

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

MONTEREY LAKE LIMITED
PARTNERSHIP, a Florida
limited partnership

Petitioner,

APPLICATION NO. _____

vs.

FLORIDA HOUSING FINANCE
CORPORATION

Respondent,
_____ /

**PETITION FOR VARIANCE
FROM RULE 67-21.008(1)(b), F.A.C.**

Monterey Lake Limited Partnership ("Petitioner") hereby petitions Florida Housing Finance Corporation ("Corporation") for a variance from Rule 67-21.008(1)(b), Florida Administrative Code. This Petition is filed pursuant to Section 120.542, Florida Statutes, and Chapter 28-104.002, Florida Administrative Code.

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FLORIDA HOUSING FINANCE CORPORATION

The Petitioner

1. The address, telephone number and facsimile number of the Petitioner are:

Monterey Lake Limited Partnership
c/o McKinley, Inc.
320 North Main Street, Suite 200
Ann Arbor, Michigan 48104
Attention: Stephen G. Palms, Executive Vice President
Telephone: (734) 769-8520
Facsimile: (734) 769-8760

2. The address, telephone number and facsimile number of the Petitioner's representative are:

Gary M. Kaleita, Esq.
Lowndes, Drosdick, Doster, Kantor & Reed, P.A.
215 North Eola Drive
Orlando, Florida 32801
Telephone: (407) 418-6334
Facsimile: (407) 843-4444

3. Petitioner has applied for 2005 Series Multifamily Mortgage Revenue Refunding Bonds ("MMRB") financing. This MMRB financing is being obtained to refinance a multifamily residential rental apartment complex known as Monterey Lake Apartments (the "Development" or the "Project"), located at 6701 Westwood Boulevard, Orlando, Florida 32821. The financing structure for the Development consists of a first mortgage loan from the Corporation for tax-exempt MMRB proceeds, with credit enhancement for the tax-exempt MMRB being provided via a direct pay credit enhancement instrument from Freddie Mac. This financing structure was detailed in the Credit Underwriting Report dated April 7, 2005 prepared by First Housing Finance Corporation and submitted to the Corporation's Board on April 22, 2005. The MMRB loan closing for this Development is intended to take place on or before July 1, 2005.

The Rule From Which Variance is Sought and Action Requested

4. Petitioner requests a variance from a portion of Rule 67-21.008(1)(b), Florida Administrative Code (the "Amortization Rule"). More specifically, Petitioner is seeking a variance from what is designated as the beginning date for the amortization of the MMRB Loan, such that amortization would not commence until ten (10) years following the closing of the MMRB Loan, during which period only interest on the outstanding Loan balance would be paid. That Rule provides:

- (1) Each Mortgage Loan for a Development made by the Corporation shall:

- (b) Provide for a fully amortized payment of the Mortgage Loan in full beginning on the earlier of 36 months after closing, or stabilized occupancy, or conversion to permanent financing under the loan documents and ending no later than the expiration of the useful life of the property, and in any event, no later than 45 years from the date of the Mortgage Loan.

Statute Implement By The Rule

5. The statute that the Rule is implementing is Section 420.508(3)(a), Florida Statutes.

Petitioner Requests A Variance Of The Rule Set Forth Above for the Following Reasons

6. The existing Florida Housing Finance Corporation MMRB loan in the same amount, which this new MMRB Loan is replacing, was issued with no amortization. Historically, the Petitioner has invested significant sums of capital in the Development in order to provide a superior affordable housing project in southwest Orlando. The requested ten (10) year "interest only" period will allow this to continue. Furthermore, the appraised value of the Development being pledged as collateral is more than twice the value of the proposed MMRB Loan which is the subject of this Petition.

Variance Will Serve the Underlying Purpose Of The Statute

7. Petitioner believes that a variance of the Rule will serve the purposes of the Statute, which is implemented by the Rule. The AAA credit rating of the enhancer, Freddie Mac, provides the bondholders and the Corporation with the assurance of principal safety for this project. Freddie Mac has also structured the credit enhancement in a manner such that, after the

ten-year “interest-only” period, the remaining term of the enhancement will call for a match of the bond and amortization (20 years).

8. The Corporation has the authority pursuant to Sections 120.542(1) and (2), Florida Statutes, to provide relief from its rule if the purpose of the underlying statute will be or has been achieved by other means and when strict application of the rule would create a substantial hardship or would violate principles of fairness. Unless the Rule variance is granted, the Petitioner will be subjected to a substantial hardship, which will have a negative and unintended effect on the viability of an otherwise economically reasonable project. As per item 6 and 7 above, without approval of this request, quality affordable housing in southwest Orlando could be sacrificed. In a market where several multifamily projects have converted to condominiums, Monterey Lake remains a viable and high quality alternative for affordable housing.

Type of Variance

9. The Petitioner requests a variance of the Rule as set forth above for a period of ten (10) years from the closing of the MMRB Loan, during which period no amortization of the MMRB Loan would be required.

10. A copy of the Petition has been provided to the Joint Administrative Procedures Committee, Room 120, The Holland Building, Tallahassee, FL 32399-1300.

**MONTEREY LAKE LIMITED
PARTNERSHIP**, a Florida limited
partnership

By: McKinley Associates, Inc., a Michigan
corporation, its general partner

By:  _____

Stephen G. Palms

Title: Executive Vice President