

EXHIBIT B



MERRITT HOUSING, LLC

August 20, 2003

Mr. George Mensah, Homeownership
Loan Program Administrator
Florida Housing Finance Corporation
227 N Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Via Facsimile 850-922-7253


Re: Kathy's Pointe / HH 02-017

Dear Mr. Mensah:

Due to adverse changes in market conditions, Kathy's Pointe, Ltd. will not be able to proceed with the build out of this proposed development in Florida City, Florida. Therefore, we hereby deobligate our funds in the amount of \$3,078,038 and return them to Florida Housing so that you may allocate them to other proposed developments.

If you have any questions, please feel free to call us.

Sincerely,



Michael A. Hartman
Member of the Sole Member
Of the General Partner