

**STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION**

MERIDIAN WEST, LTD.

Petitioner,

vs.

**Application No. 2003-097S
2003 Universal Cycle**

FHFC 2003-0039

**FLORIDA HOUSING FINANCE
CORPORATION,**

Respondent.

**PETITION FOR REVIEW OF 2003 UNIVERSAL SCORING SUMMARY FOR
MERIDIAN WEST, LTD.**

Petitioner Meridian West, Ltd. ("Meridian West"), pursuant to sections 120.569 and 120.57(2), Florida Statutes, and rules 28-106.301 and 67-48.005, Florida Administrative Code, files this petition for informal administrative hearing concerning the 2003 Universal Scoring Summary for Meridian West and states:

1. The first issue raised by this petition is the determination by Florida Housing Finance Corporation ("Florida Housing") that Meridian West did not meet threshold requirements because the firm commitment letter from the Housing Credit Syndicator did not expressly state the amount of equity being paid "prior to or simultaneously with the closing of construction financing." See Item No. 2T.V.E., 2003 MMRB, SAIL & HC Scoring Summary for Meridian West, July 18, 2003 ("Universal Scoring Summary") (attached as Exhibit 1). As explained below, the commitment letter from Related Capital Company makes clear that 35% of

capital will be paid upon admission of the investor to the project partnership (the “closing”). This event always occurs “prior to or simultaneously with the closing of construction financing.” Moreover, identical relevant language in equity commitment letters was accepted during the 2002 Universal Cycle by Florida Housing, resulting in such commitments being scored as firm. Because the Universal Application Instructions relating to firm equity commitment letters have not changed since the 2002 cycle, Florida Housing cannot change its interpretation of those instructions in 2003 by rejecting language that was acceptable last year. Thus, Meridian West should have been scored as meeting threshold requirements for equity commitment.

2. The second issue raised by this petition is Florida Housing’s determination that the commitment for the bridge loan is not firm. This determination results from Florida Housing’s refusal to consider a cure submitted by Meridian West because the revised bridge loan commitment letter was not stamped “revised.” *See* Exhibit 1 at Item ## 1T.V.E and 4C.V.E. This hypertechnical procedural issue should not be used as a basis for a determination that Meridian West has failed to meet threshold requirements, both because this technical requirement bears no material, reasonable relationship to Florida Housing’s application processes and because Meridian West did not need to submit the revised letter in the first place.

3. As explained below, when NOPSE¹ scores were released on June 9, 2003 (see Exhibit 2 at Item # 1T.V.E.), Florida Housing stated that the bridge loan commitment could not be scored as firm because no evidence was provided that the Related Capital Company is a regulated financial institution, and Meridian West did not submit evidence of ability to fund. However, the bridge loan as originally submitted was in all substantive respects a bridge loan from the equity syndicator; therefore, demonstration of the ability to fund was not required.

¹ NOPSE stands for Notice of Possible Scoring Error.

Moreover, a substantively identical bridge loan commitment letter from the same company was scored as firm in the 2002 cycle by Florida Housing for this same development. Because the Universal Application Instructions relating to bridge loan scoring have not changed since the 2002 cycle, Florida Housing cannot change its interpretation of those instructions in 2003 by rejecting a letter that was acceptable last year. Thus, Meridian West did not need to submit a revised letter as a cure, and the bridge loan commitment should have been scored as firm at both the NOPSE stage and in final scoring.

4. The agency affected in this proceeding is Florida Housing, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329. The agency's file number is 2003-097S.

5. The petitioner is Meridian West, 2950 SW 27th Avenue, Suite 200, Miami, Florida 33133. The petitioner's telephone numbers are 305-476-8118 (phone) and 305-476-9674 (facsimile).

6. The petitioner's attorney is Donna E. Blanton, Radey Thomas Yon & Clark, P.A., 313 N. Monroe Street, Suite 200, Tallahassee, Florida, 32301. The attorney's telephone numbers are 850-425-6654 (phone) and 850-425-6694 (facsimile).

7. Meridian West received notice of the Universal Scoring Summary on July 21, 2003, when Florida Housing Deputy Development Officer Kerey Carpenter sent a memorandum to all applicants including final scores and a notice of rights.

8. Meridian West's substantial interests are affected by the Universal Scoring Summary because Meridian West timely filed an application with Florida Housing for a SAIL loan in the 2003 Universal Cycle in connection with the development of an apartment complex in Monroe County, Florida.

9. Ultimate facts alleged, including those that warrant reversal of the proposed agency action, are as follows:

Equity Commitment

- a. Meridian West's application was preliminarily scored by Florida Housing on May 12, 2003, in accordance with the provisions of rule 67-48.004, Florida Administrative Code. During that scoring, Florida Housing found that the application met all threshold requirements. See Exhibit 3. During NOPSE scoring, however, Meridian West was scored as not meeting threshold requirements concerning financing as described in the Universal Application Instructions.² In its explanation for this scoring deficiency, Florida Housing stated:

For an equity commitment to be scored firm, it must expressly state the amount to be paid prior to or simultaneous with the closing of the construction loan. This commitment does not provide this information. In addition, 35% of the total equity must be provided prior to or simultaneous with the closing of the construction loan. This cannot be determined.

See Exhibit 2 at Item # 2T.V.E.

- b. In response to Florida Housing's NOPSE scoring, Meridian West submitted a cure, which states in relevant part:

Florida Housing did not score the Equity Commitment as firm because it could not determine the amount available during the construction period. The syndicator has revised and clarified its equity commitment letter to show that \$6,978,500 in total will be paid prior to construction completion. In addition, \$2,873,500 (35%) will be paid at the closing. This will allow the syndication

² The Universal Application Instructions have been adopted and incorporated by reference in rule 67-48.002(111), Florida Administrative Code.

equity commitment to be scored as firm and the Application will meet threshold for this item.

Meridian West's cure is attached as Exhibit 4.

- c. The revised equity commitment letter from Related Capital Company attached to the cure discusses the syndicator's capital contribution on page 2. It states in relevant part:

1. Capital Contribution. The Capital Contribution is based on a price of \$0.805 per dollar of aggregate Credits available to Investor, and is payable as follows:

(a) Equity Proceeds paid during construction of the Project: \$6,978,500, paid as follows:

(i) \$2,873,500 (35%) upon admission of Investor to the Project Partnership (the "Closing").

(Emphasis supplied).

- d. Nonetheless, when final scores were released in the Universal Scoring Summary, Meridian West was scored as not meeting threshold requirements relating to financing because of the equity commitment letter. Florida Housing's explanation for the deficiency was the same as stated when NOPSE scores were released. *Compare* Exhibit 1 at Item # 2T.V.E. *with* Exhibit 2 at Item # 2T.V.E. Florida Housing also made additional comments concerning Meridian West's cure, stating:

In an effort to cure the deficiency in the equity commitment, the Applicant submitted a revised equity commitment. However, the revised equity commitment still does not expressly state the amount to be paid prior to or simultaneously with the closing of the construction financing. Therefore, threshold failure item 2T has not been rescinded.

See Exhibit 1 at Item # 2C.V.E. (Emphasis supplied).³

- e. Thus, even though Meridian West's equity commitment letter clearly states on page 2 that 35% of the capital contribution is payable "upon admission of Investor to the Project Partnership," which is explicitly identified in parentheses as "the closing," Florida Housing asserts that this commitment is deficient. The deficiency appears to be caused by Meridian West's failure to use certain "magic" words found on page 60 of the Universal Application Instructions.⁴

³ Two other deficiencies relating to financing shortfalls were shown on the Universal Scoring Summary. See Exhibit 1 at Item # 5T.V.B. and 6T.V.B. Item # 5T.V.B. merely relates to the scoring of the equity commitment letter in Item # 2T.V.E., and the financing shortfall that Florida Housing identifies in this item would cease to exist if Meridian West's equity commitment is scored as firm. Item # 6T.V.B. relates to the equity commitment letter in Item # 2T.V.E. and to the bridge loan commitment in Item # 1T.V.E. The financing shortfall in Item # 6T.V.B would also cease to exist if the equity commitment is scored as firm and the bridge loan commitment is scored as firm, as described in paragraphs 9.k. through 9.q. below. These issues also were addressed by Meridian West during the cure process.

⁴ Relevant language is as follows:

Syndication/HC Equity

A firm commitment from a Housing Credit Syndicator is an agreement which is executed and accepted by all parties including the Applicant, is dated, and includes all terms and conditions of the agreement. In order for a syndication/equity commitment to be scored firm, it must expressly state the syndication rate (amount of equity being provided divided by the anticipated amount of credits the syndicator expects to receive), capital contribution pay-in schedule (stating the amounts to be paid prior to or simultaneously with the closing of construction financing and the amounts to be paid prior to completion of construction), the percentage of the anticipated amount of credit allocation being purchased, the total amount of equity being provided, and the anticipated Housing Credit Allocation. Additionally, in order for the commitment to be scored firm, 35% of the total equity being provided must be paid prior to or simultaneously with the closing of the construction financing. Proceeds from a bridge loan from the syndicator will count toward meeting this requirement; however, bridge loans from other sources will not count toward meeting this requirement.

(Emphasis supplied). A copy of page 60 of the Universal Application Instructions is attached as Exhibit 5.

Florida Housing appears to be insisting that the equity commitment letter state the precise words “prior to or simultaneously with the closing of construction financing,” even though the actual words written in the letter mean precisely the same thing. Such hypertechnical application of Florida Housing’s rules is neither required nor appropriate.

- f. Even more significantly, Florida Housing’s current interpretation of the language on page 60 is directly contrary to the agency’s interpretation of the same language in the 2002 Universal Cycle. *See* Exhibit 6 (page 49 of the 2002 Universal Application Instructions relating to Syndication/HC Equity).⁵
- g. During the 2002 cycle, Guilford Capital Corporation submitted an equity commitment letter on behalf of the Heron Pond development. *See* Exhibit 7.

Page 1 of the letter states:

- 1. Capital Contribution. The Capital Contribution is based on a price of 82¢ per dollar of aggregate Credits available to Investor, and is payable as follows:
 - (a) \$1,133,300 (35%) upon admission of Investor to the Project Partnership (the “Closing”).

(Emphasis supplied).

- h. No question was raised in the 2002 cycle concerning Heron Pond’s ability to meet financing threshold requirements even though the language of the letter is identical in all material respects to the language in Meridian West’s equity commitment letter in the 2003 cycle. *Compare* Exhibit 4 *with* Exhibit 7. Heron Pond was scored as meeting all threshold requirements. *See* Exhibit 8 (2002 Universal Scoring Summary for Heron Pond, July 22, 2002).

⁵ The instructions relating to Syndication/HC equity in 2002 are identical to those in 2003.

- i. Florida Housing cannot simply “change its mind” about interpretation of its Universal Application Instructions, which are adopted and incorporated as agency rules pursuant to rule 67-48.002(111), Florida Administrative Code. *See Cleveland Clinic v. Agency for Health Care Administration*, 679 So. 2d 1237, 1241 (Fla. 1st DCA 1996). As the court explained in *Cleveland Clinic*:

Without question, an agency must follow its own rules, . . . but if the rule, as it plainly reads, should prove impractical in operation, the rule can be amended pursuant to established rulemaking procedures. However, ‘absent such amendment, experience cannot be permitted to dictate its terms.’ That is, while an administrative agency ‘is not necessarily bound by its initial construction of a statute evidenced by the adoption of a rule,’ the agency may implement its changed interpretation only by ‘validly adopting subsequent rule changes.’ The statutory framework under which administrative agencies must operate in this state provides adequate mechanisms for the adoption or amendment of rules.

679 So. 2d at 1242 (emphasis supplied), *quoting Boca Raton Artificial Kidney Center v. Department of Health and Rehabilitative Services*, 493 So. 2d 1055, 1057 (Fla. 1st DCA 1986), and *Department of Administration, Division of Retirement v. Albanese*, 445 So. 2d 639, 642 (Fla. 1st DCA 1984); *see also Brookwood-Walton County Convalescent Center v. Agency for Health Care Administration*, 845 So. 2d 223, 229 (Fla. 1st DCA 2003) (“The agency failed to explain why its policy had changed abruptly when applied to Appellants, despite the lack of any intervening change in the applicable provisions. AHCA’s unexplained, inconsistent policies are contrary to established administrative principles and sound public policy.”).

- j. Florida Housing cannot apply a “magic words” interpretation to its instruction on page 60 without amendment of that instruction through an appropriate rulemaking proceeding. Because language identical to Meridian West’s equity commitment letter was deemed acceptable in the 2002 Cycle based on interpretation of the same instructions, such language must be deemed acceptable in 2003.

Bridge Loan Commitment Letter

- k. Meridian West’s Universal Scoring Summary provides that Meridian West’s cure related to its bridge loan commitment letter will not be applied for the following reason:

The Applicant attempted to cure Item 1T by submitting an amendment to the Related Capital Company equity commitment. The amendment was not stamped “revised.” Rule Chapter 67-48.004(6) states: “Failure to mark each new page(s) “revised” will result in the Corporation not considering the revisions, changes or additions to that new page.” Therefore, the submitted amendment could not be considered.

See Exhibit 1 at Item # 4C.V.E.

- l. Thus, the threshold scoring deficiency identified in NOPSE scoring related to the bridge loan remained when final scores were released. It states:

No evidence provided that Related Capital Company is a regulated financial institution. Therefore, the Applicant is required to submit evidence of ability to fund. This evidence was not provided. Therefore, the commitment for the Bridge Loan is not firm.

*See Exhibit 1 at 1T.V.E. and Exhibit 2 at 1T.V.E.*⁶

⁶ The issue relating to the bridge loan was identified by another applicant in a NOPSE. Meridian West submitted cures addressing the alleged deficiency. *See Exhibit 9 (relating to Exhibit 56, the equity commitment letter) and Exhibit 10 (relating to Exhibit 60, the bridge loan commitment).* As stated in Exhibit 10:

- m. The hypertechnical determination that the cure will not be considered because the bridge loan commitment letter inadvertently was not stamped “revised” is inappropriate. When Florida Housing originally required that an applicant stamp every revision as such it did so to allow the corporation to distinguish the original submission from the revision. Florida Housing’s staff expected to physically remove original pages from each application and replace them with the revisions. Under that procedure, it would be readily apparent whether a page was part of the original application or a revision. Florida Housing ultimately decided not to follow such a procedure, though. All of the revised pages are submitted in separate notebooks by the applicants, maintained separately by Florida Housing, and posted separately on Florida Housing’s website. Under this year’s system,
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The Applicant provided as a source of construction financing, a Bridge Loan Commitment in the amount of \$801,737.00. This was not counted as firm because it was not contained with the Equity Commitment. To cure this deficiency, the Applicant is providing a revised Bridge Loan Commitment for \$801,737.00 from the syndicator, Related Capital Company which is a part of the Equity Commitment. The Bridge Loan Commitment dated June 16, 2003, has been signed by both parties and serves to amend and become a part of the equity commitment submitted with the Application.

Page 61 of the Instructions states, in pertinent part:

A bridge loan contained within a syndication commitment will be counted as a firm commitment if the syndication commitment is scored firm. A demonstration of the ability to fund is not required for the bridge loan in order for the syndication commitment to be scored firm.

The Applicant has provided a firm source of funding for the amount and no longer has a funding shortfall and should, therefore, pass threshold for this item.

As noted, however, Meridian West’s cure relating to the bridge loan commitment was not considered by Florida Housing because it was not stamped “revised.” (The lack of a “revised” notation was identified in a Notice of Alleged Deficiency (NOAD). See Exhibit 11.)

there is no independent administrative or substantive value to whether a piece of paper is stamped “revised” or not. The requirement is immaterial and should not be allowed to take precedence over whether the revision otherwise satisfies Florida Housing’s rules. More significant, however, is that the cure was never needed in the first place. As noted in Exhibit 10 (Meridian West’s cure), the Universal Application Instructions relating to bridge loans provide that “[a] bridge loan contained within a syndication commitment will be counted as a firm commitment if the syndication commitment is scored firm. A demonstration of the ability to fund is not required for the bridge loan in order for the syndication commitment to be scored firm.” *See* Exhibit 12 at page 61 (emphasis supplied). The bridge loan commitment originally submitted by Related Capital Company was in all substantive respects a loan from the syndicator, so no demonstration of the ability to fund was required.

- n. Additionally, in the 2002 Universal Cycle, Florida Housing accepted a bridge loan commitment letter that was identical in all material respects to the letter submitted by Meridian West in 2003. *Compare* Exhibit 13 (letter from Related Capital Company dated March 28, 2003) *with* Exhibit 14 (letter from Related Capital Company dated April 8, 2002). The letters are from the same company and address the same development. *Id.* The 2002 bridge loan commitment was scored as firm in the 2002 cycle by Florida Housing. *See* Exhibit 15 (2002 Universal Scoring Summary for Meridian West Apartments, July 22, 2002).

- o. The Universal Application Instructions relating to bridge loan scoring have not changed since the 2002 cycle. *Compare* Exhibit 12 (2003 instructions relating to Syndication/HC Equity, page 61) *with* Exhibit 16 (2002 instructions relating to Syndication/HC Equity, page 50).
- p. Thus, if the bridge loan commitment was scored as firm in 2002, it should have been scored as firm in 2003. Florida Housing cannot change its interpretation of the bridge loan scoring instructions in 2003 by refusing to score as firm a commitment letter that is identical to one that was acceptable last year. *See Cleveland Clinic*, 679 So. 2d at 1242; *Brookwood-Walton County Convalescent Center*, 845 So. 2d at 229.
- q. Thus, Meridian West did not need to submit a revised letter as a cure, and the bridge loan commitment should have been scored as firm at both the NOPSE stage and in final scoring. Even if such a requirement were found to be material and applicable, the lack of a “revised” designation on the cure letter should not matter under these circumstances.

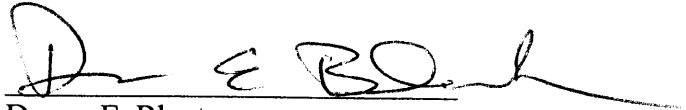
10. Rules and statutes that require reversal of the proposed agency action are the Florida Housing Finance Corporation Act (sections 420.501 - .530, Florida Statutes); sections 120.569 and 120.57(2), Florida Statutes; and rules 67-48.002, 67-48.004, and 67-48.005, Florida Administrative Code.

Based on the foregoing, Florida Housing erred in determining that Meridian West did not meet threshold requirements relating to the equity commitment and the funding commitment. Meridian West respectfully requests that an informal administrative hearing be held and that

Florida Housing enter a Recommended Order finding that Meridian West's application meets all threshold requirements.

Dated: 8-7-03

Respectfully submitted,



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Attorney for Meridian West, Ltd.

As of: 07/18/2003

2003 MMRB, SAIL & HC Scoring Summary

File # 2003-097S Development Name: Meridian West Apartments

As Of:	Total Points	Met Threshold?	Proximity Tie-Breaker Points	Corporation Funding per Set-Aside Unit	SAIL Request Amount as Percentage of Development Cost	Is SAIL Request Amount Equal to or Greater than 10% of Total Development Cost?
07 - 18 - 2003	66	N	7.25	\$77,297.84	19.34%	Y
Preliminary	66	Y	6	\$77,297.84	19.34%	Y
NOPSE	66	N	6	\$77,297.84	19.34%	Y
Final	66	N	7.25	\$77,297.84	19.34%	Y
Post-Appeal	0	N	0			

Scores:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Post-Appeal
Optional Features & Amenities									
1S	III	B	2.a.	New Construction	9	9	9	9	0
1S	III	B	2.b.	Rehabilitation/Substantial Rehabilitation	9	0	0	0	0
2S	III	B	2.c.	All Developments Except SRO	12	12	12	12	0
2S	III	B	2.d.	SRO Developments	12	0	0	0	0
3S	III	B	2.e.	Energy Conservation Features	9	9	9	9	0
Set-Aside Commitments									
4S	III	E	1.b.	Commitment to Serve Lower AMI	5	5	5	5	0
5S	III	E	1.c.	Total Set-Aside Commitment	3	3	3	3	0
6S	III	E	3.	Affordability Period	5	5	5	5	0
Resident Programs									
7S	III	F	1.	Programs for Non-Elderly & Non-Homeless	6	6	6	6	0
7S	III	F	2.	Programs for Homeless (SRO & Non-SRO)	6	0	0	0	0
7S	III	F	3.	Programs for Elderly	6	0	0	0	0
8S	III	F	4.	Programs for All Applicants	8	8	8	8	0
Local Government Support									
9S	IV		a.	Contributions	5	5	5	5	0
10S	IV		b.	Incentives	4	4	4	4	0

As of: 07/18/2003

2003 MMRB, SAIL & HC Scoring Summary

File # 2003-097S

Development Name: Meridian West Apartments

Threshold(s) Failed:

Item #	Part Section	Subsection	Description	Reason(s)	Created As Result of	Rescinded as Result of
1T	V	E	Ex 57	Funding Commitment	NOPSE	
				No evidence provided that Related Capital Company is a regulated financial institution. Therefore, the Applicant is required to submit evidence of ability to fund. This evidence was not provided. Therefore, the commitment for the Bridge Loan is not firm.		
2T	V	E	Ex 56	Equity Commitment	NOPSE	
				For an equity commitment to be scored firm, it must expressly state the amount to be paid prior to or simultaneous with the closing of the construction loan. This commitment does not provide this information. In addition, 35% of the total equity must be provided prior to or simultaneous with the closing of the construction loan. This cannot be determined.		
3T	V	E		Construction Financing	NOPSE	Final
				Sources do not equal or exceed uses. There is a financing shortfall during the construction period in the amount of \$7,780,572		
4T	V	E		Permanent Financing	NOPSE	Final
				Sources do not equal or exceed uses. There is a financing shortfall in the permanent financing in the amount of \$ 7,780,572		
5T	V	B		Permanent Financing	Final	
				Sources do not equal or exceed uses. There is a financing shortfall in the permanent financing in the amount of \$8,210,000.		
6T	V	B		Construction Financing	Final	
				Sources do not equal or exceed uses. There is a financing shortfall during the construction period in the amount of \$7,780,237.		

Proximity Tie-Breaker Points:

Item #	Part Section	Subsection	Description	Available	Preliminary	NOPSE	Final	Post-Appeal
1P	III	A	11.b.(1)	Grocery Store	1.25	1	1	0
2P	III	A	11.b.(2)	Public School	1.25	0	0	1.25
3P	III	A	11.b.(3)	Medical Facility	1.25	0	0	0
4P	III	A	11.b.(4)	Pharmacy	1.25	0	0	0
5P	III	A	11.b.(5)	Public Bus Stop or Metro-Rail Stop	1.25	1.25	1.25	1.25
6P	III	A	11.c.	Proximity to Developments on FHFC Development Proximity List	3.75	3.75	3.75	0

Reason(s) for Failure to Achieve Selected Proximity Tie-Breaker Points:

Item #	Reason(s)	Created As Result of	Rescinded as Result of
2P	Public School address does not plot. No location coordinates were provided for this service.	Preliminary	Final

2003 MMRB, SAIL & HC Scoring Summary

Development Name: Meridian West Apartments

Additional Application Comments:

Item #	Part	Section	Subsection	Description	Reason(s)	Created As Result	Rescinded as Result
1C	IV	a		Local Government Contribution	The Applicant provided a Local Government Verification of Contribution Fee Waiver Form which states that the Monroe County's commitment to waive \$193,842.84 in fees is effective through 4/1/03. Page 47 of the Universal Application Instructions states the commitment must be effective at least through December 31, 2003. Thus, the fee waiver does not qualify as a Local Government contribution. However, the Applicant had evidence of other Local Government contributions in the Application that total the amount necessary to obtain maximum points. Therefore, no points were deducted.	NOPSE	
2C	V	E	Ex 56	Equity commitment	In an effort to cure the deficiency in the equity commitment, the Applicant submitted a revised equity commitment. However, the revised equity commitment still does not expressly state the amount to be paid prior to or simultaneously with the closing of the construction financing. Therefore, threshold failure item 2T has not been rescinded.	Final	
3C	V	E	Ex 60	Bridge Loan	Florida Housing incorrectly identified at Item 1T of this Scoring Summary that the bridge loan is at Exhibit 57 when it is at Exhibit 60 of the Application.	Final	
4C	V	E	ex 60	Bridge Loan	The Applicant attempted to cure Item 1T by submitting an amendment to the Related Capital Company equity commitment. The amendment was not stamped "revised". Rule Chapter 67-48.004(6) states: "Failure to mark each new page(s) "revised" will result in the Corporation not considering the revisions, changes or additions to that new page." Therefore, the submitted amendment could not be considered.	Final	
5C	V	B		Sources do not equal or exceed uses.	Items 3T and 4T were rescinded and Items 5T and 6T were created. This was caused by the Applicant submitting a revised Commitment to Defer Developer Fee with different amounts than the commitment it replaced. As such, this caused the financing shortfall amounts for the construction and permanent periods to change.	Final	

As of: 06/09/2003

2003 MMRB, SAIL & HC Scoring Summary

File # 2003-097S

Development Name: Meridian West Apartments

As Of:	Total Points	Met Threshold?	Proximity Tie-Breaker Points	Corporation Funding per Set-Aside Unit	SAIL Request Amount as Percentage of Development Cost	Is SAIL Request Amount Equal to or Greater than 10% of Total Development Cost?
06 - 09 - 2003	66	N	6	\$77,297.84	19.34%	Y
Preliminary	66	Y	6	\$77,297.84	19.34%	Y
NOPSE	66	N	6	\$77,297.84	19.34%	Y
Final	0	N	0		0	
Post-Appeal	0	N	0		0	

Scores:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Post-Appeal
Optional Features & Amenities									
1S	III	B	2.a.	New Construction	9	9	9	0	0
1S	III	B	2.b.	Rehabilitation/Substantial Rehabilitation	9	0	0	0	0
2S	III	B	2.c.	All Developments Except SRO	12	12	12	0	0
2S	III	B	2.d.	SRO Developments	12	0	0	0	0
3S	III	B	2.e.	Energy Conservation Features	9	9	9	0	0
Set-Aside Commitments									
4S	III	E	1.b.	Commitment to Serve Lower AMI	5	5	5	0	0
5S	III	E	1.c.	Total Set-Aside Commitment	3	3	3	0	0
6S	III	E	3.	Affordability Period	5	5	5	0	0
Resident Programs									
7S	III	F	1.	Programs for Non-Elderly & Non-Homeless	6	6	6	0	0
7S	III	F	2.	Programs for Homeless (SRO & Non-SRO)	6	0	0	0	0
7S	III	F	3.	Programs for Elderly	6	0	0	0	0
8S	III	F	4.	Programs for All Applicants	8	8	8	0	0
Local Government Support									
9S	IV		a.	Contributions	5	5	5	0	0
10S	IV		b.	Incentives	4	4	4	0	0

2003 MMRB, SAIL & HC Scoring Summary

As of: 06/09/2003

File # 2003-097S

Development Name: Meridian West Apartments

Threshold(s) Failed:

Item #	Part Section	Subsection	Description	Reason(s)	Created As Result of	Rescinded as Result of
1T	V	E	EX 57 Funding Commitment	No evidence provided that Related Capital Company is a regulated financial institution. Therefore, the Applicant is required to submit evidence of ability to fund. This evidence was not provided. Therefore, the commitment for the Bridge Loan is not firm.	NOPSE	
2T	V	E	EX 56 Equity Commitment	For an equity commitment to be scored firm, it must expressly state the amount to be paid prior to or simultaneous with the closing of the construction loan. This commitment does not provide this information. In addition, 35% of the total equity must be provided prior to or simultaneous with the closing of the construction loan. This cannot be determined.	NOPSE	
3T	V	E	Construction Financing	Sources do not equal or exceed uses. There is a financing shortfall during the construction period in the amount of \$7,780,572	NOPSE	
4T	V	E	Permanent Financing	Sources do not equal or exceed uses. There is a financing shortfall in the permanent financing in the amount of \$ 7,780,572	NOPSE	

Proximity Tie-Breaker Points:

Item #	Part Section	Subsection	Description	Available	Preliminary	NOPSE	Final	Post-Appeal
1P	III	A	11.b.(1) Grocery Store	1.25	1	1	0	0
2P	III	A	11.b.(2) Public School	1.25	0	0	0	0
3P	III	A	11.b.(3) Medical Facility	1.25	0	0	0	0
4P	III	A	11.b.(4) Pharmacy	1.25	0	0	0	0
5P	III	A	11.b.(5) Public Bus Stop or Metro-Rail Stop	1.25	1.25	1.25	0	0
6P	III	A	11.c. Proximity to Developments on FHFC Development Proximity List	3.75	3.75	3.75	0	0

Reason(s) for Failure to Achieve Selected Proximity Tie-Breaker Points:

Item #	Reason(s)	Created As Result of	Rescinded as Result of
2P	Public School address does not plot. No location coordinates were provided for this service.	Preliminary	

Additional Application Comments:

Item #	Part Section	Subsection	Description	Reason(s)	Created As Result of	Rescinded as Result of
1C	IV	a	Local Government Contribution	The Applicant provided a Local Government Verification of Contribution Fee Waiver	NOPSE	

As of: 06/09/2003

2003 MMRB, SAIL & HC Scoring Summary

File # 2003-097S

Development Name: Meridian West Apartments

Additional Application Comments:

Item #	Part Section	Subsection	Description	Reason(s)	Created As Result	Rescinded as Result
				Form which states that the Monroe County's commitment to waive \$193,842.84 in fees is effective through 4/1/03. Page 47 of the Universal Application Instructions states the commitment must be effective at least through December 31, 2003. Thus, the fee waiver does not qualify as a Local Government contribution. However, the Applicant had evidence of other Local Government contributions in the Application that total the amount necessary to obtain maximum points. Therefore, no points were deducted.		

2003 MMRB, SAIL & HC Scoring Summary

As of: 05/12/2003

File # 2003-097S

Development Name: Meridian West Apartments

As Of:	Total Points	Met Threshold?	Proximity Tie-Breaker Points	Corporation Funding per Set-Aside Unit	SAIL Request Amount as Percentage of Development Cost	Is SAIL Request Amount Equal to or Greater than 10% of Total Development Cost?
05 - 12 - 2003	66	Y	6	\$77,297.84	19.34%	Y
Preliminary	66	Y	6	\$77,297.84	19.34%	Y
NOPSE	0	Y	0			
Final	0	Y	0			
Post-Appeal	0	Y	0			

Scores:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Post-Appeal
Optional Features & Amenities									
1S	III	B	2.a.	New Construction	9	9	0	0	0
1S	III	B	2.b.	Rehabilitation/Substantial Rehabilitation	9	0	0	0	0
2S	III	B	2.c.	All Developments Except SRO	12	12	0	0	0
2S	III	B	2.d.	SRO Developments	12	0	0	0	0
3S	III	B	2.e.	Energy Conservation Features	9	9	0	0	0
Set-Aside Commitments									
4S	III	E	1.b.	Commitment to Serve Lower AMI	5	5	0	0	0
5S	III	E	1.c.	Total Set-Aside Commitment	3	3	0	0	0
6S	III	E	3.	Affordability Period	5	5	0	0	0
Resident Programs									
7S	III	F	1.	Programs for Non-Elderly & Non-Homeless	6	6	0	0	0
7S	III	F	2.	Programs for Homeless (SRO & Non-SRO)	6	0	0	0	0
7S	III	F	3.	Programs for Elderly	6	0	0	0	0
8S	III	F	4.	Programs for All Applicants	8	8	0	0	0
Local Government Support									
9S	IV		a.	Contributions	5	5	0	0	0
10S	IV		b.	Incentives	4	4	0	0	0

2003 MMRB, SAIL & HC Scoring Summary

As of: 05/12/2003

File # 2003-097S

Development Name: Meridian West Apartments

Proximity Tie-Breaker Points:

Item #	Part	Section	Subsection	Description	Available	Preliminary	NOPSE	Final	Post-Appeal
1P	III	A	11.b.(1)	Grocery Store	1.25	1	0	0	0
2P	III	A	11.b.(2)	Public School	1.25	0	0	0	0
3P	III	A	11.b.(3)	Medical Facility	1.25	0	0	0	0
4P	III	A	11.b.(4)	Pharmacy	1.25	0	0	0	0
5P	III	A	11.b.(5)	Public Bus Stop or Metro-Rail Stop	1.25	1.25	0	0	0
6P	III	A	11.c.	Proximity to Developments on FHFC Development Proximity List	3.75	3.75	0	0	0

Reason(s) for Failure to Achieve Selected Proximity Tie-Breaker Points:

Item #	Reason(s)	Created As Result Of	Rescinded as Result of
2P	Public School address does not plot. No location coordinates were provided for this service.	Preliminary	

2003 CURE FORM

(Submit a SEPARATE form for EACH reason
relative to EACH Application Part, Section, Subsection and Exhibit)

This Cure Form is being submitted with regard to Application No. 2003-097S and pertains to:

Part V Section E Subsection Exhibit No 56 (if applicable)

The attached information is submitted in response to the 2003 Universal Scoring Summary because:

- I. Preliminary Scoring and/or NOPSE scoring resulted in the imposition of a failure to achieve maximum points, a failure to achieve proximity tie-breaker points selected, and/or failure to achieve threshold relative to this form. Check applicable item(s) below:

	2003 Universal Scoring Summary	Created by:	
		Preliminary Scoring	NOPSE Scoring
<input type="checkbox"/> Reason Score Not Maxed	Item No. _____ S	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Reason Threshold Failed	Item No. <u> 2 </u> T	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/> Reason for Failure to Achieve Proximity Tie-Breaker Points Selected (MMRB/SAIL/HC Applications Only)	Item No. _____ P	<input type="checkbox"/>	<input type="checkbox"/>

OR

- II. Other changes are necessary to keep the Application consistent:

This revision or additional documentation is submitted to address an issue resulting from a Cure to Part _____ Section _____ Subsection _____ Exhibit _____ (if applicable).


**Brief Statement of Explanation regarding
Application 2003-097S**

Provide a separate brief statement for each Cure or NOAD

Florida Housing did not score the Equity Commitment as firm because it could not determine the amount available during construction period.

The syndicator has revised and clarified its equity commitment letter to show that \$6,978,500 in total will be paid prior to construction completion. In addition, \$2,873,500 (35%) will be paid at the closing.

This will allow the syndication equity commitment to be scored as firm and the Application will meet threshold for this item.

Related  Capital Company
Capital Solutions

November 19, 2002
Revised February 21, 2003
Revised June 5, 2003

Mr. Luis Gonzalez
The Carlisle Group
2937 S.W. 27th Avenue, Suite 303
Coconut Grove, Florida 33133
Tel: 305-476-8118

Re: Meridian West, Key West, Florida (the "Project")
Meridian West, Ltd. (the "Project Partnership")

Dear Mr. Gonzalez:

Related Capital Company is pleased to extend the following firm commitment to purchase a limited partnership interest in the Project Partnership. This commitment is valid through December 31, 2003. We are always seeking to acquire equity interests in quality tax credit projects and have funds immediately available to close. With over \$3.6 billion of tax credit eligible properties purchased to date, we are a consistent long-term equity source with flexible, competitive transaction terms.

This letter will set forth the basic business terms to be included in a Contribution Agreement (the "Contribution Agreement") and Agreement of Limited Partnership (the "New Partnership Agreement") between Related Capital Company ("RCC") or its designee ("Investor"), the Project Partnership, and TCG Meridian West, Inc. (the "General Partner"). The General Partner, Carlisle Development Group, LLC., Lloyd J. Boggio and Bruce Greer (collectively, the "Guarantors") will guarantee the obligations of the General Partner. An entity affiliated with Investor will be admitted to the Project Partnership as a "Special Limited Partner" with certain limited supervisory rights.

Pursuant to the Contribution Agreement, Investor will make a capital contribution to the Project Partnership (the "Capital Contribution") in the amount of \$8,210,000, as set forth in Paragraph 1 below and will acquire a 99.99% limited partnership interest (the "Limited Partnership Interest") in the Project Partnership. The amount of the Capital Contribution was

Related Capital Company • CharterMac • PW Funding Inc. • American Mortgage Acceptance Company

Related Capital Company • 625 Madison Avenue, New York, NY 10022 (212) 421-5335/Fax (212) 751-3550

relatedcapital.com

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determined based on the assumption that the Project will receive an allocation of Low-Income Housing Tax Credits ("Credits") from the appropriate agency in the amount of \$1,020,000 for 2002. The Project will consist of 102 apartment units and 100% of the units are expected to qualify for Credits under Section 42 of the Internal Revenue Code.

1. Capital Contribution. The Capital Contribution is based on a price of \$0.805 per dollar of aggregate Credits available to Investor, and is payable as follows:

(a) Equity Proceeds paid during construction of the Project: \$6,978,500, paid as follows:

(i) \$2,873,500 (35%) upon admission of Investor to the Project Partnership (the "Closing");

(ii) \$2,052,500 (25%) upon 50% completion of construction ("50% Completion") as determined by the project architect;

(iii) \$1,231,500 (15%) upon 75% completion of construction ("75% Completion") as determined by the project architect;

(iv) \$821,000 (10%) upon 98% completion of construction ("98% Completion") as determined by the project architect;

(b) \$1,231,500 (15%) upon the latest to occur (i) completion of construction and receipt of a permanent certificate of occupancy, or equivalent evidence of local occupancy approval for all units ("Completion"); (ii) qualification of 100% of the set-aside apartment units in the Project for Credits; (iii) final certification from the Project's accountants setting forth the Project's eligible basis and the amount of Credits to which the Project is entitled; or, (iv) the Break-Even Date (as hereinafter defined); (v) receipt of IRS forms 8609; (vi) final closing of the Project's permanent loan(s); or, (vii) achievement of both 95% occupancy and a 1.15 to 1 debt service coverage ratio on the Project's mandatory debt service, based on underwritten assumptions, in each case for three consecutive months ("Rental Achievement").

It is the intent of the parties that 85% of the Capital Contribution above will be paid prior to construction completion and prior to receipt of final certificate of occupancy.

Basis Adjuster: Installment (b) will be reduced or increased (subject to availability of funds) at the rate of \$0.805 per dollar of Credits if the actual Credits, as certified by the Project Partnership's independent accountants, differ from the contracted amount.

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Timing Adjuster: Investor has calculated the Capital Contribution based on the assumption that the Project Partnership will claim \$680,000 of Credits during 2004; the full amount of the Project Partnership's Credit allocation, each year, from 2005 through 2013; and, \$340,000 of Credits during 2014. In the event that the amount of Credits allocable to Investor for 2004 is less than \$679,864, installment (b) will be reduced by \$0.73 for each dollar of Credits below such amounts. In the event that the amount of Credits allocable to Investor for 2005 is less than \$1,019,796, installment (b) will be reduced by \$0.73 for each dollar of Credits below such amounts.

The above-mentioned adjusters are based on a July 2003 Closing. To the extent the Closing Date is different, the adjusters will be pro-rated. Any delay in excess of three months will be adjusted assuming a three month delay.

2. Partnership Allocations. Credits, profits and losses will be allocated 99.99% to Investor and .01% to the General Partner.

(a) Cash flow after operating expenses, debt service and replacement reserves will be allocated as follows:

First: to repay any Deferred Management Fees (as described in Paragraph 3 below);

Second: to pay the Special Limited Partner a \$5,000 cumulative annual Local Administrative Fee, such fee to be increased each year by 3%;

Third: to repay any Operating Loans made by the Guarantors, limited to 50% of such cash flow available for distribution;

Fourth: to pay the Deferred Developer Fee (as described in Paragraph 4(g) below);

Fifth: to the payment of the GP Supervisory Management Fee to the General Partner equal to 70% of remaining cash flow; and

Sixth: 50% to Investor and 50% to the General Partner.

(b) Net proceeds of a sale or refinancing will be allocated as follows:

First: to the Guarantors to repay any Operating Loans;

Second: to pay the balance of the Deferred Developer Fee;

- Third: to repay the balance of any Deferred Management Fees (as described in Paragraph 3 below);
- Fourth: to pay the Special Limited Partner the balance of any accrued Local Administrative Fees; and,
- Fifth: 15% to Investor and 85% to the General Partner.
3. Management Fees. The General Partner may designate one of its affiliates to be the managing agent for the Project, subject to commercially reasonable terms and conditions, for an annual fee not to exceed 5% of the net rental income. If the managing agent is an affiliate of the General Partner, the property management agreement will be amended to provide that up to 40% of the management fee will be deferred ("Deferred Management Fees") if the Project does not operate at a break-even level.
4. Obligations of the General Partner.
- (a) Act as General Partner. The General Partner shall be responsible for the day-to-day management of the Project Partnership.
- (b) Development Deficit Guarantee. The Guarantors will guarantee completion of the improvements in a good and workmanlike manner substantially in accordance with the plans and specifications approved by Investor ("Approved Improvements") on or before the fifteen month anniversary of the Closing (the "Completion Date"). Either (i) the general contractor will provide a 100% payment and performance bond or (ii) each subcontractor not affiliated with the General Partner, having a contract price of at least \$250,000, will provide a 100% payment and performance bond. The guarantee will provide that the Guarantors will advance the amount (the "Development Deficit Guarantee Amount") by which the Cost of Development (as hereinafter defined) shall exceed the sum of (i) loan proceeds from any approved mortgage loan for the Project and (ii) the Capital Contribution. As used herein, the term "Cost of Development" shall mean all costs and expenses incurred in respect of the Project that are required to (i) complete the Approved Improvements and (ii) operate and maintain the Project until the Break-Even Date (as hereinafter defined). As used herein, the term "Break-Even Date" shall mean the date immediately following the first three month period following Completion for which the rental income from the Project on a monthly cash basis is sufficient to pay, on an accrual basis, all operating expenses of the Project, including, without limitation, mandatory debt service (at the rate in effect following the permanent loan commencement, whether or not permanent mortgage commencement shall have occurred); real estate taxes as reassessed; insurance premiums; management fees; and, replacement reserve deposits pursuant to Paragraph 4(d) below.

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Any amounts advanced to pay the Development Deficit Guarantee Amount shall be considered a cost overrun and not be repayable. In addition, if (i) the Approved Improvements are not completed on or before the Completion Date (which date may be extended in the event of delays due to force majeure, but in no event longer than three months from the Completion Date); (ii) if prior to completing the Approved Improvements, there is an uncured default under, or termination of the construction loan, the permanent loan commitment, or other material documents; or, (iii) a foreclosure action is commenced against the Project, then either the General Partner will consent to the admission of the Special Limited Partner as the managing general partner of the Project Partnership or, at Investor's election, the Guarantors will repurchase the Limited Partnership Interest for an amount equal to 117% of the portion of Investor's Equity theretofore paid to the Project Partnership and pay the actual expenses incurred by Investor in connection with acquiring the limited partnership interests in the Project Partnership.

(c) Operating Deficit Guarantee. The Guarantors will be obligated to loan to the Project Partnership all funds needed to cover operating deficits ("Operating Loans") during the three-year period commencing on the Break-Even Date (the "Guarantee Period") to a maximum amount equal to the greater of (i) 10% of the original principal balance of the Project Partnership's permanent first mortgage loan or (ii) \$475,000 (the "Guarantee Amount"). Such advances shall constitute interest-free loans ("Operating Loans") repayable out of 50% of future cash flow or sale or refinancing proceeds as described in Paragraph 2 above. No collateral is required for this guarantee. Related Capital Company has analyzed the Applicant's, Developer's, and Principals' net worth and determined that an Operating Deficit Reserve is not required for this project.

- (d) Replacement Reserve Guarantee. Commencing with the month following the Break-Even Date, the Project Partnership will make deposits to a replacement reserve in an amount not less than \$1,700 per month. In the event that the Project Partnership does not have sufficient funds to fund such reserves, the Guarantors will, following the Guarantee Period (as defined in section 4(c) above), be required to fund such reserve deposits *provided*, however, that the obligation of the Guarantors may be terminated at such time as the replacement reserve exceeds \$61,200 and the Project has achieved a debt service coverage ratio of 1.20 to 1 (on mandatory debt service) for at least three consecutive months. The obligation of the Guarantors to fund any deposits to a replacement reserve shall be inclusive of any deposits required to be funded by any mortgage lender, to the extent so funded.
- (e) Recapture Guarantee. In the event of a tax recapture of Credits previously received by Investor (a "Recapture Event"), the Guarantors shall be obligated to reimburse Investor for any recaptured Credits plus any associated penalties, interest or additional taxes due. The Guarantors shall not be liable for a Recapture Event caused by a change in law or actions of Investor or the Special Limited Partner.

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Following the termination of the Guarantee Period (as defined in section 4(c) above), any liability of the Guarantors hereunder shall be satisfied by reducing the General Partner's shares of cash flow and sale or refinancing proceeds, including amounts otherwise payable against the Deferred Developer Fee. Any amounts due under the Recapture Guarantee shall bear interest at the rate of 11% per annum from the date of the Recapture Event until paid.

(f) Intentionally omitted

(g) Deferred Developer Fee. The portion of the developer fee that will not be paid out of the Capital Contribution (the "Deferred Developer Fee") will be payable out of available cash flow pursuant to Paragraph 2(a) above and will mature on the 15th anniversary of the placed-in-service date ("Maturity"). If, at Maturity, the Deferred Developer Fee has not been paid in full, the General Partner will be required to advance to the Project Partnership, as a capital contribution, an amount equal to the unpaid balance of the Deferred Developer Fee so that the balance of the Deferred Developer Fee may be paid in full.

(h) Intentionally omitted

5. Reporting. The Project Partnership will be required to furnish Investor with (a) quarterly unaudited financial statements within 45 days after the end of each quarter of the fiscal year; (b) annual audited financial statements within 60 days after the end of each fiscal year; (c) an annual budget for each fiscal year of the Project Partnership, not later than November 1 of the preceding year; and, (d) the Project Partnership's tax returns and K-1 forms within 45 days after the end of each fiscal year. The independent accountants for the Project Partnership may be chosen by the General Partner, subject to Investor's reasonable approval.
6. Insurance. The Project Partnership will be required to maintain fire and other casualty insurance in an amount equal to the full replacement cost of the Project (excluding land) at all times. Investor and the Special Limited Partner must be named as additional insured on a general liability policy having a general aggregate of not less than \$2 million and umbrella liability coverage of not less than \$5 million.
7. Tax Elections. The General Partner will agree to cause the Project Partnership to make all elections with respect to the Credits and all other tax elections as directed by Investor.
8. Representations, Warranties and Professional Certifications. The Contribution Agreement and other documents shall contain, among other items, customary representations and warranties of the General Partner and Guarantors with respect to the status of the Project Partnership and its rights and authority to enter into the subject transactions and the status of the construction of the improvements. The General Partner

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also will provide: (a) current financial statements for the General Partner and the Guarantors prepared in accordance with A.I.C.P.A. standards; (b) customary opinions of counsel and opinions or certificates of other related professionals with respect to the Project, the Project Partnership and the construction of the Approved Improvements; and, (c) an ALTA Owner's Title Insurance Policy which shall insure the Project Partnership's title as owner of the Project, in an amount equal to the sum of the Capital Contribution plus the Project's permanent mortgage loan(s).

9. Special Limited Partner Rights. Special Limited Partner consent will be required (a) to sell or refinance the Project, (b) to withdraw, admit or substitute general partners, or (c) to sell, assign, encumber or pledge the general partnership interests. In addition, (a) if the General Partner materially violates its fiduciary responsibility, (b) if the General Partner or Project Partnership materially breach their respective obligations and commitments, (c) the General Partner becomes bankrupt, (d) if the events that would give rise to the repurchase of the Investor's Interest under the Development Deficit Agreement, or (e) if there is an event which results in a recapture or reduction of more than 10% of the Credits which is not cured by payment, after taking into account the adjustments in the Capital Contribution, the Special Limited Partner will have the right to remove the General Partner and eliminate the General Partner's interest in the Project Partnership. The new Partnership Agreement shall provide for notice and cure periods as agreed to by the parties to deal with the above-mentioned defaults.
10. Conditions to Closing. Investor's obligation to execute the Contribution Agreement and consummate the transaction contemplated hereunder shall be contingent upon the following:
- (a) Investor's receipt and approval of the following items:
 - (i) evidence of the required approval of the transaction by any governmental entity;
 - (ii) evidence of the Credit reservation;
 - (iii) evidence of payment by the General Partner of any taxes imposed on the transfer of the Limited Partnership Interest; and,
 - (iv) such other materials as reasonably required by Investor as part of its customary legal due diligence review.

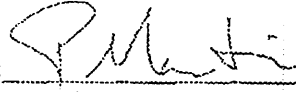
Investor has predicated this commitment on the financial projections it has prepared which are based upon the financial and other information furnished by the General Partner or its agents, as well as certain assumptions of the federal income tax consequences of this transaction.

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Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this commitment and returning it to the undersigned by June 21, 2003. We look forward to working with you on this transaction.

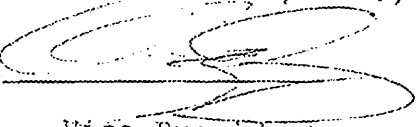
Very truly yours,

RELATED CAPITAL COMPANY

By: 
Patrick J. Martin
Executive Vice President

AGREED AND ACCEPTED:

Meridian West, Ltd.
TCG Meridian West, Inc., its sole general partner

By: 

Title: Vice President

Date: June 5, 2003

2. Letter signed by the Chairperson of the local County Housing Finance Authority which is Development-specific and includes the following:
 - (a) affirmation that all approvals precedent to the funding of the bonds have been obtained;
 - (b) affirmation that a commitment has been executed; and,
 - (c) affirmation that appropriate fees have been paid.

Note: Any commitment for financing containing a contingent FNMA or similar takeout provision will not be considered a firm commitment unless the agreement to purchase the loan executed by all parties is attached.

Syndication/HC Equity

- A firm commitment from a Housing Credit Syndicator is an agreement which is executed and accepted by all parties including the Applicant, is dated, and includes all terms and conditions of the agreement. In order for a syndication/equity commitment to be scored firm, it must expressly state the syndication rate (amount of equity being provided divided by the anticipated amount of credits the syndicator expects to receive), capital contribution pay-in schedule (stating the amounts to be paid prior to or simultaneously with the closing of construction financing and the amounts to be paid prior to completion of construction), the percentage of the anticipated amount of credit allocation being purchased, the total amount of equity being provided, and the anticipated Housing Credit Allocation. Additionally, in order for the commitment to be scored firm, 35% of the total equity being provided must be paid prior to or simultaneously with the closing of the construction financing. Proceeds from a bridge loan from the syndicator will count toward meeting this requirement; however, bridge loans from other sources will not count toward meeting this requirement.
- Applicants may submit a closed limited partnership agreement and it will be counted as firm. If the agreement fails to provide the items required for a commitment stated above, the Applicant must provide signed documentation from the purchaser of credits, i.e. limited partner, that provides the data requested in the previous paragraph.
- If not syndicating/selling the housing credits, the owner's commitment to provide equity must be included. The commitment must include the following:
 - the total amount of equity; and
 - the pay-in schedule stating the amounts to be paid prior to or simultaneously with the closing of construction financing and the amounts to be paid prior to the completion of construction; and
 - the anticipated Housing Credit Allocation.

- (a) borrower is a tax-exempt entity pursuant to a determination letter from the IRS;
- (b) the proposed Development is in compliance with the organization's chartered purpose; and,
- (c) proceeds from the requested bond issue may be used for the proposed Development.

2. Documentation of the following:

- (a) proof of TEFRA Hearing;
- (b) executed loan commitment between the borrower and the issuing Agency/Authority; and,
- (c) appropriate fees have been paid.

Note: Any commitment for financing containing a contingent FNMA or similar takeout provision will not be considered a firm commitment unless the agreement to purchase the loan executed by all parties is attached.

Any commitment subject to committee approval will not be considered a firm commitment.

❖ Syndication/HC Equity

- A firm commitment from a Housing Credit Syndicator is an agreement which is executed and accepted by all parties including the Applicant, is dated, and includes all terms and conditions of the agreement. In order for a syndication/equity commitment to be scored firm, it must expressly state the syndication rate (amount of equity being provided divided by the anticipated amount of credits the syndicator expects to receive), capital contribution pay-in schedule (stating the amounts to be paid prior to or simultaneously with the closing of construction financing and the amounts to be paid prior to completion of construction), the percentage of the anticipated amount of credit allocation being purchased, the total amount of equity being provided, and the anticipated Housing Credit Allocation. Additionally, in order for the commitment to be scored firm, 35% of the total equity being provided must be paid prior to or simultaneously with the closing of the construction financing. Proceeds from a bridge loan from the syndicator will count toward meeting this requirement; however, bridge loans from other sources will not count toward meeting this requirement.
- Applicants may submit a closed limited partnership agreement and it will be counted as firm. If the agreement fails to provide the items required for a commitment stated above, the Applicant must provide signed documentation from the purchaser of credits, i.e. limited partner, that provides the data requested in the previous paragraph.



February 23, 2002

Guilford Capital Corporation
2600 East South Boulevard, Suite 230
Montgomery, Alabama 36116-2542
(334) 282-3992 | Fax (334) 281-9488
www.guilfordcapital.com

Mr. Luis Gonzalez
The Carlisle Group, LLC
2937 S.W. 27th Avenue, Suite 303
Coconut Grove, FL 33133

Re: Heron Pond, Lehigh Acres, Florida (the "Project")
Heron Pond Apartments, Ltd. (the "Project Partnership")

Dear Luis:

Guilford Capital Corporation is pleased to extend the following firm commitment to purchase a limited partnership interest in the Project Partnership. This commitment is valid through December 31, 2002. We are always seeking to acquire equity interests in quality tax credit projects and have funds immediately available to close. We are a consistent long-term equity source with flexible, competitive transaction terms.

This letter will set forth the basic business terms to be included in an Agreement of Limited Partnership (the "Partnership Agreement") between Guilford Capital Corporation ("Guilford") or its designee ("Investor"), the Project Partnership and Heron Pond Apartments, Inc. (the "General Partner"). The General Partner, The Carlisle Group, LLC, Luis Gonzalez, Lloyd Boggio, and Bruce W. Greer (collectively, the "Guarantors") will guarantee the obligations of the General Partner. An entity affiliated with Investor will be admitted to the Project Partnership as a "Special Limited Partner" with certain limited supervisory rights.

Pursuant to the Partnership Agreement, Investor will make a capital contribution to the Project Partnership (the "Capital Contribution") in the amount of \$3,238,000, as set forth in Paragraph 1 below and will acquire a 99.99% limited partnership interest (the "Limited Partnership Interest") in the Project Partnership. The amount of the Capital Contribution was determined based on the assumption that the Project will receive an allocation of Low Income Housing Tax Credits ("Credits") from the appropriate agency in the amount of \$394,961. The Project will consist of 156 apartment units and 100% of the units are expected to qualify for Credits under Section 42 of the Internal Revenue Code.

1. Capital Contribution. The Capital Contribution is based on a price of 82¢ per dollar of aggregate Credits available to Investor, and is payable as follows:
 - (a) \$1,133,300 (35%) upon admission of Investor to the Project Partnership (the "Closing").
 - (b) \$485,700 (15%) upon 50% completion of construction ("50% Completion").

Guilford.

Payments (a) and (b), together with the construction loan, will provide sufficient funds to complete the Project paying up to 20% of the developer's fee and overhead and without funding any reserves. Guilford shall have the right to approve all construction draws and, at its option, to appoint an inspecting architect at the Project's expense.

- (c) \$987,590 (30.5%) upon completion of construction ("98% Construction Completion") as determined by the Project architect.
- (d) \$307,610 (9.5%) upon achieving break even ("Break Even").
- (e) \$323,800 (10%) upon stabilization ("Stabilization"). Stabilization is defined as permanent loan closing, receipt of 8609's, total rental income on a cash basis, less total operating expenses (including reserves) on an accrual basis, is 115% of the principal and interest due and payable on all mortgage indebtedness for three consecutive months. (115% debt service coverage is calculated at the underwritten 6.25%, 30-year amortization.)

Basis Adjuster: Installments (c) and (d) will be reduced or increased at the rate of 82¢ per dollar of credits if the actual credits, as certified by the Project Partnership's independent accountants, differ from the contracted amount. The increase shall be capped at \$250,000.

Timing Adjuster: Investor has calculated the capital contribution based on the assumption the Project Partnership will claim \$285,844 of credits during 2003; \$349,736 of credits during 2004; the full amount of the Project Partnership's credit allocation, each year, from 2005 through 2011; \$343,010 of credits during 2012; and \$63,892 of credits during 2013. In the event that the amount of credits allocable to the Investor for 2003 is less than \$285,844, the next equity installment due from the Investor will be reduced by 82¢ for the first \$285,844 of lost credits. In the event that the amount of credits allocable to the Investor for 2004 is less than \$349,736, the next equity installment due from the Investor will be reduced by 70¢ for each dollar of credits below such amounts.

2. **Debt.** Guilford will have the right to approve any and all Partnership debt. A variable rate bond issue with a term of not less than 15 years, with a Letter of Credit enhancement for a term of not less than 7 years, is the anticipated debt structure (herein referred to as the "Bonds"). The Letter of Credit must be in a form acceptable to Guilford and be in place at closing. It is anticipated that the General Partner will apply for a SAIL loan. If the loan is awarded, Guilford will approve such loan.
3. **Reserves.** Each reserve account must be in an interest-bearing account at a mutually acceptable bank requiring the joint signatures of the General Partner and Guilford.

Mr. Luis Gonzalez
February 25, 2002
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- a. Operating Reserve. There shall be deposited concurrently with the Stabilization installment of Guilford's pay-in \$257,000 into the Operating Reserve Account. To the extent that there is not equity sufficient to fully fund this reserve, the remaining amount shall be funded from first available cash flow. The General Partner also has the right to meet this reserve obligation by posting a letter of credit in the amount of six months' debt service coverage.

Should the General Partner fund the reserve from cash as opposed to a letter of credit, the General Partner shall have the right to utilize both principal and interest earned on this reserve to pay down principal on the bonds. Should the General Partner choose to do this, the reserve shall be built back up to the equivalent of six months' debt service on the Bonds within one year from first available cash flow. To the extent there is not available cash flow to build this reserve back up by the end of the one-year period, the General Partner will have to fund this deficit. At no time shall this reserve fall below \$125,000 without the written consent of Guilford Capital.

Any further operating deficits will be met by partner loans, made equally by the General Partner and Investor up to an aggregate of \$70,000 each, and all Cash From Operations shall be deposited into this reserve monthly until the balance of six months' debt service on the Bonds is restored. Should the General Partner receive any type of additional financing such as a SAIL or SHIP loan, the proceeds from these loans can be used to (a) restore the Operating Reserve, (b) pay down principal and interest on the Bonds, (c) pay other costs of the Project (including any unpaid deferred developer fee) provided that the Operating Reserve must be fully funded in an amount equal to six months' debt service on the Bonds.

- b. Repair & Replacement Reserve. There shall be deposited from operations beginning in the fifth month, after the Payment Upon Completion, an amount equal to $\$200 \times$ the number of units (156) divided by 12 months. The amount deposited will increase by 3% annually beginning on January 10 of the first calendar year that begins at least twelve months after the Payment Upon Completion.
4. Investor Service Fee. Compliance and operations are the responsibility of the Property Manager and the General Partner. Guilford Capital Corporation will provide investor services, will be reimbursed for its expenses in connection with investor services, and will be compensated \$5,000 annually ("Investor Service Fee"), commencing with the fifth month after the Payment Upon Completion.

5. **Syndication Cost Reimbursement.** The General Partner shall be responsible for reimbursing Guilford for a portion of the costs associated with syndication. Those costs are as follows:

- (a) Guilford's legal fees
- (b) Accountant's report
- (c) Tax Opinion
- (d) Initial Construction Inspection and Report
- (e) Guilford's Due Diligence costs

This reimbursement shall be in the amount of \$15,000.

6. **Project Partnership Allocations.** Income, loss and tax credits will be allocated 99.98% to the Investor, .01% to the General Partner, and .01% to the Special Limited Partner.

- (a) Cash From Operations is defined as, with respect to a given month, the gross receipts of the Project Partnership for such month less the following items for such month, including any accrued, but unpaid, items from a previous month, which shall be provided for in the following order and priority:
 - (i) Amounts disbursed in payment of operating expenses including, up to 60% of any other fees payable to the General Partner or an affiliate of the General Partner;
 - (ii) Debt service payments (but excluding any payments with respect to the developer's fee provided for in the Development Agreement or any loans to the Project Partnership by the Partners);
 - (iii) The balance of the subordinated management fee and the Investor Service Fee;
 - (iv) Reserves required by this firm commitment and/or any regulatory agency;
 - (v) Other reasonable reserves as determined by the General Partner for anticipated obligations, contingencies, and working capital (only as approved by the Investor);
 - (vi) ~~Payments for capital improvements and replacements to the extent not paid out of reserves;~~

- (vii) Payments to any required escrow accounts but not the payments from such accounts;
- (viii) Payments equally to repay any special partner loans;
- (ix) Payments equally to repay any loans from Partners (including, but not limited to, any outstanding loans under the Guaranty Agreements); and
- (x) Payment of a deferred developer's fee plus accrued interest thereon.

During the period prior to Stabilization, the General Partner/Guarantors will pay all operating deficits, and the General Partner shall be entitled to all distributable cash from operations from the period prior to Stabilization; provided, however, that 50% of any such distributable cash from operations shall be held in reserve by the General Partner until Stabilization at which point the General Partner may elect to use such funds to fund the initial operating reserve deposit or any other obligations of the Project Partnership. To the extent such funds are not so required, the General Partner may distribute any remaining portion of such reserve to the General Partner as an incentive leasing fee.

After Stabilization, distributable cash from operations shall be distributed on a quarterly basis as outlined below:

- (xi) 80% to the General Partner (as an incentive management fee);
 - (xii) 20% to Investor.
- (b) Distributable cash from sale or refinancing shall be distributed as follows:
- (i) Necessary and customary expense of sale paid to non-affiliates.
 - (ii) Pro rata to the partners to repay any outstanding loans.
 - (iii) Of the remaining proceeds, 80% to the General Partner and 20% to Investor.

7. Property Management: Guilford must approve any and all property managers. No property management agreement may be for a period longer than one year. The property management company must have a fidelity bond in an amount acceptable to Guilford. Subject to due diligence, Guilford hereby approves Carlisle Property

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Management as the initial property management company, at a fee equal to 5% of collected revenue, but Guilford reserves the right to approve the renewal of such agreement, which approval shall not be unreasonably withheld. Guilford must approve the amount of the property management company's fidelity bond.

8. Guaranties. The following guaranties must be provided by the Guarantors:

- (a) Completion Guaranty: Completion of the Project within fifteen months of close of the construction loan and Guilford equity; however, no later than November 1 of the year which is the second calendar year of the tax credit reservation. Guaranty that the schedule of total sources and uses of funds, as provided by the General Partner, which shall be in form acceptable to Guilford, are sufficient to pay all development costs of the Project, and, during the period prior to Stabilization, the General Partner/Guarantors guarantee to pay all operating deficits. The General Partner/Guarantors guarantee to fund any cost overruns associated with the Project. The Guarantors agree that if any of the developer's fee shall remain unpaid at the end of thirteen years from the placed-in-service date of the Project, Guarantors will fund (in the form of a non interest-bearing loan repaid as below) that amount to the Project Partnership to pay such fee.
- (b) Operating Deficit Guaranty: Guaranty to pay all operating deficits, including reserve deposits, costs of audits, tax returns, Investor Service Fee, etc. This Guaranty shall exist for the later of a period of three years, beginning with Stabilization, or until the Operating Deficit Reserve reaches six months' debt service on the Bonds.
- (c) Tax Credit Guaranty: Guaranty that the tax credits will not be lost for any reason, including, but not limited to, failure of the Project to have nonrecourse financing. Guarantors shall not have any obligation under the Tax Credit Guaranty if the Project Partnership is not eligible for Credits, or is eligible for a reduced amount of Credits, at any time during the Credit Period solely because of the repeal or amendment of Section 42 of the Code.

All payments under the Completion Guaranty Agreement and the Operating Deficit Guaranty Agreement shall be in the form of a non interest-bearing loan to the Project Partnership to be repaid out of "Cash From Operations" or "Distributable Cash From Sale or Refinancing Proceeds" as outlined above.

The Partnership Agreement and Guaranty Agreements shall provide for adjusters to the Investor's equity contribution, and the right for the Investor's interest to be repurchased in the event: (i) the Project is not completed by a specified date;

and/or (ii) the Project Partnership does not receive at least 80% of projected credits.

- (d) **Interest Rate Risk Guaranty:** The Investor and the General Partner agree that, during the Operating Deficit Guaranty Period, the Guarantors shall be responsible for any Operating Deficits occasioned by any increase in debt service costs attributable to the variable rate of interest Bond financing obtained by the Project Partnership. Upon the termination of the Operating Deficit Guaranty, the Interest Rate Risk Guaranty shall become effective in accordance with the basic terms outlined herein as more fully developed in the Interest Rate Risk Guaranty Agreement to be executed and delivered by the Guarantors at the Closing. The Interest Rate Risk Guaranty is designed and intended to protect the Project Partnership from operating deficits suffered by it as a result of certain increases (above the Ceiling Rate as hereafter defined) to the variable rate of interest financing which the General Partner has elected to utilize for the Project. Prior to the Closing of the Investor's equity investment in the Project Partnership, the General Partner and the Investor will agree, acting reasonably based upon their collective review of the projected financial projections prepared by the accountants, upon a mutually acceptable ceiling for the "all in" (first mortgage debt service) interest rate on the Bonds (the "Ceiling Rate"). In the event that the actual rate of interest on the variable rate financing exceeds the Ceiling Rate at any time, the Investor shall be entitled to call upon the Guarantors to pay to the Investor an amount equal to the difference (the "Difference") between (a) the total calculated debt service costs projected at the Ceiling Rate for the relevant time period (the "Projected Ceiling Rate Debt Service") and (b) the debt service costs actually incurred by the Project Partnership on the variable rate financing for the relevant time period (the "Actual Excess Debt Service"); provided, however, that the obligations of the Guarantors pursuant to the Interest Rate Risk Guaranty shall be limited to the lesser of (i) the Difference and (ii) the amount of any operating deficit incurred by the Project Partnership due to the Difference. The Investor agrees that the Operating Reserve may, upon the written request of the General Partner, be used to fund any such amounts; provided, however, that the Operating Reserve shall not be depleted below \$125,000 at any time without the prior written consent of the Investor. In the event that any of the Operating Reserve is, at any time, used to fund any such obligations of the Guarantors, then the Operating Reserve shall be restored to the equivalent of six months' debt service within one year from the date of any such withdrawal from said reserve from first available cash flow. To the extent there is not available cash flow to restore this reserve to an amount equal to six months debt service at the end of the one-year period, the Guarantors shall be required to

restore the Operating Reserve to an amount equal to six months debt service. At no time shall this reserve fall below \$125,000 without the written consent of Guilford Capital.

In the event that the Project Partnership secures a fixed rate permanent loan to replace the contemplated variable rate financing, the Interest Rate Risk Guaranty shall be terminated. In no event shall any Interest Rate Risk Guaranty (personal or corporate) be required if a permanent fixed rate of interest on the first mortgage loan is ultimately obtained by the Project Partnership.

In addition, personal guaranties (but not corporate) will be released when: (a) the six months' Operating Reserve has been fully funded, and (b) the Project has reached Stabilization as defined herein. It is understood that the personal guaranties will be re-instituted only if certain clearly defined events occur:

- (i) Failure to have adequate interest rate protection. Such protection will be deemed to have been obtained if any of the following have occurred:
 - (a) The Project Partnership has secured an agreed interest rate cap reasonably acceptable to the Investor; or
 - (b) The Project Partnership has secured an agreed swap reasonably acceptable to the Investor; or
 - (c) The Operating Reserve has been increased and is at all times maintained at an amount equal to six months' "all-in" debt service based on the debt service for the current month (but never less than \$257,000).

In the event the General Partner provides additional guarantors acceptable to Guilford, the General Partner's guaranties may be restructured accordingly.

9. Reports. The General Partner shall promptly provide Guilford with:

- (a) A monthly cash flow statement and rent roll (as of the last day of the month).
- (b) Quarterly: unaudited taxable income and loss statement, statement of cash distributions for such quarter, and balance sheet for the Project Partnership.

- (c) **Annually: unqualified audited financial statements on the Project Partnership, in a form acceptable to the Investor, signed and certified financial statements on the Guarantors, a report detailing the activities and operations of the Project Partnership and each reserve account, a copy of the annual compliance report from FHFA, a twelve-month operating budget for the upcoming year, and a report detailing maintenance of the Project accompanied by photographs of the Project.**
 - (d) **Upon Stabilization, the General Partner shall send copies of all executed leases, tenant certifications and any lease addenda to the Investor. After delivery of the initial lease package described in the foregoing sentence, the General Partner shall provide tenant certifications and executed leases, along with any lease addenda, on a quarterly basis. In the event of a compliance violation by the General Partner, the General Partner shall provide tenant certifications upon execution of any additional leases. Furthermore, the General Partner shall notify the Investor, via one of the above-mentioned methods, each time a tenant moves out, including unit identification, tenant name, and move-out date. Also, the General Partner shall send all annual recertifications of the tenant certifications to the Investor, through one of the above-mentioned methods.**
 - (e) **Such additional reports as Guilford may reasonably request.**
 - (f) **Prior to February 15 of each year, the General Partner will provide Guilford with its K-1's prepared by the Accounting Firm, the Project Partnership's tax return prepared by the Accounting Firm, and any other tax related items reasonably requested by the Accounting Firm.**
 - (g) **Prior to April 1 of each year, the General Partner will cause the Project Partnership to provide an executed original of an unqualified opinion audit for the preceding year prepared in accordance with GAAP.**
10. **Project Partnership Accountants: The Project Partnership shall employ, at the Project Partnership's expense, the firm of Reznick Fedder & Silverman, CPA's, or an accounting firm approved by Guilford (the "Accounting Firm"). The Accounting Firm shall prepare the Accountant's Report prior to closing of Guilford's investment in the Project Partnership. The Accounting Firm shall represent the Project Partnership in all matters concerning tax credits and shall file all tax returns and all other reports of an accounting nature required under the Code and any and all other related programs.**
11. **Tax Opinion: The Project Partnership shall provide Guilford a tax opinion, in form acceptable to Guilford, prior to closing of Guilford's investment in the**

Project Partnership. The tax attorney to prepare the tax opinion must be of the law firm of Powell, Goldstein, Frazer & Murphy, of Washington, D.C., or an attorney approved by Guilford.

12. **Non-Disclosure:** During the term of this firm commitment and the term of the Project Partnership, the parties to this agreement shall be bound not to disclose any of the terms or conditions herein or any and all documents related to the Project Partnership, the General Partner, and Guilford except to the Project Partnership's construction lender and such investors or prospective investors as Guilford shall see fit.
13. **Diligence Period:** This entire offer is made based upon the General Partner's and Developer's representations as to all facts regarding the Project, including, but not limited to, the credit worthiness and financial viability of the General Partner, Project Partnership, and Guarantors. This entire offer is subject to the satisfactory completion of Guilford Capital's due diligence, and Guilford Capital's confirmation of all facts represented to it by the General Partner and Developer. The diligence period will commence on the date Guilford acknowledges receipt of all information and end sixty days later.
14. **Exclusive Rights.** For a period beginning the date this firm commitment is signed by all parties and ending with the end of the diligence period, unless both parties agree to extend, Guilford shall have the exclusive right to cause one or more of its funds to provide the equity capital for the Project Partnership. Neither the General Partner nor any of its affiliates shall negotiate with any other party in this regard.
15. **Removal of General Partner.** The General Partner may be removed for cause. Guilford shall allocate 0.01% of its interest (as set forth above) to Guilford Realty Corporation, which shall serve as a Special Limited Partner in the Project Partnership. The Special Limited Partner shall not have any control of the Project Partnership unless the General Partner withdraws or is removed pursuant to the Partnership Agreement.
16. **Plans and Specifications.** Plans and Specifications must be provided for the Project. The Project Partnership will employ an independent inspecting architect or construction consultant to be selected by Guilford and the construction lender jointly.
17. **Conditions to Closing.** Investor's obligation to execute the Partnership Agreement and consummate the transaction contemplated hereunder shall be contingent upon receipt and approval of the following items:

- (a) Evidence of the required approval of the transaction by any governmental entity;
- (b) Evidence of the Credit reservation;
- (c) Evidence of payment by the General Partner of any taxes imposed on the transfer of the Limited Partnership interest; and
- (d) Such other materials as reasonably required by Investor as part of its customary legal due diligence review.

18. Special Provisions:

- a. The General Partner and the Investor will be entitled to make background and credit checks on each other; the General Partner and the Investor will be entitled to make background and credit checks on the Guarantors.
- b. Guilford shall employ an independent inspecting architect or construction consultant, the expense of which, including, but not limited to, all costs incurred prior to closing as a result of construction documentation review during the due diligence process, shall be borne by the Project Partnership (or General Partner, if the Project Partnership is unable). The Project Partnership or General Partner shall reimburse Guilford Capital to the extent it has paid any amounts to such inspecting architect or construction consultant.
- c. It is Guilford's understanding that the rent structure agreed to in the application is 4.49% of the units at 35% of the area median income and 95.51% of the units at 60% of the area median income.
- d. If the General Partner fails to close this transaction as contemplated herein, the General Partner shall reimburse Guilford Capital Corporation and its affiliates for all its out-of-pocket expenses. At such time as Guilford Capital Corporation has been reimbursed in full, Guilford Capital Corporation will relinquish its rights herein.

Any change to the information provided to us, or any change to our assumptions after the due diligence review, could affect our financial projections and, thus, the amount and terms of the Capital Contribution. Investor has predicated this commitment on the financial projections it has prepared which are based upon the financial and other information furnished by the General Partner or its agents, as well as certain assumptions of the federal income tax consequences of this transaction. Many regulations remain to be issued under various tax acts and many tax provisions contain ambiguities. The issuance of regulations or other resolution of such ambiguities, or any other changes in these tax assumptions, could affect the financial projections and, thus, the amount and terms of the Capital Contribution.

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Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this letter and returning it to the undersigned by March 4, 2002. We look forward to working with you on this transaction.

GUILFORD CAPITAL CORPORATION

By: 
W. Brett Cowden
As Its Assistant Vice President

Accepted and agreed to:

Heron Pond Apartments, Ltd.

By: **Heron Pond Apartments, Inc.**
As Its General Partner

By:


Luis Gonzalez
As Its Vice President

2002 Universal Scoring Summary

As of: 07/22/2002

File # 2002-054S

Development Name: Heron Pond

As Of:	Total Points	Met Threshold?	Proximity Tie-Breaker Points	Corporation Funding per Set-Aside Unit *	SAIL as Percentage of Total Development Cost
07 - 22 - 2002	71	Y	6.25	\$51,282.05	12.2%
Preliminary	71	Y	0	\$51,282.05	12.2%
NOPSE	71	Y	0	\$51,282.05	12.2%
Final	71	Y	6.25	\$51,282.05	12.2%
Post-Appeal	0	Y	0		0

*Corporation funding includes Local Government-issued tax-exempt bond financing

Scores:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Post-Appeal
1S	III	A	2.b	If SAIL Application for Development in one of these counties where no SAIL Application has ever been funded: Bay, Citrus, Leon, Nassau, Okaloosa, Okeechobee, St. Lucie or Santa Rosa	2	0	0	0	0
Optional Features & Amenities:									
2S	III	B	2.a	New Construction	9	9	9	9	0
2S	III	B	2.b	Rehabilitation/Substantial Rehabilitation	9	0	0	0	0
3S	III	B	2.c	All Developments Except SRO	12	12	12	12	0
3S	III	B	2.d	SRO Developments	12	0	0	0	0
4S	III	B	2.e	Energy Conservation Features	9	9	9	9	0
Demographic or Area Commitment:									
5S	III	D	1.	Florida Keys Area	7	0	0	0	0
5S	III	D	2.	RD 515 or RD 514/516	5	0	0	0	0
5S	III	D	3.	Elderly	5	5	5	5	0
5S	III	D	4.	Farmworker/Commercial Fishing Worker	5	0	0	0	0
5S	III	D	5.	Homeless	5	0	0	0	0
5S	III	D	6.	Urban In-Fill	5	0	0	0	0
5S	III	D	7.	Large Family	5	0	0	0	0
5S	III	D	8.	HOPE VI	5	0	0	0	0
5S	III	D	9.	Front Porch Florida	5	0	0	0	0

2002 Universal Scoring Summary

As of: 07/22/2002

File # 2002-054S

Development Name: Heron Pond

Scores:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Post-Appeal
Set-Aside Commitment:									
6S	III	E	2.	Commitment to Serve Lower AML	5	5	5	5	0
7S	III	E	3.	Total Set-Aside Commitment	3	3	3	3	0
8S	III	E	4.	Affordability Period	5	5	5	5	0
Resident Programs:									
9S	III	F	1.	Programs for Non-Elderly & Non-Homeless	6	0	0	0	0
9S	III	F	2.	Programs for Homeless (SRO & Non-SRO)	6	0	0	0	0
9S	III	F	3.	Programs for Elderly	6	6	6	6	0
10S	III	F	4.	Programs for All Developments	8	8	8	8	0
Local Government Support									
11S	IV		a.	Contributions	5	5	5	5	0
12S	IV		b.	Incentives	4	4	4	4	0

Reason(s) Scores Not Maxed:

Item #	Reason(s)	Created As Result of	Rescinded as Result of
1S	The proposed Development is not located in one of the stated counties.	Preliminary	
5S	The proposed Development is not located in the Florida Keys Area.	Preliminary	

Proximity Tie-Breaker Points:

Item #	Part	Section	Subsection	Description	Available	Preliminary	NOPSE	Final	Post-Appeal
1P	III	A	11.b.(1).	Grocery Store	1.25	0	0	1.25	0
2P	III	A	11.b.(2).	Public School	1.25	0	0	0	0
2P	III	A	11.b.(3).	Medical Facility	1.25	0	0	1.25	0
3P	III	A	11.b.(4).	Bus Stop or Metro-Rail Stop	1.25	0	0	0	0
4P	III	A	11.c.	Address/Location on FHFC Development Proximity List	3.75	0	0	3.75	0

Reason(s) for Failure to Achieve Selected Proximity Tie-Breaker Points:

Item #	Reason(s)	Created As Result of	Rescinded as Result of

2002 Universal Scoring Summary

As of: 07/22/2002

File # 2002-054S

Development Name: Heron Pond

Reason(s) for Failure to Achieve Selected Proximity Tie-Breaker Points:

Item #	Reason(s)	Created As Result of	Rescinded as Result of
1P	Applicant did not include the completed and executed Surveyor Certification and land survey map.	Preliminary	Final
2P	Applicant did not include the completed and executed Surveyor Certification and land survey map.	Preliminary	Final
3P	Applicant did not include the completed and executed Surveyor Certification and land survey map. Additionally, applicant did not indicate the distance to the selected service.	Preliminary	Final
4P	Applicant did not include the completed and executed Surveyor Certification and land survey map.	Preliminary	Final

2003 CURE FORM

**(Submit a SEPARATE form for EACH reason
relative to EACH Application Part, Section, Subsection and Exhibit)**

This Cure Form is being submitted with regard to Application No. 2003-097S and pertains to:

Part V Section E Subsection Exhibit No 56 (if applicable)

The attached information is submitted in response to the 2003 Universal Scoring Summary because:

- I. Preliminary Scoring and/or NOPSE scoring resulted in the imposition of a failure to achieve maximum points, a failure to achieve proximity tie-breaker points selected, and/or failure to achieve threshold relative to this form. Check applicable item(s) below:

	2003 Universal Scoring Summary	Created by:	
		Preliminary Scoring	NOPSE Scoring
<input type="checkbox"/> Reason Score Not Maxed	Item No. _____ S	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Reason Threshold Failed	Item No. <u> 1 </u> T	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input type="checkbox"/> Reason for Failure to Achieve Proximity Tie-Breaker Points Selected (MMRB/SAIL/HC Applications Only)	Item No. _____ P	<input type="checkbox"/>	<input type="checkbox"/>

OR

- II. Other changes are necessary to keep the Application consistent:

This revision or additional documentation is submitted to address an issue resulting from a Cure to Part Section Subsection Exhibit (if applicable).

Related  Capital Company
Capital Solutions

November 19, 2002
Revised February 21, 2003
Revised June 5, 2003

Mr. Luis Gonzalez
The Carlisle Group
2937 S.W. 27th Avenue, Suite 303
Coconut Grove, Florida 33133
Tel: 305-476-8118

Re: Meridian West, Key West, Florida (the "Project")
Meridian West Ltd. (the "Project Partnership")

Dear Mr. Gonzalez:

Related Capital Company is pleased to extend the following firm commitment to purchase a limited partnership interest in the Project Partnership. This commitment is valid through December 31, 2003. We are always seeking to acquire equity interests in quality tax credit projects and have funds immediately available to close. With over \$3.6 billion of tax credit eligible properties purchased to date, we are a consistent long-term equity source with flexible, competitive transaction terms.

This letter will set forth the basic business terms to be included in a Contribution Agreement (the "Contribution Agreement") and Agreement of Limited Partnership (the "New Partnership Agreement") between Related Capital Company ("RCC") or its designee ("Investor"), the Project Partnership, and TCG Meridian West, Inc. (the "General Partner"). The General Partner, Carlisle Development Group, LLC., Lloyd J. Boggio and Bruce Greer (collectively, the "Guarantors") will guarantee the obligations of the General Partner. An entity affiliated with Investor will be admitted to the Project Partnership as a "Special Limited Partner" with certain limited supervisory rights.

Pursuant to the Contribution Agreement, Investor will make a capital contribution to the Project Partnership (the "Capital Contribution") in the amount of \$8,210,000, as set forth in Paragraph 1 below and will acquire a 99.99% limited partnership interest (the "Limited Partnership Interest") in the Project Partnership. The amount of the Capital Contribution was

Related Capital Company • CharterMar • PW Funding Inc. • American Mortgage Acceptance Company

Related Capital Company • 625 Madison Avenue, New York, NY 10022 (212) 421-5353/Fax (212) 751-3350

relatedcapital.com

REVISED

determined based on the assumption that the Project will receive an allocation of Low-Income Housing Tax Credits ("Credits") from the appropriate agency in the amount of \$1,020,000 for 2002. The Project will consist of 102 apartment units and 100% of the units are expected to qualify for Credits under Section 42 of the Internal Revenue Code.

1. Capital Contribution. The Capital Contribution is based on a price of \$0.805 per dollar of aggregate Credits available to Investor, and is payable as follows:

(a) Equity Proceeds paid during construction of the Project: \$6,978,500, paid as follows:

(i) \$2,873,500 (35%) upon admission of Investor to the Project Partnership (the "Closing");

(ii) \$2,052,500 (25%) upon 50% completion of construction ("50% Completion") as determined by the project architect;

(iii) \$1,231,500 (15%) upon 75% completion of construction ("75% Completion") as determined by the project architect;

(iv) \$821,000 (10%) upon 98% completion of construction ("98% Completion") as determined by the project architect;

(b) \$1,231,500 (15%) upon the latest to occur (i) completion of construction and receipt of a permanent certificate of occupancy, or equivalent evidence of local occupancy approval for all units ("Completion"); (ii) qualification of 100% of the set-aside apartment units in the Project for Credits; (iii) final certification from the Project's accountants setting forth the Project's eligible basis and the amount of Credits to which the Project is entitled; or, (iv) the Break-Even Date (as hereinafter defined); (v) receipt of IRS forms 8609; (vi) final closing of the Project's permanent loan(s); or, (vii) achievement of both 95% occupancy and a 1.15 to 1 debt service coverage ratio on the Project's mandatory debt service, based on underwritten assumptions, in each case for three consecutive months ("Rental Achievement").

It is the intent of the parties that 85% of the Capital Contribution above will be paid prior to construction completion and prior to receipt of final certificate of occupancy.

Basis Adjuster: Installment (b) will be reduced or increased (subject to availability of funds) at the rate of \$0.805 per dollar of Credits if the actual Credits, as certified by the Project Partnership's independent accountants, differ from the contracted amount.

REVISED

Timing Adjuster: Investor has calculated the Capital Contribution based on the assumption that the Project Partnership will claim \$680,000 of Credits during 2004; the full amount of the Project Partnership's Credit allocation, each year, from 2005 through 2013; and, \$340,000 of Credits during 2014. In the event that the amount of Credits allocable to Investor for 2004 is less than \$679,864, installment (b) will be reduced by \$0.73 for each dollar of Credits below such amounts. In the event that the amount of Credits allocable to Investor for 2005 is less than \$1,019,796, installment (b) will be reduced by \$0.73 for each dollar of Credits below such amounts.

The above-mentioned adjusters are based on a July 2003 Closing. To the extent the Closing Date is different, the adjusters will be pro-rated. Any delay in excess of three months will be adjusted assuming a three month delay.

2. Partnership Allocations. Credits, profits and losses will be allocated 99.99% to Investor and .01% to the General Partner.

(a) Cash flow after operating expenses, debt service and replacement reserves will be allocated as follows:

First: to repay any Deferred Management Fees (as described in Paragraph 3 below);

Second: to pay the Special Limited Partner a \$5,000 cumulative annual Local Administrative Fee, such fee to be increased each year by 3%;

Third: to repay any Operating Loans made by the Guarantors, limited to 50% of such cash flow available for distribution;

Fourth: to pay the Deferred Developer Fee (as described in Paragraph 4(g) below);

Fifth: to the payment of the GP Supervisory Management Fee to the General Partner equal to 70% of remaining cash flow; and

Sixth: 50% to Investor and 50% to the General Partner.

(b) Net proceeds of a sale or refinancing will be allocated as follows:

First: to the Guarantors to repay any Operating Loans;

Second: to pay the balance of the Deferred Developer Fee;

Third: to repay the balance of any Deferred Management Fees (as described in Paragraph 3 below);

Fourth: to pay the Special Limited Partner the balance of any accrued Local Administrative Fees; and,

Fifth: 15% to Investor and 85% to the General Partner.

3. Management Fees. The General Partner may designate one of its affiliates to be the managing agent for the Project, subject to commercially reasonable terms and conditions, for an annual fee not to exceed 5% of the net rental income. If the managing agent is an affiliate of the General Partner, the property management agreement will be amended to provide that up to 40% of the management fee will be deferred ("Deferred Management Fees") if the Project does not operate at a break-even level.
4. Obligations of the General Partner.
- (a) Act as General Partner. The General Partner shall be responsible for the day-to-day management of the Project Partnership.
- (b) Development Deficit Guarantee. The Guarantors will guarantee completion of the improvements in a good and workmanlike manner substantially in accordance with the plans and specifications approved by Investor ("Approved Improvements") on or before the fifteen month anniversary of the Closing (the "Completion Date"). Either (i) the general contractor will provide a 100% payment and performance bond or (ii) each subcontractor not affiliated with the General Partner, having a contract price of at least \$250,000, will provide a 100% payment and performance bond. The guarantee will provide that the Guarantors will advance the amount (the "Development Deficit Guarantee Amount") by which the Cost of Development (as hereinafter defined) shall exceed the sum of (i) loan proceeds from any approved mortgage loan for the Project and (ii) the Capital Contribution. As used herein, the term "Cost of Development" shall mean all costs and expenses incurred in respect of the Project that are required to (i) complete the Approved Improvements and (ii) operate and maintain the Project until the Break-Even Date (as hereinafter defined). As used herein, the term "Break-Even Date" shall mean the date immediately following the first three month period following Completion for which the rental income from the Project on a monthly cash basis is sufficient to pay, on an accrual basis, all operating expenses of the Project, including, without limitation, mandatory debt service (at the rate in effect following the permanent loan commencement, whether or not permanent mortgage commencement shall have occurred); real estate taxes as reassessed; insurance premiums; management fees; and, replacement reserve deposits pursuant to Paragraph 4(d) below.

Any amounts advanced to pay the Development Deficit Guarantee Amount shall be considered a cost overrun and not be repayable. In addition, if (i) the Approved Improvements are not completed on or before the Completion Date (which date may be extended in the event of delays due to force majeure, but in no event longer than three months from the Completion Date); (ii) if prior to completing the Approved Improvements, there is an uncured default under, or termination of the construction loan, the permanent loan commitment, or other material documents; or, (iii) a foreclosure action is commenced against the Project, then either the General Partner will consent to the admission of the Special Limited Partner as the managing general partner of the Project Partnership or, at Investor's election, the Guarantors will repurchase the Limited Partnership Interest for an amount equal to 117% of the portion of Investor's Equity theretofore paid to the Project Partnership and pay the actual expenses incurred by Investor in connection with acquiring the limited partnership interests in the Project Partnership.

- (c) Operating Deficit Guarantee. The Guarantors will be obligated to loan to the Project Partnership all funds needed to cover operating deficits ("Operating Loans") during the three-year period commencing on the Break-Even Date (the "Guarantee Period") to a maximum amount equal to the greater of (i) 10% of the original principal balance of the Project Partnership's permanent first mortgage loan or (ii) \$475,000 (the "Guarantee Amount"). Such advances shall constitute interest-free loans ("Operating Loans") repayable out of 50% of future cash flow or sale or refinancing proceeds as described in Paragraph 2 above. No collateral is required for this guarantee. Related Capital Company has analyzed the Applicant's, Developer's, and Principals' net worth and determined that an Operating Deficit Reserve is not required for this project.
- (d) Replacement Reserve Guarantee. Commencing with the month following the Break-Even Date, the Project Partnership will make deposits to a replacement reserve in an amount not less than \$1,700 per month. In the event that the Project Partnership does not have sufficient funds to fund such reserves, the Guarantors will, following the Guarantee Period (as defined in section 4(c) above), be required to fund such reserve deposits *provided*, however, that the obligation of the Guarantors may be terminated at such time as the replacement reserve exceeds \$61,200 and the Project has achieved a debt service coverage ratio of 1.20 to 1 (on mandatory debt service) for at least three consecutive months. The obligation of the Guarantors to fund any deposits to a replacement reserve shall be inclusive of any deposits required to be funded by any mortgage lender, to the extent so funded.
- (e) Recapture Guarantee. In the event of a tax recapture of Credits previously received by Investor (a "Recapture Event"), the Guarantors shall be obligated to reimburse Investor for any recaptured Credits plus any associated penalties, interest or additional taxes due. The Guarantors shall not be liable for a Recapture Event caused by a change in law or actions of Investor or the Special Limited Partner.

Following the termination of the Guarantee Period (as defined in section 4(c) above), any liability of the Guarantors hereunder shall be satisfied by reducing the General Partner's shares of cash flow and sale or refinancing proceeds, including amounts otherwise payable against the Deferred Developer Fee. Any amounts due under the Recapture Guarantee shall bear interest at the rate of 11% per annum from the date of the Recapture Event until paid.

(f) Intentionally omitted

(g) Deferred Developer Fee. The portion of the developer fee that will not be paid out of the Capital Contribution (the "Deferred Developer Fee") will be payable out of available cash flow pursuant to Paragraph 2(a) above and will mature on the 15th anniversary of the placed-in-service date ("Maturity"). If, at Maturity, the Deferred Developer Fee has not been paid in full, the General Partner will be required to advance to the Project Partnership, as a capital contribution, an amount equal to the unpaid balance of the Deferred Developer Fee so that the balance of the Deferred Developer Fee may be paid in full.

(h) Intentionally omitted

5. Reporting. The Project Partnership will be required to furnish Investor with (a) quarterly unaudited financial statements within 45 days after the end of each quarter of the fiscal year; (b) annual audited financial statements within 60 days after the end of each fiscal year; (c) an annual budget for each fiscal year of the Project Partnership, not later than November 1 of the preceding year; and, (d) the Project Partnership's tax returns and K-1 forms within 45 days after the end of each fiscal year. The independent accountants for the Project Partnership may be chosen by the General Partner, subject to Investor's reasonable approval.
6. Insurance. The Project Partnership will be required to maintain fire and other casualty insurance in an amount equal to the full replacement cost of the Project (excluding land) at all times. Investor and the Special Limited Partner must be named as additional insured on a general liability policy having a general aggregate of not less than \$2 million and umbrella liability coverage of not less than \$5 million.
7. Tax Elections. The General Partner will agree to cause the Project Partnership to make all elections with respect to the Credits and all other tax elections as directed by Investor.
8. Representations, Warranties and Professional Certifications. The Contribution Agreement and other documents shall contain, among other items, customary representations and warranties of the General Partner and Guarantors with respect to the status of the Project Partnership and its rights and authority to enter into the subject transactions and the status of the construction of the improvements. The General Partner

also will provide: (a) current financial statements for the General Partner and the Guarantors prepared in accordance with A.I.C.P.A. standards; (b) customary opinions of counsel and opinions or certificates of other related professionals with respect to the Project, the Project Partnership and the construction of the Approved Improvements; and, (c) an ALTA Owner's Title Insurance Policy which shall insure the Project Partnership's title as owner of the Project, in an amount equal to the sum of the Capital Contribution plus the Project's permanent mortgage loan(s).

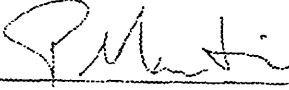
9. Special Limited Partner Rights. Special Limited Partner consent will be required (a) to sell or refinance the Project, (b) to withdraw, admit or substitute general partners, or (c) to sell, assign, encumber or pledge the general partnership interests. In addition, (a) if the General Partner materially violates its fiduciary responsibility, (b) if the General Partner or Project Partnership materially breach their respective obligations and commitments, (c) the General Partner becomes bankrupt, (d) if the events that would give rise to the repurchase of the Investor's Interest under the Development Deficit Agreement, or (e) if there is an event which results in a recapture or reduction of more than 10% of the Credits which is not cured by payment, after taking into account the adjustments in the Capital Contribution, the Special Limited Partner will have the right to remove the General Partner and eliminate the General Partner's interest in the Project Partnership. The new Partnership Agreement shall provide for notice and cure periods as agreed to by the parties to deal with the above-mentioned defaults.
10. Conditions to Closing. Investor's obligation to execute the Contribution Agreement and consummate the transaction contemplated hereunder shall be contingent upon the following:
- (a) Investor's receipt and approval of the following items:
- (i) evidence of the required approval of the transaction by any governmental entity;
 - (ii) evidence of the Credit reservation;
 - (iii) evidence of payment by the General Partner of any taxes imposed on the transfer of the Limited Partnership Interest; and,
 - (iv) such other materials as reasonably required by Investor as part of its customary legal due diligence review.

Investor has predicated this commitment on the financial projections it has prepared which are based upon the financial and other information furnished by the General Partner or its agents, as well as certain assumptions of the federal income tax consequences of this transaction.

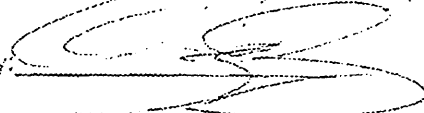
Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this commitment and returning it to the undersigned by June 21, 2003. We look forward to working with you on this transaction.

Very truly yours,

RELATED CAPITAL COMPANY

By: 
Patrick J. Martin
Executive Vice President

AGREED AND ACCEPTED:
Meridian West, Ltd.
TCG Meridian West, Inc., its sole general partner

By: 
Title: Vice President

Date: June 5, 2003

2003 CURE FORM

(Submit a SEPARATE form for EACH reason
relative to EACH Application Part, Section, Subsection and Exhibit)

This Cure Form is being submitted with regard to Application No. 2003-097S and pertains to:

Part ___ Section ___ Subsection ___ Exhibit No. ___ (if applicable)

The attached information is submitted in response to the 2003 Universal Scoring Summary because:

- I. Preliminary Scoring and/or NOPSE scoring resulted in the imposition of a failure to achieve maximum points, a failure to achieve proximity tie-breaker points selected, and/or failure to achieve threshold relative to this form. Check applicable item(s) below:

	2003 Universal Scoring Summary	Created by:	
		Preliminary Scoring	NOPSE Scoring
<input type="checkbox"/> Reason Score Not Maxed	Item No. _____ S	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Reason Threshold Failed	Item No. _____ T	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Reason for Failure to Achieve Proximity Tie-Breaker Points Selected (MMRB/SAIL/HC Applications Only)	Item No. _____ P	<input type="checkbox"/>	<input type="checkbox"/>

OR

- II. Other changes are necessary to keep the Application consistent:

This revision or additional documentation is submitted to address an issue resulting from a Cure to Part V Section E Subsection _____ Exhibit 60 (if applicable).

**Brief Statement of Explanation regarding
Application 2003-097S**

Provide a separate brief statement for each Cure or NOAD.

The Applicant provided as a source of construction financing, a Bridge Loan Commitment in the amount of \$801,737.00

This was not counted as firm because it was not contained with the Equity Commitment.

To cure this deficiency, the Applicant is providing a revised Bridge Loan Commitment for \$801,737.00 from the syndicator, Related Capital Company which is a part of the Equity Commitment. The Bridge Loan Commitment dated June 16, 2003, has been signed by both parties and serves to amend and become a part of the equity commitment submitted with the Application.

Page 61 of the Instructions states, in pertinent part:

A bridge loan contained within a syndication commitment will be counted as a firm commitment if the syndication commitment is scored firm. A demonstration of the ability to fund is not required for the bridge loan in order for the syndication commitment to be scored firm.

The Applicant has provided a firm source of funding for the amount and no longer has a funding shortfall and should, therefore, pass threshold for this item.

Related Capital Company
Capital Solutions

June 16, 2003

Mr. Luis Gonzalez
 The Carlisle Group
 2937 S.W. 27th Avenue, Suite 303
 Coconut Grove, FL 33133
 Tel: 305-476-8118

Re: Meridian West, Key West, Florida (the "Project")
Meridian West, Ltd. (the "Project Partnership")

Dear Mr. Gonzalez:

Related Capital Company is pleased to offer this amendment to the firm commitment dated November 19, 2002, Revised February 21, 2003, and Revised Again, June 5, 2003 and accepted by you on June 5, 2003, to purchase a limited partnership interest in the Project Partnership (the "Syndication Commitment"). This amendment is incorporated into the Syndication Commitment and shall be treated for all purposes as being contained within the Syndication Commitment. All capitalized terms not defined in this amendment shall have the meaning assigned to them in the Syndication Commitment.

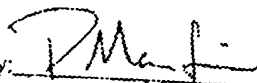
We will provide to the Project Partnership a bridge loan in the amount of \$801,737.00 ("the Bridge Loan"). The Bridge Loan will carry an interest rate equal to eleven percent (11%) simple interest per annum and will be repaid from Equity Proceeds as described in Section 1 of the Syndication Commitment. The Bridge Loan will be guaranteed by the Guarantors, and will mature twenty-four (24) months from admission of Investor to the Project Partnership.

This commitment for the Bridge Loan is valid through June 30, 2004. The Syndication Commitment is extended to be valid through that date, as well.


Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this letter and returning it to the undersigned by June 30, 2003. We look forward to working with you on this transaction.

Very truly yours,

RELATED CAPITAL COMPANY

By: 
 Patrick J. Martin
 Executive Vice President

AGREED AND ACCEPTED:

By: 
 Title: Vice President

Date: June 16, 2003

Meridian West / 2003-097S

Part V. Section E

The Applicant submitted an equity commitment in the original Application that referenced a "Predevelopment Loan" in the first installment of the Capital Contributions from the Syndicator, but since the Syndicator is not a regulated financial institution, FHFC did not count loan as a funding commitment. The Applicant then attempted to cure this funding commitment as well as another issue with the Equity Commitment by submitting a "REVISED" equity commitment that removes the "Predevelopment Loan" reference in the original commitment and adds, as an additional document, an amendment to the equity commitment for a bridge loan in the amount of \$801,737.

Unfortunately, the Applicant failed to stamp "REVISED" on the bridge loan commitment (Exhibit A) and per Rule 67-478 "failure to mark each new page(s) 'revised' will result in the Corporation not considering the revisions, changes or additions to that new page".

Therefore, FHFC should not consider the Bridge Loan equity in the Applicant's proforma leaving a shortfall in the financial analysis.

Important! If not syndicating/selling the housing credits, evidence of ability to fund, as defined under Firm Commitment above, must be provided as an exhibit to the Application. Additionally, in order for the commitment to be scored firm, 35% of the total equity being provided must be paid prior to or simultaneously with the closing of the construction financing. Proceeds from a bridge loan will NOT count toward meeting this requirement.

- If the amount of housing credits requested on the funding request form is less than the anticipated amount of credit allocation stated in the equity/owner/syndication commitment, the commitment will not be considered a source of financing.
- A bridge loan contained within a syndication commitment will be counted as a firm commitment if the syndication commitment is scored firm. A demonstration of the ability to fund is not required for the bridge loan in order for the syndication commitment to be scored firm. The Applicant may include the amount of the bridge loan as equity proceeds on the Construction or Rehabilitation Analysis and on the Permanent Analysis. The bridge loan amount will be counted as equity proceeds for meeting the 35% requirement stated in the first bullet of this section.

Only information contained within this Application will be considered for purposes of threshold determination or appeal. However, the Applicant acknowledges that verification of ALL information contained in this Application will be obtained and any funding award preliminarily secured by the Applicant is expressly conditioned upon such verification and the successful completion of credit underwriting. Further, Florida Housing expressly reserves the right to verify and confirm Local Government contributions during the scoring and appeals processes.

The Application requires complete information on all sources of Development funding, including any Developer contributions, and the proposed uses of those funds. All loans, grants, donations, syndication proceeds, etc., should be detailed in this Application.

THRESHOLD REQUIREMENTS

Requirements to meet Threshold include:

1. None of the items described in Rule Chapters 67-21 and/or 67-48, F.A.C., has caused the rejection of the Application by the Corporation.
2. All applicable pages and exhibit forms of the Application must be completed.
3. Applicant must submit one "Original Hard Copy" Application labeled "Original" and three photocopies of the "Original Hard Copy" Application. MMRB Applicants that will participate in the HUD Risk Sharing Program must submit one additional photocopy of the "Original Hard Copy" Application.

Reorder No. 5126N
JULIUS BLUMBERG, INC.
NYC 10013
©10% P.C.W.

Related  Capital Company
Capital Solutions

March 28, 2003

Mr. Luis Gonzalez
The Carlisle Group
2937 S.W. 27th Avenue, Suite 303
Coconut Grove, Florida 33133
Tel: 305-476-8118

Re: Meridian West Apartments, Key West, Florida (the "Project")
Meridian West, Ltd. (the "Project Partnership")

Dear Mr. Gonzalez:

We are pleased to offer you a firm commitment for a bridge loan for the above mentioned Project in an amount not to exceed \$1,100,000 (the "Loan Amount"). This commitment is valid through December 31, 2003. This financing is available in conjunction with the Equity Commitment from Related Capital Company, and is subject to the closing of the transaction set forth in the Equity Proposal attached hereto. The bridge loan will carry an interest rate equal to eleven percent (11%) and will be repaid from Equity Installments (b), as described in Section 1 of the Equity Commitment. The bridge loan will be guaranteed by the Guarantors described in the Equity Proposal, and will mature twenty-four (24) months from admission of Investor to the Project Partnership.


Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this letter and returning it to the undersigned by April 25, 2003. We look forward to working with you on this transaction.

Very truly yours,

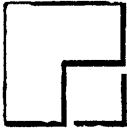
RELATED CAPITAL COMPANY

By: 
Patrick J. Martin
Executive Vice President

AGREED AND ACCEPTED:

Meridian West, Ltd.
TCG Meridian West, Inc., its sole general partner
By: 
Title: Vice President

Date: April 1, 2003
Related Capital Company • CharterMac • PW Funding Inc. • American Mortgage Acceptance Company



Related Capital Company
625 Madison Avenue
New York, New York 10022-1801
212-421-5333 Fax 212-751-3550
www.relatedcapital.com

One of The Related Companies

April 8, 2002

Mr. Luis Gonzalez
The Carlisle Group
2937 S.W. 27th Avenue, Suite 303
Coconut Grove, Florida 33133
Tel: 305-476-8118

Re: Meridian West, Key West, Florida (the "Project")
Meridian West, Ltd. (the "Project Partnership")

Dear Mr. Gonzalez:

We are pleased to offer you a firm commitment for a bridge loan for the above mentioned Project in an amount not to exceed \$1,500,000 (the "Loan Amount"). This commitment is valid through June 30, 2003. This financing is available in conjunction with the Equity Commitment from Related Capital Company, and is subject to the closing of the transaction set forth in the Equity Proposal attached hereto. The bridge loan will carry an interest rate equal to eleven percent (11%) and will be repaid from Equity Installment (a)(iii) and (b), as described in Section 1 of the Equity Commitment. The bridge loan will be guaranteed by the Guarantors described in the Equity Proposal, and will mature twenty-four (24) months from admission of Investor to the Project Partnership.

Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this letter and returning it to the undersigned by April 25, 2002. We look forward to working with you on this transaction.

Very truly yours,

RELATED CAPITAL COMPANY

By: Patrick J. Martin

Patrick J. Martin
Executive Vice President

AGREED AND ACCEPTED:

By: [Signature]

Title: Vice President

Date: 4/9, 2002

2002 Universal Scoring Summary

As Of:	Total Points	Met Threshold?	Proximity Tie-Breaker Points	Corporation Funding per Set-Aside Unit	SAL as Percentage of Total Development Cost
07 - 22 - 2002	73	Y	7.25	\$67,493.92	7.59%
Preliminary	71	N	7.25	\$67,493.92	7.59%
NOPSE	71	N	7.25	\$67,493.92	7.59%
Final	73	Y	7.25	\$67,493.92	7.59%
Post-Appeal	0	Y	0		0

*Corporation funding includes Local Government-issued tax-exempt bond financing

Scores:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Post-Appeal
1S	III	A	2.b	If SAIL Application for Development in one of these counties where no SAIL Application has ever been funded: Bay, Citrus, Leon, Nassau, Okaloosa, Okeechobee, St. Lucie or Santa Rosa	2	0	0	0	0
Optional Features & Amenities:									
2S	III	B	2.a	New Construction	9	9	9	9	0
2S	III	B	2.b	Rehabilitation/Substantial Rehabilitation	9	0	0	0	0
3S	III	B	2.c	All Developments Except SRO	12	12	12	12	0
3S	III	B	2.d	SRO Developments	12	0	0	0	0
4S	III	B	2.e	Energy Conservation Features	9	9	9	9	0
Demographic or Area Commitment:									
5S	III	D	1.	Florida Keys Area	7	7	7	7	0
5S	III	D	2.	RD 515 or RD 514/516	5	0	0	0	0
5S	III	D	3.	Elderly	5	0	0	0	0
5S	III	D	4.	Farmworker/Commercial Fishing Worker	5	0	0	0	0
5S	III	D	5.	Homeless	5	0	0	0	0
5S	III	D	6.	Urban In-Fill	5	0	0	0	0
5S	III	D	7.	Large Family	5	0	0	0	0
5S	III	D	8.	HOPE VI	5	0	0	0	0
5S	III	D	9.	Front Porch Florida	5	0	0	0	0

As of: 07/22/2002

2002 Universal Scoring Summary

File # 2002-057CS

Development Name: Meridian West Apartments

Scores:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Post-Appeal
Set-Aside Commitment:									
6S	III	E	2.	Commitment to Serve Lower AMI	5	5	5	5	0
7S	III	E	3.	Total Set-Aside Commitment	3	3	3	3	0
8S	III	E	4.	Affordability Period	5	5	5	5	0
Resident Programs:									
9S	III	F	1.	Programs for Non-Elderly & Non-Homless	6	6	6	6	0
9S	III	F	2.	Programs for Homless (SRO & Non-SRO)	6	0	0	0	0
9S	III	F	3.	Programs for Elderly	6	0	0	0	0
10S	III	F	4.	Programs for All Developments	8	8	8	8	0
Local Government Support									
11S	IV		a.	Contributions	5	5	5	5	0
12S	IV		b.	Incentives	4	2	2	4	0

Reason(s) Scores Not Maxed:

Item #	Reason(s)	Created As Result of	Rescinded as Result of
1S	The proposed Development is not located in one of the stated counties.	Preliminary	
12S	Applicant failed to submit Exhibit 36 and Exhibit 39.	Preliminary	Final

Threshold(s) Failed:

Item #	Part	Section	Subsection	Description	Reason(s)	Created As Result of	Rescinded as Result of
1T	III	C	1	Ability to Proceed	Applicant failed to provide the properly completed and executed Local Government Verification of Status of Site Plan Approval.	Preliminary	Final
2T	III	C	4	Zoning and Land Use	Applicant failed to provide the properly completed and executed Local Government Verification that Development is Consistent with Zoning and Land Use Regulations.	Preliminary	Final

Proximity Tie-Breaker Points:

Item #	Part	Section	Subsection	Description	Available	Preliminary	NOPSE	Final	Post-Appeal
1P	III	A	11.b.(1).	Grocery Store	1.25	1	1	1	0
2P	III	A	11.b.(2).	Public School	1.25	1.25	1.25	1.25	0

2002 Universal Scoring Summary

As of: 07/22/2002

File # 2002-057CS

Development Name: Meridian West Apartments

Proximity Tie-Breaker Points:

Item #	Part	Section	Subsection	Description	Available	Preliminary	NOPSE	Final	Post-Appeal
2P	III	A	11.b.(3).	Medical Facility	1.25	0	0	0	0
3P	III	A	11.b.(4).	Bus Stop or Metro-Rail Stop	1.25	1.25	1.25	1.25	0
4P	III	A	11.c.	Address/Location on FHFC Development Proximity List	3.75	3.75	3.75	3.75	0

- If not syndicating/selling the housing credits, the owner's commitment to provide equity must be included. The commitment must include the following:
 - the total amount of equity; and
 - the pay-in schedule stating the amounts to be paid prior to or simultaneously with the closing of construction financing and the amounts to be paid prior to the completion of construction; and
 - the anticipated Housing Credit Allocation.

Important! If not syndicating/selling the housing credits, evidence of ability to fund, as defined under Firm Commitment above, must be provided as an exhibit to the Application. Additionally, in order for the commitment to be scored firm, 35% of the total equity being provided must be paid prior to or simultaneously with the closing of the construction financing. Proceeds from a bridge loan will NOT count toward meeting this requirement.

- If the amount of housing credits requested on the funding request form is less than the anticipated amount of credit allocation stated in the equity/owner/syndication commitment, the commitment will not be considered a source of financing.
- A bridge loan contained within a syndication commitment will be counted as a firm commitment if the syndication commitment is scored firm. A demonstration of the ability to fund is not required for the bridge loan in order for the syndication commitment to be scored firm. The Applicant may include the amount of the bridge loan as equity proceeds on the Construction or Rehabilitation Analysis and on the Permanent Analysis. The bridge loan amount will be counted as equity proceeds for meeting the 35% requirement stated in the first bullet of this section.

Only information contained within this Application will be considered for purposes of threshold determination or appeal. However, the Applicant acknowledges that verification of ALL information contained in this Application will be obtained and any funding award preliminarily secured by the Applicant is expressly conditioned upon such verification and the successful completion of credit underwriting. Further, Florida Housing expressly reserves the right to verify and confirm Local Government contributions during the scoring and appeals processes.

The Application requires complete information on all sources of Development funding, including any Developer contributions, and the proposed uses of those funds. All loans, grants, donations, syndication proceeds, etc., should be detailed in this Application.