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FLORIDA HOUSING FINANCE CORPORATION

**STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION**

DESOTO COUNTY HOMELESS
COALITION, INC., and HARDEE
COUNTY HOUSING AUTHORITY,

Petitioners,

vs.

FHFC Case No: 2007-052-FHRP

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.

_____ /

**PETITION FOR INFORMAL
ADMINISTRATIVE PROCEEDING**

Petitioners, DESOTO COUNTY HOMELESS COALITION, INC., and HARDEE COUNTY HOUSING AUTHORITY, pursuant to sections 120.569 and 120.57(2), Florida Statutes, and Rules 67ER07-04 and 28-106.301, Florida Administrative Code ("F.A.C."), hereby request an informal administrative proceeding to challenge the scoring by Respondent, the FLORIDA HOUSING FINANCE CORPORATION ("FHFC"), of the following Applications for 2007 funding from the Farmworker Housing Recovery Program and the Special Housing Assistance and Development Program: Applic. #2007-001 (FHRP); #2007-003 (SHADP); #2007-014 (SHADP); and #2007-010 (SHADP). In support of their Petition, Petitioners state as follows:

1. The name and address of the agency affected by this action are:

Florida Housing Finance Corporation
City Center Building, Suite 5000
227 N. Bronough Street
Tallahassee, Florida 32301-1329

2. The addresses and telephone numbers of the Petitioners are:

Desoto County Homeless Coalition, Inc.
1277 S.E. First Ave.
Arcadia, FL 34266
Telephone No. (863) 494-1351

Hardee County Housing Authority
P.O. Box 1802
Wauchula, FL 33873
Telephone No. (863) 773-0500

3. The name, address, telephone number, and fax number of the Petitioner's representative, which shall be the Petitioner's address for service purposes during the course of this proceeding, are:

Warren H. Husband
Metz, Husband & Daughton, P.A.
P.O. Box 10909
Tallahassee, Florida 32302-2909
Telephone No. (850) 205-9000
Fax No. (850) 205-9001

**The Farmworker Housing Recovery Program
and the Special Housing Assistance and Development Program**

4. In 2006, the Florida Legislature created the Farmworker Housing Recovery Program ("FHRP") and the Special Housing Assistance and

Development Program (“SHADP”) to address some of the affordable housing needs of special low-income populations residing in areas of the state impacted by Florida’s 2004 and 2005 hurricane seasons. FHRP is focused on providing housing solutions for farmworkers, especially migrant farmworkers, while SHADP is designed to target hard-to-serve populations, including persons with disabilities, frail elders, and the homeless.

5. Funded with \$15 million appropriated by the Florida Legislature, FHRP and SHADP will make low-interest loans available to encourage private developers to build and operate affordable rental housing for the specified low-income populations. These below-market-rate loans, which are forgivable if the housing meets long-term affordability goals, reduce the amount of income required for debt service on the development, making it possible to operate the project at rents that are affordable to low-income tenants.

6. Pursuant to section 420.55, Florida Statutes, FHRP and SHADP are administered by FHFC.¹

The 2007 FHRP/SHADP Cycle

7. Because FHFC’s available pool of FHRP/SHADP funding is limited,

¹ FHFC is a public corporation created by law in section 420.504, Florida Statutes, to provide and promote the financing of affordable housing and related facilities in Florida. FHFC is an “agency” as defined in section 120.52(1), Florida Statutes, and is therefore subject to the provisions of Chapter 120, Florida Statutes.

qualified projects must compete for this funding. To assess the relative merits of proposed projects, FHFC has established a competitive application process pursuant to Chapter 67ER07, F.A.C. Specifically, FHFC's application process, as set forth in Rules 67ER07-03 and -04, F.A.C., involves the following:

- a. the publication and adoption by rule of an application package;
- b. the completion and submission of applications by developers;
- c. FHFC's preliminary scoring of applications;
- d. an initial round of administrative challenges in which an applicant may take issue with FHFC's scoring of another application by filing a Notice of Possible Scoring Error ("NOPSE");
- e. FHFC's consideration of the NOPSE's submitted, with notice to applicants of any resulting change in their preliminary scores;
- f. an opportunity for the applicant to submit additional materials to FHFC to "cure" any items for which the applicant received less than the maximum score;
- g. a second round of administrative challenges whereby an applicant may raise scoring issues arising from another applicant's cure materials by filing a Notice of Alleged Deficiency ("NOAD");
- h. FHFC's consideration of the NOAD's submitted, with resulting scores then transmitted to all applicants;
- i. an opportunity for applicants to challenge, via informal or formal administrative proceedings, the scores arrived at by FHFC with respect to an applicant's own application and those of competing applicants; and
- j. final scores, ranking, and allocation of FHRP/SHADP funding to applicants through the adoption of final orders.

8. On or about June 22, 2007, numerous applications were submitted to FHFC seeking FHRP/SHADP funding. Petitioner, Desoto County Homeless Coalition, Inc. (Applic. #2007-006), applied for a SHADP loan of \$1,500,000 to help finance its project, Rosene's Success House, a 17-unit garden-style apartment complex for the homeless located in Arcadia, Florida (the "Desoto Homeless Application"). Petitioner, Hardee County Housing Authority (Applic. #2007-007), applied for a SHADP loan of \$2,645,000 to help finance its project, Chester's Pointe, a 20-unit single-family complex for the frail elderly located in Bowling Green, Florida (the "Hardee Frail Elderly Application").

9. At the conclusion of the NOPSE and NOAD processes outlined above, both of the Petitioners' Applications met all of FHFC's threshold application requirements and achieved the maximum possible scores.

Issues Presented

10. At the same time, however, FHFC made several errors in its scoring of competing applicants, which will significantly reduce or eliminate the chance for the Petitioners' Desoto Homeless Application and/or Hardee Frail Elderly Application to obtain their requested FHRP/SHADP funding. As such, the substantial interests of the Petitioners have been adversely affected. The applicants and the scoring errors at issue are identified below.

Casa San Juan Bosco
Applic. #2007-001 (FHRP)

11. Part II.B.2. of the Application requires each applicant to provide a certification from the Management Agent for the applicant's proposed Development, verifying the Management Agent's experience in managing affordable rental housing. Each applicant is also required to provide a "Prior Experience Chart" for the Management Agent, detailing the scope and extent of the Management Agent's experience with respect to specifically identified affordable rental housing properties. *Applic. Instructions*, pp. 5-6.

12. Importantly, FHFC specifically requires that the Prior Experience Chart "must include," with respect to each of the affordable rental housing properties listed in the Chart, whether the Management Agent is "Currently Managing or Formerly Managed" those properties and the "Length of Time (Years and Months)" that the Management Agent has managed those properties. *Applic. Instr.*, p. 6.

13. In its original Application, the Applicant for the above-named Development identified its Management Agent as "Catholic Charities Community Development Corp." The Applicant, however, did not include in its original Application the required Prior Experience Chart detailing the Management Agent's affordable housing experience. In its preliminary scoring, FHFC therefore

correctly determined that the Applicant had failed this threshold requirement. *Scoring Summary*, Item 1T.

14. In its cure materials, the Applicant provided a Prior Experience Chart purporting to show the affordable housing experience of its Management Agent with respect to five listed projects. *See Appendix A. For none of those five listed projects, however, did the Applicant indicate whether the Management Agent is “Currently Managing or Formerly Managed” those projects or the “Length of Time (Years and Months)” that the Management Agent has managed those projects.*

15. As such, the Applicant has failed to evidence the experience of its Management Agent in compliance with FHFC’s mandatory requirements. The Applicant has therefore failed this threshold item, requiring the rejection of the Application.²

16. FHFC has consistently determined that omissions identical to this one constitute threshold failures and require the rejection of applications in this 2007 FHRP/SHADP Cycle. *See Scoring Summary for Applic. #2007-002*, Item 1T (omission of same two items discussed above from Management Agent Prior Experience Chart); *Scoring Summary for Applic. #2007-010*, Item 3T (omission of

² The failure of this Applicant to qualify for FHRP funds will have the result of making these funds eligible for SHADP applicants, like the Petitioners. *Applic. Instr.*, p. 29.

required items from Developer Prior Experience Chart); *Scoring Summary for Applic. #2007-011*, Item 2T (omission of required items from Developer Prior Experience Chart); *Scoring Summary for Applic. #2007-012*, Item 2T (omission of required items from Developer Prior Experience Chart); *Scoring Summary for Applic. #2007-013*, Item 1T (omission of required items from Developer Prior Experience Chart); *Scoring Summary for Applic. #2007-015*, Item 1T (omission of required items from Developer Prior Experience Chart); *Scoring Summary for Applic. #2007-016*, Item 4T (omission of required items from Developer Prior Experience Chart).

17. Moreover, in applying identical FHFC requirements in other programs, FHFC has consistently determined that omissions identical to this one constitute threshold failures and require the rejection of applications. *See Scoring Summary for Applic. #2007-022H*, Item 1T (omission of required items from General Contractor Prior Experience Chart) *and* Item 4T (omission of required items from Developer Prior Experience Chart).

Homes of Hope at Poinciana Plaza
Applic. #2007-003 (SHADP)

18. Part III.C.2. of the Application requires each applicant to clearly document its legal control of the site for the proposed Development by providing a

“qualified contract” for purchase of the site, a deed or certificate of title, or a long-term lease. *Applic. Instr.*, pp. 13-14.

19. Documentation of site control is so critical that FHFC has set forth specific requirements about how such documents must be presented in an Application.

The required documentation, including any attachments or exhibits referenced in any document, must be attached to that document regardless of whether that attachment or exhibit has been provided as an attachment or exhibit to another document or whether the information is provided elsewhere in the Application or has been previously provided. Such documentation, including any attachments or exhibits, must be provided behind a tab labeled “**Exhibit 13**”.

Applic. Instr., p. 13.

20. Importantly, Applicants presenting the required documentation to demonstrate site control “will be ranked over Applicants who do not have the required documentation.” *Applic. Instr.*, p. 13.

21. In its original Application, the Applicant for the above-named Development provided a Sub-Lease for its project site between the Applicant (Aids Help, Inc.) and the Key West Housing Authority, dated August 22, 2005. *See Appendix B.*

22. Section 1 of the Sub-Lease references an attached “Master Lease and addendum(s)” as “Exhibit A” to the Sub-Lease, with the “terms and conditions [of

the Master Lease and addendum(s)] . . . made a part of this Sub-Lease.” *Appendix B*, p. 1.

23. Section 4 of the Sub-Lease references the leased premises as 1.25 acres, as identified in an “Exhibit C” attached to the Sub-Lease. *Appendix B*, p. 2. The Sub-Lease originally provided by the Applicant, however, contained neither the “Master Lease and addendum(s)” to be attached as Exhibit A to the Sub-Lease, nor the description of the leased premises to be attached as Exhibit C of the Sub-Lease.

24. In its preliminary scoring, FHFC determined that the Applicant had not properly demonstrated site control due to the absence of these documents in Exhibit 13. *Scoring Summary*, Items 3T and 4T.

25. In addition to the admonition quoted above requiring applicants to submit a single, integrated site-control document incorporating all referenced attachments and exhibits, FHFC’s rules further require with respect to all cure materials that

documents executed by third parties must be submitted in their entirety, including all attachments and exhibits referenced therein, even if only a portion of the original document was revised.

Rule 67ER07-03(7), F.A.C.

26. In response to Item 3T, the Applicant presented as its cure a single two-page document purporting to describe the premises subject to the Sub-Lease. *See Appendix C.* In violation of the above-quoted FHFC requirements, however, this two-page document was not attached to a copy of the Sub-Lease within the Applicant's cure, nor was this two-page document even labeled "Exhibit C" as referenced in the Sub-Lease. As a result, the Sub-Lease provided by the Applicant continues to omit a referenced exhibit and does not definitively evidence the property that is the subject of the Sub-Lease and over which the Applicant purports to have site control. As such, the Applicant has failed to document its site control in compliance with FHFC's mandatory requirements.

27. In response to Item 4T, the Applicant provided a "Master Development/Long-Term Lease Agreement" entered into between the Local Redevelopment Authority and the Key West Housing Authority, dated April 28, 1998. *See Appendix D.* Again, in violation of the above-quoted FHFC requirements, this document was not attached to a copy of the Sub-Lease within the Applicant's cure, nor was this document even labeled "Exhibit A" as referenced in the Sub-Lease. Thus, the Sub-Lease provided by the Applicant continues to omit a referenced exhibit, and the Applicant has failed to document its site control in compliance with FHFC's mandatory requirements.

28. In applying identical FHFC requirements in other programs, FHFC has consistently determined that an applicant fails to demonstrate site control if the applicant does not submit in its cure materials a single, integrated site-control document, incorporating all referenced attachments and exhibits. *See Scoring Summary for Applic. #2007-100BS*, Item 7T.

29. Further, Section XI.A. of the “Master Development/Long-Term Lease Agreement” supplied by the Applicant in its cure materials specifically references a “Homeownership Affordability Policy’ attached hereto as Exhibit #4, and made a fully binding part of this Agreement.” *See Appendix D*, p. 12 (§XI.A.). The Exhibit #4 provided, however, consists of a single page with no text, indicating that this Policy will be provided “within 30 days from the date of this agreement [April 28, 1998].” *Appendix D*, p. 23. As such, this document provided by the Applicant in its site control cure is incomplete and does not contain “all attachments and exhibits referenced therein” as required by FHFC rule, resulting in a failure to demonstrate site control. In applying identical FHFC requirements in other programs, FHFC has consistently determined that applicants fail to demonstrate site control if they omit such exhibits from their site control documents. *See Scoring Summary for Applic. #2006-328CHR*, Item 1T; *Scoring Summary for Applic. #2006-329CHR*, Item 1T; *Scoring Summary for Applic. #2006-337HR*, Item 11T; *Scoring Summary for Applic. #2007-036CS*, Item 1T;

Scoring Summary for Applic. #2007-041H, Item 6T; Scoring Summary for Applic. #2007-065C, Item 2T.

30. In further response to Item 4T, the Applicant provided a jumble of other documents, including an Addendum to the “Master Development/Long-Term Lease Agreement” (the “Master Agreement”). *See Appendix E.* The stated objective of this Addendum, dated July 28, 1998, and purportedly entered into by the Local Redevelopment Agency and the Key West Housing Authority, is to amend the Master Agreement to “add to its terms the U.S. Navy’s License to use” the property that is the subject of the Master Agreement. *Appendix E, p. 1 (2nd Whereas Clause).*

31. This Addendum has two critical deficiencies. First, only a single page of the Addendum is provided. The immediately following page provided by the Applicant is blank. Not only is the remaining text of the Addendum omitted, but so too is any signature page evidencing the execution of this document by the parties. *Appendix E.*

32. Second, Section 2 of the Addendum itself states that the U.S. Navy License at issue is “attached hereto and incorporated herein by reference.” *Appendix E, p. 1.* The License itself is deficient and incomplete for a number of reasons:

- a. The License contains a signature block for the Department of the Navy as Licensor, but no signature appears.
- b. The License references the attachment of numerous exhibits, none of which were provided by the Applicant, e.g., Exhibit B – Joint Inspection Report (License, §6); Exhibit C – Asbestos-Containing Material Survey (License, §13.17); and Exhibit D – Lead-Based Paint Survey (License, §13.18).

See Appendix F (Excerpts from License). In applying identical FHFC requirements in other programs, FHFC has consistently determined that applicants fail to demonstrate site control if they omit such exhibits from their site control documents. *See Scoring Summary for Applic. #2006-328CHR*, Item 1T; *Scoring Summary for Applic. #2006-329CHR*, Item 1T; *Scoring Summary for Applic. #2006-337HR*, Item 11T; *Scoring Summary for Applic. #2007-036CS*, Item 1T; *Scoring Summary for Applic. #2007-041H*, Item 6T; *Scoring Summary for Applic. #2007-065C*, Item 2T.

33. Finally, for any applicant providing a lease as evidence of site control, FHFC specifically requires the following to satisfy the minimum requirements for site control:

The lease must have an unexpired term that does not expire before the end of the affordability period and the lessee must be the Applicant.

Applic. Instr., p. 14. The affordability period is the length of time during which the Applicant commits to maintain its selected percentage of set-aside units for families earning 60% or less of the area median income. *Applic. Instr.*, pp. 17-18.

34. Thus, if the Applicant's site control documents evidence lawful control of the project site for a period shorter than the affordability period the Applicant selected in the Application, then site control for the project proposed by the Applicant has not been demonstrated per FHFC's requirements.

35. The Applicant in this case committed to an affordability period of at least 50 years, i.e., it will maintain 100% of its units for families earning 60% or less of the area median income for a period of at least 50 years. *Applic.*, p. 13.³ This 50-year affordability period would have to extend at least through June 22, 2057 – 50 years from the Application Deadline.

36. The Sub-Lease provided in the original Application, however, was dated August 22, 2005, and was expressly for a term of only 43 years. *Appendix B*, pp. 1 (§2), 5. As such, the Sub-Lease will terminate on August 22, 2048, several years prior to the end of the Applicant's 50-year affordability period.

37. Moreover, the "Master Development/Long-Term Lease Agreement" provided by the Applicant in its cure materials was dated April 28, 1998, and was

³ The Applicant received 15 points for this commitment. *Scoring Summary*, Item 3S.

expressly for a term of 50 years. *Appendix D*, pp. 1, 8 (§VI), 16. Thus, the Master Lease Agreement through which the Applicant claims site control will terminate on April 28, 2048, again several years prior to the end of the Applicant's 50-year affordability period.

38. The Applicant claims in the explanation accompanying its cure materials that it satisfies FHFC's requirements in this regard because the Sub-Lease is "renewable upon request." *See Appendix G*. This claim, however, is not sufficient to satisfy FHFC's above-quoted requirement that the lease "term [must] . . . not expire before the end of the affordability period."

39. First, the Sub-Lease does not state that it is automatically "renewable upon request." Rather, the Sub-Lease merely states that the parties may negotiate and enter into a future agreement to "extend the term of this Sub-Lease so long as such extension is consistent with the Master Lease." *Appendix B*, p. 1 (§2). FHFC's requirement that the lease "term [must] . . . not expire before the end of the affordability period" contains no language allowing applicant's to rely upon the speculative possibility of a future extension of the lease term in order to satisfy this requirement.

40. Second, the Master Lease Agreement provided by the Applicant in its cure materials, and to which this provision apparently refers, provides only for a definite lease term of 50 years, with no provision for automatic extensions at the

request of the Key West Housing Authority – the party leasing the project site to the Applicant via the Sub-Lease. *See Appendix D*, p. 8 (§VI).

41. For all of the reasons stated above, the Applicant has failed to properly document its site control in compliance with FHFC’s mandatory requirements.

Harbour Arms Apartments
Applic. # 2007-014 (SHADP)

42. Part IV.C. of the Application requires applicants to document their “firm” financing commitments from non-FHFC sources. *Applic. Instr.*, pp. 23-25. To pass threshold, an applicant must document “firm” financing commitments sufficient to fully fund the applicant’s Total Development Cost. *Applic. Instr.*, p. 26 (¶13).

43. To be considered a “firm” financing commitment, the commitment must state the essential terms of the financing, including the specific amount of the funding, e.g., the loan amount.

44. In its cure materials, the Applicant for the above-named Development provided a loan commitment letter from AmSouth Bank. *Appendix H*.

45. This loan commitment letter states the amount of the loan as “[u]p to \$1,144,153 not to exceed the lesser of 30% of the loan-to-cost or loan-to-value ratio.” *Appendix H*, p. 1.

46. This loan commitment letter cannot be scored as “firm” for two reasons. First, the statement of the loan amount as “up to” to the stated figure does not comply with FHFC requirements. In applying identical FHFC requirements in other programs, FHFC has determined that a loan commitment specifying a loan “up to” a stated amount cannot be relied upon by an applicant as a “firm” financing commitment. *See Scoring Summary for Applic. #2007-145C, Items 2T and 6T; Scoring Summary for Applic. #2007-107C, Items 2T and 3T; Scoring Summary for Applic. #2007-099C, Items 1T and 2T.*

47. Second, the AmSouth loan commitment letter expressly makes the amount of the loan subject to reduction, notwithstanding the stated figure in the commitment, if the loan amount exceeds “the lesser of 30% of the loan-to-cost or loan-to-value ratio.” In applying identical FHFC requirements in other programs, FHFC has determined that a loan commitment specifying similar conditions on the loan amount cannot be relied upon by an applicant as a “firm” financing commitment. *See Scoring Summary for Applic. #2007-133C, Item 3T; Scoring Summary for Applic. #2007-138CS, Item 7T; Scoring Summary for Applic. #2007-171C, Item 2T; Scoring Summary for Applic. #2007-174C, Item 1T; Scoring Summary for Applic. #2007-180C, Item 8T; Scoring Summary for Applic. #2007-200CS, Item 9T.*

48. As such, the Applicant's loan commitment from AmSouth Bank cannot be considered "firm" in compliance with FHFC's requirements, and the Application fails this threshold requirement due to the funding shortfall.

Courtyards of Rockledge
Applic. # 2007-010 (SHADP)

49. Part III.C.2. of the Application requires each applicant to clearly document its legal control of the site for the proposed Development by providing a "qualified contract" for purchase of the site, a deed or certificate of title, or a long-term lease. *Applic. Instr.*, pp. 13-14.

50. With respect to an applicant submitting a purchase contract for the site, such a contract will be "qualified" and sufficient to demonstrate site control only if it contains several specific items required by FHFC. Among these requirements is that the contract must expressly provide "that the buyer's remedy for default on the part of the seller includes or is specific performance." *Applic. Instr.*, p. 13.

51. In its original Application, the Applicant for the above-named Development, which is to be located in Rockledge, Florida, mistakenly provided a single purchase contract directed to a separate Development and project site located in Cocoa Springs.

52. In its cure materials, the Applicant provided a contract directed to the

proper Development and project site located in Rockledge, Florida. *Appendix I.*

53. While this new contract contains a clause specifying remedies for the Seller if the Buyer defaults, the contract does **not** contain any mention of the remedies of the Buyer if the Seller defaults and contains no mention of specific performance. *Appendix I, p. 3 (§7.a).*

54. As such, the Applicant's contract is not sufficient to demonstrate site control, because this contract does not expressly provide "that the buyer's remedy for default on the part of the seller includes or is specific performance." *Applic. Instr., p. 13.*

55. In applying identical FHFC requirements in other programs, FHFC has consistently determined that applicants fail to adequately demonstrate site control if they supply a purchase contract that is missing such a provision. *See Scoring Summary for Applic. #2006-314HR, Item 4T.*

WHEREFORE, Petitioners, Desoto County Homeless Coalition, Inc., and Hardee County Housing Authority, request that:

a. FHFC revise its scoring of the above-referenced applications for the reasons specified herein;

b. FHFC conduct an informal hearing on the matters presented in this Petition if there are no disputed issues of material fact to be resolved;

c. FHFC forward this Petition to DOAH for a formal administrative hearing pursuant to section 120.57(1), Florida Statutes, if there are disputed issues of material fact to be resolved, or if non-rule policy forms the basis of any FHFC actions complained of herein;

d. FHFC's designated hearing officer or an Administrative Law Judge, as appropriate, enter a Recommended Order directing FHFC to revise its scoring of the above-referenced applications for the reasons specified herein;

e. FHFC enter a Final Order revising its scoring of the above-referenced applications for the reasons specified herein; and

f. Petitioners be granted such other and further relief as may be deemed just and proper.

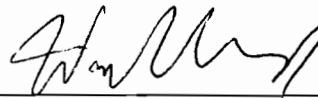
Respectfully submitted on this 24th day of September, 2007.



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Attorneys for Petitioners

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and a true and correct copy of the foregoing document were served via hand delivery to the **CORPORATION CLERK**, Florida Housing Finance Corporation, 227 N. Bronough Street, Suite 5000, Tallahassee, Florida, 32301-1329, on this 24th day of September, 2007.



Attorney

MANAGEMENT AGENT'S PRIOR EXPERIENCE CHART
For
Catholic Charities Community Development Corporation

Name of Chief Operating Officer: H. Sheila Lopez

Name of Development	Location City and State	Affordable Housing Program That Provided Funding	Total Number of Units
San Jose Mission	Dover FL	USDA- RD Farm Worker	126 100% Set-aside
Bethany Family Apartments	Dade City, FL	HUD – SHIP ELI & Very Low Income	10 100% Set-aside
Mercy House and Apartments	Tampa, FL	Housing for Persons with AIDS (HOPWA)	16 100% Set-aside
San Clemente Villas	Plant City, FL	HUD 202 Elderly	68 Very Low and ELI
Christopher Center	St. Petersburg, FL	Housing for Persons with AIDS (HOPWA)	16 100% Set-aside

THIS SUB-LEASE AGREEMENT is made and entered into this 22nd day of August, 2005 between the Key West Housing Authority, also referred to as "Housing Authority" ("Lessor") and "Aids Help, Inc., ("Lessee").]*

WHEREAS, Lessor has entered into a Master Development /Long-Term Lease Agreement (the "Master Lease") with the Key West Naval Properties Local Redevelopment Authority ("L.R.A."), obligating the Lessor to provide housing at the Poinciana Housing Site pursuant to the LRA's Base Reuse Plan developed pursuant to the Federal Base Closure Community Redevelopment and Homeless Assistance Act of 1994; and

WHEREAS, the Master Lease requires Lessor to enter into sub-leases with providers for homeless and other special needs populations, and Lessee is identified as such a provider in the Master Lease;

NOW THEREFORE, Lessor and Lessee desire to enter into this Sub-Lease upon mutually agreed upon the following terms and conditions:

1. Master Lease:

The Master Lease and addendum(s) are attached hereto as Exhibit "A" and its terms and conditions (particularly, although not exclusively, Sections V and VII) are made a part of this Sub-Lease the Lessee agrees to abide by and be bound by all conditions of said Master Lease. This Sub-Lease is subject to the approval of the LRA.]*

2. Term:

The term of this Sub-Lease shall be forty three (43) years from the date of its execution unless terminated pursuant to Master Lease or License Agreement. The parties may extend the term of this Sub-Lease so long as such extension is consistent with the Master Lease and the Key West City Charter. In the event of such conflict, then the term shall be twenty (20) years. The parties may extend the term of this Sub-Lease to long as such extensions is consistent with the Master Lease and the Key West Charter and Ordinances.]*

3. Rental Amount:

Lessor and Lessee agree that it is to the mutual benefit of the parties and to the Public benefit that Lessee operate the property under the Master Lease's Continuum of Care requirement for the annual rental amount of One Dollar \$1.00.

4. Premises/Services:

Lessee will construct and be responsible for the building(s) to provide housing and services for up to 50 low-income clients who are living with aids. Services include medical, pharmacy, food, transportation, counseling and volunteer services. Upon

completion of construction, Lessee shall provide services as outlined in its written operational guidelines, in accordance to the Homeless Assistance Submission portion of the Key West Base Reuse Plan, which shall be attached to this Sub-Lease as Exhibit "B" and made a part hereof.

Premise shall consist of vacant land of approximately 1.25 acres in size, as identified in the drawings attached to this Sub-Lease as Exhibit "C".



Lessee is responsible for daily upkeep of the interior of building(s).

Lessee will participate with Lessor in joint determinations of grounds keeping standards for the uniform grounds keeping policy. Lessee may elect to pay Lessor for grounds keeping maintenance or to perform this service itself. If agreed upon standards are not upheld by the Lessee, and upon 10 days advance written notice the Lessor may perform this function and bill the Lessee.

Lessor is responsible for security at Poinciana Plaza Housing, including gate security, patrolling mobile security as requested by SHAL, Inc. with said costs of said service to be born by SHAL, Inc., and security response to security infractions as needed.

On an annual basis Lessee and Lessor will jointly review all maintenance needs, including security and grounds keeping, and jointly determined service plans and costs.

5. Premise Construction:

The parties understand and agree that the construction and maintenance of building (s) shall be solely the responsibility of the Lessee. Lessee shall obtain all necessary State of Florida and local government regulatory approvals and permits, and Lessor agrees to cooperate with Lessee to obtain same. Lessee may contract with Lessor, under separate agreement, to perform the rehabilitation work. See also Section V of the Master Lease (which shall govern in the event of inconsistencies, if any, between this paragraph and such Section V).

The LRA, and the Housing Authority agrees to assist and the Lessee agree to use their best efforts to identify, obtain and provide the Lessee with the initial funding necessary to implement the terms of this agreement at time as the Lessee receives income, loans, grants or other funding the Lessee agrees to reimburse the Housing Authority to the extent allowed by law and its budget. It is the intent of this paragraph to acknowledge that on the turnover date there will be expenses such as insurance, security and initial repaid to the units to put them in a usable condition that neither the Housing Authority or the Lessee have budgeted funds to cover.

6. Utilities:

Lessee shall be responsible for payment of all utilities garbage, sewer and other services furnished. Lessor agrees to coordinate with FCAA, CES, City Sewer and other utility providers.

7. Taxes:

As building(s) is/are LRA-owned property sub-leased to a not-for-profit organization, the parties anticipate that no ad valorem taxes are to be paid. In the event ad valorem taxes become due for whatever reason, they shall be the responsibility of Lessee. Lessee will collect any required sales taxes and remit same to the State of Florida

8. Right of Entry:

Lessor may enter the leased property at any reasonable time for the purpose of inspecting to premises. Lessor shall provide advance notice to Lessee for its inspection in order to preserve the privacy of persons being treated by the Lessee.

9. Assignment or Subletting:

Lessee shall not assign this Sub-Lease nor sublet nor permit the premises or any part thereof to be used by others without the prior written consent of the Lessor and the LRA.

10. Responsibility for Damage:

Lessee agrees that it shall bear full responsibility for all damage to its personal property and other contents. Lessee shall also be responsible for damage to Building(s) that it or its agents, employees or invitees might cause in an amount at all times equal to 100% of the true replacement value of the improvements.

Lessee may provide property damage insurance (including, but not limited to, windstorm and fire insurance) for damage to or destruction of Building(s).

11. Default/Termination:

After commencement of this Sub-Lease, if Lessee shall fail to pay rent or any other monies due or fails to perform the terms and conditions agreed upon in this Sub-Lease the Lessor shall give the Lessee (30) days written notice detailing non-compliance. If Lessee fails to cure said default within 30 days during this period, the Housing Authority shall have the right to terminate this Lease in addition to any other remedies available at law or in equity. If this Lease is terminated the Authority shall make the property available to another not-for-profit Provider as recommended by SHAL, Inc or its successor. Unit approved by the Housing Authority. In the event that no appropriate Provider can be identified within sixty (60) days, the Housing Authority may convert the use of the building to another housing type on a temporary basis. At the time that SHAL, Inc. identifies an appropriate Provider, the building will be converted to homeless not-for-profit use within a reasonable timeframe.

12. Insurance and Indemnification:

Lessee shall indemnify and hold harmless the Lessor and the LRA, their employees and Agents, from all suits, claims, actions and judgments as a result of or arising from the loss of or damage to property or the injury to person by reason of any act or failure to act by the Lessee, its employers, officers, agents or invitees. The Lessor and the LRA agree to hold harmless the Lessee, their employees and agents, from all suits, claims, actions and judgments as a result of, or arising from the loss of, or damage to property or the injury to person by reason of any act or failure to act by the Lessor or the LRA. Nothing contained herein is intended to be a waiver of the limitation placed upon the LRA as set forth in Section 768.28 Fla. Statutes.

Lessee agrees to provide at its expense, comprehensive liability insurance insuring itself and lessor against all claims of damages or injury to persons or property arising for any reason out of Lessee's tenancy or use of the premises, or arising out of its activities related to the lease use, or otherwise arising from its exercise of rights or failure to perform obligations pursuant to this Sub-Lease. The insurance policy shall be written by a solvent insurance company in good standing and fully licensed to do business in Florida and shall provide a minimum of \$1,000,000 coverage per occurrence combined single limit and property damage. The policy shall show Lessor and the LRA as additional named insured, and shall provide that it cannot be canceled or revoked except after a minimum of thirty (30) days written notice to the Lessor. A true copy of the insurance contract or certificate of insurance shall be filed with the Lessor and the LRA within ten (10) days prior to possession after execution of this Sub-Lease premises and shall be maintained on file throughout the lease term lessee's failure to maintain the insurance policy in full force and effect at any time during the lease term shall be a default hereunder, and upon such default Lessee shall immediately suspend all lease use

The insurance amounts here provided shall not in any way operate to limit or release, or be construed to limit or release Lessee from any liability to Lessor or the LRA or from any obligation to indemnify Lessor or the LRA as provided herein. Such insurance amounts are minimum requirements, and shall be supplemented by Lessee as necessary to meet its obligations, and to indemnify the Lessor and LRA fully, as provided in this Sub-Lease.

If Lessee falls under the State of Florida Workers' Compensation Law, workers' compensation coverage shall be provided for all employees where the Lessee is obligated to do so by operation of law. The coverage shall be for statutory limits in compliance with applicable state and federal laws.

Contractor's Insurance - During the entire period of the sub-lease agreement the Lessee shall require the licensed contractor performing work at the Lessee's request on the premises to carry comprehensive general liability insurance, including, but not limited to, contractors liability damage, of not less than \$1,000,000 with respect to personal injury or death, and \$1,000,000 with respect to property damage. Worker's Compensation or similar insurance in form and amounts required by law

13. Notices:

Any notice which either party to this lease is required to send to the other under any statutes, decision, or rule or law, under any provision of this lease, or which either desires to send or give to the other, shall be in writing and may be served personally or be enclosed in a sealed, post-paid envelope and be sent by registered or certified United States mail to

Lessor: The Housing Authority of the City of Key West
1400 Kennedy Drive
Key West, Florida 33040

Lessee: AIDS HELP, INC.
P. O. Box 4374
Key West, Florida 33040

14. Severability:

If any provision of this Sub-Lease shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provision shall not be impaired thereby, but such remaining provisions shall be interpreted and enforced so to achieve, as near as may be, the purpose of this Sub-Lease to the extent permitted by law.

15. Lessee acknowledges that License Agreement and Master Development/Long Term Lease Agreement together with all Addenda and Amendments thereto are binding on Lessee. Should a conflict arise between a provision of this Sub-Lease and said Agreements, the provision of the License Agreement shall first take precedence and the provision of the Master/Development Long-Term Lease Agreement shall secondly take precedence over the provisions of this Sub-Lease.

16. Common Areas – are more particularly described on Schedule C which describes all of The Homeless Coalition area.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officials on the day and date first indicated above.

] *

HOUSING AUTHORITY OF THE
CITY OF KEY WEST FLORIDA

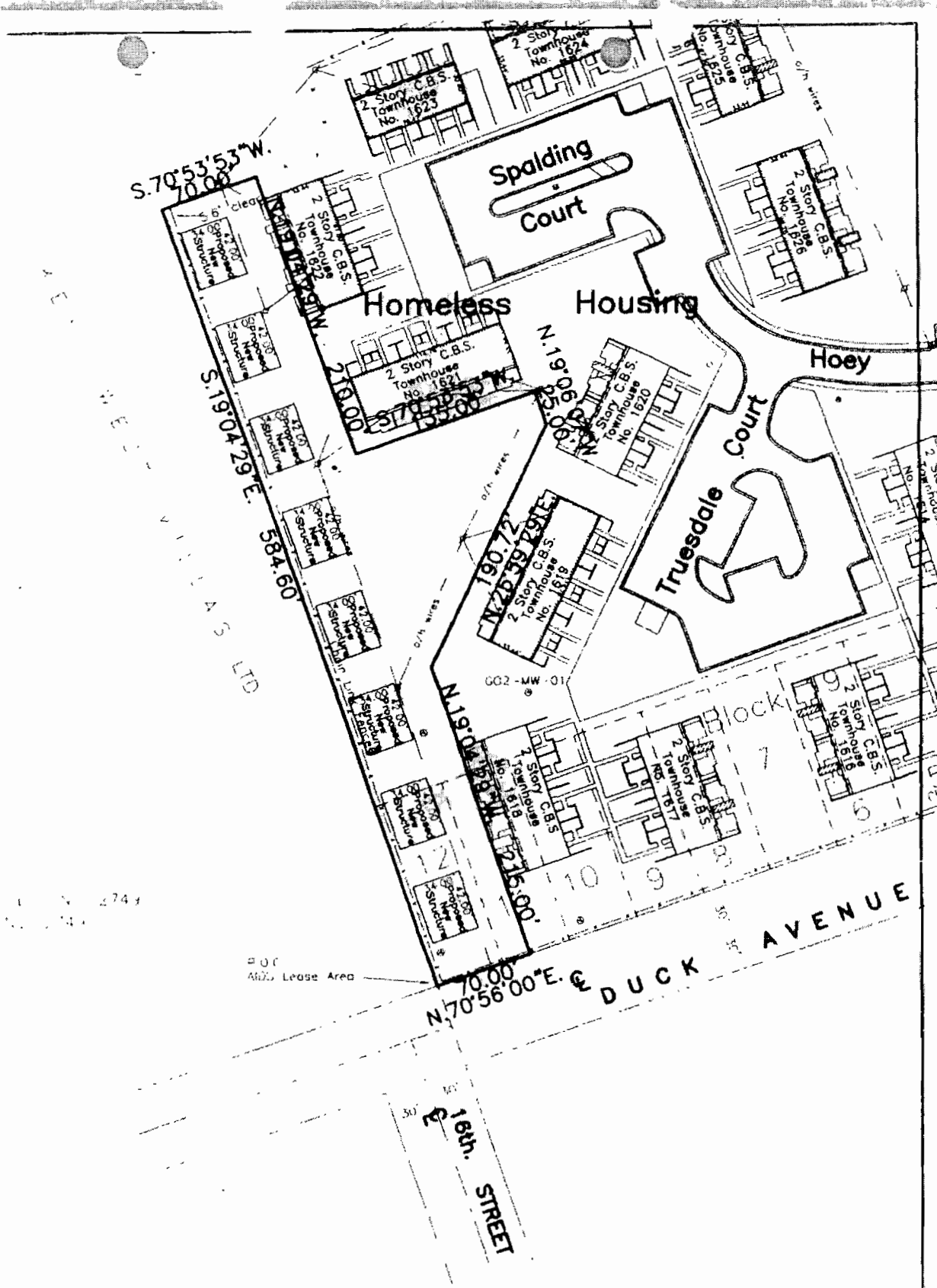
Linda Arnold
Witness

J. Manuel Castillo, Sr., Executive Director

Linda Arnold
Witness

AIDS HELP, INC.

Robert Walker
Robert Walker, Executive Director



AIDS Help Inc. Housing Duck Avenue, Key West, Florida 33040			
AIDS Lease Easement		Dwn No 05-420	
Scale 1" = 80'	Ref	Flood panel No 1509 K	Dwn By F.H.H.
Date 9/1/05	Due	Flood Zone AE	Flood Elev
REVISIONS AND/OR ADDITIONS			

FREDERICK H. HILDEBRANDT
ENGINEER PLANNER SURVEYOR

3152 Northside Drive
Suite 201
Key West, FL 33040
(305) 293-0466
Fax: 305-293-1252

Appendix C

**MASTER DEVELOPMENT/LONG-TERM LEASE
AGREEMENT**

This Agreement is entered into this 28 day of April, 1998, by and between the Key West Naval Properties Local Redevelopment Authority (LRA) having its principal office at 605 B Simonton Street, Key West, FL 33041, and the Housing Authority of the City of Key West herein after referred to as the Housing Authority, having its principal offices at 1400 Kennedy Drive, Key West, Florida 33045.] *

WITNESSETH

WHEREAS, in 1995, the Key West Naval Air Station (KWNAS) was designated for realignment by the Federal Base Realignment and Closure Commission (BRAC) pursuant to the Defense Closure and Realignment Act of 1990, Public Law 101-510, as amended; and

WHEREAS, the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (the Redevelopment Act) was designed to accommodate the overall needs of communities impacted by the closure of a Military base, while still addressing the needs of homeless individuals and families; and

WHEREAS, on September 27, 1995, certain land and facilities at the Key West Naval Air Station were declared "excess" by the Department of the Navy for use by non-federal public agencies, eligible non-profit groups, and homeless providers for public benefit purposes; and

WHEREAS, in 1996 the City of Key West established the Key West Local Redevelopment Authority (LRA), among other things, to develop a Base Reuse Plan for the properties "excessed" by the Navy, and

WHEREAS, the Redevelopment Act requires the local LRA to develop a Plan that "appropriately balances the needs for economic redevelopment, other development and homeless assistance"; and

WHEREAS, in accordance with the federal regulations governing the BRAC process, the LRA solicited Notices of Interest (NOI's) from public agencies, homeless providers, and other persons interested in the surplus federal property; and

WHEREAS, the citizen participation process used to evaluate the Notices of Interest (NOI's),

establish the needs, and determine the proposed uses of the surplus Naval property, was one of the most extensive public processes ever conducted in the City of Key West; and

WHEREAS, this process culminated in the preparation of a Base Reuse Plan/Homeless Assistance Submission (HAS) that reflects the needs and desires of the Key West citizenry; and

WHEREAS, short-term, transitional, and permanent housing were identified for the Poinciana Housing Site, with specific units allocated to homeless persons with special needs; and

WHEREAS, the Base Reuse Plan/ Homeless Assistance Submission (HAS) recognized the Housing Authority as the primary provider of affordable housing, possessing extensive experience managing both permanent and transitional housing; and

WHEREAS, the Base Reuse Plan/HAS stipulated that the Key West LRA enter into a Legally Binding Agreement with the Housing Authority with the stipulation that the Housing Authority, in conjunction with the "Homeless Coalition", provide as set forth in this agreement, for the "gaps" in the Key West Continuum of Care for the Homeless; and

WHEREAS, the Base Reuse Plan/Homeless Assistance Submission were unanimously adopted by the Key West Local Redevelopment Agency on September 16, 1997; and

WHEREAS, the Housing Authority has a close working relationship with the City of Key West and both parties mutually desire to enter into this Agreement in order to address the City's affordable housing and homeless needs; and

WHEREAS, the intent of both parties to this Agreement is to undertake a community-wide effort with financial contributions from other entities, both public and private, to meet the needs and fill the "gaps" in the Key West Continuum of Care as outlined in the adopted short-term, transitional, and permanent housing which were identified for the Poinciana Housing Site; and

WHEREAS, the parties to this agreement acknowledge that not every "gap" identified in the Base Reuse Plan/HAS can be achieved through the BRAC process, rather, the LRA and the Housing Authority view this effort as a part of the overall Monroe County Continuum of Care, in that the needs of the Homeless can

not be addressed solely as a local effort, and cannot fall solely on the shoulders of the City Government. This initiative is viewed as the beginning of a process that must be developed over time and with resources beyond that which are currently available.

NOW THEREFORE, the parties mutually enter into this Agreement and agree to the following terms and conditions:

SECTION I - DEFINITIONS:

Definitions pertinent to this Master Development/Long-Term Lease Agreement are attached as Exhibit #1, and are incorporated as a legally binding part of this Agreement.

SECTION II - POINCIANA HOUSING SITE:

The parties agree that the Poinciana Housing site, a 36.2 acre site bounded on the north by Donald Avenue, on the east by 19th Street, on the south by Duck Avenue, and on the west by other residential development, and which includes 50 multi-family residential buildings (212 units ranging from two to four bedrooms), totaling approximately 252,000 square feet, as well as a mangrove-intrusive lake, as shown on the attached map and as legally described in Exhibit #2, attached hereto and expressly made a part hereof, shall be developed as affordable housing, both rental and home ownership, as well as housing and related services to serve the homeless special needs populations identified in the Base Reuse Plan/Homeless Assistance Submission as adopted by the Key West Local Redevelopment Agency on September 16, 1997, incorporated by reference as a legally binding part of this Agreement. It is understood between the parties that Homeless Coalition is to be responsible for the funding and implementation of the housing and related services to serve the homeless as identified in said submission.

SECTION III - ROLE OF THE LRA:

The City of Key West LRA will negotiate with the Military for the transfer of the Poinciana Housing Site, contemplating a "Homeless Assistance Conveyance" at no cost, for those buildings outlined in the Base Reuse Plan/HAS which are designed to serve the Key West Continuum of Care for the Homeless. Upon completion of this property transfer, the LRA will hold title to the entire site in fee simple. The LRA herewith

designates the Housing Authority as the Master Developer/Lessee of the entire Poinciana Housing site. The LRA will maintain sufficient involvement throughout the development process, in order to ensure that the provisions of the Base Reuse Plan/HAS regarding use of the "excessed" property by the non-profit homeless service providers, are fully met. It is the intent of the LRA to conform to the Key West Continuum of Care for the Homeless as identified in the Base Reuse Plan/HAS.

The Housing Authority understands and agrees that the LRA is entering into this Master Development/Long-Term Lease Agreement in its capacity as a property owner with a proprietary interest in the premises and not as a regulatory agency with police powers. Nothing in this Agreement shall limit in any way the Housing Authority's obligation to obtain any required approvals from City departments, boards, or commissions having jurisdiction over the site. By entering into this Agreement the LRA is in no way modifying or limiting the Housing Authority's obligation to cause the premises to be used and occupied in accordance with all applicable laws.

SECTION IV - ROLE OF THE HOUSING AUTHORITY:

The Housing Authority shall serve as the Master Developer and Lessee of the Poinciana Site. This Agreement contemplates the management and administration of affordable housing, both rental and homeownership, by the Housing Authority. The Housing Authority will be responsible for bringing those buildings which it intends to utilize and/or operate for affordable rental and/or homeownership opportunities (i.e. those units not designated for use by the "Homeless Coalition"), up to current building codes by renovation, if possible, or replacement, if necessary. The Housing Authority will also undertake the new construction of an additional 16 infill housing units on the Poinciana site. The Housing Authority shall utilize those building permits that it currently has in its possession as authorized by the City's ROGO Ordinance, for the development of the new affordable housing units to be constructed on the Poinciana site. The number and type of units are specified in Exhibit # 3, and are a legally binding part of this Agreement.

The Housing Authority will obtain all necessary occupancy permits and perform any and all work necessary to obtain occupancy permits including utility metering, renovations and improvements to the

premises at its own sole expense. The exteriors of the facilities, including paint colors and overall appearance, shall be maintained in a manner that is acceptable to the LRA.

The Housing Authority must make available the prescribed number of units identified in Section IX of this Agreement, to serve the homeless, either at the Poinciana site, or at some other appropriate location, using its own housing stock or other acceptable facilities. This will be accomplished through sub-leases with homeless service providers, which are subject to the prior review and approval of the LRA. All sub-leases will be subordinate to, and be required to comply with, the terms of this Master Development/Long-Term Lease Agreement.

The LRA and the Authority agree to use their best efforts to identify, obtain and provide the Authority with the initial funding necessary to implement the terms of this agreement. At such time as the Authority receives income, loans, grants or other funding the Authority agrees to reimburse the LRA to the extent allowed by law and its budget. It is the intent of this paragraph to acknowledge that on the turnover date there will be expenses such as insurance, security and initial repairs to the units to put them in a condition to rent that neither the authority or the LRA have budgeted funds to cover.

The Housing Authority will be responsible for maintaining or obtaining security (subject to the terms of Section V below) for the entire Poinciana site.

SECTION V - ROLE OF THE "HOMELESS COALITION":

The following "Homeless Coalition" provider members, listed in alphabetical order, will participate in the Key West Continuum of Care for the Homeless:

- * AIDS Help, Inc.
- * David Nolan Memorial Foundation
- * Domestic Abuse Shelter (DAS)
- * Easter Seals Society
- * Florida Department of Children and Families (Sub-Area 11-B)
- * Florida Keys Outreach Coalition (FKOC)

- * Florida Keys Children's Shelter
- * Good Samaritan Ministries (Glad Tidings Tabernacle)
- * Healthy Start Coalition
- * Helpline
- * Key West Alliance of Mental Health
- * Monroe Association of Retarded Citizens (MARC House)
- * Monroe County Health Department
- * Substance Abuse Center
- * The Salvation Army
- * U.S. Fellowship of Florida (The Heron)
- * Veterans Assistance Foundation
- * Wesley House

The "Homeless Coalition" shall select the specific service providers from among its member agencies listed above, to address the needs of the homeless populations as identified in Section IX of this Agreement. The "Homeless Coalition" will ensure that such providers are properly licensed and/or certified for the provision of the applicable service to the homeless special-needs populations. Since the specific units and services designed to address the Key West Continuum of Care for the Homeless as identified in Section IX of this Agreement, was adopted as a component of the Base Reuse Plan/HAS following formal public hearings, no such amendment to this Plan shall be made without formal approval of the Key West LRA.

The Housing Authority shall then enter into sub-leases with those homeless providers designated by the "Homeless Coalition", in conformance with the Base Reuse Plan/HAS. The "Homeless Coalition" will also ensure that the agencies selected to render services at the Poinciana site under a sub-lease with the Housing Authority, submit a financial/operational plan for review by the LRA and Housing Authority prior to the execution of such sub-lease.

The "Homeless Coalition" shall be required to provide adequate services designed to break the cycle of homelessness and economic dependence and make the transition toward economic independence. Services to be offered shall include, but are not limited to: short-term, transitional and permanent housing as specified in Section IX of this Agreement; affordable child day care; job training and referral; stabilization of

personal affairs; and psychological counseling. The specific terms of the services to be provided shall be spelled out in the individual sub-lease agreements between the Housing Authority and the "Homeless Coalition's" service providers.

The "Homeless Coalition's" service providers shall be responsible under the terms of their sub-leases, for any applicable rehabilitation/modification/construction costs necessary to retrofit the Poinciana buildings for their intended use. The homeless providers may elect to engage the Housing Authority to undertake such renovations on their behalf, or may choose to undertake such actions on their own. Should, however, the homeless providers choose to undertake such renovations independently, the Housing Authority shall have the right to review and approve all applicable plans and specifications, in order to maintain consistency and overall design control of the Poinciana site. The Housing Authority shall not however, be arbitrary in imposing any restrictions or requirements that are construed as onerous on the service providers, or that could cause an undue economic hardship on such providers. In any case, the individual homeless service providers must bear all costs associated with renovating their leased space, in a manner that is consistent with all applicable building and related codes and ordinances.

Additionally, the homeless service providers may either compensate the Housing Authority for their proportionate share of the actual certified maintenance/upkeep(which includes the cost of security) costs of the leased property, or may retain their own independent maintenance and/or security services. If selected to undertake this responsibility, the Housing Authority must allocate reasonable maintenance and security costs based on actual audited expenditures, that will not impose an unreasonable economic hardship on the homeless providers.

If any homeless assistance provider cannot gain funding to operate the project as proposed herein, or if a homeless provider disbands prior to the transfer of the property to the Housing Authority the "Homeless Coalition" shall within 90 days recommend, in writing, an alternative "service plan" for the use of the affected building or facility, and shall evidence a potential source of funding for operations. The LRA and the Housing Authority must mutually agree as to the terms of any subsequent sub-lease not now contemplated under this

Agreement. If the LRA and Housing Authority determine that the subsequent reuse of the facility is not feasible to serve the homeless, it may convert the use of the building to another affordable housing type, either rental or home ownership.

SECTION VI - TERMS OF AGREEMENT:

This Agreement shall be deemed effective upon being duly executed by both parties. The LRA herein leases the entire Poinciana housing site, less building numbers #1644 and #1655 to be occupied by the National Parks Service, to the Housing Authority for fifty (50) years (subject to compliance with the City of Key West Charter and Ordinances) at the nominal rate of one dollar (\$1.00) per year. As time is of the essence in providing critically needed affordable housing, the Housing Authority must initiate renovations of the affordable housing units slated for rental and homeownership, within nine (9) months from the date the LRA obtains possession property and gives possession to the Authority (herein referred to as the turnover date) and shall complete such renovations within eighteen (18) months from the date construction/renovation is initiated. The parties recognize and agree that these operative dates may need to be adjusted due to affordable housing financing requirements. The units slated for homeownership, which are to be newly constructed, are intended to be available for eligible first-time home buyers within 3 years from the turnover date . The LRA shall provide the necessary documentation to release the homeownership and rental units from this lease, as required by financing.

] *

SECTION VII- POINCIANA HOUSING SITE - AS IS CONDITION:

The Housing Authority acknowledges and agrees that the premises are being leased and accepted in their "as is" condition, without representation or warranty of any kind, and subject to all applicable laws, rules and ordinances governing their use, occupancy and possession. The Authority shall have six (6) months from the turnover date (the inspection period) to conduct the investigations contemplated by this paragraph. It shall be the Housing Authority's obligation to investigate and inspect the premises (either independently or through agents of its choosing) the condition of the premises and the suitability of the premises for the Housing Authority' s intended use. The Housing Authority acknowledges and agrees that neither the LRA nor

any of its agents have made, and the LRA hereby disclaims, any representations or warranties, expressed or implied, concerning the premises, the physical or environmental condition of the premises or the property, the present or future suitability of the premises for the KWHA's intended use, or of any matter whatsoever relating to the premises, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose. In the event the Housing Authority determines that the property is not suitable for its intended use because of physical conditions, lack of funding, or that the project is not feasible, the Authority may terminate this agreement. In this event each party shall be released from any further liability hereunder.

SECTION VIII- POINCIANA HOUSING SITE - USE AND CONFIGURATION:

The central goal of the Poinciana Plan is the reuse of existing structures located on the site, introducing moderate infill development where appropriate, creating essential affordable housing, addressing homeless needs, and creating a liveable neighborhood that is well integrated into the surrounding community. The total number of proposed dwelling units for the Poinciana site is 228 units (including buildings #1644 and #1655 which are dedicated to the Parks Service), of which 16 are new infill units.

The buildings that will be dedicated to the Homeless Continuum of Care are primarily located east of Dunlap Drive (excluding the child day care center), and include the Truesdale Court and Spalding Court housing complexes. The specific buildings requested under the "Homeless Assistance Conveyance", and which the Housing Authority shall make available to the Homeless Coalition service providers, follow:

- * Building #1614 transitional housing
- * Building #1615 transitional housing
- * Building #1616 transitional housing
- * Building #1617 transitional housing
- * Building #1618 transitional housing
- * Building #1619 transitional housing
- * Building #1620 transitional housing
- * Building #1621 transitional housing
- * Building #1622 transitional housing
- * Building #1623 transitional housing
- * Building #1624 transitional housing
- * Building #1625 transitional housing
- * Building #1626 transitional housing
- * Building #1661 child day care center

- Building #1662 child day care center

In addition to the above, and consistent with the base Reuse Plan, the Housing Authority shall provide the space for the following facilities that will contribute to the Key West Continuum of Care for the Homeless, on the Poinciana site:

- * A new human services facility, with a separate point of ingress, to be provided in the southwest portion of the site;
- * A recreation center which will provide administrative office space for the KWHHA and meeting space for the non-profit service providers and other organizations (and which could also serve as a hurricane center), to be located near the center of the site (adjacent to the ecological preserve);
- * A church is contemplated for the vacant parcel southwest of the community center.
- * A Police sub-station is contemplated for Building #1663.

Nothing in this Agreement shall be construed so that the Housing Authority is obligated to develop and/or maintain the above described support facilities and/or services with its own funds; but rather, the Housing Authority shall ensure that sufficient space is allocated and available for use by those entities selected by the LRA to develop such supportive facilities on the Poinciana site. The Housing Authority agrees to coordinate its efforts in this regard.

The balance of the Poinciana site will be used as both rental and homeownership affordable housing opportunities. The number and type of such units is specified in Exhibit # 3 of this Agreement. In compliance with Florida Statute Chapter 421 and federal fair housing initiatives, the Housing Authority will develop written tenant and home buyer selection procedures that are acceptable to the LRA, to be used in providing rental or home ownership units at the Poinciana site.

SECTION IX - PROPOSED SHORT-TERM/TRANSITIONAL AND PERMANENT HOUSING:

A total of fifty (50) units of short-term and transitional housing for homeless persons with special needs is to be provided either at the Poinciana site as identified in Sec. VIII above, or, if available, at some

other appropriate location, using the Housing Authority's own housing stock or other facilities that are mutually acceptable to the "Homeless Coalition" and the LRA, as follows:

Housing Type	Proposed Clients to Be Served	Proposed Number of units and Unit Configuration
Transitional/ short-term housing	24 men with alcohol/ substance abuse	10 units - two dormitories, each for 8 men (16 total); 4 two-bedrooms (8 men); 3 staff bedrooms.
Transitional housing	10 women and 6 women/children	8 units - one dormitory to serve 8 women, and 4 two-bedrooms units to serve 8 women/children.
Transitional/ permanent housing	18 units to serve 12-24 men/ women with mental illness and alcohol/substance abuse	18 units - Three 4-bedroom units (12), two 2-bedrooms (4-8) and 1-staff unit (This facility meets the needs of veterans with PTS)
Transitional housing for women and women/children	9 families/victims of domestic abuse	10 units (family) each 2/3 bedroom, and 1 staff unit
Transitional housing for disabled persons	4-8 physically disabled clients	4 units - Two 2-bedroom apartments (note also needs occupational therapy space)

Note: If property yet to be identified off-base is to be offered, the Master Development Agreement must adequately describe the requirements for the property (size, zoning, etc.) when it will be transferred, and what will happen if suitable property is not found within a specific period of time.

If the Housing Authority proposes to offer sites to the homeless providers other than at Poinciana, the LRA must concur that the units are "comparable" for the purposes of fulfilling the Key West Continuum of Care for the Homeless. The sub-leases will be comparable in both length/duration and cost, to this Master Development/Long-Term Lease Agreement between the LRA and the Housing Authority i.e. the leases with the homeless providers shall also be long-term, nominal leases.

SECTION X- ASSISTANCE TO THE HOMELESS:

To the extent feasible, the Housing Authority through it's own programs, will provide homeless individuals and families with assistance in obtaining appropriate supportive services, including permanent

housing, and other services essential for achieving independent living e.g. Project Safeport.

SECTION XI - CONDITIONS OF SERVICE:

The KWHA hereby agrees to the following:

- A. The rental housing developed on the Poinciana site shall serve income-eligible persons living within the City of Key West, in accordance with the guidelines established by the U.S. Department of Housing and Urban Development (HUD), or other Local, Federal and State agencies that provide financial assistance and/or financial inducements for the provision of affordable housing initiatives and in accordance with an Occupancy and Administration Policy to be developed by the Authority and approved by the LRA. The homeownership housing shall be governed by the Housing Authority's "Homeownership Affordability Policy" attached hereto as Exhibit # 4, and made a fully binding part of this Agreement.]*
- B. The Housing Authority shall maintain in its files, the documentation on how it determines that the assisted housing benefits income-eligible persons according to the policies referred to in Paragraph A above
- C. The Housing Authority shall certify that no person shall be denied the benefits of the housing programs provided at the Poinciana Housing site, on the grounds of race, color, sex, or national origin.

SECTION XII - ENVIRONMENTAL:

In the event that an environmental review conducted under 92.45 (a), subsequent to HUD approval, indicates that the Poinciana housing site is not suitable for the intended purposes, the LRA may terminate this agreement. The LRA acknowledges that the number of units necessary to meet the needs of the homeless special needs populations is fifty (50) short term, transitional and permanent units as identified in Section IX of this agreement. The LRA agrees in "good faith" to seek replacement dwellings suitable to the "Homeless Coalition" which can address the "gaps" in the Continuum of Care. The Authority agrees to furnish

technical assistance to the LRA ,at no cost to the Authority.

SECTION XIII - FIRST AMENDMENT CHURCH/STATE PRINCIPLES:

The Housing Authority shall include in its sublease with the "Homeless Coalition" the covenant set forth in this Section, and the "Homeless Coalition" Service Providers entering into sub-leases for the Poinciana site, shall comply with First Amendment Church/State principles, as follows:

1. Will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion.
2. Will not discriminate against any person applying for housing assistance or public services related to the Poinciana housing site on the basis of religion, and will not limit such services or give preference to persons on the basis of religion.
3. Will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of such public services.

SECTION XIV- COMPLIANCE WITH LOCAL, STATE, AND FEDERAL LAWS:

The Housing Authority agrees to comply with all federal regulations as they may apply to the administration of the housing programs to be developed at the Poinciana site. Additionally the Housing Authority will comply with all Federal, State and local laws and ordinances hereto applicable.

SECTION XV - CONFLICT OF INTEREST:

The parties to this Agreement covenant that no person under their employ who personally exercises any functions or responsibilities in connection with the housing programs to be provided at the Poinciana housing site, has any personal interests, direct or indirect, in this Agreement. The Parties further covenant that in the performance of this Agreement, no person having such conflicting interest shall be employed. The Housing Authority covenants that it will comply with the State Statutes governing conflicts of interest and must disclose, in writing, to the LRA, any possible conflicting interest or apparent impropriety that is covered

by the above provisions. This disclosure shall occur immediately upon knowledge of such possible conflict. The LRA and/or the City of Key West will then render an opinion that shall be binding on both parties.

SECTION XVI - AUDIT AND INSPECTIONS:

Upon reasonable notice, during normal business hours and as often as the LRA and/or federal government representatives may deem reasonably necessary, there shall be made available to the LRA to review, inspect or audit, all records, documentation, and any other data relating to all matters covered by the Agreement.

SECTION XII- TERMINATION:

If the Housing Authority fails to develop the housing and related services contemplated in this Master Development/Long-Term Lease Agreement, the LRA shall give the Housing Authority 30 days written notice detailing non-compliance, and shall provide a reasonable cure-period to the Housing Authority. If the Housing Authority fails to cure during this reasonable period, the LRA shall be entitled to terminate the Housing Authority's interest in the property and the Housing Authority's interest shall revert to the LRA. Upon reversion of the property to the LRA, if the Homeless Providers are continuing operation within the context of their individual sub-leases, the LRA shall continue to allow the service providers to operate their facilities for the term of their applicable sub-lease. It is understood between the parties that the Authority is a body politic under F.S. 421 with no funding sources other than revenues from operating public housing and therefore the LRA's sole remedy is to terminate this agreement or for non-monetary breaches the LRA may sue for specific performance.

No new initiatives may be undertaken during the termination period.

SECTION XIII - REVERSION OF ASSETS:

If at any time, the LRA determines that the needs of the homeless have been met in a manner which would render a service provider sub-lease unnecessary, or if the sub-lessee wishes to terminate the lease for any cause, the property will revert to the Housing Authority as the Master Developer/ Lessee and will be added to the inventory of affordable housing, and may not be used as market rate housing. No building will

be taken out of use within the "Continuum of Care" without the prior approval of the Key West LRA.

SECTION XIX- INSURANCE:

The Housing Authority, at its sole cost, shall procure and keep in effect at all times during the terms of this Agreement, public liability insurance in an amount not less than \$500,000 per occurrence and \$1,000,000 aggregate and shall further keep the improvements and buildings (which are being utilized and operated by the Authority) insured for their full insurable value with companies acceptable to the LRA.

Nothing contained in this subparagraph or elsewhere in this Agreement is in any way intended to be a waiver of the limitation placed upon the LRA's liability as set forth in Florida Statutes, Section 768.28.

SECTION XX- VENUE:

This Agreement shall be enforceable in Monroe County, Florida, and if legal action is necessary by either party with respect to the enforcement of any or all the terms or conditions herein, exclusive venue for the enforcement of same shall lie in Monroe County, Florida.

SECTION XXI - CONDITION PRECEDENT:

This Agreement is conditioned upon the LRA's successful completion of the transfer of ownership of the Poinciana housing site from the United States Navy to the Key West LRA. As a condition precedent to the obligations of the LRA set forth in this Agreement, the parties agree that the LRA must become the title holder of the Poinciana property. Should the LRA not receive such, this agreement shall become null and void.

SECTION XXII- NOTICES:

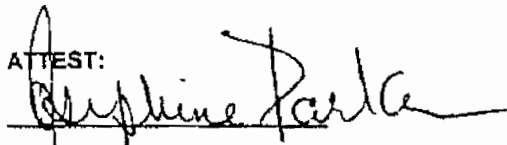
All notices required under this Agreement shall be sent to the parties at the following address, with copies to the Office of the City Attorney:

LRA: William Harrison, Director
Redevelopment Agency
City of Key West
P.O. Box 1409
Key West, Florida 33041

KWHA: Henry Haskins, Executive Director
Key West Housing Authority
P.O. Box 2476
1400 Kennedy Drive
Key West, Florida 33045

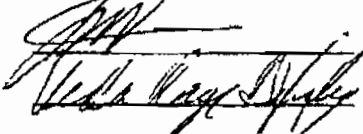
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officials on the day and date first indicated above.]*

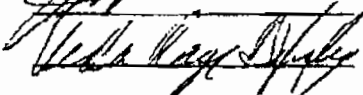
ATTEST:



City Clerk

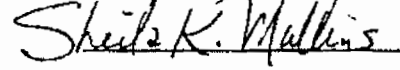
WITNESSES:





D:\kwha\MASTER DEVELOPMENT LEASE AGREEMENT 6.wpd

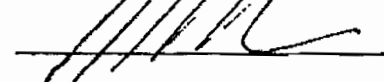
CITY OF KEY WEST, FLORIDA



Sheila K. Mullins, Chairman
Local Redevelopment Agency

KEY WEST HOUSING AUTHORITY

KEY WEST HOUSING AUTHORITY



Henry Haskins, Executive Director

KEY WEST HOUSING AUTHORITY



Frank P. Toppino
Chairman

EXHIBIT #1

Definitions

Affordable Housing - housing where the occupants pay rent consistent with the City of Key West Affordable Housing Ordinance and formulas.

Assisted Housing - housing whose initial construction or rehabilitation cost and/or overall financing is supplemented/assisted in order to make the housing affordable. (The financial assistance goes to the building/property owner not the occupants).

BRAC - Federal Base Realignment and Closure Commission pursuant to the Defense Closure and Realignment Act of 1990, Public Law 101-510, as amended.

Continuum of Care - A comprehensive homeless assistance system that includes: a system of outreach and assessment (to determine the needs and conditions of the homeless); emergency shelters and transitional housing with appropriate supportive services; housing with, or without supportive services that has no established limitation on the amount of time in residence; and any other activity that clearly meets an identified need of the homeless and fills a gap in services.

Dwelling - any building, structure, or portion thereof which is occupied as, or designed to be occupied as, a residence by one or more families.

Emergency Housing - generally refers to housing used to alleviate an immediate housing crisis, where the individual or family resides for 30 days or less.

Emergency Shelter - means any facility with sleeping accommodations, the primary purpose of which is to provide temporary shelter for the homeless in general, or for specific populations of the homeless e.g. persons with alcohol and other substance abuse problems and/or mental illness.

Environmental review - a review conducted under the federal regulations at CFR 92.45 (a).

First Time Homebuyer - An individual or family who has not owned a home during the three year period preceding the assisted purchase of a home that must be used as the principal residence of

the Homebuyer, except that the individual is a displaced homemaker or a single parent.

Florida Statute Chapter 421 - That section of the Florida Statutes that enables the creation of Housing Authority's and dictates their roles and responsibilities under Florida law.

Gaps - Those service areas identified in the Key West Continuum of Care for the Homeless that are needed, but are not currently being provided.

HAS - Homeless Assistance Submission (HAS) component of the Base Re-Use Plan for the Key West LRA as adopted on September 16, 1997.

Homeless - An individual or family which has a primary nighttime residence that is: (1) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for persons with mental illness); (2) an institution that provides a temporary residence for individuals intended to be institutionalized; or (3) a public or private place not designed for, or ordinarily used as, regular sleeping accommodations for human beings. The term does not include any individual imprisoned or otherwise detained.

Homeless Assistance Conveyance - That method of conveying Military property at no cost, to Local Redevelopment Authorities (LRA's) or homeless providers, in order to address the needs of homeless individuals as identified in a Continuum of Care Program.

Homeless Coalition - The Southernmost Homeless Assistance League formerly known as the "Plan 1999" Homeless Coalition.

Homeless Persons With Special Needs - A homeless person that has special physical, mental, or other social needs such as: (but not limited to) persons with alcohol and/or drug addiction, mental illness, single women with children, abused individuals, etc.

Homeownership Program - the assisted purchase of a home that must be used as the buyer's principal residence, and may not be used for rental purposes.

Household - One or more persons occupying a housing unit.

Housing Authority - The Housing Authority of the City of Key West a/k/a the Key West Housing Authority.

Housing Unit - An occupied or vacant house, apartment, or a single room occupied by one individual, known as single-room occupancy (SRO), that is intended as separate living quarters.

HUD - U. S. Department of Housing and Urban Development

Key West Continuum of Care for the Homeless - The proposed strategy for addressing the needs of the Key West homeless population, as outlined in the Base Reuse Plan/HAS adopted by the Key

West LRA on September 16, 1997.

KWNAS - Key West Naval Air Station.

LRA - Key West Naval Properties Local Redevelopment Authority established in 1996.

Low Income - households whose income does not exceed 50 percent of the median income for the area, with adjustments made for family size, adjusted annually.

Master Developer/Lessee - the entity responsible for the overall development of the Poinciana Housing site, and for entering into sub-leases with applicable homeless service providers to render services to homeless persons with special needs, as identified in the Key West Base Reuse Plan/Homeless Assistance Submission adopted by the Key West Local Redevelopment Authority on September 16, 1997.

Moderate Income - Households whose gross incomes do not exceed 80 percent of the area median income, as adjusted by family size.

Monroe County Continuum of Care - The county-wide strategy designed to address homelessness, as identified in the Monroe County SuperNOFA Supportive Housing Program (SHP) Application submitted to HUD in August of 1997.

NOI's - Notices of Interest that were submitted to the Key West LRA in response to an advertisement regarding the potential availability of surplus Naval property to be used for public benefit purposes.

Overcrowded - A housing unit which does not comply with HUD occupancy requirements as it relates to family composition.

Payment in Lieu of Property Taxes? (PILOT) - a payment, permitted under State Statute 421, that allows Housing Authorities to reimburse municipal entities for costs associated with the provision of services to residents of Housing Authority property, in lieu of municipal property taxes, from which Housing Authority?s are exempt.

Permanent housing - Affordable and/or assisted housing that is expected to be available to low/moderate income and/or homeless persons, for an indefinite period of time.

Plan - The Base Reuse Plan/Homeless Assistance Submission (HAS) adopted by the Key West LRA on September 16, 1997.

Poinciana Housing site - a 36.2 acre site bounded on the north by Donald Avenue, on the east by 19th Street, on the south by Duck Avenue, and on the west by other residential development, and which includes 50 multi-family residential buildings (212 units ranging from one to four bedrooms), totaling approximately 252,000 square feet, as well as a mangrove-intrusive lake.

Redevelopment Act - the Base Closure Community Redevelopment and Homeless Assistance Act of 1994.

Rental housing - Affordable and/or assisted rental housing that is expected to be available to low/moderate income and/or homeless persons at rents that do not exceed the established Fair Market Rent (FMR) as determined by the U.S. Department of Housing and Urban Development (HUD).

Sheltered - families and persons whose primary nighttime residence is a supervised publicly or privately operated shelter, including emergency shelters, transitional housing for the homeless, domestic violence shelters, residential shelters for runaway and homeless youth, and any hotel/motel/apartment voucher arrangements made because the person is homeless. The term does not include persons living doubled-up or in overcrowded or substandard conventional housing.

Short-term housing - generally refers to housing that accommodates the immediate needs of individuals (up to six (6) months), and provides both housing and supportive services to homeless persons to facilitate movement to transitional or permanent housing.

Sub-leases - those legal instruments contemplated to convey property to "HomelessCoalition" Service Providers on the Poinclana Housing site, that are comparable in both length, duration and cost, to the Master Development/Long-Term Lease Agreement between the LRA and the Housing Authority.

Subsidized housing - housing in which the individual receives a rental supplement to help make their housing affordable e.g. Section 8 Rental Assistance Program.

Supportive Housing - Housing which includes housing units and group quarters, that have a supportive environment and include a planned supportive service component.

Supportive Services - Services that include (but are not limited to): case management, housing counselling, job training and placement, primary health care, mental health services, alcohol/drug abuse treatment, emergency food, domestic violence and family services, child care, veterans services, etc.

Transitional Housing - generally refers to housing that accommodates the needs of individuals coming out of emergency shelter situations or short-term housing, and transitioning into permanent housing. Transitional housing provides both housing and supportive services to homeless persons to facilitate movement to independent living within 24 months.

Unsheltered - families and individuals whose primary nighttime residence is a public or private place that is not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

EXHIBIT #2

**Poinciana Housing Site Maps
And
Legal Description**

Poinciana Housing site, a 36.2 acre site bounded on the north by Donald Avenue, on the east by 19th Street, on the south by Duck Avenue, and on the west by other residential development, and which includes 50 multi-family residential buildings (212 units ranging from two to four bedrooms), totaling approximately 252,000 square feet, as well as a mangrove-intrusive lake.

POINCIANA HOUSING*

Special Needs Area

Building Number	Square Footage	Units in Building	Bedrooms/Baths	
P-1614	5,968	4	4	2 1/2
P-1615	4,208	4	2	1 1/2
P-1616	5,232	4	3	1 1/2
P-1617	5,232	4	3	1 1/2
P-1618	5,968	4	4	2 1/2
P-1619	6,312	6	2	1 1/2
P-1620	5,232	4	3	1 1/2
P-1621	6,312	6	2	1 1/2
P-1622	5,968	4	4	2 1/2
P-1623	4,208	4	2	1 1/2
P-1624	5,968	4	4	2 1/2
P-1625	5,232	4	3	1 1/2
P-1626	5,968	4	4	2 1/2

National Park Service

P-1644	5,124	4	3	2
P-1645	5,684	4	4	2 1/2

Un-Assigned

Building Number	Square Footage	Units in Building	Bedrooms/Baths	
P-1627	5,684	4	4	2 1/2
P-1628	4,108	4	2	1 1/2
P-1629	5,124	4	3	2
P-1630	4,108	4	2	1 1/2
P-1631	4,108	4	2	1 1/2
P-1632	4,108	4	2	1 1/2
P-1633	5,684	4	4	2 1/2
P-1634	5,124	4	3	2
P-1635	5,684	4	4	2 1/2
P-1636	5,124	4	3	2
P-1637	4,108	4	2	1 1/2
P-1638	5,684	4	4	2 1/2
P-1639	5,124	4	3	2
P-1640	5,684	4	4	2 1/2
P-1641	6,162	6	2	1 1/2
P-1642	4,108	4	2	1 1/2
P-1643	4,108	4	2	1 1/2
P-1646	5,684	4	4	2 1/2
P-1647	6,162	6	2	1 1/2
P-1648	5,124	4	3	2

Building Number	Square Footage	Units in Building	Bedrooms/Baths	
P-1649	6,162	6	2	1 1/2
P-1650	4,108	4	2	1 1/2
P-1651	6,162	6	2	1 1/2
P-1652	5,684	4	4	2 1/2
P-1653	4,108	4	2	1 1/2
P-1654	4,108	4	2	1 1/2
P-1655	5,684	4	4	2 1/2
P-1656	4,108	4	2	1 1/2
P-1657	5,124	4	3	2
P-1658	4,108	4	2	1 1/2
P-1659	4,108	4	2	1 1/2
P-1660	5,684	4	4	2 1/2
P-1661	4,108	4	2	1 1/2
P-1662	5,684	4	4	2 1/2
P-1663	5,124	4	3	2

	Two (2) Bedrooms	Three (3) Bedrooms	Four (4) Bedrooms	Total
Number of Units	100	48	64	212

* The source of this information has been provided to the City of Key West by NAS/Key West Housing.

point rpt

EXHIBIT #3

**Number and Type of New Affordable Housing Units
To Be Constructed on the Poinclana Site**

Building 1 4 -2 bedroom units
Building 2 4- 3 bedroom units
Building 3 4- 3 bedroom units
Building 4 4- 3 bedroom units

EXHIBIT #4

Key West Housing Authority's "Homeownership Affordability Policy"

(The Authority agrees to provide this policy to the LRA within 30 days from the date of this agreement)

ADDENDUM

THIS ADDENDUM to the Master Development/Long-Term Lease Agreement is entered into this 28 day of JULY, 1998, by and between the Key West Naval Properties Local Redevelopment Authority (LRA) and the Housing Authority of the City of Key West.

WITNESSETH

WHEREAS, in April of 1998 the LRA and the Housing Authority entered into a Master Development/Long Term Lease Agreement for the Poinciana Housing project; and

WHEREAS, the parties now desire to amend their Agreement to add to its terms the U.S. Navy's License to use the Poinciana Housing property;

NOW, THEREFORE, the parties agree to this Addendum, as follows:

Section 1: The LRA and the Housing Authority agree that its Master Development/Long Term Lease Agreement is deemed a Sublicense for the purposes of the LRA's License with the U.S. Navy for the Poinciana Housing project (the "Premises").

Section 2: Incorporation of Navy License.

The License between the Navy and the LRA, as extended from time to time, a copy of which is attached hereto and incorporated herein by reference, specifically requires that all sublicenses of the LRA, including sublicensee, be subject to all of the terms, conditions, responsibilities and obligations contained in the License including, without limitation, the termination provisions set forth in Paragraph 14 of the License. Sublicensee hereby acknowledges that as to the Premises and during the term of its occupancy and/or use of the Premises or each part thereof as herein provided, it will be bound by all applicable terms, conditions, responsibilities and obligations of the License with respect to said Premises as if it were the Licensee/Sublicensee thereof notwithstanding anything in the License to the contrary. Should a conflict arise between a provision of this Sublicense and a provision of the License, the provision of the License shall take precedence. Nothing herein shall be deemed to grant to Sublicensee any rights or privileges greater than the LRA has received under the License. Notwithstanding the foregoing, nothing in this Sublicense shall be construed to limit or modify the responsibilities and obligations of the United States under Paragraph 14 of the License. Sublicensee shall indemnify and save harmless the LRA against any and all claims by the United States or any other person(s), firm(s) or corporation(s) arising out of Sublicensee's failure to perform all of the terms, conditions, responsibilities and obligations contained in the License as to the Premises.

LICENSE FOR NONFEDERAL USE OF REAL PROPERTY
NAVFAC 11011/29 (6-75) (Supersedes NavDocks 2260)

LICENSE NUMBER

THIS LICENSE TO USE THE U.S. GOVERNMENT PROPERTY HEREIN DESCRIBED IS ISSUED BY THE DEPARTMENT OF THE NAVY TO THE LICENSEE NAMED BELOW FOR THE PURPOSE HEREIN SPECIFIED UPON THE TERMS AND CONDITIONS SET FORTH BELOW AND THE GENERAL PROVISIONS ON THE REVERSE SIDE HEREOF. BY THE EXECUTION HEREOF THE LICENSEE AGREES TO COMPLY WITH ALL SUCH TERMS, CONDITIONS AND GENERAL PROVISIONS.

N62467-98-RP-00151

1. NAVAL ACTIVITY (Property location) Naval Air Station Key West, FL	2. DATES COVERED (Inclusive) FROM * 1 August 1998 TO 31 October 1998
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3. DESCRIPTION OF PROPERTY (Include room and building numbers where appropriate) Poinciana Plaza Housing located on Duck Ave., Key West, FL & consisting of appx. 35 acres and 48 townhouses with four/six units each. Additionally, all utilities, parking, recreation areas, fencing, streets and sidewalks are included. All areas as shown on drawings marked Exhibit "A", attached hereto made a part hereof EXCEPT BLDGS P-1644/P-1645 INDICATED AS NATIONAL PARK SERVICE.

4. PURPOSE OF LICENSE
Property to be sublicensed to Housing Authority of the City of Key West to manage and administer the affordable housing needs for the Local Redevelopment Authority, City of Key West, FL.

5. LICENSEE UNITED STATES OF AMERICA DEPARTMENT OF THE NAVY	5a. LOCAL REPRESENTATIVE, DEPT. OF NAVY OFFICIAL (Title and address) Ron Demes, Engineering Director, PWD Box 9007, NAS Key West, FL
---	--

6. LICENSEE (Name and address) City of Key West Local Redevelopment Authority	6a. LOCAL REPRESENTATIVE (Name and address) William H. Harrison, Box 1409, Key West, FL 33041-1409
--	--

7. CASH PAYMENT BY LICENSEE (Payable in advance)
(If no cash payment is required, enter "None" under item 7a "Amount")

a. AMOUNT (Each payment) SEE ATTACHED	b. FREQUENCY PAYMENTS DUE	c. FIRST DUE DATE	d. TO (Title and address of local representative of the Government)
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8. DEPOSIT FOR UTILITIES AND SERVICES (Payable in advance)
(If no cash payment is required, enter "None" under item 8a "Amount")

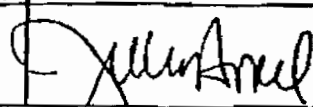
a. AMOUNT (Each deposit) SEE ATTACHED	b. FREQUENCY PAYMENTS DUE	c. FIRST DUE DATE	d. TO (Mailing address)
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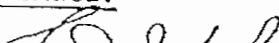
9. INSURANCE REQUIRED AT EXPENSE OF LICENSEE
(If any or all insurance requirements have been waived, enter "None" in a,b,c, or d as appropriate)

TYPE	MINIMUM AMOUNT	TYPE	MINIMUM AMOUNT
a. FIRE AND EXTENDED COVERAGE	\$ SEE ATTACHED	c. THIRD PARTY PERSONAL INJURY PER PERSON	\$
b. THIRD PARTY PROPERTY DAMAGE	\$	d. THIRD PARTY PERSONAL INJURY PER ACCIDENT	\$

10. GENERAL PROVISIONS (See Reverse Side)
The attached provisions contained in paragraphs 3-31 shall also apply unless otherwise notes.

II. EXECUTION OF LICENSE

FOR	BY		DATE
	NAME AND TITLE (Typed)	SIGNATURE	
DEPARTMENT OF THE NAVY	E. R. NELSON, JR. Director, Real Estate Division		
LICENSEE	MR. JULIO AVAEL City Manager		7/27/98

If Licensee is a Corporation, Certification of signature is attached
CONCURRENCE:  Appendix F

* Term of License to be automatically renewed for 90-day intervals until

5. ASSIGNMENT OR SUBLETTING.

5.1 Licensee is authorized to sublicense property included in a license without obtaining Navy approval of the sublicensee, provided the sublicensee incorporates the terms of the license (except for rental terms which may be different in amount or expressed differently) and does not include any provisions that are inconsistent with the license. A copy of the sublicense must be provided to the Navy. In the event that the terms and conditions of the proposed sublicense do not comply with or are not included in this License, then prior Government approval is required. Such consent shall not be unreasonably withheld or delayed. Each sublicense shall contain the environmental protection provisions set forth in Paragraph 13 herein. Under no circumstances shall Licensee assign this License.

5.2 Any sublicense granted by Licensee shall contain a copy of this license as an attachment and be subject to all of the terms and conditions of this license and shall terminate immediately upon the expiration or any earlier termination of the license, without any liability on the part of Government to Licensee or any sublicensee. Under any sublicense made, with or without consent, the sublicensee shall be deemed to have assumed all of the obligations of Licensee under this License. No sublicense shall relieve Licensee of any of its obligations hereunder.

5.3 Upon its execution, a copy of the sublicense shall immediately be furnished to Government. Should a conflict arise between the provisions of this License and a provision of the sublicense, the provisions of this License shall take precedence. Any sublicense shall not be taken or construed to diminish or enlarge any of the rights or obligations of either of the parties under this License.

* [6. JOINT INSPECTION REPORT. A joint inspection has been conducted by representatives of Licensee and Government of the Premises, including all personal property and a complete inventory of Government real and personal property has been made. A report has been made of the condition of the Premises, including personal property and any deficiencies which were found to exist have been noted in such report. Each inventory is identified by building or facility number, and signed and dated by both parties to the license. The Joint Inspection Report is attached to the license as Exhibit "B". All related personal property in a building, unless specifically exempted by the terms and conditions of this license, is intended to remain with that building. All real and personal property delivered to Licensee shall be delivered "as is, where is", and, as such, Government makes no warranty as to such real and personal property either as to their usability generally or as to their fitness for any particular purpose. Any safety and/or health hazards identified shall be corrected at Licensee's expense prior to use and occupancy. Should this License terminate and not be succeeded by a conveyance of title to the Premises, Licensee shall turn over to Government the Premises in the same condition in which they were received, reasonable wear and tear and acts of God excepted; provided, nevertheless, Licensee may at its expense and with prior approval of Government, which approval shall not be unreasonably delayed, (a) replace any personal property with personal property of like kind and

performance and payment bond satisfactory to it in all respects and other requirements deemed necessary to protect the interests of the Government. For construction of alterations, additions, modifications, improvements or installations (collectively "work") in the proximity of operable units that are part of a National Priorities List (NPL) Site, such consent may include a requirement for written approval by the Government's Remedial Project Manager in addition to the approval by the Contracting Officer. Except as such written approval shall expressly provide otherwise, all such approved alterations, additions, modifications, improvements, and installations shall become Government property when annexed to the Premises.

13.13 The Licensee agrees to comply with the provisions of any health or safety plan in effect under the IRP during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action will, to the extent practicable, be coordinated with representatives designated by the Licensee and any sublicensee. The Licensee and any sublicensees, assignees, or invitees shall have no claim on account of such entries against the Government or any officer, agent, employee, contractor, or subcontractor thereof. In addition, the Licensee shall comply with all applicable Federal, State, and local occupational safety and health regulations applicable with respect to its use of the Premises during the term of this lease. Nothing herein shall obligate the Government to compensate Licensee or any third person for any lost profits, lost opportunities, wages or operating expenses or any other costs incurred as a result of Licensee's cooperation pursuant to this paragraph.

13.14 Storage, treatment, or disposal of toxic or hazardous materials on the Premises is prohibited except as authorized by the Government in accordance with 10 U.S.C. 2692.

13.15 The Licensee and any sublicensee shall provide prior written notification to the Government of any articles, tools, equipment, or devices brought on-site which contain radioactive material. Examples of potential radiological sources include radium-containing dials, gauges, and illuminators; tritium in illuminators and exit signs; thorium in optical lenses or welding consumables; abrasive blasting material; or any radioactive source used for calibration, medical diagnosis or therapy, or industrial radiography. The Licensee is responsible for removal of any such potential radiological sources upon termination of the License.

13.16 Licensee is prohibited from using groundwater for consumption and irrigation uses. These restrictions shall remain in place until the contaminant levels are below the Florida Department of Environmental Protection target clean-up levels.

13.17 Asbestos Containing Material (ACM) is present in floor tiles, mastic and linoleum. The ACM is in a non-friable condition. Licensee shall manage the ACM in accordance with applicable laws and regulations. Asbestos-Containing Material Survey (Exhibit "C") attached hereto and made a part hereof.

* [13.18 The houses contain Lead Base Paint (LBP) on vinyl baseboards, wood exterior door casings, wood exterior door trim, wood exterior fascia, wood exterior window trim,

* [wood exterior upper trim, parking lot paint strips (yellow) and painted manhole covers (red). Licensee shall manage LBP in accordance with applicable laws and regulations. Lead-Based Paint Survey (Exhibit "D") attached hereto and made a part hereof.

14. TERMINATION.

14.1 Termination by Government. The Government shall have the right to terminate this License without liability;

14.1.1 Upon fifteen (15) day notice in the event of a national emergency as declared by the President or the Congress of the United States; or

14.1.2 In the event of breach by the Licensee of any terms and conditions hereof. In the event of a breach involving the performance of any obligation, the Licensee shall be afforded fifteen (15) days from the receipt of the Government's notice of intent to terminate to complete the performance of the obligation or otherwise cure the subject breach and avoid termination of this License. The Government may grant a reasonable extension of time to complete the cure. In the event that the Government shall elect to terminate this License on account of the breach by the Licensee of any of the terms and conditions, the Government shall be entitled to recover and the Licensee shall pay to the Government.

14.1.2.1 The costs incurred in resuming possession of the Premises.

14.1.2.2 The costs incurred in performing any obligation on the part of the Licensee to be performed hereunder.

14.1.2.3 An amount equal to the aggregate of any maintenance obligations, and charges assumed hereunder and not paid or satisfied, which amounts shall be due and payable at the time when such obligations, and charges would have accrued or become due and payable under this License.

14.1.3. If the Licensee is tendered fee ownership of the licensed premises and fails to accept such ownership within one hundred eighty (180) days of written notice of such offer.

14.2 Termination by Licensee. The Licensee shall have the right to terminate this License upon 30 days written notice to the Government in the event of breach by the Government of any of the terms and conditions hereof. In the event of a breach involving the performance of any obligation, the Government shall be afforded ten days from the receipt of the Licensee's notice of intent to terminate to complete performance of the obligation or otherwise undertake to cure the subject breach and avoid termination of this License. The Licensee shall also have the right to terminate this License in the event of damage to or destruction of all of the

Brief Statement of Explanation regarding Cure for
Application No. 2007 – 003 FHSB

Provide a separate brief statement for each Cure

Item 2T: Part III.C.2.c Site Control

In order to demonstrate its commitment to providing long-term affordability, the Applicant pledged an additional 30+ years in **Part III.d.5** of the Application. As of the Application date AIDS Help, Inc. (AHI) had approximate 40 years left on a sub-lease with the Key West Housing Authority.

* [The Applicant's Application was marked for 30+ additional years because the Sub-Lease is renewable upon request.

The project site is within a 7.6 acre site set-aside for McKinney-Vento special needs housing programs for homeless or at risk of homelessness individuals and families, and special needs housing. The set-aside of this property, including the project site, is a guarantee of the long-term affordability of the homes of hope project units.

The Applicant believes that the FHFC reviewers have misinterpreted the intent of the Applicant, the Key West Housing Authority, and the City of Key West in their partnership to construct very-low income and affordable housing for persons with special needs.

A copy of the **Master Lease** is provided behind tab **Item 4T** herein, that may further clarify the commitment of the Applicant to provide 50+ years of project Site Control and project affordability.

Please Note:

Documents included in the SHADP Application including the Major Development Application specifically stated that all of the units to be built through the *Homes of Hope at Poinciana Plaza* project will remain "affordable" special needs housing units for "perpetuity".

The Applicant feels very strongly that the 50+ year of affordability period will be met with the concurrence of all our important community partners including the Key West Housing Authority, the Key West City Commission (LRA), and all the special needs and homeless providers as provided in the Master Lease document.

July 16, 2007

Joseph Herren
Realty America.Org, Inc
2040 Hwy AIA, Ste. 206
Indian Harbour Beach, FL 32937

Re: Construction / Permanent Real Estate Loan

Dear Mr. Herren:

This letter constitutes a commitment (the "Commitment") of AmSouth Bank ("Lender") to make a loan (the "Loan") to the borrower described below under the following terms and conditions:

Borrower: Realty America.Org, Inc, a Florida Non-Profit Corporation, TIN 59-3736185

Use of Proceeds: To provide construction financing for Harbour Arms Apartments, 1029-1031 Park Drive, Indian Harbour Beach, FL 32937 and a permanent mortgage financing thereafter.

Loan Amount: Up to \$1,144,153 not to exceed the lesser of 30% of loan-to-cost or loan-to-value ratio (based on an evaluation or appraisal as provided in the "Appraisal" paragraph below) (the "LTV").

Construction Phase:

Repayment: Borrower promises to pay interest monthly on the principal amount owing. Borrower will not be required to make monthly payments in reduction of principal during the Construction Phase. All of the principal of and interest on the Loan then remaining unpaid will be due and payable in full on the Conversion Deadline unless the conditions for conversion to the Term Phase have been met.

Conversion Deadline: 12 months from the date of the Loan ("Conversion Deadline").

Conversion Date: The earlier of the Conversion Deadline or the date of receipt of the final certificate of occupancy for the Project.

Rate Options:

1. **Fixed Interest Rate:** Interest will accrue at a fixed rate of 7.50% per annum. Interest will be computed on the basis of the actual number of days elapsed over an assumed 360-day year.

Term Phase:

Repayment: Borrower will repay the Loan in consecutive monthly installments of an amount that would repay the principal of and the interest on the Loan in full in substantially equal payments over 180 months from the Conversion Date. A final installment equal to all of the principal of and interest on the Loan then remaining unpaid will be due and payable in full on the Maturity Date.

Maturity Date: 120 months from the Conversion Date (the "Maturity Date").

Rate Options:**Appendix H**

- 1. Fixed Interest Rate:** Interest will accrue at a fixed rate of 7.50% per annum. Interest will be computed on the basis of the actual number of days elapsed over an assumed 360-day year.

Collateral: (a) A perfected mortgage, deed of trust, security deed, or deed to secure debt on TBD and on any improvements now or hereafter located thereon (the "Real Estate"), and, in Lender's discretion, a perfected collateral assignment of all leases (entered into by the Borrower as lessor) and rents related to the Real Estate.

Conditions Precedent: The Loan is subject to Lender's receipt of and satisfaction, in its sole discretion, with the following which shall be provided at Borrower's sole cost and expense:

1. **Appraisal:** A current appraisal or evaluation of the Real Estate which (i) is based on the assumption that the Project will be completed in accordance with the plans and specifications, (ii) satisfies all applicable legal and regulatory requirements, (iii) is, in form, substance and content, acceptable to Lender, and (iv) is prepared by a state licensed or certified appraiser or evaluator selected and retained by Lender.
2. **Title Insurance:** Title insurance must be provided by a title insurer acceptable to Lender, under a mortgage title insurance policy in an amount not less than the Loan Amount, insuring Lender's lien on the Real Estate as a valid first priority lien, subject only to such exceptions as are approved by Lender or its counsel.
3. **Survey:** A boundary survey of the Real Estate must be provided prior to the closing of the Loan, a foundation survey showing the completed foundation lying wholly within the boundary lines of the Real Estate must be provided prior to the initial advance under the Loan, and a final as-built survey showing all completed improvements must be provided prior to the final disbursement for the Project. Such surveys must be (i) in form, substance and content acceptable to Lender, (ii) made by a registered surveyor or civil engineer, (iii) sufficient to remove the survey exception from the title insurance policy, and (iv) reflecting no encroachments or other matters not approved in writing by Lender. Such surveys must locate all improvements, give property elevations and flood certification, locate and identify all recorded easements and reservations, and locate all visible unrecorded easements. Any matters reflected on said survey must not, in Lender's sole judgment, impair the marketability or intended use of the Real Estate.
4. **Hazardous Waste Investigation:** Such studies, investigations and reports as Lender shall deem necessary or desirable to determine that no hazardous substances or pollutants are now, or have ever been, located on the Real Estate or real estate adjacent thereto, or if they have, what requirements must be met to bring the Real Estate into compliance with state, federal and local environmental laws and regulations. Lender may, in its sole discretion, permit Borrower to obtain hazardous waste insurance in lieu of providing such studies, investigations and reports. If any hazardous waste investigation is deemed unacceptable to Lender, in its sole discretion, Lender shall have the option of terminating this Commitment.

Required Equity and LTV: Borrower is required to provide evidence that Borrower's equity in the Project is not from other borrowed sources. During the term of the Loan, the outstanding Loan balance shall never exceed the LTV. If the outstanding Loan balance ever exceeds the LTV from any cause or for any reason whatsoever, Borrower shall immediately make a principal payment sufficient to reduce the Loan balance to an amount which is equal to or less than the LTV.

Fees: An Origination Fee equal to \$6,000. A non refundable Commitment Fee equal to \$6,000.00 is payable by Borrower upon acceptance of this Commitment. The Commitment Fee will be credited toward the Origination Fee due upon the closing of the Loan. A Loan Documentation fee of \$175 is payable by Borrower at the time the Loan is closed.

Expenses: Borrower shall pay all costs and expenses incurred in connection with the origination, processing, closing or administration (including, without limitation, any costs and expenses related to Loan disbursements and the conversion of the Loan from the Construction Phase to the Term Phase) of the Loan, including, without limitation, filing, taxes, lien searches, title insurance, survey, environmental investigation, environmental insurance, flood insurance (when applicable), appraisal and attorney fees, Lender approved third party inspectors and document preparation, whether or not the Loan actually closes.

Third Party Inspector: A Lender approved third party inspector will review and approve: (i) the cost breakdown, (ii) final plans and specs, (iii) permits, and (iv) draw requests.

Loan Documents: The obligations of Borrower and Guarantor hereunder shall be evidenced by a promissory note, loan agreement, guaranty agreement(s), mortgage(s)/deed(s) of trust/security deed(s)/deed(s) to secure debt, security agreement(s), assignment(s) of rents, leases and income, UCC financing statement(s), liability insurance, builders risk insurance, cost breakdown, construction loan agreement, architect's certificate, final plans and specs, permits, general contractor acceptable to the Lender, and the Equity, as applicable, and such other documents and assurances as Lender may request in order to make the Loan in form and content satisfactory to Lender and its counsel. All such documents and assurances are herein referred to as the "Loan Documents."

Conversion to Permanent Term Phase: In order to enter the permanent Term Phase of the Loan, Borrower must be in compliance with all covenants and conditions in the Loan Documents.

Modification and Refinance Fees: Any modification or refinance of the Loan may be conditioned by Lender on the payment by Borrower of a non-refundable fee, which shall be in addition to any other fee paid by Borrower to the Lender in connection with the Loan. Nothing in this paragraph shall obligate the Lender to modify or refinance the Loan, and Lender reserves the right to require the Loan to be repaid strictly in accordance with the terms and conditions contained in the Note.

Signs: At Lender's request, Borrower shall place upon the Project a sign advertising the fact that financing is being provided by AmSouth Bank.

Insurance: Evidence of insurance will be required on any and all Collateral in such amounts, with such companies and against such risks as may be satisfactory to Lender. All such policies shall name Lender as an insured mortgagee or an additional loss payee, as appropriate and as acceptable to Lender, and shall contain an agreement by the insurer that the policy shall not be canceled without at least thirty (30) calendar days prior written notice to Lender.

Termination: This Commitment may be terminated by Lender if (a) there is a change in the structure or ownership of Borrower or any Guarantor (b) a material adverse change in the condition (financial, business or otherwise) of Borrower or any Guarantor shall occur; (c) Borrower or any Guarantor or any principal, general partner, manager or member thereof shall file or make or have filed or made against such person a petition in bankruptcy, an assignment for the benefit of creditors or an action for the appointment of a receiver, or shall become insolvent, however evidenced; (d) Borrower or any Guarantor or any principal, general partner, manager or member thereof shall become deceased or mentally incapacitated; (e) any information provided to Lender by Borrower is found to be inaccurate, incomplete or to have been misrepresented; (f) any other debt to Lender of Borrower or any Guarantor or a related entity is in default; (g) any potentially unusual, irregular or suspicious activity is detected with respect to Borrower, Guarantor or their loan, deposit or other accounts or relationships with Lender, or (i) the name (or any derivation thereof) of Borrower or Guarantor or any principal of Borrower or Guarantor appears on a list of suspects issued to financial institutions by the Office of Foreign Assets Control, the Financial Crimes Enforcement Network, the Federal Reserve Board, or any other governmental entity or agency.

Miscellaneous: This Commitment has been issued to Borrower for Borrower's sole and exclusive benefit, and no third party shall have rights hereunder; nor may Borrower assign its rights under this Commitment. In no event shall either Borrower or Lender be liable to the other for indirect, special or consequential damages, including the loss of anticipated profits, which may arise out of or are in any way connected with the issuance of this Commitment.

Acceptance: If the terms and conditions of this Commitment are acceptable, please indicate your agreement by signing in the space provided on the enclosed copy of this letter and returning it along with the Commitment Fee. This Commitment shall become null and void if not accepted within ten (10) calendar days of the date of this Commitment letter. This commitment does not expire before December 31, 2007.

Arbitration: Any dispute arising out of or related to this Commitment shall be determined by binding arbitration in accordance with the Federal Arbitration Act. Any such arbitration proceeding shall be conducted through the American Arbitration Association in accordance with its rules.

If you have any questions concerning the terms hereof, please do not hesitate to call me at (321) 537-3642.

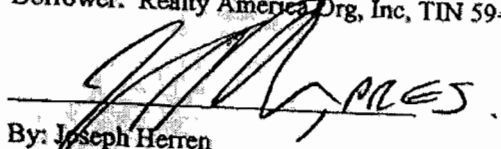
Sincerely,



Candace Leary
Vice President

Accepted this 16 day of July, 2007

Borrower: Realty America Org, Inc, TIN 59-3736185



By: Joseph Herren
Its: President

REAL ESTATE PURCHASE AGREEMENT

This Agreement made and entered into this 7th day of June, by and between **Florida Equity & Land Acquisitions LLC** ("Seller") and **Community Visions Corporation** ("Buyer"). Seller hereby agrees to sell and convey to Buyer, who hereby agrees to purchase the following property upon the terms and conditions set forth herein.

The real property ("Property") subject to this Agreement is a 1.2 acre parcel legally described as: **803, 805 and 807 Angela Avenue, City of Rockledge, Brevard County, Florida**, as shown in Exhibit A attached hereto, the exact boundaries of which shall be agreed upon by the parties based on a survey performed, at the sole cost and expense of Buyer.

1. Purchase Price/Deposits/Reservation Date

- a) The purchase price for the Property (hereinafter "Purchase Price") shall be **\$375,000**. The Purchase Price shall be payable as follows:
- b) An Initial Deposit of **\$10,000** to be deposited with an Escrow Agent acceptable to both Seller and Buyer within fifteen (15) business days after execution of this Agreement.
- c) A Second Deposit of **\$20,000** to be deposited with Escrow Agent within fifteen (15) business days of official notification by the **Florida Housing Finance Corporation** of a reservation of sufficient funding from the **Special Housing Assistance and Development Program** ("Reservation Date"), which is expected to be on or about **September 21, 2007**.
- d) The balance of the purchase price would be paid at Closing Date.

2. Effective Date of Agreement

The "Effective Date" of this Agreement shall be the date when Seller and Buyer have both signed this Agreement.

3. Title

- a) Within thirty (30) days after execution and delivery of this Agreement, Seller shall furnish Buyer evidence of "clean" title. The title insurance commitment shall indicate "clean" title in the Seller, subject only to title exceptions pertaining to liens or encumbrances of a definite or ascertainable amount which can be removed by the payment of money at the time of Closing and the standard preprinted exceptions required by State of Florida law, rule and regulation. In the event Buyer desires to have any such standard exceptions removed, Buyer shall pay any cost, fee, charge or expense involved in removing any such exception. If the title commitment shows exceptions other than those referred to in this paragraph, or if a survey prepared by Buyer indicated matters that render the title

"unclean" (herein referred to as "title defects"), Buyer shall deliver to Seller, prior to the end of the Inspection Period, written notice of such title defects which are unacceptable to Buyer.

In the event Buyer gives Seller notice of any unacceptable title defects Seller may, at its option either (i) at its expense, clear title of such defects within twenty days after receipt of notice of such defects or (ii) elect not to clear such defects. In the event Seller fails or elects not to clear the title of such defects or in the event Seller fails to do so within the allotted time frame, Buyer may in its sole discretion elect, as its sole remedies, to either (i) terminate this contract and receive a refund of the Initial Deposit and the Second Deposit, or (ii) close the transaction, with no reduction in purchase price and accept title subject to such defect.

4. **Expenses**

a) Seller shall pay the following costs and expenses in connection with the Closing:

- i. Seller's attorney's fees (including the deed preparation costs);
- ii. any charges for the Title Commitment;
- iii. one-half of any closing fee for the Title Company.

b) Buyer shall pay the following costs and expenses in connection with the Closing:

- i. recording fees and taxes for the deed;
- ii. Buyer's attorney's fees;
- iii. any premium for any title policy;
- iv. one-half of any closing fee for the Title Company.

5. **Taxes**

a) Real Estate taxes shall be prorated through the day of Closing. Seller shall pay all assessments levied or pending as of the date of Closing.

6. **Closing**

a) The "Closing Date" shall be on or before January 10, 2008. At Closing, Seller shall:

- i. execute, acknowledge and deliver to Buyer a Warranty Deed conveying Title to the Property to Buyer subject to the exceptions contained in the Title Commitment;

- ii. deliver to Title Company evidence satisfactory to it of Seller's authority to execute and deliver the documents necessary or advisable to consummate the transaction contemplated herein.
- iii. execute and deliver to Title Company a Lien Waiver Affidavit so as to cause Title company to remove the mechanics' lien and parties in possession standard exceptions from the Title Commitment.

7. **Failure of Performance**

- a) If Buyer fails to perform pursuant to the terms of this Agreement, the Initial Deposit and Second Deposit, when they become nonrefundable pursuant to this Agreement, may be retained by or for the account of Seller as agreed upon liquidated damaged, as consideration for the execution of this Agreement and in full settlement of any claims, causes of action at law or in equity, whereupon Buyer and Seller shall be relieved of all obligations under this Agreement.

8. **Property Information**

- b) Seller agrees to allow Buyer to review all documents in Seller's possession, if any, regarding the physical characteristics, condition and any other aspects of the ownership of the Property.
- c) Buyer shall have the right to copy all or any portion of the Property Information. All of such information, including copies and abstracts thereof, delivered to Buyer, shall be returned to Seller if Buyer fails to close for any reason.

9. **Inspection Period**

- a) Buyer shall have a period of 90 calendar days after Effective Date of this Agreement ("Inspection Period") to review the Property Information and physically investigate the Property, including without limitation, a thorough review of all matters which would be revealed by accurate surveys of the Property; all matters which would be revealed by an inspection of the Property by a consulting engineer, architect, or other such professional; matters which would be revealed by the commitment issued by the Title Company; all governmental and quasi-governmental rules, ordinances and regulations affecting the use and occupancy of the Property.
- b) Buyer and Buyer's agents shall be permitted access to and upon the Property for conducting inspections and/or tests, including geo-technical soil testing/boring to determine suitability for development. Buyer is responsible for any and all

damage to the Property or injury to persons caused by such inspections, tests and access of the Property.

- c) Buyer shall provide copies of all surveys and studies of the Property to the Seller without charge upon receipt.

10. Contingencies

Notwithstanding anything to the contrary contained elsewhere in this Agreement:

- a) If Buyer discovers a condition which materially impacts on the suitability of the Property for a development and use pursuant to its inspection of the Property as provided in paragraph 9, Buyer may terminate this Agreement. If Buyer elects to terminate this Agreement prior to the end of the Inspection Period, Buyer shall furnish Seller and Escrow Agent a copy of the termination of the Agreement and Escrow Agent shall immediately remit to Buyer the Initial Deposit and the parties shall have no further obligation to each other by reason of this Agreement. If the Buyer elects to terminate this Agreement after the end of the Inspection Period, Buyer shall furnish Seller and Escrow Agent a copy of the termination of the Agreement and Escrow Agent shall immediately remit to Seller the Initial Deposit and the parties shall have no further obligation to each other by reason of this Agreement.
- b) The closing of this transaction is conditioned on the receipt by Buyer of an acceptable reservation of funds from Florida Housing Finance Corporation's Special Housing Assistance and Development Program ("SHADP"). If Buyer's SHADP application is unsuccessful or the amount of funds reserved is unacceptable, then this Agreement shall terminate. Buyer shall provide copies of the SHADP application to Seller at no cost and the parties shall have no further obligation to each other by reason of this Agreement. If Buyer elects to terminate this Agreement subsequent to the Reservation Date, then Escrow Agent shall remit to Seller all Deposits.

11. **Real Estate Brokers**

- a. All Real Estate Brokers (collectively "Brokers") involved in this transaction are to be compensated by the Seller. Buyer assumes no responsibility for payment of commissions arising out of this transaction.
- b. The Sellers are licensed Brokers in the state of Florida.

12. **Assignment**

- a. Seller agrees that Buyer may assign this Agreement and its right and obligations hereunder to a limited partnership or other entities, already formed or to be formed in the State of Florida. Buyer agrees, upon any such assignment, that it shall continue to be bound by all the terms, conditions, representations and warranties contained herein with respect to any such assignee.

13. **Other Contractual Provisions**

- a) The Buyer shall have two option(s) to extend the Closing Date by 60 days each ("Extensions"). Within fifteen (15) business days of notifying the Seller of the Extension, Buyer shall deposit \$20,000 with the Escrow Agent. The deposit for the Extension shall be applied toward the purchase price. If Buyer elects to terminate this Agreement subsequent to the Extension, then Escrow Agent shall remit to Seller all Deposits.
- b) Any notice to be given or to be served upon any party hereto in connection with this Agreement must be in writing. Such notices shall be given to the parties hereto at the following addresses:

For Seller: Ralph McCoig
 Managing Member
 Florida Equity & Land Acquisitions LLC
 1037 Pathfinder Way #140
 Rockledge, FL 329555
 Fax: 321-638-4227

For Buyer: Chris Anderson
 Chairman
 Community Visions Corporation
 6465 Wayzata Blvd #304
 St. Louis Park MN 55416
 Fax: 952-546-4663

With Copies To: Roger Peterson
Manager
Gandolf Group, LLC
5354 Parkdale Drive, Suite 350
St. Louis Park, Minnesota 55416
Facsimile: (952) 543-2454

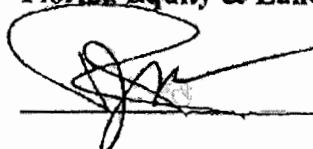
- c) This contract may be executed in counterparts, each of which shall be an original, but all of which shall constitute one and the same Contract.
- d) This contract shall be governed by the laws, and construed in accordance with, the law of the State of Florida.

14. **Warranties and Representations**

- a) Buyer and seller agree that seller make no warranties as to the physical condition of the property or utilities servicing the property or zoning or ordinances affecting the property. Buyer is purchasing the property "as is" except that the seller represents that they are unaware of any environmental or soil issues regarding the site.

SELLER: Florida Equity & Land Acquisitions, LLC

Signature:



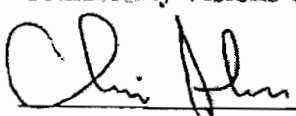
Name: Ralph McCoig

Date:

6/18/2007

BUYER: Community Visions Corporation

Signature:



Name: Chris Anderson

Date:

8/8/07

EXHIBIT "A"

