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Re: Florida Housing Finance Corporation Housing Revenue Bonds, 2000  
Series R-1 and R-2 (The Park at Palm Bay)

Dear David:

Alan Fair has asked me to send you a letter describing SunAmerica's desires to restructure the bond debt related to The Park at Palm Bay Apartments in a fashion similar to the recently completed Grand Savannah Apartments debt restructuring. As you may be aware, this apartment project has experienced and continues to experience substantial cash flow problems and SunAmerica has determined that this project will be unable to satisfy the stabilization requirements contained in the existing bond documents. Notwithstanding these problems, however, SunAmerica, as the tax credit investor, continues to be committed to this project but recognizes the need to restructure this debt.

SunAmerica's proposal is as follows:

1. The bonds will be repurchased from existing bondowners.

Section 3.01(a) of the Indenture relating to The Park at Palm Bay Apartments provides that the bonds are subject to mandatory tender for purchase on any date upon written notice from SunAmerica subject to the receipt by the Trustee of available moneys and the written consent of FSA and Section 3.02(a)(1)(B) provides that the bonds are subject to mandatory tender for purchase at any time upon written notice of a Reimbursement Agreement default. After delivery of the mandatory tender notice, and subject to the applicable notice requirements of the Indenture, the bonds will be purchased from existing bondowners and will become SAI Purchased Bonds as defined in the Indenture.

2. *Second*, the debt service burden on this project needs to be reduced. Section 2.12(a) of the Indenture provides that SAI Purchased Bonds shall bear interest at the SAI Rate and that principal of the SAI Purchased Bonds shall be paid as set forth in the Indenture. SAI Purchased Bonds have no fixed sinking fund redemption requirements but are to be redeemed on interest payment dates at par plus accrued interest whenever amounts in excess of \$5,000 are available in the SAI Principal Fund. See, Section 4.01(b)(4) of the Indenture. Debt service reduction will be accomplished in two steps as follows:

(a) Principal Reduction. Sections 4.02 and 5.03(f) of the Loan Agreement provides that the payment schedules for the Loan and Note must be revised upon the issuance of SAI Purchased Bonds and that the principal payment component of such schedule as it relates to SAI Purchased Bonds need not be based on a level debt service model if the approval of the holder of the SAI Purchased Bonds is obtained. SunAmerica anticipates that it will approve interest-only debt service for this project for not more than five years.

(b) Interest Reduction. SunAmerica desires to transfer the SAI Purchased Bonds to a custodian and to cause senior and residual certificates to be issued evidencing beneficial ownership interests in the bonds. The senior certificates will bear interest at a weekly floating rate and the residual certificates will bear interest at the inverse floater rate. The senior certificates will be sold in a private placement to "qualified institutional buyers" and transfer restrictions will be imposed to insure that such certificates are always held by "qualified institutional buyers". SunAmerica will provide or cause credit enhancement to be provided for senior certificate holders to the extent necessary to sell such certificates at a reasonable rate. The residual certificates will be owned by SunAmerica or affiliates of SunAmerica.

Section 2.12(e) of this Indenture places transfer restrictions on the SAI Purchased Bonds. Such restrictions include the prior written consent of Florida Housing Finance Corporation, certain traveling investor letter representations, an opinion of counsel demonstrating satisfaction with Florida Housing's Rules and a SunAmerica indemnification. SunAmerica would like to approach Florida Housing Finance Corporation to request their consent to this restructuring proposal.

I anticipate that this restructuring transaction and the supporting documentation will be very similar to the recently completed Grand Savannah Apartments transaction. I look forward to working with you. If you have questions, please call me at 801-531-3034.

Sincerely yours,



Fredrick H. Olsen

cc: Alan Fair