

**STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION**

NVC – SPRING HILL, LTD.,

Petitioner,

vs.

**FLORIDA HOUSING FINANCE
CORPORATION,**

Respondent.

**Application No. 2009-208C
2009 Universal Cycle**

*FFFC File No.: 2010 -
013UC*

**NVC – SPRING HILL, LTD.’S PETITION CHALLENGING
FLORIDA HOUSING’S THRESHOLD, SCORING AND RANKING ERRORS
CONCERNING SUNRISE PARK APARTMENTS, MAGNOLIA GARDENS,
LAUREL VILLAS, RENAISSANCE PRESERVE PHASE II,
AND THE VERANDAS OF PUNTA GORDA**

Petitioner NVC – Spring Hill, Ltd. (“NVC – Spring Hill”), pursuant to sections 120.569 and 120.57(2), Florida Statutes, and rules 28-106.301 and 67-48.005(5), Florida Administrative Code, files this petition for an administrative hearing concerning the 2009 Universal Cycle Final Scoring Summary Reports for Application Nos. 2009-153C (Sunrise Park Phase I, Ltd.), 2009-162C (Magnolia Gardens I, Ltd.), 2009-228C (Laurel Villas Associates, LLC), 2009-151C (Renaissance Preserve III, LLLP), and 2009-154C (The Verandas of Punta Gorda, LLLP), and the 2009 Universal Application Cycle Ranked Order. In support of its petition, NVC – Spring Hill states:

1. Sunrise Park Phase I, Ltd., applied for an allocation of competitive housing credits in the 2009 Universal Application Cycle for a housing development in Lake Wales, Polk County, called Sunrise Park Apartments. Sunrise Park was ranked in the funding range by Florida Housing when the ranked order spreadsheet was released on February 26, 2010

2. Magnolia Gardens I, Ltd., applied for an allocation of competitive housing credits in the 2009 Universal Application Cycle for a housing development in Brooksville, Hernando County, known as Magnolia Gardens. Magnolia Gardens was ranked in the funding range by Florida Housing when the ranked order spreadsheet was released on February 26, 2010.

3. Laurel Villas Associates, LLC, applied for an allocation of competitive housing credits in the 2009 Universal Application Cycle for a housing development in DeLand, Volusia County, known as Laurel Villas. Laurel Villas was ranked in the funding range by Florida Housing when the ranked order spreadsheet was released on February 26, 2010.

4. Renaissance Preserve III, LLLP, applied for an allocation of competitive housing credits in the 2009 Universal Application Cycle for a housing development in Fort Myers, Lee County, called Renaissance Preserve Phase II. Renaissance Preserve was ranked in the funding range by Florida Housing when the ranked order spreadsheet was released on February 26, 2010.

5. The Verandas of Punta Gorda, LLLP, applied for an allocation of competitive housing credits in the 2009 Universal Application Cycle for a housing development in Punta Gorda, Charlotte County, known as The Verandas of Punta Gorda. The Verandas of Punta Gorda is on the waiting list for funding ahead of NVC – Spring Hill based on the ranked order spreadsheet that was released on February 26, 2010.

6. But for certain threshold, scoring and ranking errors of Respondent Florida Housing Finance Corporation (“Florida Housing”) in connection with each of these applications, NVC – Spring Hill would have been in the funding range at the time Florida Housing issued its 2009 Universal Application Cycle Ranked Order spreadsheet on February 26, 2010. The threshold, scoring and ranking errors for each of the challenged applications are specifically identified and discussed later in this petition. These identified errors were also raised during the

scoring process, either through Notices of Possible Scoring Errors (“NOPSEs”) or through Notices of Alleged Deficiencies (“NOADs”). R. 67-48.004(4), (7), Fla. Admin. Code.

7. The agency affected in this proceeding is Florida Housing, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329. The agency’s file number for NVC – Spring Hill’s application is 2009-208C.

8. The petitioner is NVC – Spring Hill, 2602 Merida Lane, Tampa, Florida 33618. The petitioner’s telephone numbers are 813-960-1991 (phone) and 813-962-8435 (facsimile).

9. The petitioner’s attorneys are Donna E. Blanton and Elizabeth McArthur, Radey, Thomas, Yon & Clark, P.A., 301 South Bronough Street, Suite 200, Tallahassee, Florida 32301. The attorneys’ telephone numbers are 850-425-6654 (phone) and 850-425-6694 (facsimile).

10. NVC – Spring Hill received notice of the Final Ranking and Notice of Rights from Kevin Tatreau, Florida Housing’s Director of Multifamily Development Programs, on March 1, 2010. Accompanying the Notice was a 2009 Universal Scoring Summary and 2009 Final Ranking spreadsheet.

11. NVC – Spring Hill’s substantial interests are affected by the Final Scoring Summary Report for Sunrise Park Apartments, Magnolia Gardens, Laurel Villas, Renaissance Preserve Phase II, and The Verandas of Punta Gorda, and the 2009 Universal Application Cycle Ranked Order for the following reasons: (1) NVC – Spring Hill timely filed an Application (No. 2009-208C) with Florida Housing for competitive Housing Credits in the 2009 Universal Cycle in connection with the development of a multifamily housing development known as Vista Grand at Spring Hill, in Spring Hill, Hernando County; (2) When the final scores were released, NVC – Spring Hill received a perfect score of 70 points, met all threshold requirements, and achieved six ability to proceed tie-breaker points and seven-and-a-half proximity tie-breaker

points; (3) But for the threshold, scoring and ranking errors made by Florida Housing with respect to Sunrise Park Apartments, Magnolia Gardens, Laurel Villas, Renaissance Preserve Phase II, and The Verandas of Punta Gorda, NVC – Spring Hill would have been in the funding range when final rankings were released on February 26, 2010.

12. Ultimate facts alleged, including those that warrant reversal of the proposed agency action, are set forth below for each of the five challenged applications. The issue presented for all five of these deals is virtually the same – the impropriety of virtually identical revised equity commitment letters that fail threshold requirements by predicating the commitments on acquisition of ownership interests and allocation of tax credits in percentages exceeding the percentage of ownership held by the limited partners, and by predicating the commitments on an ownership structure that is not only inconsistent with the applicants' ownership structure disclosed in their applications, but also, impossible (i.e., exceeding 100% total ownership interests in one entity).

A. Sunrise Park Apartments

i. In response to Preliminary Scoring Items 2T, 3T and 9T, the Applicant submitted a revised equity commitment letter from RBC Capital Markets dated August 12, 2009.

See Attachment A. Paragraph 1 of the revised letter states as follows:

RBC Tax Credit Equity, L.L.C., or an assignee (the "Limited Partner") will acquire a 99.99% limited partnership interest, **and** RBC Tax Manager II, Inc. (the "Special Limited Partner", and sometimes collectively with the Limited Partner, "RBC") will acquire a .01% special limited partnership interest (collectively, the "LP Interest") in the Partnership.

(Emphasis added). Thus, the first RBC entity will acquire a 99.99% ownership interest in the limited partnership, and in addition, the second RBC entity will acquire another .01% ownership interest. Together, these two interests constitute the "LP interest" to be acquired.

ii. Inconsistently, section 4(a), page 2 of the same revised equity commitment letter (Attachment A) states that 99.99% of the tax credits will be allocated to the “Limited Partner,” plus an additional .001% (not .01%) of the tax credits will be allocated to the “Special Limited Partner,” leaving the remaining .009% for the general partner tax credit allocation.

iii. Rule 67-48.004(1)(a), Fla. Admin. Code, adopts and incorporates by reference the 2009 Universal Application Instructions, and subsection (2) of that same rule makes clear that the failure of an application to be completed in accordance with the Application Instructions will result in the failure to meet threshold, rejection of the Application, a score less than the maximum available, or a combination of these results.

iv. Part V of the Instructions addresses Financing, and the entire part is designated a Threshold requirement. 2009 Universal Application Instructions, p. 66. Pages 73 and 74 of the 2009 Universal Application Instructions address Syndication/HC Equity, and set forth mandatory requirements for an equity commitment, proposal, or letter of intent in order to meet threshold. These threshold requirements provide that the letter must include “all terms and conditions of the commitment, proposal or letter of intent” and “the percentage of the anticipated amount of Housing Credit allocation being purchased.” 2009 Universal Application Instructions, V D.2.(a), pp. 73-74. In addition, a threshold requirement is as follows:

The percentage of credits proposed to be purchased must be equal to or less than the percentage of ownership interest held by the limited partner or member.

2009 Universal Application Instructions, V D.2.(b), p. 74.

v. The Sunrise Park Apartments revised equity commitment letter fails to meet this threshold requirement. As specified in Exhibit 9 of the Application, the General Partners together own a .01% interest in the limited partnership Applicant, while the Initial

Limited Partner owns a 99.99% interest in the limited partnership. *See Attachment B* (Exhibit 9 for Sunrise Park Phase I, Ltd.). According to page 74 of the Instructions quoted above, the percentage of credits proposed to be purchased must be equal to or less than 99.99% (the percentage of ownership interest held by the limited partner). However, the Sunrise Park revised equity commitment letter specifies as the terms and conditions of the RBC proposal that the collective limited partnership interest to be acquired by the two RBC entities totals 100% (99.99% plus .01%). *See Attachment A*, page 1, paragraph 1. And the revised equity commitment letter also specifies as the terms and conditions of the RBC proposal that 99.991% of the tax credits will be allocated to the two RBC entities. *See Attachment A*, page 2, Section 4(a). As pointed out in paragraphs i. and ii. above, these equity letter percentages are internally inconsistent, but either 100% or 99.991% is impermissible under the Instructions, because either percentage is **more** than, not less than or equal to, the percentage of ownership interest held by the limited partner.

vi. The revised equity commitment letter (Attachment A) sets forth an impermissible and impossible ownership structure that is inconsistent with the actual ownership structure specified in Exhibit 9 (Attachment B). There cannot be an ownership structure of a limited partnership whereby the collective limited partners acquire 100% of the ownership interest (99.99% for the limited partner plus .01% for the special limited partner), while the general partners together own .01% interest in the same limited partnership. The sum of all of the percentages of ownership interests in a limited partnership cannot add up to more than 100%, hence the terms of the revised equity commitment letter are an impossibility: the collective limited partners cannot acquire 100% of the ownership interest while .01% of the ownership interest remains in the general partners.

vii. The ownership structure of the applicant could not have been changed to address this inconsistency, because the application instructions require the applicant to specify its ownership structure as of the application deadline, and that ownership structure cannot change thereafter. *See* 2009 Universal Application Instructions II.A.2.c.(1), page 6 (no changes allowed to the Applicant entity prior to the Carryover Allocation Agreement; after that Agreement has been executed, replacement of the Applicant or a material change in the ownership structure (33.3% or more of a general partner) is allowed only with Board approval; changes to the Applicant before the Carryover Agreement “will result in a disqualification ... and shall be deemed a material misrepresentation.”).

viii. Rule 67-48.004(13) makes clear what the result must be of the foregoing:

The Corporation shall reject an Application if, following the submission of the additional documentation, revised pages and other information as the Applicant deems appropriate as described in subsection (6) above:

...
(b) The Applicant fails to achieve the threshold requirements as detailed in these rules, the applicable Application, and Application instructions[.]

ix. For other applications, Florida Housing has applied its rules and Instructions to reject equity commitment letters when the ownership interests to be acquired and tax credits to be allocated are inconsistent with the ownership percentages disclosed in the applications’ Exhibit 9, by exceeding the ownership percentage specified for the applicant’s limited partner or member. Indeed, in the 2009 Universal Cycle, Florida Housing rejected no less than six equity commitment letters in preliminary and/or final scoring, for failing this threshold requirement. For example, the equity commitment letter was rejected for Palm Lake Apartments (Application No. 2009-118C) for this reason:

Per page 74 of the 2009 Universal Application Instructions, the percentage of credits being purchased must be equal to or less than the percentage of

ownership interest held by the limited partner or member. The Applicant stated at Exhibit 9 of the Application that the limited partner's interest in the Applicant entity is 99.98%. However, the equity commitment at Exhibit 55 states that 99.99% of the HC allocation is being purchased. Because of this inconsistency, the HC equity cannot be considered a source of financing.

See Attachment C, page 3 (Final Scoring Summary Report for Palm Lake Apartments, 12/2/09).

Florida Housing must follow its rules, including the Instructions incorporated by reference, by rejecting the Sunrise Park revised equity commitment letter for failing threshold, just as it did in the instance of Palm Lake Apartments and other applications.

B. Magnolia Gardens

i. In response to Preliminary Scoring Item 3T, the Applicant submitted a revised equity commitment letter from RBC Capital Markets dated August 11, 2009. *See Attachment D*. Paragraph 1 of the revised letter states as follows:

RBC Tax Credit Equity, L.L.C., or an assignee (the "Limited Partner") will acquire a 99.99% limited partnership interest, **and** RBC Tax Manager II, Inc (the "Special Limited Partner", and sometimes collectively with the Limited Partner, "RBC") will acquire a .01% special limited partnership interest (collectively, the "LP Interest") in the Partnership.

(Emphasis added). Thus, the first RBC entity will acquire a 99.99% ownership interest in the limited partnership, and in addition, the second RBC entity will acquire another .01% ownership interest. Together, these two interests constitute the "LP interest" to be acquired

ii. Inconsistently, section 4(a), page 2 of the same revised equity commitment letter (Attachment D) states that 99.99% of the tax credits will be allocated to the "Limited Partner," plus an additional .001% (not .01%) of the tax credits will be allocated to the "Special Limited Partner," leaving the remaining .009% for the general partner tax credit allocation.

iii. Rule 67-48.004(1)(a), Fla. Admin. Code, adopts and incorporates by reference the 2009 Universal Application Instructions, and subsection (2) of that same rule

makes clear that the failure of an application to be completed in accordance with the Application instructions will result in the failure to meet threshold, rejection of the Application, a score less than the maximum available, or a combination of these results.

iv. Part V of the Instructions addresses Financing, and the entire part is designated a Threshold requirement. 2009 Universal Application Instructions, p. 66. Pages 73 and 74 of the 2009 Universal Application Instructions address Syndication/HC Equity, and set forth mandatory requirements for an equity commitment, proposal, or letter of intent in order to meet threshold. These threshold requirements provide that the letter must include “all terms and conditions of the commitment, proposal or letter of intent” and “the percentage of the anticipated amount of Housing Credit allocation being purchased.” 2009 Universal Application Instructions, V.D.2.(a), pp. 73-74. In addition, a threshold requirement is as follows:

The percentage of credits proposed to be purchased must be equal to or less than the percentage of ownership interest held by the limited partner or member.

2009 Universal Application Instructions, V.D.2.(b), p. 74.

v. The Magnolia Gardens revised equity commitment letter fails to meet this threshold requirement. As specified in the original Application, Exhibit 9, the General Partners together own a .01% interest in the limited partnership Applicant, while the Limited Partner owns a 99.99% interest in the limited partnership. *See Attachment E* (Exhibit 9 for Magnolia Gardens I, Ltd.). According to page 74 of the Instructions quoted above, the percentage of credits proposed to be purchased must be equal to or less than 99.99% (the percentage of ownership interest held by the limited partner). However, the Magnolia Gardens revised equity commitment letter specifies as the terms and conditions of the RBC proposal that the collective limited partnership interest to be acquired by the two RBC entities totals 100% (99.99% plus

.01%). *See* Attachment D, page 1, paragraph 1. And the revised equity commitment letter also specifies as the terms and conditions of the RBC proposal that 99.991% of the tax credits will be allocated to the two RBC entities. *See* Attachment D, page 2, Section 4(a). As pointed out in paragraphs i. and ii. above, these equity letter percentages are internally inconsistent, but either 100% or 99.991% is impermissible under the Instructions, because either percentage is **more** than, not less than or equal to, the percentage of ownership interest held by the limited partner.

vi. The revised equity commitment letter (Attachment D) sets forth an impermissible and impossible ownership structure that is inconsistent with the actual ownership structure specified in Exhibit 9 (Attachment E). There cannot be an ownership structure of a limited partnership whereby the collective limited partners acquire 100% of the ownership interest (99.99% for the limited partner plus .01% for the special limited partner), while the general partners together own .01% interest in the same limited partnership. The sum of all of the percentages of ownership interests in a limited partnership cannot add up to more than 100%, hence the terms of the revised equity commitment letter are an impossibility: the collective limited partners cannot acquire 100% of the ownership interest while .01% of the ownership interest remains in the general partners.

vii. The ownership structure of the applicant could not have been changed to address this inconsistency, because the application instructions require the applicant to specify its ownership structure as of the application deadline, and that ownership structure cannot change thereafter. *See* 2009 Universal Application Instructions II.A.2.c.(1), page 6 (no changes allowed to the Applicant entity prior to the Carryover Allocation Agreement; after that Agreement has been executed, replacement of the Applicant or a material change in the ownership structure (33.3% or more of a general partner) is allowed only with Board approval; changes to the

Applicant before the Carryover Agreement “will result in a disqualification ... and shall be deemed a material misrepresentation.”).

viii. Rule 67-48.004(13) makes clear what the result must be of the foregoing:

The Corporation shall reject an Application if, following the submission of the additional documentation, revised pages and other information as the Applicant deems appropriate as described in subsection (6) above:

(b) The Applicant fails to achieve the threshold requirements as detailed in these rules, the applicable Application, and Application instructions[.]

ix. For other applications, Florida Housing has applied its rules and Instructions to reject equity commitment letters when the ownership interests to be acquired and tax credits to be allocated are inconsistent with the ownership percentages disclosed in the applications' Exhibit 9, by exceeding the ownership percentage specified for the applicant's limited partner or member. Indeed, in the 2009 Universal Cycle, Florida Housing rejected no less than six equity commitment letters in preliminary and/or final scoring, for failing this threshold requirement. For example, the equity commitment letter was rejected for Palm Lake Apartments (Application No. 2009-118C) for this reason:

Per page 74 of the 2009 Universal Application Instructions, the percentage of credits being purchased must be equal to or less than the percentage of ownership interest held by the limited partner or member. The Applicant stated at Exhibit 9 of the Application that the limited partner's interest in the Applicant entity is 99.98%. However, the equity commitment at Exhibit 55 states that 99.99% of the HC allocation is being purchased. Because of this inconsistency, the HC equity cannot be considered a source of financing.

See Attachment C, page 3 (Final Scoring Summary Report for Palm Lake Apartments, 12/2/09).

Florida Housing must follow its rules, including the Instructions incorporated by reference, by rejecting the Magnolia Gardens revised equity commitment letter for failing threshold, just as it did in the instance of Palm Lake Apartments and other applications.

C. Laurel Villas

i. In response to Preliminary Scoring Item 2T, the Applicant submitted a revised equity commitment letter from RBC Capital Markets dated August 14, 2009. *See Attachment F.* Paragraph 1 of the revised letter states as follows:

RBC Tax Credit Equity, L.L.C., or an assignee (the "Limited Partner") will acquire a 99.99% limited partnership interest, **and** RBC Tax Manager II, Inc. (the "Special Limited Partner", and sometimes collectively with the Limited Partner, "RBC") will acquire a .001% special limited partnership interest (collectively, the "LP Interest") in the Partnership

(Emphasis added). Thus, the first RBC entity will acquire a 99.99% ownership interest in the limited partnership, and in addition, the second RBC entity will acquire another .001% ownership interest. Together, these two interests constitute the "LP interest" to be acquired. The same allocation of tax credits is proposed, with the first RBC entity allocated 99.99% of the tax credits and the second RBC entity allocated an additional .001% of the tax credits, leaving .009% for the general partner tax credit allocation. *See Attachment F, page 2, Section 4(a).*

ii. Rule 67-48.004(1)(a), Fla. Admin. Code, adopts and incorporates by reference the 2009 Universal Application Instructions, and subsection (2) of that same rule makes clear that the failure of an application to be completed in accordance with the Application instructions will result in the failure to meet threshold, rejection of the Application, a score less than the maximum available, or a combination of these results.

iii. Part V of the Instructions addresses Financing, and the entire part is designated a Threshold requirement. 2009 Universal Application Instructions, p. 66. Pages 73 and 74 of the 2009 Universal Application Instructions address Syndication/HC Equity, and set forth mandatory requirements for an equity commitment, proposal, or letter of intent in order to meet threshold. These threshold requirements provide that the letter must include "all terms and

conditions of the commitment, proposal or letter of intent” and “the percentage of the anticipated amount of Housing Credit allocation being purchased.” 2009 Universal Application Instructions, V.D.2.(a), pp. 73-74. In addition, a threshold requirement is as follows:

The percentage of credits proposed to be purchased must be equal to or less than the percentage of ownership interest held by the limited partner or member.

2009 Universal Application Instructions, V.D.2.(b), p. 74

iv. The Laurel Villas revised equity commitment letter fails to meet this threshold requirement. As specified in the original Application, Exhibit 9, the General Partners together own a .01% interest in the limited partnership Applicant, while the Initial Limited Partner owns a 99.99% interest in the limited partnership. *See Attachment G* (Exhibit 9 for Laurel Villas Associates, LLC). According to page 74 of the Instructions quoted above, the percentage of credits proposed to be purchased must be equal to or less than 99.99% (the percentage of ownership interest held by the limited partner or member). However, the Laurel Villas revised equity commitment letter specifies as the terms and conditions of the RBC proposal that the collective limited partnership interest to be acquired by the two RBC entities totals 99.991% (99.99% plus .01%). *See Attachment F*, page 1, paragraph 1. And the revised equity commitment letter also specifies as the terms and conditions of the RBC proposal that 99.991% of the tax credits will be allocated to the two RBC entities. *See Attachment F*, page 2, Section 4(a). This percentage is impermissible under the Instructions because it is **more** than, not less than or equal to, the percentage of ownership interest held by the limited partner.

v. The revised equity commitment letter (Attachment F) sets forth an impermissible and impossible ownership structure that is inconsistent with the actual ownership structure specified in Exhibit 9 (Attachment G). There cannot be an ownership structure of a

limited partnership whereby the collective limited partners acquire 99.991% of the ownership interest (99.99% for the limited partner plus .001% for the special limited partner), while the general partners together own .01% interest in the same limited partnership. The sum of all of the percentages of ownership interests in a limited partnership cannot add up to more than 100%, hence the terms of the revised equity commitment letter are an impossibility: the collective limited partners cannot acquire 99.991% of the ownership interest while .01% of the ownership interest remains in the general partners, because that would total 100.001%.

vi. The ownership structure of the applicant could not have been changed to address this inconsistency, because the application instructions require the applicant to specify its ownership structure as of the application deadline, and that ownership structure cannot change thereafter. *See* 2009 Universal Application Instructions II.A.2.c.(1), page 6 (no changes allowed to the Applicant entity prior to the Carryover Allocation Agreement; after that Agreement has been executed, replacement of the Applicant or a material change in the ownership structure (33.3% or more of a general partner) is allowed only with Board approval; changes to the Applicant before the Carryover Agreement “will result in a disqualification ... and shall be deemed a material misrepresentation.”).

vii. Rule 67-48.004(13) makes clear what the result must be of the foregoing:

The Corporation shall reject an Application if, following the submission of the additional documentation, revised pages and other information as the Applicant deems appropriate as described in subsection (6) above:

...

(b) The Applicant fails to achieve the threshold requirements as detailed in these rules, the applicable Application, and Application instructions[.]

viii. For other applications, Florida Housing has applied its rules and Instructions to reject equity commitment letters when the ownership interests to be acquired and

tax credits to be allocated are inconsistent with the ownership percentages disclosed in the applications' Exhibit 9, by exceeding the ownership percentage specified for the applicant's limited partner or member. Indeed, in the 2009 Universal Cycle, Florida Housing rejected no less than six equity commitment letters in preliminary and/or final scoring, for failing this threshold requirement. For example, the equity commitment letter was rejected for Palm Lake Apartments (Application No. 2009-118C) for this reason:

Per page 74 of the 2009 Universal Application Instructions, the percentage of credits being purchased must be equal to or less than the percentage of ownership interest held by the limited partner or member. The Applicant stated at Exhibit 9 of the Application that the limited partner's interest in the Applicant entity is 99.98%. However, the equity commitment at Exhibit 55 states that 99.99% of the HC allocation is being purchased. Because of this inconsistency, the HC equity cannot be considered a source of financing.

.See **Attachment C**, page 3 (Final Scoring Summary Report for Palm Lake Apartments, 12/2/09).

Florida Housing must follow its rules, including the Instructions incorporated by reference, by rejecting the Laurel Villas revised equity commitment letter for failing threshold, just as it did in the instance of Palm Lake Apartments and other applications.

D. Renaissance Preserve Phase II

i. In response to Preliminary Scoring Item 2T, the Applicant submitted a revised equity commitment letter from RBC Capital Markets dated August 7, 2009. See **Attachment H**. Paragraph 1 of the revised letter states as follows:

RBC Tax Credit Equity, L.L.C., or an assignee (the "Limited Partner") will acquire a 99.99% limited partnership interest, **and** RBC Tax Manager II, Inc. (the "Special Limited Partner", and sometimes collectively with the Limited Partner, "RBC") will acquire a .01% special limited partnership interest (collectively, the "LP Interest") in the Partnership.

(Emphasis added). Thus, the first RBC entity will acquire a 99.99% ownership interest in the limited partnership, and in addition, the second RBC entity will acquire another .01% ownership interest. Together, these two interests constitute the “LP interest” to be acquired.

ii. Inconsistently, section 4(a), page 2 of the same revised equity commitment letter (Attachment H) states that 99.99% of the tax credits will be allocated to the “Limited Partner,” plus an additional .001% (not .01%) of the tax credits will be allocated to the “Special Limited Partner,” leaving the remaining .009% for the general partner tax credit allocation.

iii. Rule 67-48.004(1)(a), Fla. Admin. Code, adopts and incorporates by reference the 2009 Universal Application Instructions. Subsection (2) of that same rule makes clear that the failure of an application to be completed in accordance with the Application Instructions will result in the failure to meet threshold, rejection of the Application, a score less than the maximum available, or a combination of these results.

iv. Part V of the Instructions addresses Financing, and the entire part is designated a Threshold requirement. 2009 Universal Application Instructions, p. 66. Pages 73 and 74 of the 2009 Universal Application Instructions address Syndication/HC Equity, and set forth mandatory requirements for an equity commitment, proposal, or letter of intent in order to meet threshold. These threshold requirements provide that the letter must include “all terms and conditions of the commitment, proposal or letter of intent” and “the percentage of the anticipated amount of Housing Credit allocation being purchased.” 2009 Universal Application Instructions, V.D.2.(a), pp. 73-74. In addition, a threshold requirement is as follows:

The percentage of credits proposed to be purchased must be equal to or less than the percentage of ownership interest held by the limited partner or member.

2009 Universal Application Instructions, V.D.2 (b), p. 74.

v. The Renaissance Preserve Phase II revised equity commitment letter fails to meet this threshold requirement. As specified in the original Application, Exhibit 9, the General Partners together own a .01% interest in the limited partnership Applicant, while the Initial Limited Partner owns a 99.99% interest in the limited partnership. *See Attachment I* (Exhibit 9 for Renaissance Preserve III, LLLP). According to page 74 of the Instructions quoted above, the percentage of credits proposed to be purchased must be equal to or less than 99.99% (the percentage of ownership interest held by the limited partner). However, the Renaissance Preserve revised equity commitment letter specifies as the terms and conditions of the RBC proposal that the collective limited partnership interest to be acquired by the two RBC entities totals 100% (99.99% plus .01%). *See Attachment H*, page 1, paragraph 1. And the revised equity commitment letter also specifies as the terms and conditions of the RBC proposal that 99.991% of the tax credits will be allocated to the two RBC entities. *See Attachment H*, page 2, Section 4(a). As pointed out in paragraphs i. and ii. above, these equity letter percentages are internally inconsistent, but either 100% or 99.991% is impermissible under the Instructions, because either percentage is **more** than, not less than or equal to, the percentage of ownership interest held by the limited partner.

vi. The revised equity commitment letter (Attachment H) sets forth an impermissible and impossible ownership structure that is inconsistent with the actual ownership structure specified in Exhibit 9 (Attachment I). There cannot be an ownership structure of a limited partnership whereby the collective limited partners acquire 100% of the ownership interest (99.99% for the limited partner plus .01% for the special limited partner), while the general partners together own .01% interest in the same limited partnership. The sum of all of

the percentages of ownership interests in a limited partnership cannot add up to more than 100%, hence the terms of the revised equity commitment letter are an impossibility: the collective limited partners cannot acquire 100% of the ownership interest while .01% of the ownership interest remains in the general partners.

vii. The ownership structure of the applicant could not have been changed to address this inconsistency, because the application instructions require the applicant to specify its ownership structure as of the application deadline, and that ownership structure cannot change thereafter. *See* 2009 Universal Application Instructions II.A.2.c.(1), page 6 (no changes allowed to the Applicant entity prior to the Carryover Allocation Agreement; after that Agreement has been executed, replacement of the Applicant or a material change in the ownership structure (33.3% or more of a general partner) is allowed only with Board approval; changes to the Applicant before the Carryover Agreement “will result in a disqualification ... and shall be deemed a material misrepresentation.”).

viii. Rule 67-48.004(13) makes clear what the result must be of the foregoing:

The Corporation shall reject an Application if, following the submission of the additional documentation, revised pages and other information as the Applicant deems appropriate as described in subsection (6) above:

...
(b) The Applicant fails to achieve the threshold requirements as detailed in these rules, the applicable Application, and Application instructions[.]

ix. For other applications, Florida Housing has applied its rules and Instructions to reject equity commitment letters when the ownership interests to be acquired and tax credits to be allocated are inconsistent with the ownership percentages disclosed in the applications' Exhibit 9, by exceeding the ownership percentage specified for the applicant's limited partner or member. Indeed, in the 2009 Universal Cycle, Florida Housing rejected no

less than six equity commitment letters in preliminary and/or final scoring, for failing this threshold requirement. For example, the equity commitment letter was rejected for Palm Lake Apartments (Application No. 2009-118C) for this reason:

Per page 74 of the 2009 Universal Application Instructions, the percentage of credits being purchased must be equal to or less than the percentage of ownership interest held by the limited partner or member. The Applicant stated at Exhibit 9 of the Application that the limited partner's interest in the Applicant entity is 99.98%. However, the equity commitment at Exhibit 55 states that 99.99% of the HC allocation is being purchased. Because of this inconsistency, the HC equity cannot be considered a source of financing.

See Attachment C, page 3 (Final Scoring Summary Report for Palm Lake Apartments, 12/2/09). Florida Housing must follow its rules, including the Instructions incorporated by reference, by rejecting the Renaissance Preserve revised equity commitment letter for failing threshold, just as it did in the instance of Palm Lake Apartments and other applications.

E. The Verandas of Punta Gorda

i. In response to Preliminary Scoring Item 4T, the Applicant submitted a revised equity commitment letter from RBC Capital Markets dated August 13, 2009. *See Attachment J*. Paragraph 1 of the revised letter states as follows:

RBC Tax Credit Equity, L.L.C., or an assignee (the "Limited Partner") will acquire a 99.99% limited partnership interest, **and** RBC Tax Manager II, Inc. (the "Special Limited Partner", and sometimes collectively with the Limited Partner, "RBC") will acquire a .01% special limited partnership interest (collectively, the "LP Interest") in the Partnership.

(Emphasis added). Thus, the first RBC entity will acquire a 99.99% ownership interest in the limited partnership, and in addition, the second RBC entity will acquire another .01% ownership interest. Together, these two interests constitute the "LP interest" to be acquired.

ii. Inconsistently, section 4(a), page 2 of the same revised equity commitment letter (Attachment J) states that 99.99% of the tax credits will be allocated to the “Limited Partner,” plus an additional .001% (not .01%) of the tax credits will be allocated to the “Special Limited Partner,” leaving the remaining .009% for the general partner tax credit allocation.

iii. Rule 67-48.004(1)(a), Fla. Admin. Code, adopts and incorporates by reference the 2009 Universal Application Instructions, and subsection (2) of that same rule makes clear that the failure of an application to be completed in accordance with the Application instructions will result in the failure to meet threshold, rejection of the Application, a score less than the maximum available, or a combination of these results.

iv. Part V of the Instructions addresses Financing, and the entire part is designated a Threshold requirement. 2009 Universal Application Instructions, p. 66. Pages 73 and 74 of the 2009 Universal Application Instructions address Syndication/HC Equity, and set forth mandatory requirements for an equity commitment, proposal, or letter of intent in order to meet threshold. These threshold requirements provide that the letter must include “all terms and conditions of the commitment, proposal or letter of intent” and “the percentage of the anticipated amount of Housing Credit allocation being purchased.” 2009 Universal Application Instructions, V.D.2.(a), pp 73-74. In addition, a threshold requirement is as follows:

The percentage of credits proposed to be purchased must be equal to or less than the percentage of ownership interest held by the limited partner or member.

2009 Universal Application Instructions, V.D 2.(b), p. 74.

v. The Verandas of Punta Gorda’s revised equity commitment letter fails to meet this threshold requirement. As specified in the original Application, Exhibit 9, the General Partners together own a .01% interest in the limited partnership Applicant, while the Initial

Limited Partner owns a 99.99% interest in the limited partnership. *See Attachment K* (Exhibit 9 for The Verandas of Punta Gorda, LLLP). According to page 74 of the Instructions quoted above, the percentage of credits proposed to be purchased must be equal to or less than 99.99% (the percentage of ownership interest held by the limited partner). However, The Verandas of Punta Gorda's revised equity commitment letter specifies as the terms and conditions of the RBC proposal that the collective limited partnership interest to be acquired by the two RBC entities totals 100% (99.99% plus .01%). *See Attachment J*, page 1, paragraph 1. And the revised equity commitment letter also specifies as the terms and conditions of the RBC proposal that 99.991% of the tax credits will be allocated to the two RBC entities. *See Attachment J*, page 2, Section 4(a). As pointed out in paragraphs i. and ii. above, these equity letter percentages are internally inconsistent, but either 100% or 99.991% is impermissible under the Instructions, because either percentage is **more** than, not less than or equal to, the percentage of ownership interest held by the limited partner.

vi. The revised equity commitment letter (Attachment J) sets forth an impermissible and impossible ownership structure that is inconsistent with the actual ownership structure specified in Exhibit 9 (Attachment K). There cannot be an ownership structure of a limited partnership whereby the collective limited partners acquire 100% of the ownership interest (99.99% for the limited partner plus .01% for the special limited partner), while the general partners together own .01% interest in the same limited partnership. The sum of all of the percentages of ownership interests in a limited partnership cannot add up to more than 100%, hence the terms of the revised equity commitment letter are an impossibility: the collective limited partners cannot acquire 100% of the ownership interest while .01% of the ownership interest remains in the general partners.

vii. The ownership structure of the applicant could not have been changed to address this inconsistency, because the application instructions require the applicant to specify its ownership structure as of the application deadline, and that ownership structure cannot change thereafter. *See* 2009 Universal Application Instructions II.A.2.c.(1), page 6 (no changes allowed to the Applicant entity prior to the Carryover Allocation Agreement; after that Agreement has been executed, replacement of the Applicant or a material change in the ownership structure (33.3% or more of a general partner) is allowed only with Board approval; changes to the Applicant before the Carryover Agreement “will result in a disqualification ... and shall be deemed a material misrepresentation.”).

viii. Rule 67-48.004(13) makes clear what the result must be of the foregoing:

The Corporation shall reject an Application if, following the submission of the additional documentation, revised pages and other information as the Applicant deems appropriate as described in subsection (6) above.

...

(b) The Applicant fails to achieve the threshold requirements as detailed in these rules, the applicable Application, and Application instructions[]

ix. For other applications, Florida Housing has applied its rules and Instructions to reject equity commitment letters when the ownership interests to be acquired and tax credits to be allocated are inconsistent with the ownership percentages disclosed in the applications’ Exhibit 9, by exceeding the ownership percentage specified for the applicant’s limited partner or member. Indeed, in the 2009 Universal Cycle, Florida Housing rejected no less than six equity commitment letters in preliminary and/or final scoring, for failing this threshold requirement. For example, the equity commitment letter was rejected for Palm Lake Apartments (Application No. 2009-118C) for this reason:

Per page 74 of the 2009 Universal Application Instructions, the percentage of credits being purchased must be equal to or less than the percentage of

ownership interest held by the limited partner or member. The Applicant stated at Exhibit 9 of the Application that the limited partner's interest in the Applicant entity is 99.98%. However, the equity commitment at Exhibit 55 states that 99.99% of the HC allocation is being purchased. Because of this inconsistency, the HC equity cannot be considered a source of financing.

See Attachment C, page 3 (Final Scoring Summary Report for Palm Lake Apartments, 12/2/09). Florida Housing must follow its rules, including the Instructions incorporated by reference, by rejecting The Verandas of Punta Gorda's revised equity commitment letter for failing threshold, just as it did in the instance of Palm Lake Apartments and other applications.

13. Because of the specifically identified threshold and scoring errors discussed above, Florida Housing also erred in ranking Sunrise Park Apartments, Magnolia Gardens, Laurel Villas, and Renaissance Preserve Phase II in the funding range, in placing The Verandas of Punta Gorda on the waiting list for the 2009 Universal Cycle, and in failing to rank Vista Grand at Spring Hill in the funding range.

14. Statutes and rules requiring reversal of the proposed agency action are the Florida Housing Finance Corporation Act (sections 420.501 et seq., Florida Statutes); sections 120.569 and 120.57(2), Florida Statutes; and rules 67-48.004 (including the 2009 Universal Application Instructions incorporated by reference), and 67-48.005, Florida Administrative Code.

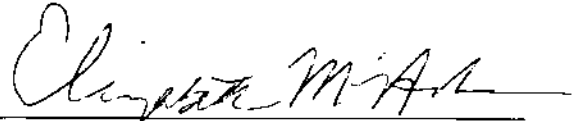
15. Based on the foregoing, NVC – Spring Hill respectfully requests that Florida Housing schedule this petition for an informal hearing and that the Hearing Officer enter a Recommended Order finding that Florida Housing erred in finding that Sunrise Park Apartments, Magnolia Gardens, Laurel Villas, Renaissance Preserve Phase II, and The Verandas of Punta Gorda met threshold requirements and in the scoring and ranking of each of the five challenged developments. NVC – Spring Hill further requests that Florida Housing enter a Final Order adopting the requested recommendations of the Hearing Officer and determining that NVC –

Spring Hill should have been in the funding range when final rankings were issued for the 2009 Universal Cycle. As a result of such Final Order, NVC – Spring Hill requests an allocation of housing credits and any other relief to which it is entitled, pursuant to rule 67-48.005(7), Florida Administrative Code.

16. At the time of filing this petition, NVC – Spring Hill does not believe that any material facts are in dispute. NVC – Spring Hill reserves the right to seek a hearing pursuant to sections 120.569 and 120.57(1) at the Division of Administrative Hearings if, during the course of proceedings on this petition, disputed issues of material fact become known to the parties.

Dated: March 22, 2010

Respectfully submitted,



Donna E. Blanton
Florida Bar No. 948500
Elizabeth McArthur
Florida Bar No. 354491
Radey Thomas Yon & Clark, P.A.
301 S. Bronough Street, Suite 200
Tallahassee, Florida 32301
850-425-6654 (phone)
850-425-6694 (facsimile)

Attorney for NVC – Spring Hill, Ltd.



RBC Tax Credit Equity Group
1549 Ringling Blvd., 3rd Floor
Sarasota, FL 34236

August 12, 2009

Mr. Richard Higgins
President
Norstar Development USA, LP
200 South Division Street
Buffalo, NY 12207

Re: *Sunrise Park Apartments
Lake Wales, Florida*

Dear Rick:

Thank you for providing us the opportunity to submit a proposal on Sunrise Park Apartments in Lake Wales, Polk County, Florida. This letter serves as our mutual understanding of the business terms regarding our best efforts acquisition of limited partnership interests in Sunrise Park Phase I, Ltd. (the "Partnership"). RBC Tax Credit Equity, L.L.C., or an assignee (the "Limited Partner") will acquire a 99.99% limited partnership interest, and RBC Tax Manager II, Inc. (the "Special Limited Partner", and sometimes collectively with the Limited Partner, "RBC") will acquire a .01% special limited partnership interest (collectively, the "LP Interest") in the Partnership.

1. **Project and Parties Involved.** (a) The "Project", known as Sunrise Park Apartments, will consist of 72 newly constructed apartment units for rent to families. The Project will consist of multiple townhouse and garden style buildings located in the County of Polk, and State of Florida (sometimes, the "Property"). Within the Project 100% of the units will be occupied in compliance with the low-income housing tax credit ("LIHTC") requirements of Section 42 of the Internal Revenue Code.

(b) The parties involved with the Project are as follows:

- (i) **General Partners.** The Managing General Partner will be Norstar Sunrise Park I, Inc., an affiliate of Norstar Development USA, LP and the General Partner will be LWHA Sunrise Park Phase I, LLC owned 100% by the Lake Wales Housing Authority.
- (ii) **Developers.** The developers will be Norstar Development USA, LP and LWHA Development, LLC.
- (iii) **Guarantors.** Subject to RBC's review and approval of financial statements, the Guarantors are the General Partners, developers, and any others required by RBC, on a joint and several basis.

2. **Company Credits.** Anticipated Annual Tax Credits: \$998,400.

3. **Capital Contributions and Adjustments.** (a) RBC will fund its capital contributions pursuant to the following schedule based upon a purchase price of \$0.65 for total tax credit equity of \$6,488,951.

<u>Conditions</u>	<u>Amount</u>
i) 31.1% paid prior to or simultaneous with the closing of the construction financing.	\$ 2,017,008
ii) 53.9% upon the later of (a) satisfaction of the funding conditions described in (i) above, (b) receipt of a preliminary cost certification prepared by a certified public accountant, and (c) receipt of Certificates of Occupancy on all units.	\$ 3,498,600
iii) 15% upon the later of (a) satisfaction of the funding conditions described in (ii) above, (b) achievement of 3 consecutive months of a 1.15 debt service coverage ratio on all foreclosable debt, and (c) permanent loan conversion, (d) achievement of Qualified Occupancy and (e) achievement of 95% physical occupancy.	\$ 973,343
	<u>\$ 6,488,951</u>

4. **Tax Benefits and Distributions.**

(a) **Tax Benefits.** Tax profits, tax losses, and tax credits will be allocated 99.99% to the Limited Partner, .001% to the Special Limited Partner and .009% to the General Partner

(b) **Net Cash Flow Distributions.** Distributions of net cash flow, as defined in the Partnership Agreement, but generally all cash receipts less cash expenditures (e.g., payment of debt service, property management fee and asset management fee), will be made as follows:

- (i) to the partners in proportion to any so called "phantom income" tax liability incurred by such partners;
- (ii) to the Limited Partner, to make any payment of any Adjustment Amount or payment of LIHTC shortfall or recapture amount not previously paid;
- (iii) to the replenishment of the operating reserve in section 7 (a);
- (iv) to the payment of any unpaid developer fee, until such fee has been paid in full;
- (v) to the payment of any debts owed to the Partners and/or their affiliates;
- (vi) 90% to the General Partner for the incentive management fee and the balance to the Partners in accordance with their percentage interests described in Paragraph 9(a).

(c) Distributions upon Sale, Liquidation or Refinance. Net proceeds resulting from any sale, liquidation or refinance will be distributed as follows:

- (i) to payment in full of any Partnership debts except those due to Partners and/or their affiliates;
- (ii) to the setting up of any required reserves for contingent liabilities or obligations of the Partnership;
- (iii) to the Limited Partner to make any payment of any Adjustment Amount or any payment of LIHTC shortfall or recapture amount not previously paid;
- (iv) to the payment of any debts owed to the General Partner or its affiliates including any unpaid developer fee;
- (v) to the Special Limited Partner, 1% of such proceeds as a capital transaction administrative fee;
- (vi) to the Limited Partner for any excess or additional Capital Contributions made by it;
- (vii) to the Limited Partner in an amount equal to any projected federal income tax incurred as a result of the transaction giving rise to such proceeds; and
- (viii) the balance, 90% to the General Partner, 9.99% to the Limited Partner and .01% to the Special Limited Partner.

5. General Partner Obligations and Guarantees. In addition to Paragraphs 5(b) and (d) and the items described in the Partnership Agreement, the General Partner will be responsible for the following items. Any amounts advanced by the General Partner will not be considered as loans or Capital Contributions reimbursable or repayable by the Partnership unless otherwise stated herein.

(a) Construction Completion. The General Partner will guarantee construction completion in accordance with approved plans and specifications and will pay for any construction costs, costs to achieve permanent loan closing, and costs necessary to fund reserves required to be funded at or before permanent loan closing.

(b) Operating Deficits.

- (i) The General Partner will guarantee operating deficits to the Partnership until the Project has achieved three consecutive months of operations in which rental revenues are equal to or exceed the aggregate of operating expenses, reserve requirements and debt service, to the extent then due and payable (together with a ratable portion of annual expenses not yet due and payable) ("Breakeven");
- (ii) Commencing with Breakeven Operations and continuing for a period of three years thereafter, the General Partner will guarantee funding for operating deficits of up to an amount equal to 6 months of debt service, repayment of which will be evidenced by an unsecured loan to the Partnership with interest at the rate of 8% per annum, to be repaid out of cash flow, refinancing, sale and liquidation proceeds as provided in Paragraph 9 hereof.

(c) The amount of actual LIHTC will be determined promptly following receipt of cost certification from the accountant and Form 8609. In the event that actual LIHTC are less than Projected LIHTC, RBC's capital contributions will be reduced by an amount (the "Adjustment Amount") equal to the

product of (i) \$0.65 multiplied by (ii) the difference between Projected LIHTC and Actual LIHTC. If the Adjustment Amount exceeds the total of all unfunded capital contributions, then the General Partner will make a payment to the Partnership equal to the amount of such excess, and the Partnership will immediately distribute such amount to RBC as a return of its capital contribution. This payment will not give rise to any right as a loan or Capital Contribution or result in any increase in the General Partner's capital account.

(d) In addition to the Adjustment Amount, RBC's capital contribution will be similarly reduced in the event that the actual amount of LIHTC the first calendar year of tax credits is less than the amounts projected. The amount (the "Late Delivery Adjustment") of this reduction will equal the amount that the Actual LIHTC for such year is less than the amount projected minus the present value of the Late Delivery Adjustment using a 10% discount rate.

(e) LIHTC Shortfall or Recapture Event. In addition to the Adjustment Amount and Late Delivery Adjustment, if the actual amount of LIHTC for any year is less than Projected LIHTC, the General Partner will guarantee payment to the Limited Partner of an amount equal to the shortfall or recapture amount, plus related costs and expenses incurred by the Limited Partner.

(f) Repurchase. The General Partner will repurchase RBC's interest upon the occurrence of certain events described in the Partnership Agreement.

(g) Guarantors. The Guarantors will guarantee the General Partner's obligations under Sections 5(a), (b) (c) and (f) above. The Guarantors will maintain a net worth as required by RBC and agreed to by the General Partner and provide RBC with annual financial statements evidencing compliance with the net worth and liquidity requirements.

6. Debt Sources. As a condition to funding our capital contribution, the General Partner will deliver the loan commitments in the approximate amount described in subparagraphs (a) - (c). The terms of these loans are subject to RBC's consent.

(a) Housing Authority Loan. A nonrecourse loan in the amount of \$1,800,000 with an interest rate of 1% and repaid from available cash flow.

(b) Deferred Developer Fee. A deferred developer in the amount of \$15,613 with an interest rate at 8% and repaid from available cash flow.

(c) Construction Loan. A construction loan in the amount sufficient to complete construction of the project.

7. Reserves.

(a) Operating Reserves. An operating reserve in the amount equal to 6 months of operating expense and debt service or as otherwise agreed on by the General Partner and Limited partner that will be established and maintained by the General Partner no later than RBC's final capital contribution. Withdrawals from the operating reserve will be subject to RBC's consent.

(a) Replacement Reserves. The Partnership will maintain a replacement reserve, and make contributions on an annual basis equal to the greater of (i) \$250 per unit and (ii) the amount required by the permanent lender. The amount of the contribution will increase annually by 3%.

8. Fees and Compensation. The following fees will be paid by the Partnership for services rendered in organizing, developing and managing the Partnership and the Project.

(a) Developer Fee. The Developer will earn a developer fee of \$1,675,112.

If the proceeds from the Project budget are not sufficient to pay the developer fee, the fee will be deferred with interest at AFR per annum and payable from net cash flow. Payment of the deferred fee will be subordinate to all other Partnership debt as well as operating expense and reserve requirements. The General Partner and the Guarantors will guarantee payment of any developer fee remaining unpaid after 15 years from the date of the Partnership Agreement.

(b) Incentive Management Fee. An incentive management fee will be payable to the General Partner on an annual basis in an amount equal to 90% of net cash flow after payment of the items described in Paragraph 4(b)(i)-(v).

(c) Property Management Fee. The property management fee will not exceed 6.0% of gross rental revenues. The terms of the property management agreement are subject to the prior approval of RBC.

(d) Asset Management Fee. The Partnership will pay the Special Limited Partner an annual asset management fee in an amount equal to \$5,000. The asset management fee will increase by 3% on an annual basis and will be paid quarterly commencing the first calendar quarter during the year in which the Project is placed in service.

9. Construction. The General Partner will arrange for a fixed or guaranteed maximum price construction contract in an amount not to exceed \$8,050,000. The Contractor's obligations will be secured by payment and performance bonds in an amount not less than the amount of the construction contract. RBC, may, in its sole discretion, engage a construction consultant to review plans and specifications and evaluate the construction progress by providing monthly reports to the Partnership. The cost of the construction consultant will be paid by the Partnership.

10. Due Diligence, Opinions and Projections.

(a) The General Partner will pay RBC a due diligence fee of \$50,000 in addition to provide all due diligence items set forth on its Due Diligence Checklist, including but not limited to, financial statements for the Guarantors, plans and specifications, a current appraisal, a current market study, a Phase I environmental report and title and survey. The due diligence fee shall be deducted from RBC's First Capital Contribution.

(b) The General Partner's counsel will deliver to RBC a local law opinion satisfactory to RBC. RBC's counsel will prepare the tax opinion and the General Partner agrees to cooperate to provide all necessary documentation requested by RBC's counsel. Both the General Partner and its counsel will review the tax opinion prior to its issuance.

(c) The projections to be attached to the Partnership Agreement and that support the Tax Opinion will be prepared by RBC based on projections provided by the General Partner. The projections will

include development sources and uses, calculation of eligible basis, operating and construction period cash flow analysis, 15-year operating projection, 30-year debt analysis and 15-year capital account analysis.

11. **Partnership Closing.** Final Partnership closing will be contingent upon RBC's receipt, review and approval of all due diligence including the items set forth on its due diligence checklist previously delivered to the General Partner as well as the following:

(a) Preparation and execution of RBC's standard *Partnership Agreement* and other fee agreements containing customary representations and warranties, covenants, consent rights, and indemnities, each on terms and conditions satisfactory to RBC.

(b) RBC's satisfactory review of background and related financial reports on such members of the development team as determined by RBC. *The General Partner agrees to reasonably cooperate with RBC (including signing such consents as may be necessary) in obtaining such reports.*

(c) *RBC's agreement to acquire the LP Interest is based on certain assumptions formulated using the information contained in this letter, which you have provided to us. We may update and adjust the terms of this letter to reflect changes in these assumptions and other information which becomes available to us during our due diligence review, and for changes in law which occur prior to entering into the Partnership Agreement.*

(d) *RBC's agreement to acquire the LP Interest on the pricing, terms and conditions contained in this letter are further based on the assumption that the Partnership closing will occur on or before June 30, 2010. In the event the closing does not occur by the Anticipated Closing Date, RBC reserves the right to modify this letter to be consistent with the prevailing market conditions.*

(e) *RBC's receipt of a firm commitment from a third party investor to purchase from RBC the LP Interest on terms and conditions satisfactory to RBC in its sole discretion.*

12. **Exclusive Period and Confidentiality.**

(a) *The General Partner agrees to keep the terms and conditions contained in this letter confidential and not to disclose the terms to any third party (other than attorneys and accountants of the Partnership) without the express prior written approval of RBC.*

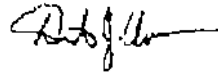
(b) **Confidentiality.** *Notwithstanding the foregoing confidentiality provisions, the parties confirm that there are no limitations on the disclosure of the tax treatment or tax structure of the Project.*

(e) **Term of LOI.** *The terms and conditions of this letter of intent shall not expire prior to June 30, 2010.*

Sunrise Park Apartments
August 12, 2009
Page 7

If the foregoing is in accordance with your understanding of the terms and conditions, please indicate your acceptance on the enclosed copy and return it to the undersigned so RBC may commence and can complete its due diligence review and take the steps towards Partnership closing as described in Paragraph 12.

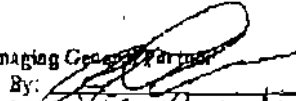
Very truly yours,



By: _____
Name: David J. Urban
Title: Vice President

The undersigned approves and accepts the terms of this letter agreement and agrees to work with RBC towards a definitive partnership agreement.

Managing General Partner



By: _____
Title: Vice President
Date: August 14, 2009

2009 FHFC EXHIBIT 9
Principals of Applicant and Each Developer

APPLICANT

Sunrise Park Phase I, Ltd., a Florida limited partnership

• **Managing General Partner**

Norstar Sunrise Park I, Inc., a Florida corporation (.0051%)

Officers

Gary Silver, President
Richard L. Higgins, Vice President
Neil Brown, Secretary

Directors

Neil Brown, Chairman
Gary Silver
Richard L. Higgins

Shareholders

Norstar Investment USA, Inc.
Black Locust, LLC

• **General Partner**

LWHA Sunrise Park Phase I, LLC, a Florida limited liability company (.0049%)

Sole Member

Lake Wales Housing Authority, a public body corporate and politic organized under the laws of the State of Florida

Officer

Albert Kirkland, Jr., Executive Director

Commissioners:

Booker Young, Chairman
Sadie Anderson, Vice Chair
Albert Kirkland, Jr., Secretary
Deming Cowles
Rebecca Wynkoop-Seymour
Eddy Jean Rivers

• **Initial Limited Partner**

Lake Wales Housing Authority, a public body corporate and politic organized under the laws of the State of Florida (99.99%)

Officer

Albert Kirkland, Jr., Executive Director

Commissioners:

Booker Young, Chairman
Sadie Anderson, Vice Chair
Albert Kirkland, Jr., Secretary
Deming Cowles
Rebecca Wynkoop-Seymour
Eddy Jean Rivers

LEAD DEVELOPER

Norstar Development USA, LP, a Texas limited partnership

- **Managing General Partner**

Nordev, Inc., a Delaware corporation (1%)

Officers

Richard L. Higgins, President

Neil Brown, Treasurer

Directors

Neil Brown, Chairman

Gary B. Silver

Sole Shareholder

Norstar USA, Ltd.

- **Limited Partner**

Black Locust, LLC (20%)

Sole Member

Richard L. Higgins

- **Limited Partner**

Raphael Corporation (79%)

Officers

Gary B. Silver, President

Directors

Neil Brown, Chairman

Shareholders

Gary B. Silver

Neil Brown

CO-DEVELOPER

LWHA Development, LLC, a Florida limited liability company

- **Sole Member**

Lake Wales Housing Authority, a public body corporate and politic organized under the laws of the State of Florida

Officer

Albert Kirkland, Jr., Executive Director

Commissioners:

Booker Young, Chairman
Sadie Anderson, Vice Chair
Albert Kirkland, Jr., Secretary
Deming Cowles
Rebecca Wynkoop-Seymour
Eddie Jean Rivers

Scoring Summary Report

File #: 2009-118C Development Name: Palm Lake Apartments

As Of:	Total Points	Met Threshold?	Ability to Proceed Tie-Breaker Points	Proximity Tie-Breaker Points
12/03/2009	70.00	N	5.00	7.50
Preliminary	70.00	N	5.00	7.50
NOPSE	70.00	N	5.00	7.50
Final	70.00	N	5.00	7.50
Final-Ranking				

Scores:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Final Ranking
Construction Features & Amenities									
1S	III	B	2.a	New Construction	9.00	0.00	0.00	0.00	
1S	III	B	2.b	Rehabilitation/Substantial Rehabilitation	9.00	9.00	9.00	9.00	
2S	III	B	2.c	All Developments Except SRO	12.00	12.00	12.00	12.00	
2S	III	B	2.d	SRO Developments	12.00	0.00	0.00	0.00	
3S	III	B	2.e	Energy Conservation Features	9.00	9.00	9.00	9.00	
4S	III	B	3	Green Building	5.00	5.00	5.00	5.00	
Set-Aside Commitment									
5S	III	E	1.b.(2)	Special Needs Households	4.00	4.00	4.00	4.00	
6S	III	E	1.b.(3)	Total Set-Aside Commitment	3.00	3.00	3.00	3.00	
7S	III	E	3	Affordability Period	5.00	5.00	5.00	5.00	
Resident Programs									
8S	III	F	1	Programs for Non-Elderly & Non-Homeless	6.00	6.00	6.00	6.00	
8S	III	F	2	Programs for Homeless (SRO & Non-SRO)	6.00	0.00	0.00	0.00	
8S	III	F	3	Programs for Elderly	6.00	0.00	0.00	0.00	
9S	III	F	4	Programs for All Applicants	8.00	8.00	8.00	8.00	
Local Government Contributions									
10S	IV	A		Contributions	5.00	5.00	5.00	5.00	
Local Government Incentives									
11S	IV	B		Incentives	4.00	4.00	4.00	4.00	

Threshold(s) Failed:

Item #	Part	Section	Subsection	Description	Reason(s)	Created as Result of	Rescinded as Result of
1T	V	A	2	Designation	The Applicant selected the Preservation Designation and provided a letter from the Miami-Dade Public Housing Agency at Exhibit 52 that includes the required information. However, because the 2009 Universal Application Instructions specifically require that the letter be from HUD or RD, the Applicant does not qualify for the Preservation Designation.	Preliminary	
2T	II	B	3	General Contractor	The General Contractor or qualifying agent of General Contractor Prior Experience Chart does not reflect two (2) completed housing developments of similar development category (rehabilitation) and development type (mid-rise), at least one of which consists of a total number of units no less than 50 percent of the total number of units in the proposed development.	Preliminary	
3T	III	C	2	Site Control	To demonstrate site control, the Applicant provided a Purchase and Sale Agreement. The Agreement is contingent upon the approval of the Seller's general and limited partners (Partner Consent - see sections 6.3 and 7.2(b) of the Agreement); however, no evidence of such approval was provided. The approval of the Agreement by Seller's partners (or the lack of such approval) goes to the issue of the agreement formation. Absent written evidence that the contingency requiring the approval of the Seller's partners has been satisfied, the Applicant has failed to demonstrate site control.	Preliminary	
4T	III	C	5	Environmental Site Assessment	The Development Location on the Verification of Environmental Safety-Phase I Site Assessment form (2615 Northwest 115th Street) is inconsistent with the Development Location listed at Part III.A.2.a. of the Application (2575 NW 115th Street).	Preliminary	
5T	III	C	3.a	Availability of Electricity	The Florida Power & Light letter provided to demonstrate availability of electricity is unsigned and does not demonstrate availability for the entire Development site.	Preliminary	

Item #	Part	Section	Subsection	Description	Reason(s)	Created as Result of	Rescinded as Result of
6T	V	D	2	HC Equity	Per page 74 of the 2009 Universal Application Instructions, the percentage of credits being purchased must be equal to or less than the percentage of ownership interest held by the limited partner or member. The Applicant stated at Exhibit 9 of the Application that the limited partner's interest in the Applicant entity is 99.98%. However, the equity commitment at Exhibit 55 states that 99.99% of the HC allocation is being purchased. Because of this inconsistency, the HC equity cannot be considered a source of financing.	Preliminary	
7T	V	D	2	HC Equity	At Part II.A.2.a. and Exhibit 9 of the Application, the Applicant's name is stated as 'Palm Lake Preservation, LP'. However, on the equity commitment, (Exhibit 55), the Applicant is stated as 'Palm Lake LP'. Because of this inconsistency, the equity commitment cannot be counted as a source of financing.	Preliminary	
8T	V	D	2	HC Equity	The equity commitment does not contain a statement that "the commitment does not expire before December 31, 2009," as required on page 74 of the 2009 Universal Application Instructions. Therefore, the HC equity was not considered a source of financing.	Preliminary	
9T	V	D	2	HC Equity	The Applicant provided an equity commitment letter from WNC & Associates, Inc. The commitment does not contain the language "paid prior to or simultaneous with the closing of construction financing" as required by pages 74 of the 2009 Universal Application Instructions. Therefore, the equity commitment cannot be counted as a source of financing.	Preliminary	
10T	V	D	1	Non-Corporation Funding	The Applicant submitted a permanent loan commitment from Oak Grove Capital. Page 71 of the 2009 Universal Application Instructions states "If the commitment is not from a regulated Financial Institution in the business of making loans or a governmental entity, evidence of ability to fund must be provided." The loan does not appear to be from a regulated Financial Institution and no evidence of ability to fund was provided with the loan commitment. Therefore, the permanent loan commitment was not considered a source of financing.	Preliminary	

Item #	Part	Section	Subsection	Description	Reason(s)	Created as Result of	Rescinded as Result of
11T	V	D	1	Non-Corporation Funding	At Part II.A.2.a. and Exhibit 9 of the Application, the Applicant's name is stated as 'Palm Lake Preservation, LP'. However, on the loan commitment letter from Oak Grove Capital (Exhibit 56), the Applicant is stated as 'Related Apartment Preservation, LLC'. Therefore, the loan commitment cannot be counted as a source of financing.	Preliminary	
12T	V	B		Construction/Rehab. Analysis	The Application has a construction financing shortfall of \$26,494,069.	Preliminary	
13T	V	B		Permanent Analysis	The Application has a permanent financing shortfall of \$28,065,920.	Preliminary	

Ability To Proceed Tie-Breaker Points:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Final Ranking
1A	III	C	1	Site Plan/Plat Approval	1.00	1.00	1.00	1.00	
2A	III	C	3.a	Availability of Electricity	1.00	0.00	0.00	0.00	
3A	III	C	3.b	Availability of Water	1.00	1.00	1.00	1.00	
4A	III	C	3.c	Availability of Sewer	1.00	1.00	1.00	1.00	
5A	III	C	3.d	Availability of Roads	1.00	1.00	1.00	1.00	
6A	III	C	4	Appropriately Zoned	1.00	1.00	1.00	1.00	

Reason(s) for Failure to Achieve Selected Ability To Proceed Tie-Breaker Points:

Item #	Reason(s)	Created As Result	Rescinded As Result
2A	The Application is not eligible for 1 Ability to Proceed Tie-Breaker Point for availability of electricity. See Item 5T above.	Preliminary	

Proximity Tie-Breaker Points:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Final Ranking
1P	III	A	10.b.(2) (a)	Grocery Store	1.25	1.25	1.25	1.25	
2P	III	A	10.b.(2) (b)	Public School	1.25	1.25	1.25	1.25	
3P	III	A	10.b.(2) (c)	Medical Facility	1.25	0.00	0.00	0.00	
4P	III	A	10.b.(2) (d)	Pharmacy	1.25	0.00	0.00	0.00	
5P	III	A	10.b.(2) (e)	Public Bus Stop or Metro-Rail Stop	1.25	1.25	1.25	1.25	
6P	III	A	10.c	Proximity to Development on FHFC Development Proximity List	3.75	3.75	3.75	3.75	
7P	III	A	10.a	Involvement of a PHA	7.50	0.00	0.00	0.00	

Additional Application Comments:

Item #	Part	Section	Subsection	Description	Comment(s)	Created as Result of	Rescinded as Result of
1C	III	A	10	Proximity	The Applicant qualified for 3.75 automatic proximity points at 6P.	Preliminary	
2C				Financial Arrears	The Applicant or Developer or Principal, Affiliate or Financial Beneficiary of the Applicant or the Developer is listed on the October 1, 2009 Past Due Report as being in arrears to the Corporation in connection with the following Development(s): Villas of Capri. The October 1, 2009 Past Due Report is posted to the FHFC Website at http://www.floridahousing.org/Home/PropertyOwnersManagers/PastDueReports.htm . Either the arrearage was satisfied or a work-out agreement was finalized prior to issuance of the NOPSE Scoring Summary.	NOPSE	



RBC Capital Markets

RBC Tax Credit Equity Group
1549 Ringling Blvd., 3rd Floor
Sarasota, FL 34236

August 11, 2009

Mr. Alan F. Scott
Magnolia Gardens I, Ltd.
5309 Transportation Blvd.
Cleveland, Ohio 44125

*Re: Magnolia Gardens
Hernando County, Florida*

Dear Mr. Scott:

Thank you for providing us the opportunity to submit a proposal on Magnolia Gardens in Hernando County, Florida. This letter serves as our mutual understanding of the business terms regarding our best efforts acquisition of limited partnership interests in a to-be-formed limited partnership (the "Partnership"). RBC Tax Credit Equity, L.L.C., or an assignee (the "Limited Partner") will acquire a 99.99% limited partnership interest, and RBC Tax Manager II, Inc. (the "Special Limited Partner", and sometimes collectively with the Limited Partner, "RBC") will acquire a .01% special limited partnership interest (collectively, the "LP Interest") in the Partnership.

1. **Project and Parties Involved.** (a) The "Project", known as Magnolia Gardens, will consist of 60 newly constructed apartment units for rent to elderly. The Project will consist of a single three-story building located in the County of Hernando, and State of Florida (sometimes, the "Property"). Within the Project 100% of the units will be occupied in compliance with the low-income housing tax credit ("LIHTC") requirements of Section 42 of the Internal Revenue Code.

(b) The parties involved with the Project are as follows:

- (i) **General Partners.** The General Partners will be NRP Magnolia Gardens LLC and HCHA-Magnolia LLC.
- (ii) **Developer.** The developer will be NRP Florida Development, LLC.
- (iii) **Guarantors.** Subject to RBC's review and approval of financial statements, the Guarantors are the General Partners, developers, and any others required by RBC, on a joint and several basis.

2. **Company Credits.** Anticipated Annual Tax Credits: \$1,069,218.

3. **Capital Contributions and Adjustments.** (a) RBC will fund its capital contributions pursuant to the following schedule based upon a purchase price of \$0.675 for total tax credit equity of \$7,216,500.

<u>Conditions</u>	<u>Amount</u>
i) 25% prior to or simultaneous with the closing of the construction financing.	\$ 1,804,125
ii) 25% upon achievement of (a) 50% construction completion.	\$ 1,804,125
iii) 25% upon the later of (a) satisfaction of the funding conditions described in (ii) above, (b) receipt of a final cost certification prepared by a certified public accountant, and (c) receipt of the final Certificates of Occupancy on all units.	\$ 1,804,125
iv) 25% upon the later of (a) satisfaction of the funding conditions described in (iii) above, (b) achievement of 3 consecutive months of a 1.15 debt service coverage ratio on all foreclosable debt, and (c) permanent loan conversion, (d) achievement of Qualified Occupancy and (e) achievement of 95% physical occupancy.	\$ 1,804,125
	<u>\$ 7,216,500</u>

4. **Tax Benefits and Distributions.**

(a) **Tax Benefits.** Tax profits, tax losses, and tax credits will be allocated 99.99% to the Limited Partner, .001% to the Special Limited Partner and .009% to the General Partner

(b) **Net Cash Flow Distributions.** Distributions of net cash flow, as defined in the Partnership Agreement, but generally all cash receipts less cash expenditures (e.g., payment of debt service, property management fee and asset management fee), will be made as follows:

- (i) to the partners in proportion to any so called "phantom income" tax liability incurred by such partners;
- (ii) to the Limited Partner, to make any payment of any Adjustment Amount or payment of LIHTC shortfall or recapture amount not previously paid;
- (iii) to the replenishment of the operating reserve in section 7 (a);
- (iv) to the payment of any unpaid developer fee, until such fee has been paid in full;
- (v) to the payment of any debts owed to the Partners and/or their affiliates;
- (vi) 90% to the General Partner for the incentive management fee and the balance to the Partners in accordance with their percentage interests described in Paragraph 9(a).

(c) Distributions upon Sale, Liquidation or Refinance. Net proceeds resulting from any sale, liquidation or refinance will be distributed as follows:

- (i) to payment in full of any Partnership debts except those due to Partners and/or their affiliates;
- (ii) to the setting up of any required reserves for contingent liabilities or obligations of the Partnership;
- (iii) to the Limited Partner to make any payment of any Adjustment Amount or any payment of LIHTC shortfall or recapture amount not previously paid;
- (iv) to the payment of any debts owed to the General Partner or its affiliates including any unpaid developer fee;
- (v) to the Special Limited Partner, 1% of such proceeds as a capital transaction administrative fee;
- (vi) to the Limited Partner for any excess or additional Capital Contributions made by it;
- (vii) to the Limited Partner in an amount equal to any projected federal income tax incurred as a result of the transaction giving rise to such proceeds; and
- (viii) the balance, 90% to the General Partner, 9.99% to the Limited Partner and .01% to the Special Limited Partner.

5. General Partner Obligations and Guarantees. In addition to Paragraphs 5(b) and (d) and the items described in the Partnership Agreement, the General Partner will be responsible for the following items. Any amounts advanced by the General Partner will not be considered as loans or Capital Contributions reimbursable or repayable by the Partnership unless otherwise stated herein.

(a) Construction Completion. The General Partner will guarantee construction completion in accordance with approved plans and specifications and will pay for any construction costs, costs to achieve permanent loan closing, and costs necessary to fund reserves required to be funded at or before permanent loan closing.

(b) Operating Deficits.

- (i) The General Partner will guarantee operating deficits to the Partnership until the Project has achieved three consecutive months of operations in which rental revenues are equal to or exceed the aggregate of operating expenses, reserve requirements and debt service, to the extent then due and payable (together with a ratable portion of annual expenses not yet due and payable) ("Breakeven");
- (ii) Commencing with Breakeven Operations and continuing for a period of three years thereafter, the General Partner will guarantee funding for operating deficits of up to an amount equal to 6 months of debt service, repayment of which will be evidenced by an unsecured loan to the Partnership with interest at the rate of 8% per annum, to be repaid out of cash flow, refinancing, sale and liquidation proceeds as provided in Paragraph 9 hereof.

(c) The amount of actual LIHTC will be determined promptly following receipt of cost certification from the accountant and Form 8609. In the event that actual LIHTC are less than Projected LIHTC, RBC's capital contributions will be reduced by an amount (the "Adjustment Amount") equal to the

product of (i) \$0.675 multiplied by (ii) the difference between Projected LIHTC and Actual LIHTC. If the Adjustment Amount exceeds the total of all unfunded capital contributions, then the General Partner will make a payment to the Partnership equal to the amount of such excess, and the Partnership will immediately distribute such amount to RBC as a return of its capital contribution. This payment will not give rise to any right as a loan or Capital Contribution or result in any increase in the General Partner's capital account.

(d) In addition to the Adjustment Amount, RBC's capital contribution will be similarly reduced in the event that the actual amount of LIHTC the first calendar year of tax credits is less than the amounts projected. The amount (the "Late Delivery Adjustment") of this reduction will equal the amount that the Actual LIHTC for such year is less than the amount shown in Paragraph 3 minus the present value of the Late Delivery Adjustment using a 10% discount rate.

(e) LIHTC Shortfall or Recapture Event. In addition to the Adjustment Amount and Late Delivery Adjustment, if the actual amount of LIHTC for any year is less than Projected LIHTC, the General Partner will guarantee payment to the Limited Partner of an amount equal to the shortfall or recapture amount, plus related costs and expenses incurred by the Limited Partner.

(f) Repurchase. The General Partner will repurchase RBC's interest upon the occurrence of certain events described in the Partnership Agreement.

(g) Guarantors. The Guarantors will guarantee all of the General Partner's obligations. The Guarantors will maintain a net worth as required by RBC and agreed to by the General Partner and provide RBC with annual financial statements evidencing compliance with the net worth and liquidity requirements.

6. Debt Sources. As a condition to funding our capital contribution, the General Partner will deliver the loan commitments in the approximate amount described in subparagraphs (a) - (b). The terms of these loans are subject to RBC's consent.

(a) Permanent Loan. A permanent loan in the amount of \$990,000 with an amortization of 360 months, a 18-year term, and a fixed interest rate of 9.32%.

(b) Construction Loan. A construction loan in an amount to complete construction of the project.

7. Reserves.

(a) Operating Reserves. An operating reserve in the amount equal to 6 months of operating expense and debt service or as otherwise agreed on by the General Partner and Limited partner that will be established and maintained by the General Partner no later than RBC's final capital contribution. Withdrawals from the operating reserve will be subject to RBC's consent.

(a) Replacement Reserves. The Partnership will maintain a replacement reserve, and make contributions on an annual basis equal to the greater of (i) \$300 per unit and (ii) the amount required by the permanent lender. The amount of the contribution will increase annually by 3%.

8. Fees and Compensation. The following fees will be paid by the Partnership for services rendered in organizing, developing and managing the Partnership and the Project.

(a) Developer Fee. The Developer will earn a developer fee of \$1,335,053.

If the proceeds from the Project budget are not sufficient to pay the developer fee, the fee will be deferred with interest at AFR per annum and payable from net cash flow. Payment of the deferred fee will be subordinate to all other Partnership debt as well as operating expense and reserve requirements. The General Partner and the Guarantors will guarantee payment of any developer fee remaining unpaid after 15 years from the date of the Partnership Agreement.

(b) Incentive Management Fee. An incentive management fee will be payable to the General Partner on an annual basis in an amount equal to 90% of net cash flow after payment of the items described in Paragraph 9(b)(i)-(iv).

(c) Property Management Fee. The property management fee will not exceed 6.09% of gross rental revenues. The terms of the property management agreement are subject to the prior approval of RBC.

(d) Asset Management Fee. The Partnership will pay the Special Limited Partner an annual asset management fee in an amount equal to \$10,000. The asset management fee will increase by 3% on an annual basis and will be paid quarterly commencing the first calendar quarter during the year in which the Project is placed in service.

9. Construction. The General Partner will arrange for a fixed or guaranteed maximum price construction contract in an amount not to exceed \$6,120,022. The Contractor's obligations will be secured by payment and performance bonds in an amount not less than the amount of the construction contract. RBC, may, in its sole discretion, engage a construction consultant to review plans and specifications and evaluate the construction progress by providing monthly reports to the Partnership. The cost of the construction consultant will be paid by the Partnership.

10. Due Diligence, Opinions and Projections.

(a) The General Partner will pay RBC a due diligence fee of \$50,000 in addition to provide all due diligence items set forth on its Due Diligence Checklist, including but not limited to, financial statements for the Guarantors, plans and specifications, a current appraisal, a current market study, a Phase I environmental report and title and survey.

(b) The General Partner's counsel will deliver to RBC a local law opinion satisfactory to RBC. RBC's counsel will prepare the tax opinion and the General Partner agrees to cooperate to provide all necessary documentation requested by RBC's counsel. Both the General Partner and its counsel will review the tax opinion prior to its issuance.

(c) The projections to be attached to the Partnership Agreement and that support the Tax Opinion will be prepared by RBC based on projections provided by the General Partner. The projections will include development sources and uses, calculation of eligible basis, operating and construction period cash flow analysis, 15-year operating projection, 30-year debt analysis and 15-year capital account analysis.

11. Partnership Closing. Final Partnership closing will be contingent upon RBC's receipt, review and approval of all due diligence including the items set forth on its due diligence checklist previously delivered to the General Partner as well as the following:

(a) Preparation and execution of RBC's standard Partnership Agreement and other fee agreements containing customary representations and warranties, covenants, consent rights, and indemnities, each on terms and conditions satisfactory to RBC.

(b) RBC's satisfactory review of background and related financial reports on such members of the development team as determined by RBC. The General Partner agrees to reasonably cooperate with RBC (including signing such consents as may be necessary) in obtaining such reports.

(c) RBC's agreement to acquire the LP Interest is based on certain assumptions formulated using the information contained in this letter, which you have provided to us. We may update and adjust the terms of this letter to reflect changes in these assumptions and other information which becomes available to us during our due diligence review, and for changes in law which occur prior to entering into the Partnership Agreement.

(d) RBC's agreement to acquire the LP Interest on the pricing, terms and conditions contained in this letter are further based on the assumption that the Partnership closing will occur on or before June 30, 2010. In the event the closing does not occur by the Anticipated Closing Date, RBC reserves the right to modify this letter to be consistent with the prevailing market conditions.

(e) RBC's receipt of a firm commitment from a third party investor to purchase from RBC the LP Interest on terms and conditions satisfactory to RBC in its sole discretion.

12. **Exclusive Period and Confidentiality.**

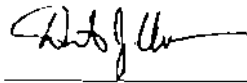
(a) Confidentiality. Notwithstanding the foregoing confidentiality provisions, the parties confirm that there are no limitations on the disclosure of the tax treatment or tax structure of the Project.

(b) Term of LOI. The terms and conditions of this letter of intent shall remain effective until June 30, 2010.

Magnolia Gardens
August 11, 2009
Page 7

If the foregoing is in accordance with your understanding of the terms and conditions, please indicate your acceptance on the enclosed copy and return it to the undersigned so RBC may commence and can complete its due diligence review and take the steps towards Partnership closing as described in Paragraph 12.

Very truly yours,

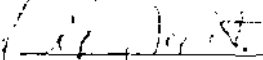


By: _____
Name: David J. Urban
Title: Vice President

The undersigned approves and accepts the terms of this letter agreement and agrees to work with RBC towards a definitive partnership agreement.

Magnolia Gardens I, Ltd.

By: NRP Magnolia Gardens, LLC its managing
general partner

By:  _____
Alan F. Scott

Its: Managing Member

Date: 8/11/09

Exhibit 9

Applicant/Owner: Magnolia Gardens I, Ltd., a Florida limited partnership

.0030% Co-General Partner – NRP Magnolia Gardens LLC, a Florida limited liability company

<u>Members</u>	<u>Ownership Percentage</u>
Alan F. Scott	25%
J. David Heller	25%
T. Richard Bailey, Jr.	25%
Timothy M. Morgan	25%

Managers
Alan F. Scott
J. David Heller
T. Richard Bailey, Jr.
Timothy M. Morgan

.0070% Co-General Partner – HCHA-Magnolia, LLC, a Florida limited liability company

100% Sole Member – Hernando County Housing Authority

<u>Board of Commissioners</u>	<u>Office</u>
Beth Garman	Chairperson
Rose Atkins	1 st Vice Chairperson
Paul Sullivan	2 nd Vice Chairperson
Michael Burmann	Commissioner

99.99% Limited Partner – Jonesboro Investments Corp., an Ohio corporation*

<u>Name</u>	<u>Office</u>
Timothy M. Morgan	President
Timothy M. Morgan	Sole Director

100% Shareholder – Timothy M. Morgan

Lead Developer: NRP Florida Development LLC, a Florida limited liability company

Member
Alan F. Scott
J. David Heller
T. Richard Bailey, Jr.
Timothy M. Morgan

Managers
Alan F. Scott
J. David Heller
T. Richard Bailey, Jr.
Timothy M. Morgan

Co-Developer: Hernando County Housing Authority

Board of Commissioners

Beth Garman

Rose Atkins

Paul Sullivan

Michael Burmann

Office

Chairperson

1st Vice Chairperson

2nd Vice Chairperson

Commissioner

*Jonesboro Investments Corp. will be replaced as the Applicant's limited partner upon syndication.



RBC Tax Credit Equity Group
1549 Ringling Blvd., 3rd Floor
Sarasota, FL 34236

August 14, 2009

Mr. Jorge Aguirre
Picerno Development Corporation
247 N. Westmonte Drive
Altamonte Springs, FL 32714

*Re: Laurel Villas Apartments
DeLand, Florida*

Dear Mr. Aguirre:

Thank you for providing us the opportunity to submit a letter of intent on Laurel Villas Apartments in DeLand, Volusia County, Florida. This letter serves as our mutual understanding of the business terms regarding our best efforts acquisition of limited partnership interests in Laurel Villas Associates, LLC, a limited partnership (the "Partnership"). RBC Tax Credit Equity, L.L.C., or an assignee (the "Limited Partner") will acquire a 99.99% limited partnership interest, and RBC Tax Manager II, Inc. (the "Special Limited Partner", and sometimes collectively with the Limited Partner, "RBC") will acquire a .001% special limited partnership interest (collectively, the "LP Interest") in the Partnership.

1. **Project and Parties Involved.** (a) The "Project", known as Laurel Villas Apartments, will consist of 120 newly constructed apartment units for rent to families. The Project will consist of multiple buildings located in the County of Volusia, and State of Florida (sometimes, the "Property"). Within the Project 100% of the units will be occupied in compliance with the low-income housing tax credit ("LIHTC") requirements of Section 42 of the Internal Revenue Code.

(b) The parties involved with the Project are as follows:

(i) **General Partner.** The General Partner is Picerno Laurel Villas, LLC.

(ii) **Co-Developer.** The developer is Picerno Affordable Development, LLC.

(iii) **Guarantors.** Subject to RBC's review and approval of financial statements, the Guarantors are the General Partner, developer, and any others required by RBC, on a joint and several basis.

2. **Company Credits.** Anticipated Annual Tax Credits: \$1,510,000.

3. **Capital Contributions and Adjustments.** (a) RBC will fund its capital contributions pursuant to the following schedule based upon a purchase price of \$0.65 of 99.99% of the aggregate tax credits for total tax credit equity of \$9,814,018.

<u>Conditions</u>	<u>Amount</u>
i) 35% prior to or simultaneous with the closing of the closing of the construction financing.	\$ 2,944,205
ii) 35% upon achievement of (a) 50% construction completion.	\$ 2,944,205
iii) 20% upon the later of (a) satisfaction of the funding conditions described in (ii) above, (b) receipt of a final cost certification prepared by a certified public accountant, (c) receipt of the final Certificates of Occupancy on all units.	\$ 3,434,906
iv) 10% upon the later of (a) satisfaction of the funding conditions described in (iii) above, (b) permanent loan conversion, (c) achievement of Qualified Occupancy, (d) achievement of 95% physical occupancy and (e) achievement of 3 consecutive months of a 1.15 debt service coverage ratio on all foreclosable debt.	490,702
	<u>\$ 9,814,018</u>

4. **Tax Benefits and Distributions.**

(a) **Tax Benefits.** Tax profits, tax losses, and tax credits will be allocated 99.99% to the Limited Partner, .001% to the Special Limited Partner and .009% to the General Partners

(b) **Net Cash Flow Distributions.** Distributions of net cash flow, as defined in the Partnership Agreement, but generally all cash receipts less cash expenditures (e.g., payment of debt service, property management fee and asset management fee), will be made as follows:

- (i) to the partners in proportion to any so called "phantom income" tax liability incurred by such partners;
- (ii) to the Limited Partner, to make any payment of any Adjustment Amount or payment of LIHTC shortfall or recapture amount not previously paid;
- (iii) to the replenishment of the operating reserve in section 7 (a);
- (iv) to the payment of any unpaid developer fee, until such fee has been paid in full;
- (v) to the payment of any debts owed to the Partners and/or their affiliates;
- (vi) 90% to the General Partners for the incentive management fee and the balance to the Partners in accordance with their percentage interests described in Paragraph 9(a).

(c) Distributions upon Sale, Liquidation or Refinance. Net proceeds resulting from any sale, liquidation or refinance will be distributed as follows:

- (i) to payment in full of any Partnership debts except those due to Partners and/or their affiliates;
- (ii) to the setting up of any required reserves for contingent liabilities or obligations of the Partnership;
- (iii) to the Limited Partner to make any payment of any Adjustment Amount or any payment of LIHTC shortfall or recapture amount not previously paid;
- (iv) to the payment of any debts owed to the General Partners or its affiliates including any unpaid developer fee;
- (v) to the Special Limited Partner, 1% of such proceeds as a capital transaction administrative fee;
- (vi) to the Limited Partner for any excess or additional Capital Contributions made by it;
- (vii) to the Limited Partner in an amount equal to any projected federal income tax incurred as a result of the transaction giving rise to such proceeds; and
- (viii) the balance, 90% to the General Partners, 9.99% to the Limited Partner and .01% to the Special Limited Partner.

5. General Partner Obligations and Guarantees. In addition to Paragraphs 5(b) and (d) and the items described in the Partnership Agreement, the General Partner will be responsible for the following items. Any amounts advanced by the General Partner will not be considered as loans or Capital Contributions reimbursable or repayable by the Partnership unless otherwise stated herein.

(a) Construction Completion. The General Partner will guarantee construction completion in accordance with approved plans and specifications and will pay for any construction costs, costs to achieve permanent loan closing, and costs necessary to fund reserves required to be funded at or before permanent loan closing.

(b) Operating Deficits.

- (i) The General Partner will guarantee operating deficits to the Partnership until the Project has achieved three consecutive months of operations in which rental revenues are equal to or exceed the aggregate of operating expenses, reserve requirements and debt service, to the extent then due and payable (together with a ratable portion of annual expenses not yet due and payable) ("Breakeven");
- (ii) Commencing with Breakeven Operations and continuing for a period of three years thereafter, the General Partner will guarantee funding for operating deficits of up to an amount equal to 6 months of debt service, repayment of which will be evidenced by an unsecured loan to the Partnership with interest at the rate of 8% per annum, to be repaid out of cash flow, refinancing, sale and liquidation proceeds as provided in Paragraph 9 hereof.

(c) The amount of actual LIHTC will be determined promptly following receipt of cost certification from the accountant and Form 8609. In the event that actual LIHTC are less than Projected LIHTC, RBC's capital contributions will be reduced by an amount (the "Adjustment Amount") equal to the product of (i) \$0.65 multiplied by (ii) the difference between Projected LIHTC and Actual LIHTC. If the

Adjustment Amount exceeds the total of all unfunded capital contributions, then the General Partner will make a payment to the Partnership equal to the amount of such excess, and the Partnership will immediately distribute such amount to RBC as a return of its capital contribution. This payment will not give rise to any right as a loan or Capital Contribution or result in any increase in the General Partner's capital account.

(d) In addition to the Adjustment Amount, RBC's capital contribution will be similarly reduced in the event that the actual amount of LIHTC the first calendar year of tax credits is less than the amount projected. The amount (the "Late Delivery Adjustment") of this reduction will equal the amount that the Actual LIHTC for such year is less than the amount shown in Paragraph 3 minus the present value of the Late Delivery Adjustment using a 10% discount rate.

(e) LIHTC Shortfall or Recapture Event. In addition to the Adjustment Amount and Late Delivery Adjustment, if the actual amount of LIHTC for any year is less than Projected LIHTC, the General Partner will guarantee payment to the Limited Partner of an amount equal to the shortfall or recapture amount, plus related costs and expenses incurred by the Limited Partner.

(f) Repurchase. The General Partner will repurchase RBC's interest upon the occurrence of certain events described in the Partnership Agreement.

(g) Guarantors. The Guarantors will guarantee all of the General Partner's obligations. The Guarantors will maintain a net worth as required by RBC and agreed to by the General Partner and provide RBC with annual financial statements evidencing compliance with the net worth and liquidity requirements.

6. Debt Sources. As a condition to funding our capital contribution, the General Partner will deliver the loan commitments described in subparagraphs (a) - (d). The terms of these loans are subject to RBC's consent.

(a) Permanent Loan. A permanent loan in the amount of \$2,441,000 with an amortization of 360 months, a 15-year term, and a fixed interest rate of 9.6%.

(b) Recovery Act Loan. A nonrecourse loan in the amount of \$4,643,512, with an interest rate acceptable to both RBC and the General Partner and repaid from available cash flow.

(c) Construction Loan. A construction loan in an amount to complete construction of the project.

7. Reserves.

(a) Rent Up Reserves. An operating reserve in the amount equal to 6 months of operating expense and debt service or as otherwise agreed on by the General Partner and Limited partner that will be established and maintained by the General Partner no later than RBC's final capital contribution. Withdrawals from the operating reserve will be subject to RBC's consent.

(a) Replacement Reserves. The Partnership will maintain a replacement reserve, and make contributions on an annual basis equal to the greater of (i) \$250 per unit and (ii) the amount required by the permanent lender. The amount of the contribution will increase annually by 3%.

8. Fees and Compensation. The following fees will be paid by the Partnership for services rendered in organizing, developing and managing the Partnership and the Project.

(a) Developer Fee. The Developer will earn a developer fee of \$2,458,476.

If the proceeds from the Project budget are not sufficient to pay the developer fee, the fee will be deferred with interest at AFR per annum and payable from net cash flow. Payment of the deferred fee will be subordinate to

all other Partnership debt as well as operating expense and reserve requirements. The General Partner and the Guarantors will guarantee payment of any developer fee remaining unpaid after 15 years from the date of the Partnership Agreement.

(b) Incentive Management Fee. An incentive management fee will be payable to the General Partner on an annual basis in an amount equal to 90% of net cash flow after payment of the items described in Paragraph 9(b)(i)-(iv).

(c) Property Management Fee. The property management fee will not exceed 5.0% of gross rental revenues. The terms of the property management agreement are subject to the prior approval of RBC.

(d) Asset Management Fee. The Partnership will pay the Special Limited Partner an annual asset management fee in an amount equal to \$10,000. The asset management fee will increase by 3% on an annual basis and will be paid quarterly commencing the first calendar quarter during the year in which the Project is placed in service.

9. Construction. The General Partner will arrange for a fixed or guaranteed maximum price construction contract in an amount not to exceed \$12,338,946. The Contractor's obligations will be secured by payment and performance bonds in an amount not less than the amount of the construction contract. RBC, may, in its sole discretion, engage a construction consultant to review plans and specifications and evaluate the construction progress by providing monthly reports to the Partnership. The cost of the construction consultant will be paid by the Partnership.

10. Due Diligence, Opinions and Projections.

(a) The General Partner will pay RBC a due diligence fee of \$50,000 in addition to provide all due diligence items set forth on its Due Diligence Checklist, including but not limited to, financial statements for the Guarantors, plans and specifications, a current appraisal, a current market study, a Phase 1 environmental report and title and survey. The due diligence fee shall be deducted from RBC's First Capital Contribution.

(b) The General Partner's counsel will deliver to RBC a local law opinion satisfactory to RBC. RBC's counsel, Applegate & Thorne-Thomsen, will prepare the tax opinion and the General Partner agrees to cooperate to provide all necessary documentation requested by RBC's counsel. Both the General Partner and its counsel will review the tax opinion prior to its issuance.

(c) The projections to be attached to the Partnership Agreement and that support the Tax Opinion will be prepared by RBC based on projections provided by the General Partner. The projections will include development sources and uses, calculation of eligible basis, operating and construction period cash flow analysis, 15-year operating projection, 30-year debt analysis and 15-year capital account analysis.

11 Partnership Closing. Final Partnership closing will be contingent upon RBC's receipt, review and approval of all due diligence including the items set forth on its due diligence checklist previously delivered to the General Partner as well as the following:

(a) Preparation and execution of RBC's standard Partnership Agreement and other fee agreements containing customary representations and warranties, covenants, consent rights, and indemnities, each on terms and conditions satisfactory to RBC.

(b) RBC's satisfactory review of background and related financial reports on such members of the development team as determined by RBC. The General Partner agrees to reasonably cooperate with RBC (including signing such consents as may be necessary) in obtaining such reports.

(c) RBC's agreement to acquire the LP Interest is based on certain assumptions formulated using the information contained in this letter, which you have provided to us. We may update and adjust the terms of this letter to reflect changes in these assumptions and other information which becomes available to us during our due diligence review, and for changes in law which occur prior to entering into the Partnership Agreement.

(d) RBC's agreement to acquire the LP Interest on the pricing, terms and conditions contained in this letter are further based on the assumption that the Partnership closing will occur on or before June 30, 2010. In the event the closing does not occur by the Antieipated Closing Date, RBC reserves the right to modify this letter to be consistent with the prevailing market conditions.

(e) RBC's receipt of a firm commitment from a third party investor to purchase from RBC the LP Interest on terms and conditions satisfactory to RBC in its sole discretion.

12. Exclusive Period and Confidentiality.

(a) The General Partner agrees to keep the terms and conditions contained in this letter confidential and not to disclose the terms to any third party (other than attorneys and accountants of the Partnership) without the express prior written approval of RBC.

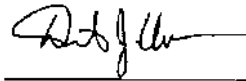
(b) Confidentiality. Notwithstanding the foregoing confidentiality provisions, the parties confirm that there are no limitations on the disclosure of the tax treatment or tax structure of the Project.

(c) Term of LOI. This letter of intent shall not expire prior to December 31, 2009.

Laurel Villas Apartments
August 14, 2009
Page 7

If the foregoing is in accordance with your understanding of the terms and conditions, please indicate your acceptance on the enclosed copy and return it to the undersigned so RBC may commence and can complete its due diligence review and take the steps towards Partnership closing as described in Paragraph 12.


Very truly yours,



By: _____
Name: David J. Urban
Title: Vice President

The undersigned approves and accepts the terms of this letter agreement and agrees to work with RBC towards a definitive partnership agreement.

General Partner



By: _____
Its: Robert M. Vicerne, Manager
Date: 11/2/09

As of August 19, 2009

Applicant: Laurel Villas Associates, LLC

General Partners – Total 0.01%

0.0051%: Picerne Laurel Villas, LLC, a Florida limited liability company

Manager and Sole Member: Robert M. Picerne

There are no officers, directors, shareholders, warrant and/or option holders.

0.0049%: DeLand LVI, Inc., a Florida for profit corporation

Sole Shareholder: DeLand Housing Authority

Officers & Directors:

Linda A. McDonnell, PHM C.E.O. / Executive Director/Secretary

H. Vann Rhodes, Chairman

Janette M. Fortner, Vice Chairman

Richard Lynn

Ruth Stanley

Trude Cole-Hill

The DeLand Housing Authority is a municipal housing authority pursuant to Chapter 421, Florida Statutes. There are no shareholders, members and/or option holders.

Officers & Directors:

Linda A. McDonnell, PHM C.E.O. / Executive Director/Secretary

H. Vann Rhodes, Chairman

Janette M. Fortner, Vice Chairman

Richard Lynn

Ruth Stanley

Trude Cole-Hill

DeLand LVI, Inc. is an affiliate/instrumentality of the DeLand Housing Authority.

Initial Limited Partner (prior to syndication) – Total 99.99%:

99.99%: DeLand Housing Authority

Co-Developers:

Picerne Affordable Development, LLC, a Florida for profit limited liability corporation

Managing Member: Robert M. Picerne

Members:

John G. Picerne

Raymond M. Uritescu

David R. Picerne

Robert M. Picerne

There are no other officers, directors, shareholders, warrant and/or option holders.

DeLand Housing Authority

The DeLand Housing Authority is a municipal housing authority pursuant to Chapter 421, Florida Statutes. There are no shareholders, members and/or option holders.

Officers & Directors:

Linda A. McDonnell, PHM C.E.O. / Executive Director/Secretary

H. Vann Rhodes, Chairman

Janette M. Fortner, Vice Chairman

Richard Lynn

Ruth Stanley

Trude Cole-Hill



RBC Tax Credit Equity Group
1549 Ringling Blvd., 3rd Floor
Sarasota, FL 34236

August 7, 2009

Mr. Richard Higgins
President
Norstar Development USA, LP
200 South Division Street
Buffalo, NY 12207

*Re: Renaissance Preserve Phase II
Ft. Myers, Florida*

Dear Rick:

Thank you for providing us the opportunity to submit a proposal on Renaissance Preserve Phase II in Ft. Myers, Lee County, Florida. This letter serves as our mutual understanding of the business terms regarding our best efforts acquisition of limited partnership interests in Renaissance Preserve III, LLLP, (the "Partnership"). RBC Tax Credit Equity, L.L.C., or an assignee (the "Limited Partner") will acquire a 99.99% limited partnership interest, and RBC Tax Manager II, Inc. (the "Special Limited Partner", and sometimes collectively with the Limited Partner, "RBC") will acquire a .01% special limited partnership interest (collectively, the "LP Interest") in the Partnership.

1. **Project and Parties Involved.** (a) The "Project", known as Renaissance Preserve Phase II, will consist of 88 newly constructed apartment units for rent to families. The Project will consist of multiple rowhouse and garden style buildings located in the County of Lee, and State of Florida (sometimes, the "Property"). Within the Project 100% of the units will be occupied in compliance with the low-income housing tax credit ("LIHTC") requirements of Section 42 of the Internal Revenue Code.

(b) The parties involved with the Project are as follows:

- (i) **General Partners.** The Managing General Partner will be Norstar Renaissance Preserve Family II, Inc, an affiliate of Norstar Development USA, LP, and the General Partner will be Renaissance Preserve III, LLC owned 100% by the Housing Authority of the City of Ft. Myers.
- (ii) **Developers.** The developers will be Norstar Development USA, LP and Renaissance Preserve Developers, LLC.
- (iii) **Guarantors.** Subject to RBC's review and approval of financial statements, the Guarantors are the General Partners, developers, and any others required by RBC, on a joint and several basis.

2. **Company Credits.** Anticipated Annual Tax Credits: \$1,510,000.

3. **Capital Contributions and Adjustments.** (a) RBC will fund its capital contributions pursuant to the following schedule based upon a purchase price of \$0.65 for total tax credit equity of \$9,814,019.

<u>Conditions</u>	<u>Amount</u>
i) 20% paid prior to or simultaneous with the closing of construction financing.	\$ 1,962,804
ii) 65% upon the later of (a) satisfaction of the funding conditions described in (i) above, (b) receipt of a preliminary cost certification prepared by a certified public accountant, and (c) receipt of Certificates of Occupancy on all units.	\$ 6,379,112
iii) 15% upon the later of (a) satisfaction of the funding conditions described in (ii) above, (b) achievement of 3 consecutive months of a 1.15 debt service coverage ratio on all foreclosable debt, and (c) permanent loan conversion, (d) achievement of Qualified Occupancy and (e) achievement of 95% physical occupancy.	\$ 1,472,103
	<u>\$ 9,814,019</u>

4. **Tax Benefits and Distributions.**

(a) **Tax Benefits.** Tax profits, tax losses, and tax credits will be allocated 99.99% to the Limited Partner, .001% to the Special Limited Partner and .009% to the General Partner

(b) **Net Cash Flow Distributions.** Distributions of net cash flow, as defined in the Partnership Agreement, but generally all cash receipts less cash expenditures (e.g., payment of debt service, property management fee and asset management fee), will be made as follows:

- (i) to the partners in proportion to any so called "phantom income" tax liability incurred by such partners;
- (ii) to the Limited Partner, to make any payment of any Adjustment Amount or payment of LIHTC shortfall or recapture amount not previously paid;
- (iii) to the replenishment of the operating reserve in section 7 (a);
- (iv) to the payment of any unpaid developer fee, until such fee has been paid in full;
- (v) to the payment of any debts owed to the Partners and/or their affiliates;
- (vi) 90% to the General Partner for the incentive management fee and the balance to the Partners in accordance with their percentage interests described in Paragraph 9(a).

(c) Distributions upon Sale, Liquidation or Refinance. Net proceeds resulting from any sale, liquidation or refinance will be distributed as follows:

- (i) to payment in full of any Partnership debts except those due to Partners and/or their affiliates;
- (ii) to the setting up of any required reserves for contingent liabilities or obligations of the Partnership;
- (iii) to the Limited Partner to make any payment of any Adjustment Amount or any payment of LIHTC shortfall or recapture amount not previously paid;
- (iv) to the payment of any debts owed to the General Partner or its affiliates including any unpaid developer fee;
- (v) to the Special Limited Partner, 1% of such proceeds as a capital transaction administrative fee;
- (vi) to the Limited Partner for any excess or additional Capital Contributions made by it;
- (vii) to the Limited Partner in an amount equal to any projected federal income tax incurred as a result of the transaction giving rise to such proceeds; and
- (viii) the balance, 90% to the General Partner, 9.99% to the Limited Partner and .01% to the Special Limited Partner.

5. General Partner Obligations and Guarantees. In addition to Paragraphs 5(b) and (d) and the items described in the Partnership Agreement, the General Partner will be responsible for the following items. Any amounts advanced by the General Partner will not be considered as loans or Capital Contributions reimbursable or repayable by the Partnership unless otherwise stated herein.

(a) Construction Completion. The General Partner will guarantee construction completion in accordance with approved plans and specifications and will pay for any construction costs, costs to achieve permanent loan closing, and costs necessary to fund reserves required to be funded at or before permanent loan closing.

(b) Operating Deficits.

- (i) The General Partner will guarantee operating deficits to the Partnership until the Project has achieved three consecutive months of operations in which rental revenues are equal to or exceed the aggregate of operating expenses, reserve requirements and debt service, to the extent then due and payable (together with a ratable portion of annual expenses not yet due and payable) ("Breakeven");
- (ii) Commencing with Breakeven Operations and continuing for a period of three years thereafter, the General Partner will guarantee funding for operating deficits of up to an amount equal to 6 months of debt service, repayment of which will be evidenced by an unsecured loan to the Partnership with interest at the rate of 8% per annum, to be repaid out of cash flow, refinancing, sale and liquidation proceeds as provided in Paragraph 9 hereof.

(c) The amount of actual LIHTC will be determined promptly following receipt of cost certification from the accountant and Form 8609. In the event that actual LIHTC are less than Projected LIHTC, RBC's capital contributions will be reduced by an amount (the "Adjustment Amount") equal to the

product of (i) \$0.65 multiplied by (ii) the difference between Projected LIHTC and Actual LIHTC. If the Adjustment Amount exceeds the total of all unfunded capital contributions, then the General Partner will make a payment to the Partnership equal to the amount of such excess, and the Partnership will immediately distribute such amount to RBC as a return of its capital contribution. This payment will not give rise to any right as a loan or Capital Contribution or result in any increase in the General Partner's capital account.

(d) In addition to the Adjustment Amount, RBC's capital contribution will be similarly reduced in the event that the actual amount of LIHTC the first calendar year of tax credits is less than the amounts projected. The amount (the "Late Delivery Adjustment") of this reduction will equal the amount that the Actual LIHTC for such year is less than the amount projected minus the present value of the Late Delivery Adjustment using a 10% discount rate.

(e) LIHTC Shortfall or Recapture Event. In addition to the Adjustment Amount and Late Delivery Adjustment, if the actual amount of LIHTC for any year is less than Projected LIHTC, the General Partner will guarantee payment to the Limited Partner of an amount equal to the shortfall or recapture amount, plus related costs and expenses incurred by the Limited Partner.

(f) Repurchase. The General Partner will repurchase RBC's interest upon the occurrence of certain events described in the Partnership Agreement.

(g) Guarantors. The Guarantors will guarantee the General Partner's obligations under Sections 5(a), (b) (c) and (f) above. The Guarantors will maintain a net worth as required by RBC and agreed to by the General Partner and provide RBC with annual financial statements evidencing compliance with the net worth and liquidity requirements.

6. Debt Sources. As a condition to funding our capital contribution, the General Partner will deliver the loan commitments in the approximate amount described in subparagraphs (a) - (b). The terms of these loans are subject to RBC's consent.

(a) Housing Authority Loan. A nonrecourse loan in the amount of \$1,575,000 with an interest rate of 0% and repaid from available cash flow.

(b) Deferred Developer Fee. A deferred developer in the amount of \$5,551 with an interest rate at 3% and repaid from available cash flow.

(c) Construction Loan. A construction loan in the amount sufficient to complete construction of the project.

7. Reserves.

7. Reserves.

(a) Operating Reserves. An operating reserve in the amount equal to 6 months of operating expense and debt service or as otherwise agreed on by the General Partner and Limited partner that will be established and maintained by the General Partner no later than RBC's final capital contribution. Withdrawals from the operating reserve will be subject to RBC's consent.

(a) Replacement Reserves. The Partnership will maintain a replacement reserve, and make contributions on an annual basis equal to the greater of (i) \$250 per unit and (ii) the amount required by the permanent lender. The amount of the contribution will increase annually by 3%.

8. Fees and Compensation. The following fees will be paid by the Partnership for services rendered in organizing, developing and managing the Partnership and the Project.

(a) Developer Fee. The Developer will earn a developer fee of \$1,960,210.

If the proceeds from the Project budget are not sufficient to pay the developer fee, the fee will be deferred with interest at AFR per annum and payable from net cash flow. Payment of the deferred fee will be subordinate to all other Partnership debt as well as operating expense and reserve requirements. The General Partner and the Guarantors will guarantee payment of any developer fee remaining unpaid after 15 years from the date of the Partnership Agreement.

(b) Incentive Management Fee. An incentive management fee will be payable to the General Partner on an annual basis in an amount equal to 90% of net cash flow after payment of the items described in Paragraph 4(b)(i)-(v).

(c) Property Management Fee. The property management fee will not exceed 6.0% of gross rental revenues. The terms of the property management agreement are subject to the prior approval of RBC.

(d) Asset Management Fee. The Partnership will pay the Special Limited Partner an annual asset management fee in an amount equal to \$5,000. The asset management fee will increase by 3% on an annual basis and will be paid quarterly commencing the first calendar quarter during the year in which the Project is placed in service.

9. Construction. The General Partner will arrange for a fixed or guaranteed maximum price construction contract in an amount not to exceed \$10,937,290. The Contractor's obligations will be secured by payment and performance bonds in an amount not less than the amount of the construction contract. RBC, may, in its sole discretion, engage a construction consultant to review plans and specifications and evaluate the construction progress by providing monthly reports to the Partnership. The cost of the construction consultant will be paid by the Partnership.

10. Due Diligence, Opinions and Projections.

(a) The General Partner will pay RBC a due diligence fee of \$50,000 in addition to provide all due diligence items set forth on its Due Diligence Checklist, including but not limited to, financial statements for the Guarantors, plans and specifications, a current appraisal, a current market study, a Phase I environmental report and title and survey. The due diligence fee shall be deducted from RBC's First Capital Contribution.

(b) The General Partner's counsel will deliver to RBC a local law opinion satisfactory to RBC. RBC's counsel will prepare the tax opinion and the General Partner agrees to cooperate to provide all necessary documentation requested by RBC's counsel. Both the General Partner and its counsel will review the tax opinion prior to its issuance.

(c) The projections to be attached to the Partnership Agreement and that support the Tax Opinion will be prepared by RBC based on projections provided by the General Partner. The projections will include development sources and uses, calculation of eligible basis, operating and construction period cash flow analysis, 15-year operating projection, 30-year debt analysis and 15-year capital account analysis.

11. **Partnership Closing.** Final Partnership closing will be contingent upon RBC's receipt, review and approval of all due diligence including the items set forth on its due diligence checklist previously delivered to the General Partner as well as the following:

(a) Preparation and execution of RBC's standard Partnership Agreement and other fee agreements containing customary representations and warranties, covenants, consent rights, and indemnities, each on terms and conditions satisfactory to RBC.

(b) RBC's satisfactory review of background and related financial reports on such members of the development team as determined by RBC. The General Partner agrees to reasonably cooperate with RBC (including signing such consents as may be necessary) in obtaining such reports.

(c) RBC's agreement to acquire the LP Interest is based on certain assumptions formulated using the information contained in this letter, which you have provided to us. We may update and adjust the terms of this letter to reflect changes in these assumptions and other information which becomes available to us during our due diligence review, and for changes in law which occur prior to entering into the Partnership Agreement.

(d) RBC's agreement to acquire the LP Interest on the pricing, terms and conditions contained in this letter are further based on the assumption that the Partnership closing will occur on or before June 30, 2010. In the event the closing does not occur by the Anticipated Closing Date, RBC reserves the right to modify this letter to be consistent with the prevailing market conditions.

(e) RBC's receipt of a firm commitment from a third party investor to purchase from RBC the LP Interest on terms and conditions satisfactory to RBC in its sole discretion

12. **Exclusive Period and Confidentiality.**

(a) The General Partner agrees to keep the terms and conditions contained in this letter confidential and not to disclose the terms to any third party (other than attorneys and accountants of the Partnership) without the express prior written approval of RBC.

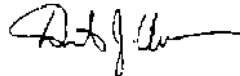
(b) **Confidentiality.** Notwithstanding the foregoing confidentiality provisions, the parties confirm that there are no limitations on the disclosure of the tax treatment or tax structure of the Project.

(c) **Term of LOI.** The terms and conditions of this letter of intent shall not expire prior to June 30, 2010.

Renaissance Preserve III
August 7, 2009
Page 7

If the foregoing is in accordance with your understanding of the terms and conditions, please indicate your acceptance on the enclosed copy and return it to the undersigned so RBC may commence and can complete its due diligence review and take the steps towards Partnership closing as described in Paragraph 12.

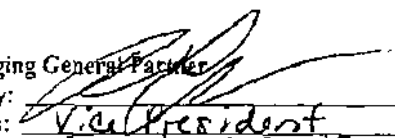
Very truly yours,



By: _____
Name: David J. Urban
Title: Vice President

The undersigned approves and accepts the terms of this letter agreement and agrees to work with RBC towards a definitive partnership agreement.

Managing General Partner



By: _____
Its: Vice President
Date: August 10, 2009

EXHIBIT 9
Principals of Applicant and Each Developer

APPLICANT:

Renaissance Preserve III, LLLP, a Florida limited liability limited partnership

• **Managing General Partner:**

Norstar Renaissance Preserve Family II, Inc., a Florida corporation (.0051%)

Officers:

President	Gary Silver
Vice President	Richard L. Higgins
Secretary	Neil Brown

Directors:

Chairman	Neil Brown
Member	Gary Silver
Member	Richard L. Higgins

Shareholders:

Norstar Investment USA, Inc.
Black Locust, LLC

• **General Partner:**

Renaissance Preserve III, LLC, a Florida limited liability company (.0049%)

Sole Member:

Housing Authority of the City of Fort Myers, a public body corporate and politic organized under the laws of the State of Florida

• **Initial Limited Partner:**

Housing Authority of the City of Fort Myers, a public body corporate and politic organized under the laws of the State of Florida (99.99%)

Officers:

Marcus D. Goodson, Executive Director
Sherri Campanale, Director of Housing Mgmt
Vicki L. Collins, Director of Finance
Vivian Watkins, Resident Services/FSS Director
Marcia Davis, HOPE VI Director/Real Estate Director

Commissioners:

Lemuel A. Teal, Chairman
William H. Barnwell
Peter Routsis-Arroyo
Joseph P. D'Alessandro
E. Bruee Strayhorn
Douglas Hogg

LEAD DEVELOPER:

Norstar Development USA, LP, a Texas limited partnership

- **Managing General Partner**

Nordev, Inc., a Delaware corporation (1%)

Officers

Richard L. Higgins, President

Neil Brown, Treasurer

Directors

Neil Brown, Chairman

Gary B. Silver

Sole Shareholder

Norstar USA Ltd

- **Limited Partner**

Black Locust, LLC (20%)

Sole Member

Richard L. Higgins

- **Limited Partner**

Raphael Corporation (79%)

Officers

Gary B. Silver, President

Directors

Neil Brown, Chairman

Shareholders

Gary B. Silver

Neil Brown

CO-DEVELOPER:

Renaissance Preserve Developers, LLC, a Florida limited liability company

- Sole Member: Housing Authority of the City of Fort Myers, a public body corporate and politic organized under the laws of the State of Florida

Officers:

Marcus D. Goodson, Executive Director
Sherri Campanale, Director of Housing Mgmt
Vicki L. Collins, Director of Finance
Vivian Watkins, Resident Services/FSS Director
Marcia Davis, HOPE VI Director/Real Estate
Development Director

Commissioners:

Lemuel A. Teal, Chairman
William H. Barnwell
Peter Routsis-Arroyo
Joseph P. D'Alessandro
E. Bruce Strayhorn
Douglas Hogg



**RBC
Capital
Markets**

RBC Tax Credit Equity Group
1549 Ringling Blvd., 3rd Floor
Sarasota, FL 34236

August 13, 2009

Mr. Richard Higgins
President
Norstar Development USA, LP
200 South Division Street
Buffalo, NY 12207

Re: *The Verandas of Punta Gorda*
Punta Gorda, Florida

Dear Rick:

Thank you for providing us the opportunity to submit a proposal on The Verandas of Punta Gorda in Charlotte County, Florida. This letter serves as our mutual understanding of the business terms regarding our best efforts acquisition of limited partnership interests in The Verandas of Punta Gorda, LLLP (the "Partnership"). RBC Tax Credit Equity, L.L.C., or an assignee (the "Limited Partner") will acquire a 99.99% limited partnership interest, and RBC Tax Manager II, Inc. (the "Special Limited Partner", and sometimes collectively with the Limited Partner, "RBC") will acquire a .01% special limited partnership interest (collectively, the "LP Interest") in the Partnership.

1. **Project and Parties Involved.** (a) The "Project", known as The Verandas of Punta Gorda, will consist of 60 newly constructed apartment units for rent to seniors. The Project will consist a single three-story building located in the County of Charlotte, and State of Florida (sometimes, the "Property"). Within the Project 100% of the units will be occupied in compliance with the low-income housing tax credit ("LIHTC") requirements of Section 42 of the Internal Revenue Code.

(b) The parties involved with the Project are as follows:

- (i) **General Partners.** The Managing General Partner will be Norstar Verandahs, Inc., an affiliate of Norstar Development USA, LP and the General Partner will be an entity owned 100% by the Punta Gorda Housing Authority ("PGHA").
- (ii) **Developers.** The developers will be Norstar Development USA, LP and an entity owned 100% by PGHA.
- (iii) **Guarantors.** Subject to RBC's review and approval of financial statements, the Guarantors are the General Partners, developers, and any others required by RBC, on a joint and several basis.

2. **Company Credits.** Anticipated Annual Tax Credits: \$1,144,046.

3. **Capital Contributions and Adjustments.** (a) RBC will fund its capital contributions pursuant to the following schedule based upon a purchase price of \$0.65 for total tax credit equity of \$6,960,374.

<u>Conditions</u>	<u>Amount</u>
i) 18.74% paid prior to or simultaneous with the closing of the construction financing.	\$ 1,304,328
ii) 66.26% upon the later of (a) satisfaction of the funding conditions described in (i) above, (b) receipt of a preliminary cost certification prepared by a certified public accountant, and (c) receipt of Certificates of Occupancy on all units.	\$ 4,611,990
iii) 15% upon the later of (a) satisfaction of the funding conditions described in (ii) above, (b) achievement of 3 consecutive months of a 1.15 debt service coverage ratio on all foreclosable debt, and (c) permanent loan conversion, (d) achievement of Qualified Occupancy and (e) achievement of 95% physical occupancy.	\$ 1,044,056
	<u>\$ 6,960,374</u>

4. **Tax Benefits and Distributions.**

(a) **Tax Benefits.** Tax profits, tax losses, and tax credits will be allocated 99.99% to the Limited Partner, .001% to the Special Limited Partner and .009% to the General Partner

(b) **Net Cash Flow Distributions.** Distributions of net cash flow, as defined in the Partnership Agreement, but generally all cash receipts less cash expenditures (e.g., payment of debt service, property management fee and asset management fee), will be made as follows:

- (i) to the partners in proportion to any so called "phantom income" tax liability incurred by such partners;
- (ii) to the Limited Partner, to make any payment of any Adjustment Amount or payment of LIHTC shortfall or recapture amount not previously paid;
- (iii) to the replenishment of the operating reserve in section 7 (a);
- (iv) to the payment of any unpaid developer fee, until such fee has been paid in full;
- (v) to the payment of any debts owed to the Partners and/or their affiliates;
- (vi) 90% to the General Partner for the incentive management fee and the balance to the Partners in accordance with their percentage interests described in Paragraph 9(a).

(c) Distributions upon Sale, Liquidation or Refinance. Net proceeds resulting from any sale, liquidation or refinance will be distributed as follows:

- (i) to payment in full of any Partnership debts except those due to Partners and/or their affiliates;
- (ii) to the setting up of any required reserves for contingent liabilities or obligations of the Partnership;
- (iii) to the Limited Partner to make any payment of any Adjustment Amount or any payment of LIHTC shortfall or recapture amount not previously paid;
- (iv) to the payment of any debts owed to the General Partner or its affiliates including any unpaid developer fee;
- (v) to the Special Limited Partner, 1% of such proceeds as a capital transaction administrative fee;
- (vi) to the Limited Partner for any excess or additional Capital Contributions made by it;
- (vii) to the Limited Partner in an amount equal to any projected federal income tax incurred as a result of the transaction giving rise to such proceeds; and
- (viii) the balance, 90% to the General Partner, 9.99% to the Limited Partner and .01% to the Special Limited Partner.

5. General Partner Obligations and Guarantees. In addition to Paragraphs 5(b) and (d) and the items described in the Partnership Agreement, the General Partner will be responsible for the following items. Any amounts advanced by the General Partner will not be considered as loans or Capital Contributions reimbursable or repayable by the Partnership unless otherwise stated herein.

(a) Construction Completion. The General Partner will guarantee construction completion in accordance with approved plans and specifications and will pay for any construction costs, costs to relieve permanent loan closing, and costs necessary to fund reserves required to be funded at or before permanent loan closing.

(b) Operating Deficits.

- (i) The General Partner will guarantee operating deficits to the Partnership until the Project has achieved three consecutive months of operations in which rental revenues are equal to or exceed the aggregate of operating expenses, reserve requirements and debt service, to the extent then due and payable (together with a ratable portion of annual expenses not yet due and payable) ("Breakeven");
- (ii) Commencing with Breakeven Operations and continuing for a period of three years thereafter, the General Partner will guarantee funding for operating deficits of up to an amount equal to 6 months of debt service, repayment of which will be evidenced by an unsecured loan to the Partnership with interest at the rate of 8% per annum, to be repaid out of cash flow, refinancing, sale and liquidation proceeds as provided in Paragraph 9 hereof.

(c) The amount of actual LIHTC will be determined promptly following receipt of cost certification from the accountant and Form 8609. In the event that actual LIHTC are less than Projected LIHTC, RBC's capital contributions will be reduced by an amount (the "Adjustment Amount") equal to the

product of (i) \$0.65 multiplied by (ii) the difference between Projected LIHTC and Actual LIHTC. If the Adjustment Amount exceeds the total of all unfunded capital contributions, then the General Partner will make a payment to the Partnership equal to the amount of such excess, and the Partnership will immediately distribute such amount to RBC as a return of its capital contribution. This payment will not give rise to any right as a loan or Capital Contribution or result in any increase in the General Partner's capital account.

(d) In addition to the Adjustment Amount, RBC's capital contribution will be similarly reduced in the event that the actual amount of LIHTC the first calendar year of tax credits is less than the amounts projected. The amount (the "Late Delivery Adjustment") of this reduction will equal the amount that the Actual LIHTC for such year is less than the amount projected minus the present value of the Late Delivery Adjustment using a 10% discount rate.

(e) LIHTC Shortfall or Recapture Event. In addition to the Adjustment Amount and Late Delivery Adjustment, if the actual amount of LIHTC for any year is less than Projected LIHTC, the General Partner will guarantee payment to the Limited Partner of an amount equal to the shortfall or recapture amount, plus related costs and expenses incurred by the Limited Partner.

(f) Repurchase. The General Partner will repurchase RBC's interest upon the occurrence of certain events described in the Partnership Agreement.

(g) Guarantors. The Guarantors will guarantee the General Partner's obligations under Sections 5(a), (b) (c) and (f) above. The Guarantors will maintain a net worth as required by RBC and agreed to by the General Partner and provide RBC with annual financial statements evidencing compliance with the net worth and liquidity requirements.

6. Debt Sources. As a condition to funding our capital contribution, the General Partner will deliver the loan commitments in the approximate amount described in subparagraphs (a) - (c). The terms of these loans are subject to RBC's consent.

(a) PGHA Loan. A nonrecourse loan in the amount of \$1,000,000 with an interest rate of 0% and repaid from available cash flow.

(b) Local Loan. A nonrecourse loan in the amount of \$75,000 with an interest rate of 0% and repaid from available cash flow.

(c) Deferred Developer Fee. A deferred developer in the amount of \$1,351 with an interest rate at 8% and repaid from available cash flow.

(d) Construction Loan. A construction loan in the amount sufficient to complete construction of the project.

7. Reserves.

(a) Operating Reserves. An operating reserve in the amount equal to 6 months of operating expense and debt service or as otherwise agreed on by the General Partner and Limited partner that will be established and maintained by the General Partner no later than RBC's final capital contribution. Withdrawals from the operating reserve will be subject to RBC's consent.

(a) Replacement Reserves. The Partnership will maintain a replacement reserve, and make contributions on an annual basis equal to the greater of (i) \$250 per unit and (ii) the amount required by the permanent lender. The amount of the contribution will increase annually by 3%.

8. Fees and Compensation. The following fees will be paid by the Partnership for services rendered in organizing, developing and managing the Partnership and the Project.

(a) Developer Fee. The Developer will earn a developer fee of \$1,456,531.

If the proceeds from the Project budget are not sufficient to pay the developer fee, the fee will be deferred with interest at AFR per annum and payable from net cash flow. Payment of the deferred fee will be subordinate to all other Partnership debt as well as operating expense and reserve requirements. The General Partner and the Guarantors will guarantee payment of any developer fee remaining unpaid after 15 years from the date of the Partnership Agreement.

(b) Incentive Management Fee. An incentive management fee will be payable to the General Partner on an annual basis in an amount equal to 90% of net cash flow after payment of the items described in Paragraph 4(b)(i)-(v).

(c) Property Management Fee. The property management fee will not exceed 6.0% of gross rental revenues. The terms of the property management agreement are subject to the prior approval of RBC.

(d) Asset Management Fee. The Partnership will pay the Special Limited Partner an annual asset management fee in an amount equal to \$5,000. The asset management fee will increase by 3% on an annual basis and will be paid quarterly commencing the first calendar quarter during the year in which the Project is placed in service.

9. Construction. The General Partner will arrange for a fixed or guaranteed maximum price construction contract in an amount not to exceed \$6,674,640. The Contractor's obligations will be secured by payment and performance bonds in an amount not less than the amount of the construction contract. RBC, may, in its sole discretion, engage a construction consultant to review plans and specifications and evaluate the construction progress by providing monthly reports to the Partnership. The cost of the construction consultant will be paid by the Partnership.

10. Due Diligence, Opinions and Projections.

(a) The General Partner will pay RBC a due diligence fee of \$50,000 in addition to provide all due diligence items set forth on its Due Diligence Checklist, including but not limited to, financial statements for the Guarantors, plans and specifications, a current appraisal, a current market study, a Phase I environmental report and title and survey. The due diligence fee shall be deducted from RBC's First Capital Contribution.

(b) The General Partner's counsel will deliver to RBC a local law opinion satisfactory to RBC. RBC's counsel will prepare the tax opinion and the General Partner agrees to cooperate to provide all necessary documentation requested by RBC's counsel. Both the General Partner and its counsel will review the tax opinion prior to its issuance.

(c) The projections to be attached to the Partnership Agreement and that support the Tax Opinion will be prepared by RBC based on projections provided by the General Partner. The projections will include development sources and uses, calculation of eligible basis, operating and construction period cash flow analysis, 15-year operating projection, 30-year debt analysis and 15-year capital account analysis.

11. **Partnership Closing.** Final Partnership closing will be contingent upon RBC's receipt, review and approval of all due diligence including the items set forth on its due diligence checklist previously delivered to the General Partner as well as the following:

(a) Preparation and execution of RBC's standard Partnership Agreement and other fee agreements containing customary representations and warranties, covenants, consent rights, and indemnities, each on terms and conditions satisfactory to RBC.

(b) RBC's satisfactory review of background and related financial reports on such members of the development team as determined by RBC. The General Partner agrees to reasonably cooperate with RBC (including signing such consents as may be necessary) in obtaining such reports.

(c) RBC's agreement to acquire the LP Interest is based on certain assumptions formulated using the information contained in this letter, which you have provided to us. We may update and adjust the terms of this letter to reflect changes in these assumptions and other information which becomes available to us during our due diligence review, and for changes in law which occur prior to entering into the Partnership Agreement.

(d) RBC's agreement to acquire the LP Interest on the pricing, terms and conditions contained in this letter are further based on the assumption that the Partnership closing will occur on or before June 30, 2010. In the event the closing does not occur by the Anticipated Closing Date, RBC reserves the right to modify this letter to be consistent with the prevailing market conditions.

(e) RBC's receipt of a firm commitment from a third party investor to purchase from RBC the LP Interest on terms and conditions satisfactory to RBC in its sole discretion.

12. **Exclusive Period and Confidentiality.**

(a) The General Partner agrees to keep the terms and conditions contained in this letter confidential and not to disclose the terms to any third party (other than attorneys and accountants of the Partnership) without the express prior written approval of RBC.

(b) Confidentiality. Notwithstanding the foregoing confidentiality provisions, the parties confirm that there are no limitations on the disclosure of the tax treatment or tax structure of the Project.

(c) Term of LOI. The terms and conditions of this letter of intent shall not expire prior to June 30, 2010.

The Veraplay of Punta Gorda
August 13, 2009
Page 7

If the foregoing is in accordance with your understanding of the terms and conditions, please indicate your acceptance on the enclosed copy and return it to the undersigned so RBC may commence and can complete its due diligence review and take the steps towards Partnership closing as described in Paragraph 12.

Very truly yours,



By: _____
Name: David J. Uiben
Title: Vice President

The undersigned approves and accepts the terms of this letter agreement and agrees to work with RBC towards a definitive partnership agreement.

Managing General Partner

By: _____
Title: Vice President
Date: August 14, 2009

2009 FHFC EXHIBIT 9
Principals of Applicant and Each Developer

APPLICANT

The Verandas of Punta Gorda, LLLP, a Florida limited liability limited partnership

- **Managing General Partner**

Norstar Verandahs, Inc., a Florida corporation (.0051%)

Officers

Gary Silver, President
Richard L. Higgins, Vice President
Neil Brown, Secretary

Directors

Neil Brown, Chairman
Gary Silver
Richard L. Higgins

Shareholders

Norstar Investment USA, Inc.
Black Locust, LLC

- **General Partner**

The Verandas GP, Inc., a Florida corporation (.0049%)

Officers

Jean Farino, President

Directors

Dr. Harry Agabedis
Brenda Bala
Melody Washington
Stephen Fahian, Jr.

- **Initial Limited Partner**

Punta Gorda Housing Authority, a public body corporate and politic organized under the laws of the State of Florida (99.99%)

Officers

Jean Farino, Executive Director

Directors

Harry Agabedis, Chairman
Brenda Bala, Vice Chair
Melody Washington
Stephen Fabian
Eunice Wiley
John Murdock
Mary Kleiss

LEAD DEVELOPER

Norstar Development USA, LP, a Texas limited partnership

- **Managing General Partner**

Nordev, Inc., a Delaware corporation (1%)

Officers

Richard L. Higgins, President

Neil Brown, Treasurer

Directors

Neil Brown, Chairman

Gary B. Silver

Sole Shareholder

Norstar USA, Ltd.

- **Limited Partner**

Black Locust, LLC (20%)

Sole Member

Richard L. Higgins

- **Limited Partner**

Raphael Corporation (79%)

Officers

Gary Silver, President

Directors

Neil Brown, Chairman

Shareholders

Gary B. Silver

Neil Brown

CO-DEVELOPER

Gulf Breeze Apartments Developers, LLC, a Florida limited liability company

- **Sole Managing Member**

Punta Gorda Developers, L.L.C., a Florida limited liability company

Sole Managing Member

Punta Gorda Housing Authority, a public body corporate and politic organized under the laws of the State of Florida

Officers

Jean Farino, Executive Director

Directors

Harry Agabedis, Chairman

Eunice Wiley, Vice Chair

James Stevens

Brenda Bala

Paula Wilman

Melody Washington

Mary Kleiss