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To: Debbie Blinderman
Cc: Steve Auger; David Deutch
Subject: additional application comments

Sorry I couldn't get these to you quicker, but the time frame here is pretty tight:

1. SAUL. Given last year's nightmare with the "SAUL blocking" applications (which were primarily MMRB/4% HC applications filed by one developer), I understand running MMRB/4% HC in a later supplemental cycle to avoid a repeat of this. I'd like to confirm/clarify that a "winning" local bond/4% HC application (which is permitted to be filed currently, and not in a supplemental cycle) does not count against SAUL limits, as there's no "FHFC \$" involved. Otherwise, we'd be back to square one on "SAUL blockers". Perhaps this could be clarified in the Application Instructions.

2. Returned HC. Sections 8 and 9 of the QAP leave a gap in dates, given that final ranking isn't expected until October 23 according to the time line. Section 8 only pertains to credits returned (or additional allocation authority obtained) between final ranking date and 10/1; this is an impossible scenario given that final ranking will happen after 10/1, not before. Perhaps Section 8 should be amended to cover returned credits and additional allocation authority received up to the date of final ranking?

Section 9 only covers allocation authority (including returned credits) obtained after the later of final ranking (10/23) or 10/1, so Section 9 only seems to work in conjunction with Section 8 if Section 8 is amended as provided above.

Under Section 8 of the QAP and page 107 of the Instructions, remaining allocation authority (including authority generated by returned credits) is allocated to the highest ranking applicants, taking SAUL into account. However, as to credits returned after final ranking, Section 9 of the QAP (assuming the de minimus rule is exceeded) calls for those credits to be allocated pursuant to Section 8 of the QAP, but is silent as to whether SAUL applies. Page 113 of the Instructions indicates that in this case, SAUL rules do not apply; if this is correct, perhaps it should also be stated in Section 9 of the QAP.

3. Rule 67-48.0075(5) Financial Beneficiary. This rule has been amended to exclude from the definition of "financial beneficiary" a "third party service provider", so long as such provider "does not share in the profits of the Development". This definition of "financial beneficiary" is crucial to the entire Priority I/II format, intending to limit the number of applications which can be submitted by and benefit the same financial beneficiaries. It doesn't take much imagination to see a substantial loophole may have been created here.. If I file my permitted 6 applications and act as a real estate broker on deal 7, am I not a financial beneficiary on deal 7, since my brokerage fee is arguably not payable from the "profits of the Development" because the fee is payable in all events, even if there's no developer fee or "profit" in the deal? Similarly, if I act as a consultant on deal 7 for a fixed fee, payable in all events even if

deal 7 isn't successful in winning or if it is successful my fee is payable even if there's no developer fee, am I not a financial beneficiary because my fee is payable in all events and not "out of the profits of the Development"?

I'd like to think people won't do this, but after many years I think I'd be naive to believe that. If I had to represent them, I think I'd have a good argument that they're not a financial beneficiary on deal 7 so long as their fee is fixed (not a percentage of profits) and payable in all events (i.e., not out of profits). Why not retain the old definition (at least for Priority I/II purposes) that a fee less than a stated percentage or amount doesn't make you a financial beneficiary?

4. Rule 67-48.028(2) and (3) 10% test. Why is the 10% test continuing to be required to be met within 6 months of the carryover agreement, when the 2008 law change to Section 42 realized the inherent difficulty in this and allowed 12 months to meet this test?

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