 2010. Please see comments under Vitus Development, LLC

Allied Pacific Development, LLC (n/k/a/ Vitus Development, LLC) - APD provided a Statement of Financial/Credit Affairs that was undated but provided via email on May 7, 2010. No adverse issues were noted except for the following related to loans in which APD had an ownership interest in:

- Concord Crossing Smyrna, GA – this 190-unit apartment project financed with tax exempt bonds issued by GDCA and 4% credits was declared in default in May 2009. APD is the sole member of the general partner of the borrower. The borrower worked with the lender to pay off the loan at a discount in April 2010 thus averting foreclosure action. The property is reportedly 94% occupied and producing positive cash flow.

- Pheasant Ridge Bellevue, NE – this 264-unit project was financed with tax exempt bonds from NIFA and 4% credits. APD is the sole member of the general partner of the borrower. The project went into receivership in 2005 due to soft market conditions. A refinance with PNC/Freddie Mac occurred in 2008. Over $1.2M in unit upgrades have been completed and the project is currently operating strongly.

- Nora Pines Indianapolis, IN – this 254-unit project was declared in default in October 2006 due to poor occupancy and weak market conditions. APD is the sole member of the general partner of the borrower. A workout plan was entered into in May 2007 between the borrower, its partners, and Fannie Mae. The loan has been kept current from December 2006 to present.

While these default situations are of some concern, APD was successful in working with their partners resulting in a positive outcome in every instance and continues to be approved for development of affordable projects.

Stephen Whyte – see comments above under Vitus Development, LLC.

Overall Summary: In combination, all member of the Development Team have sufficient experience, net worth and liquidity to provide support for the Development. However, AmeriNational cannot recommend approval of AOF as the sole managing general partner due to default history. No additional reserves are considered by AmeriNational.

Guarantor Information

Guarantor Names:	APD Housing Partners 20, LP To-be-named subsidiary entity (wholly controlled by AOF) The American Opportunity Foundation, Incorporated Vitus Group, Incorporated Stephen Whyte
Contact Person(s):	Gregory Dunfield Gregory.dunfield@vitusgroup.com Telephone (206) 832-1308 Facsimile (206) 832-1308
Applicant Address:	1700 Seventh Avenue #2075 Seattle, WA 98101
Guarantor Description:	APD Housing Partners 20, LP (Applicant) To-be-named subsidiary entity wholly controlled by AOF (General Partner) The American Opportunity Foundation, Inc. (co-developer) Vitus Group, Incorporated (Parent Company of Allied Pacific Development, LLC (co-developer)) Mr. Stephen Whyte (individual and sole shareholder in VGI)
Nature of Guarantee:	All Guarantors identified above shall sign a Construction Completion Guarantee, an Operating Deficit Guarantee, a continuous FHFC Environmental Indemnity, and a Recourse Obligation Guarantee.
Credit Evaluation:	The credit evaluations for the Guarantors were summarized in the "Borrower Information" section of this report.
Financial Statements:	The financial statements for the Guarantors were summarized in the "Borrower Information" section of this report.
Contingent Liabilities:	The contingent liabilities for the Guarantors were summarized in the "Borrower Information" section of this report.
Summary:	No concerns were noted upon review of the Guarantors' experience, financial and credit information (except for AOF – see prior comments). As noted, the combined liquid assets total $7.32M for all guarantors, which is more than sufficient for a transaction of this size.

Credit Enhancer Information

Name:	Freddie Mac through Citibank, N.A. ("Citibank"), as an approved seller/servicer
Type:	GSE enhancement of existing bond issuance
Contact Person:	Mike Hemmens, Vice President Citigroup Global Markets, Inc. Telephone: (805) 557-0930 Email: mike.hemmens@citigroup.com
Address:	325 E. Hillcrest Drive, Ste 160 Thousand Oaks, CA 91360
Experience:	Freddie Mac has considerable experience credit enhancing tax exempt bonds transactions; further discussion unwarranted.

Financial Info: First quarter 2010 Results - net loss was $6.7 billion. Net loss attributable to common stockholders was $8.0 billion, or $2.45 per diluted common share, reflecting $1.3 billion in senior preferred stock dividend payments to the U.S. Department of the Treasury (Treasury).

- Provision for credit losses of $5.4 billion, down from $7.0 billion for the fourth quarter of 2009;
- Derivative losses of $4.7 billion due to the decline in long-term rates during the quarter; and
- Net interest income of $4.1 billion.
- Net worth deficit was $10.5 billion at March 31, 2010, driven primarily by a significant adverse impact due to the change in accounting principles. The impact of these new accounting standards resulted in a decrease in total equity of $11.7 billion. Other factors impacting equity include:
- Net loss of $6.7 billion;
- Improvement of $4.8 billion to accumulated other comprehensive income (loss) (AOCI); and
- Dividend payment of $1.3 billion to Treasury.
- The Federal Housing Finance Agency (FHFA), as Conservator, will submit a request on the company's behalf to Treasury for a draw of $10.6 billion under the Senior Preferred Stock Purchase Agreement (Purchase Agreement).
- The total single-family delinquency rate was 4.13% at March 31, 2010, down from 4.20% at February 28, 2010 and up modestly from 3.98% at December 31, 2009.
- Continued support for the housing market in the first quarter of 2010 included approximately $97 billion in liquidity and increased efforts to prevent foreclosures

Summary: The issues surrounding Freddie Mac (and Fannie Mae) and the significant impact on the single family market meltdown on both is well known by all participants in this transaction. It is impossible to objectively determine via analysis of financial information whether the U.S. Government will continue to provide monetary support for both Freddie Mac and Fannie Mae. However, one can conclude that allowing either to fail would undoubtedly result in global financial depression.

Syndicator Information

Name:	PNC Bank, N.A.
Contact Person:	Mark Ragsdale, Senior Vice President Telephone: (415) 733-1533 Email: mark.ragsdale@pnc.com
Address:	100 Pine St FL 16 San Francisco, CA 94111-5211
Experience:	PNC Bank has been providing low income housing tax credit investments for many years and is one of the nation's largest financial services companies. The LIHTC syndication business is only a small part of their entire business line. Specific information related to their current LIHTC business was not provided.
Financial Information:	\$265.4B in Assets \$182.5B in Deposits \$26.8B in shareholder equity \$105B in assets under management For 1st quarter 2010 – PNC reported net income of \$671 million, or \$.66 per diluted common share, for the first quarter of 2010. Net income would have been \$744 million, or \$1.31 per diluted common share, for the quarter excluding \$.50 per diluted common share related to the redemption of TARP preferred shares and \$73 million, or \$.15 per diluted common share, for after-tax integration costs.
Summary:	PNC has strong experience and financial wherewithal to continue to be a successful LIHTC Syndicator. Of course, the future motivation of PNC to fund deficits if the other deal participants are unwilling or unable to will be based on the overall fund performance and reserves held (if this transaction becomes part of the multi-asset fund).

General Contractor Information

General Contractor: L & H Renovations, Incorporated ("L&H" or "General Contractor")

Type: A Florida corporation

Contact Person: Timothy Leffler, President
Telephone: (407) 839-5514
Facsimile: (407) 426-7282

Address: 545 Delaney Avenue #9
Orlando, Fl 32801

Contractor License#: William Terry Rollis – CGC1511630

Expiration Date: August 31, 2010

Experience: The General Contractor presents a management team with over 20 years of experience in the construction industry. Since its inception in 1986, L&H has completed more than 500 renovation projects. Sean Heaney is a co-owner with 28 years of construction experience. Timothy Leffler is a partner and responsible for directing all contracted jobs and has over 34 years of construction experience. William Rollis is a project manager with 13 years of construction/project engineering experience. L&H provided an extensive list of multifamily projects completed in recent years and should have the experience and staff to complete the rehabilitation of the Development.

Credit Evaluation: A Dun & Bradstreet Business Insight Report was ordered and reviewed on June 3, 2010. No derogatory issues noted.

Financial Statements: The most recent available financial statements are summarized as follows:

December 31, 2009	(Reviewed)
Total Assets:	$ 1,253,739
Total Liabilities:	$ 629,376
Total Stockholders' Equity:	$ 624,363

The summary information is based on CPA reviewed statements prepared by Vestal & Wiler as of December 31, 2009. No material adverse issues were noted upon review of the balance sheet (no detail on assets was provided in the statement). The statement of operations shows net income of $1.21M in 2009 compared to $1.14M in 2008. While the General Contractor has strong development experience, the financial statements show only moderate net worth. According to the statement, L&H has access to a $1M line of credit, which had no outstanding balance. A 100% Payment and Performance Bond will be provided by the General Contractor, which mitigates potential issues related to their ability to complete the rehabilitation of the Development.

Summary: AmeriNational recommends that L&H Renovations, Inc. be accepted as the general contractor and the construction contract be approved subject to the recommendations set forth in the Plan and Cost Review.

Property Manager Information

Management Company:	HSI Management, Incorporated ("HSI")
Type:	A Georgia Corporation
Contact Person(s):	Jack T Hammer, Chairman and Executive Officer Phone: (770) 952-2233 Fax: (770) 956-9057
Address:	5505 Interstate North Parkway NW Atlanta, Georgia 30328
Experience:	HSI is a full service property management company headquartered in Atlanta, Georgia. They currently manage over 4,000 multifamily units in Texas and all other states east of the Mississippi River.
Management Agreement:	Pending item and a Special Condition precedent to loan closing. The pro forma indicated a management fee of 4%, which was supported by the appraisal report.
Management Plan:	HSI provided a comprehensive management plan that details all aspects of property management, including duties related to the HUD HAP contract and applicable regulatory agreements.
Summary:	HSI clearly demonstrates sufficient experience in the management of affordable multifamily housing to serve as the property manager for the Development. HSI is currently an approved management company per FHFC's Asset Management Department.

Exhibit 1
TM Alexander
15 Year Pro Forma

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
Income																
Gross Potential Rental Revenue		$1,760,688	$1,795,902	$1,831,820	$1,868,456	$1,905,825	$1,943,942	$1,982,821	$2,022,477	$2,062,927	$2,104,185	$2,146,269	$2,189,194	$2,232,978	$2,277,638	$2,323,190
Other Income																
Miscellaneous Income		$11,325	$11,552	$11,783	$12,018	$12,259	$12,504	$12,754	$13,009	$13,269	$13,534	$13,805	$14,081	$14,363	$14,650	$14,943
Gross Potential Income		$1,772,013	$1,807,453	$1,843,602	$1,880,474	$1,918,084	$1,956,446	$1,995,574	$2,035,486	$2,076,196	$2,117,720	$2,160,074	$2,203,275	$2,247,341	$2,292,288	$2,338,134
Less:																
Vacancy & Collection Loss @	4%	$70,881	$72,298	$73,744	$75,219	$76,723	$78,258	$79,823	$81,419	$83,048	$84,709	$86,403	$88,131	$89,894	$91,692	$93,525
Total Effective Gross Income		$1,701,132	$1,735,155	$1,769,858	$1,805,255	$1,841,361	$1,878,188	$1,915,751	$1,954,066	$1,993,148	$2,033,011	$2,073,671	$2,115,144	$2,157,447	$2,200,596	$2,244,608
Expenses																
Fixed:																
Real Estate Taxes		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Insurance		$90,600	$93,318	$96,118	$99,001	$101,971	$105,030	$108,181	$111,427	$114,769	$118,212	$121,759	$125,412	$129,174	$133,049	$137,041
Variable:																
Management Fee @	4%	$68,045	$69,406	$70,794	$72,210	$73,654	$75,128	$76,630	$78,163	$79,726	$81,320	$82,947	$84,606	$86,298	$88,024	$89,784
General and Administrative		$49,075	$50,547	$52,064	$53,626	$55,234	$56,891	$58,598	$60,356	$62,167	$64,032	$65,953	$67,931	$69,969	$72,068	$74,230
Payroll Expenses		$196,300	$202,189	$208,255	$214,502	$220,937	$227,566	$234,392	$241,424	$248,667	$256,127	$263,811	$271,725	$279,877	$288,273	$296,921
Utilities		$83,050	$85,542	$88,108	$90,751	$93,474	$96,278	$99,166	$102,141	$105,205	$108,361	$111,612	$114,961	$118,409	$121,962	$125,621
Marketing and Advertising		$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550	$7,550
Maintenance and Repairs		$79,275	$81,653	$84,103	$86,626	$89,225	$91,901	$94,658	$97,498	$100,423	$103,436	$106,539	$109,735	$113,027	$116,418	$119,911
Security		$12,000	$12,360	$12,731	$13,113	$13,506	$13,911	$14,329	$14,758	$15,201	$15,657	$16,127	$16,611	$17,109	$17,622	$18,151
Reserve for Replacements		$45,300	$45,300	$45,300	$45,300	$45,300	$45,300	$46,659	$48,059	$49,501	$50,986	$52,515	$54,091	$55,713	$57,385	$59,106
Total Expenses		$631,195	$647,865	$665,022	$682,679	$700,852	$719,555	$740,164	$761,376	$783,209	$805,682	$828,812	$852,621	$877,127	$902,351	$928,315
Net Operating Income		$1,069,937	$1,087,290	$1,104,837	$1,122,577	$1,140,509	$1,158,633	$1,175,588	$1,192,690	$1,209,939	$1,227,329	$1,244,859	$1,262,524	$1,280,320	$1,298,245	$1,316,293
Debt Service Payments																
First Mortgage - MMRB		$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049	$882,049
Second Mortgage - HOME		$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607	$40,607
Total Debt Service Payments		$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656	$922,656
Operating Income After Debt Service - Before Tax Cash Flow		$147,281	$164,634	$182,181	$199,921	$217,853	$235,977	$252,932	$270,035	$287,283	$304,673	$322,203	$339,868	$357,665	$375,589	$393,637
Debt Service Coverage Ratios																
Debt Service Coverage - First Mortgage		1.21	1.23	1.25	1.27	1.29	1.31	1.33	1.35	1.37	1.39	1.41	1.43	1.45	1.47	1.49
Debt Service Coverage - 1st & Other		1.16	1.18	1.20	1.22	1.24	1.26	1.27	1.29	1.31	1.33	1.35	1.37	1.39	1.41	1.43
Financial Ratios																
Operating Expense Ratio		37%	37%	38%	38%	38%	38%	39%	39%	39%	40%	40%	40%	41%	41%	41%
Break-even Economic Occupancy Rate		88%	87%	86%	85%	85%	84%	83%	83%	82%	82%	81%	81%	80%	80%	79%

Exhibit 2
TM ALEXANDER / 2010A-219B/RFP 2009-06-03
Description of Features and Amenities

A. ***The Development will consist of:***

151 Units located in 1 residential building

Unit Mix:

Thirty-eight (38) studio/one bath units;

One-hundred twelve (112) one bedroom/one bath units; and

One (1) two bedroom, one bathroom units

151 Total Units

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

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 and glass door 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. The Applicant has committed to the following amenities in the Development:

1. New kitchen cabinets and counter top(s) in all units.

2. 30 Year expected life roofing on all buildings.

3. New bathroom cabinet(s), excluding medicine cabinet, in all units

4. New full-size range and oven in all units

5. New full-size refrigerator in all units

6. New plumbing fixtures in kitchen and bathroom(s) in all units

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

1. Emergency call service in all units.

2. Community center or clubhouse.

3. Outside recreation facility: Shuffleboard Court

4. Library consisting of a minimum of 100 books and 5 current magazine subscriptions.

5. 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.

6. Each unit wired for high speed internet.

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

E. Elderly Requirements:

1. Thermostat place at 48" maximum height.

2. Tight-napped Berber-type carpet or non-skid/non-glossy tile in all living areas or a combination of both.

3. 36" entrances on all exterior doors

4. All wall electrical outlets placed between 18" and 48" above the floor

5. Scald control valves on all bathtub and shower faucets

6. Peephole at 4'10" on all exterior doors

7. Toggle type switches for each light and each fan throughout the unit

8. Adjustable shelving in master bedroom closets (style of shelving must be re-adjustable by resident)

9. Lever-action handles on all doors in units and public areas

10. Horizontal grab bars in place around each tub and/or shower, the installation of which meets or exceeds the Universal Federal Accessibility Standards (UFAS 434.5)

11. Horizontal grab bars in place around each toilet

12. Roll-out shelving or drawers in all bottom bathroom vanity cabinets.

13. Roll-out shelving or drawers in at least one bottom kitchen cabinet.

The following will be provided in at least fifteen percent (15%) of the units:

14. Roll-In showers (5% of the overall requirement for roll-in showers may be met with walk-in type shower stalls with permanently affixed seat which meet or exceed the Universal Federal Accessibility Standards.)

F. The Applicant has committed provide the following energy conservation features for all buildings in the Development:

1. Heat pump with minimum HSPF of 8.5 instead of electric resistance. Electric water heater w/ energy factor of .93 or better

2. Wall insulation of a minimum of R-13.

3. Insulation of R-19 with radiant barrier on top floor only.

4. All windows double-pane with minimum solar heat gain coefficient of < or equal to .50 and minimum of .75 U Value.

5. Energy Star certified refrigerator and dishwasher in each unit.

G. The Applicant commits to provide at least 10 of the Green Building options listed below:

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

H. The Applicant has committed to provide the following Resident Programs:

1. Resident Assurance Check-In Program - The Applicant or its Management Agent will make available to its residents information about services such as crisis intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self sufficiency, and advocacy to assist clients in securing needed resources. This service must be provided at no cost to the resident.

2. Manager On-Call 24 Hours Per Day - Applicant must provide management personnel on the Development's premises at all times to be available and accessible to the resident 24 hours per day, seven days per week, at no cost to the resident.

3. Computer Training - Applicant or Management Agent shall make available computer and internet training classes (basic and/or advanced level depending on the needs and requests of the residents). The training classes must be provided at least once a week, at no cost to the resident, in a dedicated space on site. Electronic media, if used, must be used in conjunction with live instruction.

4. Health Care - At least quarterly visits by health care professionals such as nurses, doctors, or other licensed care providers. At a minimum, the following services must be provided: health screening, flu shots, vision and hearing tests. Regularly scheduled is defined as not less often than once each quarter. On-site space must be provided. Service must be provided at no cost to the residents, with the exception that the residents may be charged for medications.

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

6. Resident Activities - These specified activities are planned, arranged, provided and paid for by the 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 be 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. Resident Assistance Referral Program – The Applicant or its Management Agent will make available to residents information about services such as crises intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self sufficiency, and advocacy to assist clients in securing needed resources. This service must be provided at no cost to the resident. Electronic media, if used, must be in conjunction with live instruction.

Exhibit 3
HC Allocation Calculation

Section I: Qualified Basis Calculation

Acquisition

Total Development Cost	$11,927,323
Less Land Costs	$3,150,000
Less Federal Grants	$0
Plus Other Eligible Acquisition Costs	$1,579,918
Total Eligible Basis	$10,357,241
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	100%
Qualified Basis	$10,357,241
HC Percentage (Federal allocation)	3.51%
Annual HC Allocation	$363,539

Rehabilitation

Total Development Cost	$23,245,363
Less Land & Building Costs	$11,927,323
Less Developer Fee on Building Acquisition	$1,579,918
Less Other Ineligible Costs	$1,341,465
Total Eligible Basis	$8,396,657
Applicable Fraction	100%
DDA/QCT Basis Credit, if applicable	130%
Qualified Basis	$10,915,655
HC Percentage (Federal allocation)	3.51%
Annual HC Allocation	$383,139

Total Qualified Basis - Acquisition/Rehab	$746,678

Notes to the Qualified Basis Calculation:

1. The proposed development is 100% set-aside; therefore, the Applicable Fraction is 100%.
2. The Development is located in a QCT and DDA; therefore, a 130% basis credit was applied for rehabilitation costs only.
3. The Acquisition/Rehab Housing Credit percentage is 3.51% based on the percentage as of the date of invitation to Final Credit Underwriting plus 15 basis points up to 4% (per Rule 67-48). As of February, 2010 the Tax Credit percentage was 3.36% plus the 15bps = 3.51%.

Section II: Gap Calculation

Total Development Cost (including land and ineligible costs)	$23,245,363
Less: Senior Mortgage	$12,335,000
Less: HOME Loan	$3,000,000
Equity Gap	$7,910,363
Percentage to Applicant	99.98%
HC Syndication Pricing	$0.70
HC Required to Meet Gap	$11,302,778
Annual HC Required	$1,130,278

Notes to the Gap Calculation:

1. The Mortgage amounts deducted from Total Development Cost represent the total bond allocation and the HOME Loan.

Section III: Tax Exempt Bond 50% Test

Total DEPRECIABLE Cost	$18,753,898
Plus Land Cost	$3,150,000
Equals Aggregate Basis	$21,903,898
Tax Exempt Bond Amount	$12,335,000
Plus GIC Income	$0
LESS Debt Service Reserve	$0
LESS Tax Exempt Proceeds Used for Cost of Issuance	$0
Equals Tax Exempt Proceeds Used for Building and Land	$12,335,000
Tax Exempt Proceeds as a Percentage of Aggregate Basis	56.31%

Notes to Tax Exempt Bond 50% Test:

1. The Development meets this test; further comments unwarranted.

Section IV: Summary

HC per Qualified Basis	$746,678
HC per Gap Calculation	$1,130,278
Annual HC Recommended	$746,678

Notes to the Summary:

1. The Annual HC recommendation is limited by the lesser of the Qualified Basis or the Gap Calculation.

Exhibit 4
COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: TM Alexander
DATE: July 6, 2010

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

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	**Satis. / Unsatis.**	
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.	
Final site plan and/or status of site plan approval.	Satis.	
Permit Status.	Satis.	
Pre-construction analysis ("PCA").	Satis.	
Survey.	Satis.	
Complete, thorough soil test reports.	Satis.	
Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice.	Satis.	
Market Study separate from the Appraisal.	Satis.	
Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status.	Satis.	
Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors, and general contractor.	Satis.	
Resumes and experience of applicant, general contractor, and management agent.	Satis.	
Credit authorizations; verifications of deposits and mortgage loans.	Satis.	
Management Agreement and Management Plan.	Satis.	
Firm commitment from the credit enhancer or private placement purchaser, if any.	Satis.	
Firm commitment letter from the syndicator, if any.	Satis.	
Firm commitment letter(s) for any other financing sources.	Satis.	
Updated sources and uses of funds.	Satis.	
Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period.	Satis.	
Fifteen-year income, expense, and occupancy projection.	Satis.	

FINAL REVIEW	STATUS	NOTE
REQUIRED ITEMS:	Satis. / Unsatis.	
Executed general construction contract with "not to exceed" costs.	Satis.	
HC ONLY: 20% of the total equity to be provided prior to or simultaneously with the closing of the construction financing.	Satis	
Any additional items required by the credit underwriter.	Satis	

NOTES AND DEVELOPER RESPONSES:

None

MULTIFAMILY BONDS

Action

III. MULTIFAMILY BONDS

A. Request Approval of the Recommendation of the Final Credit Underwriting Report for TM Alexander

DEVELOPMENT NAME ("Development"):	TM Alexander
DEVELOPER/PRINCIPAL ("Applicant"):	APD Housing Partners 20, LP/The American Opportunity Foundation, Inc./Allied Pacific Development LLC/Stephen Whyte, individually
NUMBER OF UNITS:	151
LOCATION ("County"):	Miami-Dade
TYPE (Rental, Homeownership):	Rental/Elderly (MMRB,HOME and HC)
SET ASIDE:	85% @ 60% (MMRB) 20% @ 50% (HOME) 80% @ 60% (HOME) 100% @ 60% (HC)
ALLOCATED AMOUNT:	$13,500,000 of Tax Exempt Bonds and $3,000,000 HOME Loan
ADDITIONAL COMMENTS: Acquisition/Rehabilitation	

1. **Background**

Applicant submitted an Application ("Application") on behalf of the proposed Development during the 2009 MMRB Supplemental Cycle. Applicant applied for tax-exempt bonds in the amount of $15,300,000 in order to acquire and rehabilitate the Development. The Applicant also submitted a response to RFP 2009-06 and was awarded funding for a HOME loan in the $3,000,000.

2. **Present Situation**

The Credit Underwriter has recommended not issuing $13,500,000 in tax exempt bonds and $3,000,000 in HOME loan funds due to past defaults, assignments, bankruptcies or foreclosures against the General Partner, The American Opportunity Foundation, Inc. as outlined in the Final Credit Underwriting Report dated July 19, 2010, attached as Exhibit A.

3. **Recommendation**

That the Board approve the negative recommendation of the Credit Underwriter outlined in the Final Credit Underwriting Report dated July 19, 2010, regarding $13,500,000 in tax exempt bonds and $3,000,000 in HOME loan funds to be issued for the acquiring and rehabilitating of the Development.

Exhibit E

Florida Housing Finance Corporation

Credit Underwriting Report

Charlotte Crossing

RFP 2009-03 Tax Credit Assistance and Housing Credit Program

2009-023CT

Section A Report Summary

Section B Loan Conditions and HC Allocation Recommendation and Contingencies

Section C Supporting Information and Schedules

Prepared by

Seltzer Management Group, Inc.

Final Report

January 11, 2010

CHARLOTTE CROSSING

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Section A

Report Summary

Recommendation

Seltzer Management Group, Inc. ("SMG" or "Seltzer") recommends a Tax Credit Assistance Program ("TCAP") Loan in the amount of $3,025,443 and an annual Housing Credit ("HC") allocation of $1,275,000 be awarded to Charlotte Crossing by Florida Housing Finance Corporation ("FHFC" or "Florida Housing") for its construction and permanent financing.

DEVELOPMENT & SET-ASIDES	
Location	North of the intersection of Sandhill Boulevard and Rio de Janeiro Avenue in unincorporated Charlotte County, Florida 33983
Number of Units/Unit Mix	<table><tr><th>Bed-rooms</th><th>Baths</th><th>No. of Units</th><th>Unit Size (SF)</th></tr><tr><td>1</td><td>1</td><td>41</td><td>660</td></tr><tr><td>2</td><td>2</td><td>41</td><td>908</td></tr><tr><td>**Totals**</td><td></td><td>**82**</td><td>**64,288**</td></tr></table>
Demographic Commitment TCAP and HC Set-Asides Set Aside Term	Elderly 11% of the units (10 units) designated as Extremely Low Income ("ELI") units at 40% or less of Area Median Income ("AMI") and 89% (remaining units) at 60% or less of AMI, for a total set-aside of 100%. In addition, 5% of all units or a minimum of 50% of ELI units (5 units) are reserved for Special Need Households. Note: Applicant expects to receive a $2,145,226 Hurricane Housing Recovery ("HHR") Loan from Charlotte County. The HHR Loan has Set-Asides of 100% of the units for residents earning 60% or less of AMI. 50 Years
County Size	Medium
Development Category	New Construction
Development Type	Garden Apartments
Occupancy Rate	N/A
Parking	The Subject Development will have 132 parking spaces, of which 11 are handicap spaces.
Improvements	The Subject Development will consist of 82 units in 2 three-story garden-style Residential Buildings with elevators plus one Accessory Building containing offices and maintenance facilities. Construction will be wood frame construction on concrete slab foundations, with cement plaster finish and fiber cement horizontal lap siding exteriors. There will be a Community Room, an Exercise Room and a Library housed in one of the Residential Buildings.

Site Acreage		20.10 Gross Acres per a February 11, 2008, Boundary and ALTA/ACSM Land Title Survey by AIM Engineering & Surveying, Inc. ("AIM"), Lehigh Acres, Florida.
Density		4.08 units per Gross Acre
Zoning		RMF-10 (Residential Multifamily - 10 units per acre) per a July 22, 2005 Zoning and Land Use Verification signed by Mike Konefal, Charlotte County Community Development Director. Up to 200 units allowed. The intended use is a conforming use consistent with current Land Use Regulations.
Flood Zone Designation		Flood Zone "X" per the AIM Survey. Flood Insurance not required.
DEVELOPMENT TEAM		
Applicant/Borrower		Charlotte Crossing, Ltd., Miami, Florida, a Florida Limited Partnership
General Partner		TCG Charlotte Crossing, L.L.C. ("TCG"), Miami, Florida, a Florida Limited Liability Company with a 0.01% ownership interest
Limited Partner/Syndicator		Lloyd J. Boggio is currently a 99.99% Limited Partner of Applicant. Raymond James Tax Credit Funds, Inc. ("Raymond James"), St. Petersburg, Florida, a subsidiary of Raymond James Financial, Inc., will purchase the 99.99% Limited Partnership Interest at or prior to closing.
Developer		Charlotte Crossing Development, L.L.C. ("CC Development"), Miami, Florida
Guarantors		Applicant, TCG and CC Development, plus Lloyd J. Boggio, individually
General Contractor		Rodda Construction Multifamily, L.L.C. ("Rodda Multifamily"), Lakeland, Florida
Management Company		Carlisle Property Management, Inc. ("CPM"), Miami, Florida
First Mortgage Lender		FHFC
FINANCING INFORMATION		
FHFC Programs		TCAP and HC Programs
TCAP Loan Amount		$3,025,443
	Underwritten Interest Rate	0.0000% Construction 1.4415% Permanent
	Term/Amortization	15 / N/A
Market Rent/Market Financing Value at Stabilization		$3,390,000
Market Rent/Market Financing Loan to Value ("LTV") TCAP Loan		89.25%

Restricted Rent/Market Financing Value at Stabilization	$2,060,000
Restricted Rent/Market Financing LTV TCAP Loan	146.87%
Projected Net Operating Income ("NOI")	$117,036
Debt Service Coverage ("DSC") TCAP Loan	2.684 Year 1 2.406 Year 15
TCAP Loan to Cost	24.28%
FHFC Assistance per Unit	$36,896 (TCAP / # units) $155,488 (Annual HC x 10 years / # units) $192,384 (Total)
Annual HC Allocation per Unit	$15,549
Syndication Price	$0.540 per dollar of HC
Operating Debt Reserve ("ODR")	$416,997

Construction / Permanent Sources:

Source	Lender	Construction	Permanent	Permanent Loan per Unit
TCAP Loan	FHFC	$3,025,443	$3,025,443	$36,896
HHR Loan	Charlotte County	$2,145,226	$2,145,226	$26,161
Housing Credit Equity	Raymond James	$5,851,665	$6,884,312	$83,955
Deferred Developer Fee	CC Development	$1,440,047	$407,401	$4,968
Total		**$12,462,382**	**$12,462,382**	**$151,980**

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

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

1. Features/Amenities:

   On November 18, 2009, Applicant requested a Feature/Amenity substitution for Charlotte Crossing, replacing gas hydronic combo Unit HVAC with ceiling fans in all bedrooms and living area in each unit. FHFC approved the change on December 4, 2009.

   Some of Applicant's Features and Amenities Commitments are reflected in the December 15, 2009, Agreement between Owner and Contractor (by attachment) rather in the Building Plans and Specifications. These include Air Conditioning with a SEER Rating of 15, Gas Water Heaters with an Energy Factor of 0.61 or better, Adjustable Shelving in the Master Bedroom Closets, Roll-Out Shelving or Drawers in all bottom Bathroom Vanity Cabinets, Roll-Out Shelving or Drawers in at least one bottom Kitchen Cabinet and Applicant's choice of 10 Green Building Options. To avoid confusion on the job site, SMG will require as a condition to TCAP Loan Closing that the Building Plans and Specifications be revised to correct and/or incorporate these items.

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 November 17, 2009, CC Development has no violations.

Florida Housing's Past Due Report as of November 20, 2009, reflects no Past Due items for CC Development.

Note: Carlisle Development Group (of which Mr. Boggio had been a Principal and Guarantor) has been cited under Financial Monitoring on Affordable Developments for which auditors have substantial doubts concerning the ability to continue as going concerns:

a. Country Manor
b. Jacaranda Trail
c. Lenox Court
d. Orchard Park

Mr. Boggio guaranteed all four Affordable Housing transactions. Since the four developments are 100% complete, the Construction Completion Guarantees are not at issue. Seltzer's records as Servicer indicate, however, the Operating Deficit Guarantees remain in effect. Mr. Boggio has initiated the process to release his Operating Deficit Guarantee on Lenox Court (see "Other Legal Actions" under Issues and Concerns, below).

Seltzer's Recommendations are subject to satisfactory resolution (as determined by FHFC) of any outstanding Past Due or Non-Compliance notices applicable to the Development Team prior to closing of the TCAP Loan.

Strengths:

1. Meridian Appraisal Group, Inc. ("Meridian") performed a Market Study for the Subject Development reporting September 11, 2009, that Weighted-Average Occupancy for like-kind Affordable Properties in the Subject's Competitive Market Area was 93%. Meridian states the projects the Subject Development to achieve Stabilized Occupancy at 93% (not including a 1% Collection Loss Allowance) at Maximum Restricted Rents.
2. Mr. Boggio has extensive experience constructing and managing Multifamily Affordable Housing in the State of Florida.

Other Considerations:

None

Waiver Requests/Special Conditions:

None

Additional Information:

1. Applicant applied to FHFC in its 2005 cycle for financing and was allocated a Rental Recovery Loan Program ("RRLP") Base Loan in the amount of $5,500,000 and a RRLP Supplemental Loan in the amount of $1,550,000 for a total of $7,050,000 (2005-311HR), however RRLP Loans were de-obligated in accordance with Emergency Rule 67ER09 implementing provisions of Chapter 2009-01, Florida Statutes. In response to Request for Proposal ("RFP") 2009-03, Applicant applied for and was awarded a preliminary 2009 annual HC allocation of $1,275,000.

Issues and Concerns:

1. Uncertainty concerning Lloyd J. Boggio's Financial Condition and Liquidity:
   a. Applicant provided SMG a December 2, 2009, Statement of Financial/Credit Affairs signed by Mr. Boggio in which he states he has been, or is currently involved in:

1) Litigation – CTG Investment Partnership ("CTG") vs. Boggio is a lawsuit filed September 16, 2005, alleging monies owed to the Plaintiff by Mr. Boggio arising out of his activities as a Trustee of 43 trusts for the Illinois-based Clinton Family Fund. A March 4, 2009, letter from H. James Montalvo of the Miami law firm of Nagin Gallop Figuerdo, PA, indicates the case against Mr. Boggio was dismissed April 3, 2006. Litigation continued, however, over the issue of attorneys' fees and costs. Mediation was attempted on the issue of attorneys' fees and costs, but it failed. CTG's most recent claim against Mr. Boggio dates from 1986.

2) Foreclosures – SMG was provided with Final Judgments of Foreclosure on two Affordable Housing properties:

   a) Sherwood Lakes (Tampa) Final Judgment issued June 9, 2009, for the benefit of Bank of New York as Trustee for a Housing Finance Authority of Hillsborough County bond issue.

   b) The Oaks at OMNI (Immokalee) Final Judgment issued June 22, 2009, for the benefit of the Federal National Mortgage Association ("Fannie Mae").

3) Loan Restructuring or Workout – Villas at Lake Smart in Winter Haven

   The Villas at Lake Smart (2001MF-31) is a FHFC Guarantee Program development in financial distress that received FHFC Board approval October 23, 2009, to participate in Florida Housing's Subordinate Mortgage Initiative ("Initiative"), The Initiative loan in an amount not to exceed $425,000 will help with Debt Service by covering one mortgage payment per each 3-month period for a period of 24-months. The Initiative Loan has not yet closed.

4) Real Estate Transactions/Properties that are experiencing negative Cash Flow or where Vacancy exceeds 15%:

   a) Heron Pond in Lehigh Acres

   b) Heron Pond II in Lehigh Acres

   c) Jacaranda Trail II in Arcadia

   d) Sonrise Villas I in Fellsmere

   e) Sonrise Villas II in Fellsmere

   f) Tuscany Lakes in Ellenton

   g) Crestview Park II in Immokalee

b. Other factors to consider in evaluating Mr. Boggio's Financial Condition and Liquidity include:

   1) Other Legal Actions:

      a) Carlisle Development Group, L.L.C. ("CDG"), vs. Biscayne Housing Group, L.L.C. ("Biscayne"), is a lawsuit filed in the 11th Circuit Court in and for Miami-Dade County relative to a September 24, 2004, Agreement between the parties to develop, construct, manage and sell residential and commercial properties throughout the State of Florida and Biscayne's assertion that it is due immediate payment of Developer Fees with respect to certain properties. Mr. Boggio is not specifically named as a party to the litigation and SMG understands that he no longer has an ownership interest in CDG, however he was an Owner/Principal of CDG when the September 24, 2004, Agreement was signed and when CDG initiated the litigation.

b) Lenox Court (2001-023C) – is a Jacksonville, Florida, Affordable Housing property that experienced vacancy problems such that it was unable to meet its debt obligations. Acting on behalf of Centerline Housing Partnership V, LP (the 99.98% Limited Partner), RCHP SLP V, LP (the 0.01% Special Limited Partner) acted to remove TCG Lenox, Inc., and Shelter Investment Group, Inc., as Co-General Partners and to replace them with new ownership. Mr. Boggio was involved in the Lenox Court transaction through constructive ownership in TCG Lenox, Inc., a subsidiary of Carlisle Development Group, Inc., and as the initial Limited Partner.

2) Contingent Liabilities – Applicant provided SMG with a December 9, 2009, Contingent Liability Schedule for Mr. Boggio reflecting Construction Completion Guarantees on 17 Multifamily Properties and Operating Deficit Guarantees on 31 Multifamily Properties (not including Country Manor, Jacaranda Trail, Lenox Court and Orchard Park for which it is already noted there are going concern issues and for which Mr. Boggio's Guarantees have not been released).

3) Mr. Boggio's Financial Condition and Liquidity – A November 30, 2009, Personal Financial Statement ("PFS") for Lloyd J. and Nancy Boggio was submitted to SMG, followed by the submission of a November 30, 2009, PFS in Mr. Boggio's name only. Mr. Boggio's assets appear to be generally one-half of those reflected in the joint PFS, a fact that was confirmed by a representative of Mr. Boggio. SMG therefore concludes Mr. Boggio's assets are predominantly owned jointly with his wife.

SMG is unable to determine the direct or indirect impact of these factors on Mr. Boggio's Financial Condition and Liquidity, current or future, or his ability to provide meaningful Construction Completion and Operating Deficit Guarantees for the Subject Development. Further, Mr. Boggio does not want his wife to be a party to Florida Housing's Guarantees.

Mitigating Factors:

1. A November 30, 2009, Raymond James HC Equity Proposal Letter requires an Operating Deficit Reserve ("ODR") of $416,997, representing its calculation of 12 months of Debt Service and Operating Expenses. The Raymond James requirement is $308,937 greater than Florida Housing's guideline figure of $108,060 (3 months Debt Service, 3 months Operating Expenses and 6 months Replacement Reserves) for the Subject Development.
2. The Developer provided SMG a Cash Flow Analysis for the Carlisle Development Group Portfolio of transactions on which Mr. Boggio is a Guarantor. Net Cash Flow is reported on a Portfolio of 57 Multifamily Properties, of which 20 are currently under construction or in lease-up.
3. In connection with the Subject Development, Mr. Boggio anticipates reimbursement of Pre-Development Expenditures totaling approximately $2.0 million.

The size of Raymond James' ODR requirement, the overall strength of Carlisle Development Group's Portfolio and monies due Mr. Boggio upon closing of the Subject Transaction mitigate most of the above Issues/Concerns. Seltzer's concern over the joint ownership of assets by Mr. and Mrs. Boggio remains, however, and SMG therefore conditions its recommendations upon Nancy Boggio executing standard Construction Completion and Operating Deficit Guarantees for the Subject Development or, alternatively, Mr. Boggio entering into a Liquidity Maintenance Agreement with FHFC whereby he maintains in his name (only) unencumbered Cash Balances in excess of $250,000 until such time as the Operating Deficit Guarantee for Charlotte Crossing is formally released.

Recommendations:

1. SMG recommends a TCAP Loan in the amount of $3,025,443 for Charlotte Crossing.
2. SMG recommends an annual HC Allocation of $1,275,000 be awarded to the Subject Development based upon Applicant Request.

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

These Recommendations are valid for six months from the date of this Credit Underwriting Report.

Prepared by:

John A. Elsasser
Credit Underwriter

Reviewed by:

Benjamin S. Johnson
President

Overview

Construction Financing Sources

Source	Lender	Application	Revised Applicant	Underwriter	Interest Rate	Construction Debt Service
TCAP Loan	FHFC	$3,530,000	$3,860,000	$3,025,443	0.0000%	$0
HHR Loan	Charlotte County	$2,145,226	$2,145,226	$2,145,226	0.0000%	$0
Housing Credit Equity	Raymond James	$5,851,000	$5,851,000	$5,851,665	n/a	$0
Deferred Developer Fee	CC Development	$1,281,048	$1,388,778	$1,440,047	n/a	$0
Total		**$12,807,274**	**$13,245,004**	**$12,462,382**		**$0**

Construction Phase Sources of Funds:

During the Construction/Stabilization Phase, Sources of Funds include a Florida Housing TCAP Loan sized at $3,025,443, a Charlotte County Hurricane Housing Recovery ("HHR") Program Loan of $2,145,226, HC Equity of $5,851,665 and Deferred Developer Fees of $1,440,047. See Permanent Financing Sources (below) for details.

Construction/Stabilization Phase:

Applicant's December 15, 2009, Owner/Contractor Agreement with Rodda Multifamily has a Construction Period of 300 days (10 months). Based upon its market research and demographic analysis, Meridian projects the Subject Development will be absorbed at a rate of 20 units in the first month due to pre-leasing efforts. Absorption will continue at a rate of 10 units per month thereafter, resulting in an Absorption Period of approximately 7 months. Assuming leasing activities begin in month 7, Charlotte Crossing should reach Stabilized Occupancy approximately 3 months following Construction Completion.

Applicant's preliminary Draw Schedule reflects adequate Qualified Expenditures to justify full funding of the $2,916,420 TCAP Loan within 2 months of Construction Commencement. Based upon Applicant's projection of a February 2010 Construction Commencement, the TCAP should be fully funded by April 2010.

Permanent Financing Sources

Source	Lender	Application	Revised Applicant	Underwriter	Interest Rate	Amort. Yrs.	Term Yrs.	Annual Debt Service
TCAP Loan	FHFC	$3,530,000	$3,860,000	$3,025,443	1.4415%	n/a	15	$43,612
HHR Loan	Charlotte County	$2,145,226	$2,145,226	$2,145,226	1.0000%	n/a	32	$21,452
Housing Credit Equity	Raymond James	$6,885,000	$6,885,000	$6,884,312	n/a	n/a	n/a	$0
Deferred Developer Fee	CC Development	$247,048	$354,778	$407,401	n/a	n/a	n/a	$0
Total		**$12,807,274**	**$13,245,004**	**$12,462,382**				**$65,065**

TCAP Loan:

Applicant applied to FHFC under RFP 2009-03 for a TCAP Loan in the amount of $3,530,000, which is less than the maximum allowable of $6,150,000 based upon $75,000 per set aside unit and a total of 82 set-aside units. SMG, however, has sized the TCAP Loan for Charlotte Crossing at $3,025,443. The TCAP Loan will be non-amortizing with a maturity of 15 years. Interest will be at 0.00% through May 1, 2012, and 1.00% plus fees thereafter. The Permanent Period "all-in" interest rate is estimated to be 1.4415%. Payments will be based on Available Cash Flow ("ACF").

The TCAP sizing process also determines the maximum amount of a First Mortgage Loan (based upon the interest rate and amortization schedule of either the First Mortgage Lender or RFP 2009-03) as well as the Deferred Developer Fee. The sizing process takes into consideration the Subject Development's NOI and the limiting Debt Service, which for the Subject Development is the 1.25 DSC in Year 15. Using the resulting Debt Service and all Sources of Financing except for a First Mortgage Loan and TCAP, including a 15% Deferred Developer Fee, Total Financing Sources to be sized must equal $3,188,403. The resulting sizing configuration yields a TCAP Loan of $2,830,982, a First Mortgage Loan of $357,421 and Deferred Developer Fee of $244,440. However there is no First Mortgage Loan. The TCAP Loan must therefore be increased by $194,461 to $3,025,443 and Deferred Developer Fees must be increased by $162,960 to $407,401 (rounded).

HHR Loan:

Per a September 18, 2009, Commitment, the Subject Development will receive a $2,145,226 HHR Loan from Charlotte County. Terms of the HHR Loan include interest at 0.00% during construction and 1.00% thereafter, payable semi-annually beginning the first month following 80% Occupancy but in no event later than July 1, 2011. The HHR Loan matures July 1, 2040 or 30 years following achievement of 80% Occupancy, whichever comes first.

Syndicated HC:

Applicant applied to FHFC for 9.00% HC. Per an HC Equity Proposal Letter dated November 30, 2009, Raymond James, or its designee, will purchase a 99.99% Limited Partnership interest concurrent with or prior to Closing for $6,884,312 payable as follows:

Capital Contributions	Amount	Percent of Total	When Due
1st Installment	$2,065,294	30%	At or prior to Closing of Construction Financing
2nd Installment	$1,376,862	20%	At 50%Construction Completion
3rd Installment	$1,376,862	20%	At 75% Construction Completion
4th Installment	$1,032,647	15%	At 98% Construction Completion
5th Installment	$1,032,647	15%	Later of 100% Completion, HC Cost Cert., B/E, Form(s) 8609
			Permanent Loan Conversion or 95% Occupancy and 1.15 DSC
Total	**$6,884,312**	**100%**	

Annual Tax Credits per Syndication Agreement:	$1,275,000
Total HC Syndication:	$12,748,725
Syndication Percentage (Limited Partner):	99.99%
Calculated HC Exchange Rate (per dollar):	$0.540
Proceeds Available during Construction:	$5,851,665

Deferred Developer Fees:

Assuming the Hard Cost Contingency of $310,000 is expended during construction, SMG has sized Deferred Developer Fees of $407,401 for the Permanent/Amortization Period based upon the requirements of RFP 2009-03. The sized Deferred Developer Fee is less than the maximum allowed under the RFP:

1 50% of the Total Developer Fee; or

2 An amount that can be demonstrated to be repaid within 10 years based upon Seltzer's 15-year Operating Pro Forma.

Uses of Funds

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Actual Construction Costs				
Construction Contract				
Site Work	$0	$0	$0	$0
Off-Site	$0	$0	$0	$0
New Rental Units	$6,415,936	$5,591,272	$5,487,632	$186,000
Payment and Performance Bond Premiums	$0	$66,000	$66,000	$0
Accessory Buildings	$0	$0	$0	$0
Swimming Pool	$0	$0	$103,640	$0
Rehab of Existing Common Areas	$0	$0	$0	$0
Contractor's Fee (Not to Exceed 14%)	$0	$639,924	$639,924	$0
Total Construction Contract	$6,415,936	$6,297,196	$6,297,196	$186,000
Hard Cost Contingency	$218,258	$310,000	$310,000	$0
Total Actual Construction Costs	**$6,634,194**	**$6,607,196**	**$6,607,196**	**$186,000**

Notes to the Actual Construction Costs:

1. Applicant provided SMG a copy of a December 15, 2009, Owner/Contractor Agreement with Rodda Multifamily for the Contract Sum at $6,297,196. The Owner/Contractor Agreement states Rodda will adhere to Federal Labor Standards and Wage Determination Requirements pursuant to the Davis-Bacon Act.

   The Contractor's Fee consists of General Conditions, Overhead and Profit. At $639,924, the Contractor's fee is 11.45% of the adjusted Construction Contract (i.e., the Guaranteed Contract Sum of $6,297,196 less Payment and Performance Bond Premiums at $66,000 and the Contractor's Fee, itself). It is within Florida Housing's 14.00% cap for General Contractor Fees.

   Retainage is 10% until the work is 50% complete with none thereafter. Retainage will be released 90% upon Substantial Completion with the remaining 10% upon Final Completion. The Construction Period is 300 days (10 months). Rodda Multifamily can earn a bonus by completing its work early ($50,000 at 270 days or $25,000 at 285 days). The Owner/Contractor Agreement also provides for a penalty if Rodda Multifamily's work is late ($25,000 at 330 days or $50,000 at 345 days). Assuming Rodda Multifamily earns the maximum bonus of $50,000, the (adjusted) Contactor's Fee would still be within Florida Housing's 14.00% cap for General Contractor Fees. Seltzer's servicing procedures are to pay any such bonus out of the Hard Cost Contingency or Developer Fees.

2. The $310,000, the Hard Cost Contingency is within 5.00% of the Rodda Multifamily Owner/Contractor Agreement. SMG considers the Hard Cost Contingency to be adequate.

3. Charlotte Crossing will have a swimming pool among its Features/Amenities at a cost of $103,640 per the Schedule of Values to the Owner/Contractor Agreement. RFP 2009-03 prohibits the use of TCAP Loan Proceeds to pay for the cost of the swimming pool.

4. SMG engaged a PCA with Consultech & Associates, Inc., Tampa, Florida. Results of the December 23, 2009, PCA are provided in Section "C" of this Credit Underwriting Report.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
General Development Costs				
Accounting Fees	$32,000	$32,000	$32,000	$0
Appraisal	$18,250	$18,250	$4,900	$0
Architect's Fee - Design	$260,000	$325,000	$325,000	$0
Architect's Fee - Supervision	$59,800	$59,800	$59,800	$0
Builder's Risk Insurance	$100,876	$100,876	$100,876	$0
Building Permits	$86,214	$86,214	$86,214	$0
Financing/Closing Costs	$176,427	$114,818	$19,818	$12,381
Furniture and Equipt. outside of Construction Contract	$0	$198,450	$198,450	$68,450
Engineering Fee	$100,000	$100,000	$100,000	$0
Environmental Report	$61,377	$61,377	$61,377	$0
HUD NEPA Environmental Report	$0	$7,238	$7,238	$0
FHFC Administrative Fee	$41,919	$102,000	$102,000	$102,000
FHFC Proposal/Application Fee	$12,429	$500	$500	$500
FHFC Compliance Monitoring Fee	$76,550	$76,550	$80,131	$80,131
FHFC Credit Underwriting Fee	$40,402	$10,509	$10,509	$0
Inspection Fees/Draw Processing	$45,000	$122,500	$142,912	$0
Federal Labor Standards Monitoring Fees	$0	$0	$13,650	$0
Insurance	$22,000	$22,000	$22,000	$0
Legal Fees	$185,000	$185,000	$185,000	$27,750
Market Study	$23,500	$23,500	$5,200	$0
Marketing and Advertising	$125,000	$125,000	$125,000	$125,000
Pre-Construction Analysis ("PCA")	$0	$0	$1,800	$0
Property Taxes	$75,000	$45,000	$45,000	$0
Soil Test	$15,000	$15,000	$15,000	$0
Survey	$71,905	$71,905	$71,905	$0
Title Insurance and Recording Fees	$96,789	$98,604	$98,604	$39,441
Start-Up Costs / Operating Funds Advance	$100,000	$100,000	$100,000	$100,000
Utility Connection Fees	$721,521	$721,521	$721,521	$0
Impact Fees	$156,743	$156,743	$156,743	$0
Environmental Mitigation	$569,417	$583,217	$583,217	$87,483
Soft Cost Contingency	$100,000	$185,609	$180,000	$92,804
Total General Development Costs	**$3,373,119**	**$3,749,181**	**$3,656,365**	**$735,940**

Notes to the General Development Costs:

1. Appraisal and Market Study Fees are actual cost engaged by SMG for the S1b transaction.
2. SMG disallowed $95,000 of Applicant's budgeted figure for Financing/Loan Costs as it applied to previous FHFC applications for Charlotte Crossing that failed to move forward to close. The remaining figure of $19,818 applies to the TCAP and HHR Loans.

3. Furniture and Equipment outside of Construction Contract includes $60,000 for Furniture, $40,000 for Clubhouse Decoration, $30,000 for Recreation Equipment, $50,000 for Cable TV Equipment and $18,450 for Washers and Dryers.
4. FHFC Administrative Fees are based upon 8.00% of Seltzer's recommended annual HC Allocation.
5. Applicant paid $500 for submission to FHFC under its RFP.
6. FHFC Compliance Monitoring Fees are from Florida Housing's 2009 schedule based upon 82 units for 50 years plus a Year 2009 Pre-Final Allocation Compliance Fee of $2,461.
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 is a projection for the Operating Funds deficit incurred during Lease-Up and prior to Stabilization.
10. Environmental Mitigation Costs include a February 22, 2008, payment of $569,417 to The Nature Conservancy Conservation Fund as part of a settlement with the United States Fish and Wildlife Service ("USFWS") wherein Permit No. TE168754-0 was issue authorizing the taking of Federally Covered Species (Florida Scrub Jays) within 15.60 acres of the Project Area. In addition, the Developer expects to pay $1,000 for a Charlotte County Conservation Easement and $12,800 proposed by USFWS for an Exotic Species Inspection, Eradication and Vegetation Maintenance Program.
11. SMG limits Soft Cost Contingency such that it does not exceed 5.00% of General Development Costs.
12. 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				
HHR Loan Origination Fees	$0	$21,452	$21,452	$0
Construction Loan Interest	$0	$0	$0	$0
Pre-Development Loan Interest	$236,791	$253,082	$0	$0
Operating Deficit Reserve required by Syndicator	$417,431	$420,597	$107,767	$107,767
Total Financial Costs	**$654,222**	**$695,131**	**$129,219**	**$107,767**

Notes to the Financial Costs:

1. Applicant budgeted a 1.00% Origination Fee for the Charlotte County HHR Loan.
2. There is no Construction Loan Interest on either the TCAP Loan from FHFC or the HHR Loan from Charlotte County.
3. SMG disallowed Applicant's Pre-Development Loan Interest on a $460,000 Bank of America Loan and a $1,000,000 Wachovia Bank Loan, the payment for which occurred during years 2007 and 2008.

4. A $416,997 ODR representing Raymond James' calculation of 12 months of Debt Service and Operating Expenses is required by Raymond James per its November 30, 2009, Equity Proposal Letter. SMG reclassified as a subset of Developer Fees that portion of the ODR in excess of 6 months of Replacement Reserves plus 3 months of Debt Service and Operating Expenses.

	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	$10,661,535	$11,051,508	$10,392,780	$1,029,707
Other Development Costs				
Developer Fee on Acquisition of Buildings	$1,705,739	$1,753,496	$1,320,372	$0
Excess Operating Deficit Reserve	$0	$0	$309,230	$0
Other	$0	$0	$0	$0
Total Other Development Costs	**$1,705,739**	**$1,753,496**	**$1,629,602**	**$0**

Notes to the Other Development Costs:

1. SMG limits total Developer Fees to $1,629,602 per FHFC Rule, which is 16.00% of Development Costs exclusive of Land Acquisition Cost, allowable Syndicator Required Reserves (ODR), Start-Up Costs / Operating Deficit Advance and the Developer Fee, itself.
2. Excess Operating Deficit Reserve is that portion of a $416,997 ODR required by Raymond James that is in excess of 6 months of Replacement Reserves plus 3 months of Debt Service and Operating Expenses.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Development Cost Before Land	$12,367,274	$12,805,004	$12,022,382	$1,029,707
Land Acquisition Costs				
Land	$440,000	$440,000	$440,000	$440,000
Other	$0	$0	$0	$0
Total Land Acquisition Costs	**$440,000**	**$440,000**	**$440,000**	**$440,000**

Notes to the Land Acquisition Costs:

1. Applicant provided SMG a copies of a December 23, 2004, Warranty Deed recorded in the Official Records of Charlotte County on January 22, 2005, at Book 02622, Page 1970 reflecting Sandhill Boulevard Development, L.L.C. ("SBD"), as seller with Applicant as buyer and a December 22, 2004, Buyer/Seller Closing Statement reflecting a Purchase Price of $440,000.

   Applicant also provided copies of an August 15, 2002 Contract for Purchase and Sale of Real Property between SBD and Lloyd J. Boggio, Trustee, a Second Amendment to the Contract for Purchase and Sale fixing the Purchase Price at $440,000 and an Assignment transferring the Contract Rights to Applicant from Mr Boggio, as Trustee.

2. Meridian estimated an "as is" Land Value to the Development Site of $450,000, supporting the Purchase Price.

3. Applicant provided SMG a copy of Lawyers Title Insurance Company Title Policy No. A81-0170076 dated January 22, 2005, insuring Applicant in the amount of $440,000.

	Application Total Costs	Applicant's Revised Total Costs	Underwriter's Total Costs	HC Ineligible Costs
Total Development Cost	**$12,807,274**	**$13,245,004**	**$12,462,382**	**$1,469,707**

Operating Pro forma

DESCRIPTION	ANNUAL	PER UNIT
Revenue		
Gross Potential Rental Revenue	$474,588	$5,788
Other Income:		
Washer/Dryer Rentals	$0	$0
Cable/Satellite Income	$8,954	$109
Miscellaneous Income	$14,760	$180
Rent Concessions	$0	$0
Gross Potential Income	$498,302	$6,077
Less:		
Vacancy Loss - 7.0%	($34,881)	($425)
Collection Loss - 1.0%	($4,983)	($61)
Total Effective Gross Revenue	$458,438	$5,591
Expenses		
Fixed:		
Taxes	$33,046	$403
Insurance	$41,000	$500
Variable:		
Management Fees - 6.0%	$27,506	$335
General and Administrative	$24,600	$300
Payroll Expenses	$82,000	$1,000
Utilities	$36,900	$450
Marketing and Advertising	$12,300	$150
Maintenance and Repairs	$28,700	$350
Grounds Maintenance and Landscaping	$24,600	$300
Ground Lease	$0	$0
Replacement Reserve	$24,600	$300
Contract Services	$6,150	$75
Resident Programs	$0	$0
Total Expenses	$341,402	$4,163
Net Operating Income	$117,036	$1,427
Debt Service Payments		
TCAP Loan	$43,612	$532
HHR Loan	$21,452	$262
Other	$0	$0
Total Debt Service Payments	$65,065	$793
Operating Income After Debt Service - Before Tax Cash Flow	$51,971	$634

Debt Service Coverage Ratios	
Debt Service Coverage - TCAP Loan	2.684
Debt Service Coverage - TCAP and HHR Loans	1.799
Debt Service Coverage - All Mortgage Loans and Fees	1.799

Financial Ratios	
Operating Expense Ratio	74.5%
Break-Even Occupancy Ratio	81.6%

Notes to the Operating Pro forma and Ratios:

1. Rents underwritten for Charlotte Crossing are based upon the lesser of Maximum Restricted Rents, the Appraiser's projections or Applicant's expectations. The Rent Roll below reflects Year 2009 Maximum Restricted Rents published by FHFC, less applicable Utility Allowances as required by the HC Program. The Appraiser, Meridian, projects Maximum Restricted Rents, however Applicant expects rents for the Subject Development to be 11%-12% less than the maximum allowable.
2. Utility Allowances are based upon a Punta Gorda Housing Authority/Charlotte County Utility Allowance Schedule effective June 1, 2008, reflecting the Subject as individually metered, with residents paying water/sewer as well as gas and electric bills. Management will pay for trash removal and pest control.
3. A Rent Roll reflecting no Manager/Employee Unit follows:

MSA/County: Punta Gorda/Charlotte

Bed-rooms	Baths	No. of Units	Unit Size (SF)	Median Income %	Gross HC Rents	Utility Allow-ance	Max Net HC Rents	Applicant Rents	Underwriter Rents	Annual Rents
1	1	5	660	40%	$408	$99	$309	$276	$276	$16,560
1	1	36	660	60%	$612	$99	$513	$460	$460	$198,720
2	2	5	908	40%	$490	$117	$373	$333	$333	$19,980
2	2	36	908	60%	$735	$117	$618	$554	$554	$239,328
Totals		82	64,288							**$474,588**

4. Applicant currently has no plans to rent Washers/Dryers to Charlotte Crossing residents.
5. Cable Television Income reflects Revenues from retailing Cable TV service to residents based upon a net of $13 per unit per month with a Penetration Rate of 70%. Market Comparables and the Appraisal support the projection.
6. Miscellaneous Income is based upon projections for Late Fees, Cancellation Fees, Forfeited Deposits, Vending Income and Miscellaneous Income to total $180 per unit per year, a figure that is supported by Market Comparables and the Appraisal.

7. SMG has underwritten Vacancy Loss at 7.0% and Collection Loss at 1.0%. Research performed by Meridian of comparable Affordable Properties for its September 18, 2009, Appraisal support these assumptions.
8. Applicant submitted a September 18, 2009, Management Agreement with CPM reflecting a monthly Management Fee that is 6.0% of Total Monthly Gross Receipts.
9. Replacement Reserves of $300 per unit per year to be deposited on a monthly basis into a designated Escrow Account is required by RDP 2009-03 until a minimum amount of $1,500 per unit is accumulated, said minimum amount to be maintained at all times. The Replacement Reserve Account will be maintained by the First Mortgagee or Florida Housing's Loan Servicing Agent. 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 deposit is excessive or unnecessary.
10. Other Operating Expense estimates are supported by the Appraisal and/or Market Comparables.
11. Termite Prevention and Pest Control are included in Maintenance and Repairs.
12. The cost of Resident Programs is included in the budget for General and Administrative. These costs reflect Daily Activities, Health and Nutrition Classes, Financial Counseling, Resident Assistance Referral Programs and Literacy, Computer and Life Safety Training.
13. A 15-year Income and Expense projection that reflects satisfactory DSC is attached to this Credit Underwriting Report as Exhibit 1.

Section B

TCAP Special and General Conditions and

HC Allocation Recommendation and Contingencies

Special Conditions

The Tax Credit Assistance Program ("TCAP") Loan Recommendation by Seltzer Management Group, Inc. ("SMG" or "Seltzer") is contingent upon receipt and satisfactory review of the following items by SMG and Florida Housing Finance Corporation ("FHFC" or "Florida Housing") at least two weeks prior to closing. Failure to receive approval of these items within this time frame may result in postponement of the Closing Date.

1. Confirmation from FHFC that the Syndicator of the Housing Credits ("HC"), Raymond James Tax Credit Funds, Inc. ("Raymond James"), St. Petersburg, Florida, is in good standing.
2. Review and approval by Florida Housing Staff, its Legal Counsel and the Servicer of an Operating Deficit Reserve ("ODR") Account Agreement between Applicant and Raymond James governing the ODR.
3. Nancy Boggio Construction Completion and Operating Deficit Guarantees for the Subject Development or, alternatively, Mr. Boggio entering into a Liquidity Maintenance Agreement with FHFC whereby he maintains in his name (only) unencumbered Cash Balances in excess of $250,000 until such time as the Operating Deficit Guarantee for Charlotte Crossing is formally released.
4. Because an incidental portion of the Development Site is situated in a wetland, compliance with 24 CFR Part 55.12(b)(6) is required. As such, proposed construction and landscaping activities (except for minor grubbing, clearing of debris, pruning, sodding, seeding, or other similar activities) may not occupy or modify the wetlands. Additionally, appropriate site drainage is required. The Land Use Restriction Agreement ("LURA") will be amended to include this requirement.
5. Receipt of revised Building Plans and Specifications to correct or incorporate the following Features/Amenities; Air Conditioning with a SEER Rating of 15, Gas Water Heaters with an Energy Factor of 0.61 or better, Adjustable Shelving in the Master Bedroom Closets, Roll-Out Shelving or Drawers in all bottom Bathroom Vanity Cabinets and Roll-Out Shelving or Drawers in at least one bottom Kitchen Cabinet plus Applicant's choice of 10 Green Building Options.

General Conditions

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

1. Borrower to comply with any and all recommendations noted in the Pre-Construction Analysis ("PCA") that has been prepared by Consultech & Associates, Inc. ("Consultech"), Tampa, Florida, as documented by a "Sign Off" letter from Consultech.
2. Signed and sealed Survey, dated within 90 days of Loan Closing, unless otherwise approved by Florida Housing and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing 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,

Means of Access to Public Streets, Total Acreage, Flood Hazard Area and any other requirements of FHFC.

3. Building Permits and any other necessary Regulatory Approvals and Permits (e.g., Final Site Plan Approval, Water Management District, Florida Department of Environmental Protection, United States Army Corps of Engineers, Florida Department of Transportation, etc.). An acceptable alternative to this requirement is receipt and satisfactory review of a letter from the Local Permitting and Approval Authority stating that the Permits and Approvals will be issued upon receipt of Applicable Fees (with no other conditions) or evidence of 100% Lien-Free Completion, if applicable. If such a letter is provided, copies of all Permits and Approvals will be required as a condition of the first Post-Closing Draw.

4. Final "as permitted" (signed and sealed) Site Plan plus Building Plans and Specifications showing all features and amenities committed to in the application. 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 the Construction Interest based upon the final Draw Schedule (see below), documentation of the Closing Costs and a Draft Loan Closing Statement must also be provided. The Sources and Uses of Funds schedule will be attached to the Loan Agreement as the approved Development Budget.

6. A Final Construction Draw Schedule showing itemized Sources and Uses of Funds for each Monthly Draw. TCAP Loan Proceeds shall be disbursed during the Construction Phase in an amount per Draw based upon completed work and the expenditure of costs associated with Eligible costs as defined/restricted by HUD. An initial HC Equity Draw equal to no more than 15% of Total HC from Raymond James is permitted, however all TCAP funds shall be disbursed prior to the second HC Equity Draw or any disbursement from the First Mortgage Lender. The Closing Draw must include appropriate Backup and ACH Wiring Instructions.

7. Evidence of General Liability, Flood (if applicable), Builders Risk and Replacement Cost Hazard Insurance as Certificates of Occupancy ("C/O's") are received, reflecting FHFC as Loss Payee/Mortgagee, with Coverages, Deductibles and Amounts satisfactory to FHFC.

8. If the Subject Development is not 100% lien-free completed, a 100% Payment and Performance ("P&P") Bond or a Letter of Credit ("LOC") in an amount not less than 25% of the Construction Contract is required in order to secure the Construction Contract between Applicant and the General Contractor. In either case, 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 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) or LOC. **If the LOC option is utilized, the LOC must contain "Evergreen" Language and be in a form satisfactory to the Servicer, FHFC and its Legal Counsel.**

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 Rehabilitation Act, the Americans with Disabilities Act ("ADA") and Federal Fair Housing requirements, a applicable.

10. A copy of an Amended and Restated Limited Partnership Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit

Underwriting Report. The Amended and Restated Limited Partnership Agreement shall be in form and substance satisfactory to FHFC, its Legal Counsel and its Servicer.

11. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and Raymond James (or an affiliate) that requires funding of all HC Equity Installments during construction, even if Borrower is in default under the Limited Partnership Agreement.

12. Satisfactory resolution (as determined by FHFC) of any outstanding Past Due or Non-Compliance Notices applicable to the Development Team.

The TCAP Loan Recommendation is contingent upon the review and approval of the following items by Florida Housing and its Legal Counsel at least two weeks before closing. Failure to receive approval of these items, along with all other items listed on Legal Counsels Due Diligence list, within this time frame may result in postponement of the Closing Date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the General Partner/Principal(s)/Manager(s) of the Borrower, the Guarantors and the Limited Partner(s) of the Borrower.

2. Award of the HC and purchase of the HC by Raymond James, or assigns, under terms consistent with the Assumptions contained within this Credit Underwriting Report. The Amended and Restated Agreement of Limited Partnership shall be in form and substance satisfactory to FHFC, its Legal Counsel and its Servicer.

3. Signed and sealed Survey, dated within 90 days of Loan 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, Means of Access to Public Streets, Total Acreage, Flood Hazard Area and any other requirements of FHFC.

4. An acceptable updated Environmental Audit Report, together with a Reliance Letter to Florida Housing, prepared within 90 days of Loan Closing, unless otherwise approved by Florida Housing and its Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s), Updates and the Environmental Review, as deemed appropriate by Florida Housing in its sole discretion.

5. Title Insurance Pro-Forma 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.

6. 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 TCAP Loan have been satisfied.

7. Evidence of General Liability, Flood (if applicable), Builders Risk and Replacement Cost Hazard Insurance as Certificates of Occupancy ("C/O's") are received, reflecting FHFC as Loss Payee/Mortgagee, with Coverages, Deductibles and Amounts satisfactory to FHFC.

8. 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, any Partnership or Limited Liability Company that is the General Partner of Borrower ("GP"), any Corporation, Partnership or Limited Liability Company that is the Managing General Partner of the GP and any Corporate Guarantor or any Manager or entity signing on behalf of any Corporate Guarantor;

b. Authorization, execution, and delivery by Borrower and 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. That Borrower's and the Guarantors' 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 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.

9. Evidence of compliance with local Concurrency Laws.

10. 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 TCAP Loan.

11. Uniform Commercial Code ("UCC") Searches for Borrower and its Partnerships, as requested by FHFC and its Legal Counsel.

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

Additional Conditions

This recommendation is also contingent upon the following additional conditions:

1. Compliance with all applicable provisions of Section 42 of the Internal Revenue Code, as amended, and all related Federal Regulations, including the provision for the TCAP Program under the American Recovery and Reinvestment Act of 2009, Florida Statutes and Administrative Rules, including but not limited to Rule Chapter 67-48, FAC, and Request for proposal ("RFP") 2009-03.

2. TCAP funds are subject to the National Environmental Policy Act ("NEPA"" of 1969 and related Federal Environmental Authorities and Regulations at 24 CFR Part 58 "Environmental Review Procedures". No TCAP funds may be committed to a development before completion of the Environmental Review Process and HUD approval of the Environmental Review and Request for Release of Funds.

3. Prior to TCAP Loan Closing, FHFC will exchange a minimum amount of the TCAP Loan with HOME funds in order to be in compliance with HUD Guidelines. Any applicable HOME Unit Rents and Set-Asides associated with the HOME funding have been contemplated in this Credit Underwriting Report.

4. Completion of a Davis-Bacon Federal Labor Standards Pre-Construction Conference.
5. Satisfactory evidence of compliance with Davis-Bacon Act and other applicable Federal Labor Standards during the construction of the Subject Development. Evidence of compliance must be through satisfactory completion of a Compliance Audit by HUD and its Authorized Subcontractor.
6. Acceptance by the Borrower and execution of all documents evidencing and securing the TCAP Loan in form and substance satisfactory to Florida Housing, including but not limited to, the Promissory Note, the Loan Agreement, the Mortgage and Security Agreement, the Compliance, Financial Monitoring and Servicing Agreement and the LURA.
7. At all times there will be un-disbursed loan funds (collectively held by Florida Housing, First Lender and any other sources) sufficient to complete the Development. If at any time there are not sufficient funds (held by Florida Housing, First Lender and any other sources) to complete the Subject Development, the Borrower will be required to expend additional Equity on Development Costs or to deposit additional Equity with Florida Housing that is sufficient (in Florida Housing's judgment) to complete the Subject Development before additional Loan Funds are disbursed. This condition specifically includes escrowing at closing all Syndication and other Equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.
8. Developer Fees, if available, shall be paid as follows: Given a 15% deferment of Developer Fee with TCAP Funds, no more than 25% shall be paid at Construction Commencement, no more than 25% shall be paid at Construction Completion and no more than 35% shall be paid at Stabilization. The remainder of the Developer Fee shall be paid for Development Cash Flow or other non-FHFC sources. If non-FHFC sources are also funding Developer Fees, FHFC reserves the right decrease its portion of the funding to meet these maximum funding parameters (with any FHFC funding balance to be provided at Stabilization).
9. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Loan Closing.
10. If applicable, Guarantors to provide standard FHFC Construction Completion Guarantees, to be released upon Lien-Free Completion as approved by the Servicer.
11. Guarantors to provide standard FHFC Operating Deficit Guarantees in a maximum amount equal to one (1) year of Operating Expenses (exclusive of Replacement Reserves) and nine (9) months of Debt Service, to be released upon achievement of an average 1.15 combined Debt Service Coverage ("DSC") for the combined First Mortgage Loan, TCAP Loan and any other FHFC-awarded funds for a minimum of 24 consecutive months.
12. Guarantors to provide standard FHFC Environmental Indemnity Guarantees.
13. Guarantors to provide standard FHFC Guarantees of Recourse Obligations.
14. Consultech to act as Florida Housing's inspector during the Construction Phase.
15. A Mortgagee Title Insurance Policy naming FHFC as the insured, in the amount of the TCAP Loan is to be issued immediately after Loan Closing. Any exceptions to the Title Insurance Policy must be acceptable to FHFC and/or its Legal Counsel. The form of the Title Policy must be approved prior to Loan Closing.

16. Property Tax and Hazard Insurance Escrow(s) to be established and maintained by the First Mortgage Lender or the Servicer. In the event the Reserve Account(s) are held by Florida Housing's Loan Servicing Agent, the release of funds shall be at Florida Housing's sole discretion.
17. Replacement Reserves in the amount of $300 per unit per year will be required to be deposited on a monthly basis into a designated Escrow Account until a minimum amount of $1,500 per unit is accumulated, said minimum amount to be maintained at all times. The Replacement Reserve Account will be maintained by the First Mortgagee or Florida Housing's Loan Servicing Agent. 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 deposit is excessive or unnecessary.
18. Operating Deficit Reserves ("ODR's") in the collective amount of 3 months of Expenses and 3 months of Debt Service plus 6 months of Replacement Reserves will be permitted within Applicant's Budget unless the Credit Underwriter deems a larger ODR is necessary. The calculation of Developer Fee will be exclusive of the budgeted ODR and any ODR proposed or required by a Limited Partner or other lender in excess of the amount of the ODR deemed satisfactory by the Credit Underwriter will be a subset of Developer Fee.

    Upon expiration of the ODR, the balance in the Reserve Account will be used to pay down TCAP (but not before June 2012), if any, with the remaining amount deposited to the Replacement Reserve Account.
19. A minimum of 10% Retainage Holdback will be required on all Construction Draws until the Subject Development is 50% complete and 0% thereafter. Retainage will not be released until successful Construction Completion and issuance of all C/O's. The December 15, 2009, Owner/Contractor Agreement Contract between Applicant and Rodda Construction Multifamily, L.L.C., provides for Retainage Holdback at 10% until the Subject Development is 50% complete and none thereafter, which meets FHFC Rule. Retainage will be released 90% upon Substantial Completion and the remaining 10% upon Actual Completion.
20. Satisfactory completion of a Pre-Loan Closing Compliance Audit conducted by FHFC or its Servicer, if applicable.
21. Any other reasonable requirement(s) of the FHFC, its Legal Counsel or its Servicer.

Housing Credit Allocation Recommendation and Contingencies

Seltzer Management Group, Inc. ("SMG" or "Seltzer"), recommends a preliminary annual Housing Credit ("HC") allocation of $1,275,000. Please see the HC Allocation Calculation section of this report (Exhibit 4) for further details.

Contingencies

Seltzer's annual HC Allocation Recommendation is contingent upon receipt and satisfactory review of the following items by Florida Housing Finance Corporation ("FHFC" or "Florida Housing") and SMG by the deadline established in the Preliminary HC Allocation. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. Closing of the TCAP and Hurricane Housing Recovery ("HHR") Program Loans consistent with the assumptions within this Credit Underwriting Report.
2. Award and purchase of the HC by Raymond James, or assigns, under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Agreement of Limited Partnership shall be in form and substance satisfactory to FHFC, its Legal Counsel and its Servicer.
3. Receipt and satisfactory resolution (as determined by FHFC) of any outstanding Past Due Items or Non-Compliance Notices applicable to the Development Team prior to TCAP Loan Closing.
4. Any other reasonable requirements of Florida Housing, its Legal Counsel or its Servicer.

Exhibit 1
Charlotte Crossing
15 Year Operating Pro Forma

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	$474,588	$484,080	$493,761	$503,637	$513,709	$523,984	$534,463	$545,152	$556,055	$567,177	$578,520	$590,091	$601,892	$613,930	$626,209
Other Income:															
Washer/Dryer Rentals	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cable/Satellite Income	$8,954	$9,133	$9,316	$9,502	$9,693	$9,886	$10,084	$10,286	$10,492	$10,701	$10,915	$11,134	$11,356	$11,583	$11,815
Miscellaneous Income	$14,760	$15,055	$15,356	$15,663	$15,977	$16,296	$16,622	$16,955	$17,294	$17,640	$17,992	$18,352	$18,719	$19,094	$19,476
Rent Concessions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Potential Income	$498,302	$508,268	$518,434	$528,802	$539,379	$550,166	$561,169	$572,393	$583,841	$595,517	$607,428	$619,576	$631,968	$644,607	$657,499
Less:															
Vacancy Loss - 7.0%	($34,881)	($35,579)	($36,290)	($37,016)	($37,756)	($38,512)	($39,282)	($40,067)	($40,869)	($41,686)	($42,520)	($43,370)	($44,238)	($45,123)	($46,025)
Collection Loss - 1.0%	($4,983)	($5,083)	($5,184)	($5,288)	($5,394)	($5,502)	($5,612)	($5,724)	($5,838)	($5,955)	($6,074)	($6,196)	($6,320)	($6,446)	($6,575)
Total Effective Gross Revenue	$458,438	$467,607	$476,959	$486,498	$496,228	$506,153	$516,276	$526,601	$537,133	$547,876	$558,834	$570,010	$581,410	$593,039	$604,899
Expenses															
Fixed:															
Taxes	$33,046	$34,037	$35,059	$36,110	$37,194	$38,309	$39,459	$40,642	$41,862	$43,118	$44,411	$45,743	$47,116	$48,529	$49,985
Insurance	$41,000	$42,230	$43,497	$44,802	$46,146	$47,530	$48,956	$50,425	$51,938	$53,496	$55,101	$56,754	$58,456	$60,210	$62,016
Variable:															
Management Fees - 6.0%	$27,506	$28,056	$28,618	$29,190	$29,774	$30,369	$30,977	$31,596	$32,228	$32,873	$33,530	$34,201	$34,885	$35,582	$36,294
General and Administrative	$24,600	$25,338	$26,098	$26,881	$27,688	$28,518	$29,374	$30,255	$31,163	$32,097	$33,060	$34,052	$35,074	$36,126	$37,210
Payroll Expenses	$82,000	$84,460	$86,994	$89,604	$92,292	$95,060	$97,912	$100,850	$103,875	$106,991	$110,201	$113,507	$116,912	$120,420	$124,032
Utilities	$36,900	$38,007	$39,147	$40,322	$41,531	$42,777	$44,061	$45,382	$46,744	$48,146	$49,591	$51,078	$52,611	$54,189	$55,815
Marketing and Advertising	$12,300	$12,669	$13,049	$13,441	$13,844	$14,259	$14,687	$15,127	$15,581	$16,049	$16,530	$17,026	$17,537	$18,063	$18,605
Maintenance and Repairs	$28,700	$29,561	$30,448	$31,361	$32,302	$33,271	$34,269	$35,297	$36,356	$37,447	$38,570	$39,728	$40,919	$42,147	$43,411
Grounds Maintenance and Landscaping	$24,600	$25,338	$26,098	$26,881	$27,688	$28,518	$29,374	$30,255	$31,163	$32,097	$33,060	$34,052	$35,074	$36,126	$37,210
Ground Lease	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Replacement Reserve	$24,600	$24,600	$24,600	$24,600	$24,600	$24,600	$25,338	$25,338	$25,338	$25,338	$25,338	$25,338	$25,338	$26,098	$26,098
Contract Services	$6,150	$6,335	$6,525	$6,720	$6,922	$7,130	$7,343	$7,564	$7,791	$8,024	$8,265	$8,513	$8,768	$9,031	$9,302
Resident Programs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenses	$341,402	$350,631	$360,132	$369,911	$379,979	$390,343	$401,749	$412,732	$424,038	$435,676	$447,658	$459,992	$472,690	$486,521	$499,978
Net Operating Income	$117,036	$116,976	$116,827	$116,587	$116,249	$115,810	$114,527	$113,870	$113,096	$112,200	$111,176	$110,018	$108,721	$106,517	$104,921
Debt Service Payments															
TCAP Loan	$43,612	$43,612	$43,612	$43,612	$43,612	$43,612	$43,612	$43,612	$43,612	$43,612	$43,612	$43,612	$43,612	$43,612	$43,612
HHR Loan	$21,452	$21,452	$21,452	$21,452	$21,452	$21,452	$21,452	$21,452	$21,452	$21,452	$21,452	$21,452	$21,452	$21,452	$21,452
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service Payments	$65,065	$65,065	$65,065	$65,065	$65,065	$65,065	$65,065	$65,065	$65,065	$65,065	$65,065	$65,065	$65,065	$65,065	$65,065
Operating Income After Debt Service - Before Tax Cash Flow	$51,971	$51,911	$51,763	$51,522	$51,185	$50,746	$49,462	$48,805	$48,031	$47,135	$46,111	$44,954	$43,656	$41,453	$39,857
Accumulated	$51,971	$103,882	$155,645	$207,167	$258,352	$309,097	$358,559	$407,365	$455,396	$502,531					
Debt Service Coverage Ratios															
Debt Service Coverage - TCAP Loan	2.684	2.682	2.679	2.673	2.666	2.655	2.626	2.611	2.593	2.573	2.549	2.523	2.493	2.442	2.406
Debt Service Coverage - HHR Loan	1.799	1.798	1.796	1.792	1.787	1.780	1.760	1.750	1.738	1.724	1.709	1.691	1.671	1.637	1.613
Debt Service Coverage - All Mortgage Loans and Fees	1.799	1.798	1.796	1.792	1.787	1.780	1.760	1.750	1.738	1.724	1.709	1.691	1.671	1.637	1.613
Financial Ratios															
Operating Expense Ratio	74.5%	75.0%	75.5%	76.0%	76.6%	77.1%	77.8%	78.4%	78.9%	79.5%	80.1%	80.7%	81.3%	82.0%	82.7%
Break-Even Occupancy Ratio	81.6%	81.8%	82.0%	82.3%	82.5%	82.8%	83.2%	83.5%	83.8%	84.1%	84.4%	84.7%	85.1%	85.6%	85.9%

Charlotte Crossing (2009-023CT)
Features/Amenities and Resident Programs

A. The Subject Development will consist of:

82 Garden Apartment units located in 2 residential buildings.

Unit Mix:

Forty-one (41)	One-Bedroom/One-Bath units containing a minimum of 660 square feet of heated and cooled living area.
Forty-one (41)	Two-Bedroom/Two-Bath units containing a minimum of 908 square feet of heated and cooled living area.
82	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 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. The following Elderly Requirements will be provided in all units:

1. Thermostat placed at 48" maximum height

2. Tight-napped Berber-type carpet or non-skid/non-glossy tile in all living areas or a combination of both

3. 36" entrances on all exterior doors

4. All wall electrical outlets placed between 18" and 48" above the floor

5. Scald control valves on all bathtub and shower faucets

6. Peephole at 4' 10" on all exterior doors

7. Toggle type switches for each light and each fan throughout the unit

8. Adjustable shelving in master bedroom closets (style of shelving must be re-adjustable by resident)

9. Lever action handles on all doors in units and public areas

10. Horizontal grab bars in place installed around each tub and/or shower, the installation of which meets or exceeds the Universal Federal Accessibility Standards (UFAS 4.34.5)

11. Horizontal grab bars in place installed around each toilet, the installation of which meets or exceeds the Universal Federal Accessibility Standards (UFAS 4.34.5)

12. Roll-out shelving or drawers in all bottom bathroom vanity cabinets

13. Roll-out shelving or drawers in at least one bottom kitchen cabinet

14. Roll-in showers will be provided in at least fifteen percent (15%) of all new construction units and at least ten percent (10%) of all Rehabilitation/Substantial Rehabilitation units. 1/3 of the 15% NC requirement or 1/2 of the 10% SR requirement may be met with walk-in type shower stalls with permanently affixed seat which meet or exceed the Universal Federal Accessibility Standards (UFAS)

15. A minimum of one elevator per residential building must be provided for all new construction Developments that consist of more than one story if any of the Elderly set-aside units will be located on a floor higher than the first floor

D. Applicant has committed to provide the following features in each new construction unit:

1. Microwave oven in each unit

2. At least 1.5 bathrooms (one full bath and one with at least a toilet and sink) in all 2 bedroom new construction units

3. Pantry in kitchen area in all units – must be no less than 20 cubic feet of storage space. Pantry cannot be just an under- or over-the-counter cabinet

4. Dishwasher in all new construction units

5. Garbage disposal in all new construction units

E. Applicant has committed to the following amenities in the 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. Outside recreation facility: Shuffleboard Court

6. Library consisting of a minimum of 100 books and 5 current magazine subscriptions

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

F. Applicant has committed to provide the following energy conservation features for all buildings in the Development:

1. Air conditioning with a minimum SEER rating of 15

2. Gas water heater with energy factor of .61 or better

3. Wall insulation of a minimum of R-13 for frame built construction

4. Attic insulation of R-30 or better

5. All windows single-pane with shading coefficient of .67 or better

6. Ceiling fans in all bedrooms and living area in each unit

G. By initialing each item, Applicant commits to the following 10 Green Building options for this Development:

1. _X__ Programmable thermostats in each unit

2. _X__ Energy Star rated reversible ceiling fans in all bedrooms and living areas

3. _X__ Showerheads that use less than 2.5 gallons of water per minute

4. _X__ Faucets that use 2 gallons of water per minute or less in the kitchen and all bathrooms

5. _X__ Toilets that have dual flush options which include 1.6 gallons of water or less

6. _X__ 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. _X__ Energy Star rating for all refrigerators, dishwashers and washing machines that are provided by the Applicant

11. _X__ Energy Star rating for all windows in each unit

12. _X__ Carpet and Rug Institute Green Label certified carpet and pad for all carpeting provided

13. ____ Florida Yards and Neighborhood certification on all landscaping

14. _X__ Install daylight sensors or timers on all outdoor lighting

H. Applicant has committed to provide the following Resident Programs:

1. Daily Activities – Applicant or its Management Agent must provide on-site supervised, structured activities, at no cost to the resident, at least five days per week.

2. 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 onsite. Electronic media, if used, must be used in conjunction with live instruction.

3. Computer Training – Applicant or its Management Agent shall make available computer and internet training classes (basic and/or advanced level depending on the needs and requests of the residents). The training classes must be provided at least once a week, at no cost to the resident, in a dedicated space on site. Electronic media, if used, must be used in conjunction with live instruction.

4. 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.

5. 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.

6. Resident Assistance Referral Program - Applicant or its Management Agent will make available to residents information about services such as crisis intervention, individual and family needs assessment, problem solving and planning, appropriate information and referral to community resources and services based on need, monitoring of ongoing ability to retain self sufficiency, and advocacy to assist clients in securing needed resources. This service must be provided at no cost to the resident. Electronic media, if used, must be used in conjunction with live instruction.

7. 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: Charlotte Crossing

DATE: January 11, 2010

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 REQUIRED ITEMS:	STATUS Satis. / Unsatis.	NOTE
1. The development's final "as submitted for permitting" plans and specifications. Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing.	Satis.	1
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.	

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.	N/A.	
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:

1. Some of Applicant's Features and Amenities Commitments are reflected in the December 15, 2009, Agreement between Owner and Contractor (by attachment) rather in the Building Plans and Specifications. These include Air Conditioning with a SEER Rating of 15, Gas Water Heaters with an Energy Factor of 0.61 or better, Adjustable Shelving in the Master Bedroom Closets, Roll-Out Shelving or Drawers in all bottom Bathroom Vanity Cabinets, Roll-Out Shelving or Drawers in at least one bottom Kitchen Cabinet and Applicant's choice of 10 Green Building Options. To avoid confusion on the job site, SMG will require as a condition to TCAP Loan Closing that the Building Plans and Specifications be revised to correct and/or incorporate these items.

HC Allocation Calculation

Section I: Qualified Basis Calculation	
Development Cost	$12,462,382
Less Land Cost	($440,000)
Less Federal Funds	$0
Less Other Ineligible Cost	($1,029,707)
Less Disproportionate Standard	$0
Total Qualified Basis	$10,992,675
Applicable Fraction	100.00%
DDA/QCT Basis Credit	130.00%
Qualified Basis	$14,290,478
Housing Credit Percentage	9.00%
Annual Housing Credit Allocation	$1,286,143

Notes to the Qualified Basis Calculation:

1. Other Ineligible Costs (including Advertising and Marketing Expenses, FHFC Application, Administrative and Compliance Monitoring Fees, Reserves, etc.) 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 Charlotte County, which is 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.

Section II: Gap Calculation	
Total Development Cost (Including Land and Ineligible Costs)	$12,462,382
Less Loans/Mortgages	($5,170,669)
Less Grants	$0
Equity Gap	$7,291,713
Percentage to Investment Partnership/LLC	99.99%
HC Syndication Pricing	$0.540
HC Required to Meet Gap	$13,504,523
Annual HC Required	$1,350,452

Notes to the Gap Calculation:

1. Loans/Mortgages represents the (sized) $3,025,443 Tax Credit Assistance Program ("TCAP") Loan and a $2,145,226 Hurricane Housing Recovery ("HHR") Loan from Charlotte County.
2. Percentage to the Investment Entity and HC Syndication Pricing are based upon a HC Equity Proposal Letter dated November 30, 2009, from Raymond James Tax Credit Funds, Inc., St. Petersburg, Florida. See the "Permanent Financing" portion of Section A within this Credit Underwriting Report for complete information.

Section III: Summary	
HC per Applicant Request	$1,275,000
HC per Qualified Basis	$1,286,143
HC per Gap Calculation	$1,350,452
Annual HC Recommended	$1,275,000

Notes to the Summary:

The Annual HC Recommendation is based upon Applicant Request.

Exhibit 5
Charlotte Crossing (2009-023CT)
Occupancy Analysis

Affordable Housing Comparable Properties

					FHFC Average
Property		Willow Creek I Willow Creek Circle North Port	Willow Creek II Willow Creek Circle North Port	Rotunda Lakes 100 Rotunda Lakes Circle Rotunda West	
County		Sarasota	Sarasota	Charlotte	
FHFC Program(s)		SAIL/HC	SAIL/HC		
# of Units		120	124	176	
Apprixmate Distance from Subject		15 miles W	15 miles W	20 Miles SW	
2009 Occupancy					
	Jan-09	85.0%	87.0%	92.5%	88.2%
	Feb-09	83.0%	88.0%	93.8%	88.3%
	Mar-09	84.0%	88.0%	95.5%	89.2%
	Apr-09	83.0%	87.0%	94.9%	88.3%
	May-09	80.0%	86.0%	94.9%	87.0%
	Jun-09	78.0%	87.0%	95.5%	86.8%
	Jul-09	92.0%	90.0%	94.9%	92.3%
	Aug-09	92.0%	92.0%	94.3%	92.8%
	Sep'09	93.0%	93.0%	90.9%	92.3%
	Oct-09	93.0%	99.0%	93.2%	95.1%
12-mo. Average		86.3%	89.7%	94.0%	90.0%
6-mo. Average		88.0%	91.2%	94.0%	91.0%
3-mo. Average		92.7%	94.7%	92.8%	93.4%

September 2009 Meridian Weighted Average		
Willow Creek I		96.0%
Willow Creek II		95.0%
Rotunda Lakes		90.0%
	Overall	93.7%

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850.488.4197 • Fax 850.488.9809 • www.floridahousing.org

August 5, 2010

Via Federal Express

Mr. Gregory Dunfield
ADP Housing Partners 19, LP
1700 Seventh Ave, Suite2075
Seattle, WA 98101

RE: Final Action and Notice of Rights
TM Alexander/2010A-219B
2010 Supplemental MMRB Application Cycle and RFP 2009-06

Dear Mr. Dunfield:

As you know, at its meeting on July 30, 2010, Florida Housing's Board of Directors adopted the negative recommendation of the Credit Underwriter outlined in its Final Credit Underwriting Report dated July 15, 2010, regarding $13,500,000 in tax exempt bonds and $3,000,000 in HOME loan funds. A copy of the Florida Housing staff recommendation and credit underwriting report as they appeared on the Board agenda are attached to this letter.

If you wish to contest the action taken by Florida Housing in this matter, you may request a hearing as provided in the Notice of Rights attached to this letter.

Sincerely,

Wayne Conner

Wayne Conner
Director of Multifamily Bonds

Cc: Jan Rayboun, Loan Closing Coordinator
Rex Tilley, AmeriNational Community Services, Inc.

Enclosures: Staff Recommendation and credit underwriting report from agenda
Notice of Rights

FLORIDA HOUSING FINANCE CORPORATION

NOTICE OF RIGHTS

If your substantial interests are affected by Florida Housing Finance Corporation's (Florida Housing) action(s) in this matter, you have the right to request an administrative hearing on that action pursuant to Section 120.569, Florida Statutes. You may request either a formal or an informal hearing by filing a petition within 21 days of the date of your receipt of this Notice of Rights in the manner provided below.

Petitions are deemed filed upon receipt of the original documents by Florida Housing's Clerk at the following address:

Corporation Clerk
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Petitions or other requests for hearing will not be accepted via telefax or other electronic means.

Formal Administrative Hearing: If a genuine issue(s) of material fact is in dispute, you may seek a formal administrative hearing by filing a petition for hearing pursuant to Sections 120.569 and 120.57(1), Florida Statutes, within said 21 day period. Petitions must substantially comply with the requirements of Rule 28 – 106.201(2), Florida Administrative Code, a copy of which is attached to this Notice of Rights.

Informal Administrative Hearing: If there are no issues of material fact in dispute, you may seek an informal administrative hearing by filing a petition for hearing pursuant to Sections 120.569 and 120.57(2), Florida Statutes, within said 21 day period. Petitions must substantially comply with the requirements of Rule 28 – 106.301(2), Florida Administrative Code, a copy of which is attached to this Notice of Rights.

Mediation under Section 120.573, Florida Statutes, is not available.

Your petition must be received by Florida Housing within 21 days of the date of your receipt of this Notice of Rights. FAILURE TO FILE A PETITION WITHIN 21 DAYS WILL CONSTITUTE A WAIVER OF YOUR RIGHT TO REQUEST A HEARING IN THIS MATTER.

Please be governed accordingly.

Attachments: Copies of Rules 28 – 106.201(2) and 28 – 106.301(2), Florida Administrative Code.

28-106.201 Initiation of Proceedings.

(1) Unless otherwise provided by statute, and except for agency enforcement and disciplinary actions that shall be initiated under Rule 28-106.2015, F.A.C., initiation of proceedings shall be made by written petition to the agency responsible for rendering final agency action. The term "petition" includes any document that requests an evidentiary proceeding and asserts the existence of a disputed issue of material fact. Each petition shall be legible and on 8 1/2 by 11 inch white paper. Unless printed, the impression shall be on one side of the paper only and lines shall be double-spaced.

(2) All petitions filed under these rules shall contain:

(a) The name and address of each agency affected and each agency's file or identification number, if known;

(b) The name, address, and telephone number of the petitioner; the name, address, and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination;

(c) A statement of when and how the petitioner received notice of the agency decision;

(d) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;

(e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;

(f) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action, including an explanation of how the alleged facts relate to the specific rules or statutes; and

(g) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

(3) Upon receipt of a petition involving disputed issues of material fact, the agency shall grant or deny the petition, and if granted shall, unless otherwise provided by law, refer the matter to the Division of Administrative Hearings with a request that an administrative law judge be assigned to conduct the hearing. The request shall be accompanied by a copy of the petition and a copy of the notice of agency action.

Specific Authority 120.54(3), (5) FS. Law Implemented 120.54(5), 120.569, 120.57 FS. History–New 4-1-97, Amended 9-17-98, 1-15-07.

<u>28-106.301</u> Initiation of Proceedings.

(1) Unless otherwise provided by statute and except for agency enforcement and disciplinary actions initiated under subsection 28-106.2015(1), F.A.C., initiation of a proceeding shall be made by written petition to the agency responsible for rendering final agency action. The term "petition" includes any document which requests a proceeding. Each petition shall be legible and on 8 1/2 by 11 inch white paper or on a form provided by the agency. Unless printed, the impression shall be on one side of the paper only and lines shall be doubled-spaced.

(2) All petitions filed under these rules shall contain:

(a) The name and address of each agency affected and each agency's file or identification number, if known;

(b) The name, address, and telephone number of the petitioner; the name, address, and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding; and an explanation of how the petitioner's substantial interests will be affected by the agency determination;

(c) An explanation of how the petitioner's substantial interests will be affected by the agency determination;

(d) A statement of when and how the petitioner received notice of the agency decision;

(e) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;

(f) A statement of the specific rules or statutes that the petitioner contends require reversal or modification of the agency's proposed action;

(g) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action; and

(h) A statement that no material facts are in dispute.

Specific Authority 120.54(5) FS. Law Implemented 120.54(5), 120.569, 120.57 FS. History–New 4-1-97, Amended 9-17-98, 1-15-07, 12-24-07.