

BEFORE THE STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

PALAFIX LANDING, LTD.,

Petitioner,

vs.

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.

Agency Case No. 2006-035C

FHFC Case # 2006-021UC

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FLORIDA HOUSING FINANCE CORPORATION

**PETITION REQUESTING INFORMAL HEARING
AND GRANT OF THE RELIEF REQUESTED**

Pursuant to Sections 120.569 and 120.57, Florida Statutes ("F.S."), Rule 67-48.005(2), Florida Administrative Code ("FAC") and Rule 28-106.301, FAC, Petitioner, PALAFIX LANDING, LTD. ("Petitioner") requests an informal hearing concerning the scoring by Florida Housing Finance Corporation ("FHFC") of Petitioner's Application No. 2006-035C, and to then grant the relief requested. In support of this Petition, Petitioner states as follows:

AGENCY AFFECTED

1. The name and address of the agency affected is Florida Housing Finance Corporation, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329. The Agency's file or identification number with respect to this matter is 2006-035C.

PETITIONER

2. The Petitioner is Palafox Landing, Ltd., a Florida limited partnership. The address of the Petitioner is c/o Greater Miami Neighborhoods, Inc., 300 N.W. 12th Avenue, Miami, Florida 33128, telephone number (305) 324-5505. Petitioner's representative is Gary J.

Cohen, Esq., whose address is c/o Shutts & Bowen LLP, 201 S. Biscayne Boulevard, Suite 1500, Miami, Florida 33131, telephone number (305) 347-7308.

PETITIONER'S SUBSTANTIAL INTERESTS

3. Petitioner's substantial interests will be affected by the determination of FHFC as follows:

(a) Petitioner has applied for an allocation of competitive 9% low-income housing tax credits under the FHFC Housing Credit ("HC") program. The HC Program is set forth in Section 42 of the Internal Revenue Code of 1986, as amended, and it awards developers and investors a dollar for dollar reduction in income tax liability through the allocation of tax credits in exchange for construction of affordable rental housing units. FHFC is the agency designated by the United States Treasury to administer the allocation of tax credits in the State of Florida.

(b) An HC application is comprised of numerous forms which request information of each applicant. FHFC adopted the forms by reference in Rule 67-48, FAC.

(c) On or about February 1, 2006, Petitioner submitted to FHFC a HC application in the Medium County set-aside for the 2006 funding cycle. The application was submitted in an attempt to assist in the financing of the construction of a 96 unit apartment complex in Escambia County, Florida.

(d) The application was scored by FHFC in accordance with the provisions of Rule 67-48, FAC. By letter dated on or about March 2, 2006, FHFC advised Petitioner that its preliminary score was 66 points, with 7.0 proximity tie-breaker points, and that the threshold requirements of firm financing commitments and financing shortfalls were not met.

(e) On or about April 10, 2006, Petitioner submitted "cure" documentation to FHFC contending that Petitioner should be found to have satisfactorily met all threshold

requirements pertaining to firm financing commitments and financing shortfalls due to the provision (in the cure documentation) of firm debt and equity commitments.

(f) On or about May 4, 2006, FHFC advised Petitioner that its total points remained at 66, that Petitioner's total proximity tie-breaker points remained at 7.0 and that Petitioner's cure to its equity commitment was deficient because the "syndicator reference letter" required by Page 66 of the Application Instructions referenced a tax credit syndicator (Enterprise Social Investment Corporation) which was different from the tax credit syndicator (Enterprise Community Investment, Inc.) identified in the firm equity commitment. FHFC also determined there to exist a construction and permanent financing shortfall as a result of the equity commitment not being considered a firm source of financing.

(g) FHFC's scoring of Petitioner's "syndicator reference letter" is the subject matter of this Petition; such scoring affects both the threshold requirement of a firm equity commitment and the construction/permanent financing shortfall/excess of uses over financing sources which FHFC contends constitute threshold failures.

(h) Under the HC program, the HC applications are scored by FHFC. A finite amount of tax credits are allocated to applicants in certain geographic areas (large county, medium county and small county areas as defined by FHFC) and pursuant to certain set-aside classifications. Only those applications receiving the highest scores are awarded tax credits. Petitioner's ability to finance its proposed project will be jeopardized if tax credits are not obtained; accordingly, Petitioner's substantial interests are affected by this proceeding.

NOTICE OF AGENCY DECISION

4. Petitioner received notice of FHFC's notice of its "cure" documentation by Federal Express delivery on or about May 4, 2006. Attached as Exhibit "A" is a copy of the Scoring Summary setting forth the scoring, which scoring gives rise to this Petition.

ULTIMATE FACTS ALLEGED

5. In Petitioner's initial HC application submitted on or about February 1, 2006, Petitioner did not include any evidence of firm debt or equity financing commitments. As a result, Petitioner was found to have failed the threshold requirements of firm financing commitments and construction/permanent financing shortfalls.

6. On or about April 10, 2006, Petitioner submitted "cure" documentation to FHFC, consisting of firm debt and equity commitments and a "syndicator reference letter" as required by Page 66 of the Application Instructions. The portion of such "cure" documentation pertaining to the "syndicator reference letter" and the firm equity commitment are attached as Exhibit "B".

7. In the final scoring summary (attached as Exhibit "A"), FHFC determined that the firm equity commitment could not be considered a firm source of financing, because the "syndicator reference letter" provided as a cure referred to "Enterprise Social Investment Corporation (ESIC)" but the firm equity commitment was provided by "Enterprise Community Investment, Inc." FHFC determined that because a reference letter for "Enterprise Community Investment, Inc." was not provided, the equity commitment could not be considered a firm source of financing. FHFC also determined that, as a result of the equity commitment not being considered firm, that a construction/permanent financing shortfall existed.

FACTS WHICH WARRANT REVERSAL OF AGENCY'S PROPOSED ACTION

The specific facts which warrant reversal of FHFC's proposed action are as follows:

8. FHFC has incorrectly determined that "syndicator reference letter" failed to identify the proper equity syndicator/provider. The equity syndication commitment is provided by Enterprise Community Investment, Inc.; as is evidenced by the attached page from the Enterprise website (attached as Exhibit "C") and a letter from Enterprise (attached as Exhibit

“D”), on January 1, 2006 Enterprise Social Investment Corporation became Enterprise Community Investment, Inc. As such, the “syndicator reference letter” (which identified Enterprise Social Investment Corporation) did correctly identify the proper syndicator, since Enterprise Social Investment Corporation is the same entity as Enterprise Community Investment, Inc., the entity identified as the syndicator in the firm equity commitment.

**EQUITY COMMITMENT; CONSTRUCTION/PERMANENT
FINANCING SHORTFALL**

9. Attached as Exhibit “B” is the “syndicator reference letter” and firm equity commitment provided as part of Petitioner’s cure documentation. Attached as Exhibit “C” is a copy of the Enterprise web page, wherein it is indicated (see circled portion of Exhibit “C”) that “As of January 1, 2006, The Enterprise Social Investment Corporation became Enterprise Community Investment, Inc.” Attached as Exhibit “D” is a letter from Enterprise confirming the name change. Enterprise Community Investment, Inc. is identified as the tax credit syndicator in the firm equity commitment provided as part of Petitioner’s cure documentation (see Exhibit “B”).

10. As such, Enterprise Social Investment Corporation and Enterprise Community Investment, Inc. are one and the same entity. Further, since the change in name of the entity did not occur until January 1, 2006, it would have been impossible to provide a “syndicator reference letter” for Enterprise Community Investment, Inc. as of the Application Deadline (February 1, 2006), since it is highly unlikely that during the period commencing January 1, 2006 and ending February 1, 2006 Enterprise Community Investment, Inc. closed a tax credit syndication transaction which then constituted a “completed development” (as required by Page 66 of the Application Instructions) by February 1, 2006.

11. As such, FHFC erred in determining that the “syndicator reference letter” was deficient, in determining that the equity commitment could not be considered a firm source of financing, and in determining that Petitioner had a construction/permanent financing shortfall.

RELEVANT RULES AND STATUTES

12. Rule 67-48, FAC, specifically incorporates the HC application, and the forms referenced therein. The instructions to Part V Section D (incorporated by the aforementioned Rule) provide, in relevant part, that “Applicants using a syndicator must provide at least one (1) signed statement from a general partner of the ownership entity of a completed development which confirms that the syndicator (purchaser of the credits) has performed its obligations under the partnership agreement and is not currently in default with that agreement. Failure to provide such statement(s) will cause an equity commitment not to be scored firm.” Petitioner has complied with the instructions for Part V Section D by virtue of providing a “syndicator reference letter” for Enterprise Social Investment Corporation, which is the same entity as Enterprise Community Investment, Inc. By virtue of the foregoing, Petitioner has complied with and satisfied all threshold requirements of the application pertaining to firm financing commitments and construction/permanent financing shortfalls.

RELIEF SOUGHT

13. The specific action which Petitioner wishes FHFC to take is to reverse its previous decision and to determine that (as a result of determining that the syndicator reference letter is not deficient) Petitioner has met the threshold requirements of firm financing commitments and does not have either a construction/permanent financing shortfall or an excess of uses over financing sources.

WHEREFORE, Petitioner respectfully requests FHFC determine that Petitioner has satisfied the threshold requirements set forth in Items 5T, 6T and 7T in the Scoring Summary.

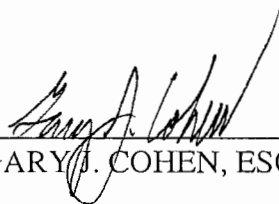
Respectfully submitted,

By: 

GARY J. COHEN, ESQ.
Florida Bar No. 353302
Shutts & Bowen LLP
201 South Biscayne Boulevard
1500 Miami Center
Miami, Florida 33131
(305) 347-7308 telephone
(305) 347-7808 facsimile

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that an original and one copy of the foregoing have been filed with Vicki Robinson, Deputy Development Officer, Attn: Corporation Clerk of the Florida Housing Finance Corporation, 227 N. Bronough Street, Suite 5000, Tallahassee, Florida 32301, on this 25th day of May, 2006.



GARY J. COHEN, ESQ.

EXHIBIT A

2006 MMRB, SAIL & HC Scoring Summary

As of: 05/03/2006

File # 2006-035C Development Name: Palafox Landing

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 - 03 - 2006	66	N	7	\$78,000	%	N
Preliminary	66	N	7	\$78,000	%	N
NOPSE	66	N	7	\$78,000	%	N
Final	66	N	7	\$78,000	%	N
Final-Ranking	0	N	0		0	

Scores:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Final Ranking
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.(2)(a)	ELI Set-Aside Commitment	5	5	5	5	0
5S	III	E	1.b.(2)(b)	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

2006 MMRB, SAIL & HC Scoring Summary

As of: 05/03/2006

Development Name: Palatof Landing

File # 2006-035C

Threshold(s) Failed:

Item #	Part	Section	Subsection	Description	Reason(s)	Created As Result of	Rescinded as Result of
1T	V	B		Equity Commitment	The Applicant lists HC equity proceeds as part of the construction and permanent financing (with evidence of a Syndication commitment to be provided at Exhibit 56). However, no firm commitment has been provided. Therefore, the HC equity cannot be counted as a firm source of financing.	Preliminary	Final
2T	V	B		First Mortgage Financing	The Applicant lists a loan as part of the construction and permanent financing (with evidence to be provided at Exhibit 57). However, no firm commitment for this loan has been provided. Therefore, the loan cannot be counted as a firm source of financing.	Preliminary	Final
3T	V	B		Construction Financing Shortfall	The Applicant has a construction financing shortfall of \$10,981,904.	Preliminary	Final
4T	V	B		Permanent Financing Shortfall	The Applicant has a permanent financing shortfall of \$10,981,904.	Preliminary	Final
5T	V	D		Equity Commitment	The reference letter provided as a cure for Item 1T refers to "Enterprise Social Investment Corporation (ESIC)." However, the syndication agreement provided in the Applicant's cure is from "Enterprise Community Investment, Inc." Page 66 of the 2006 Universal Application Instructions states "Applicants using a syndicator must provide at least one signed statement from a general partner of the ownership entity of a completed development which confirms that the syndicator (purchaser of the credits) has performed its obligations under the partnership agreement and is not currently in default with that agreement. Failure to provide such statement(s) will cause an equity commitment not to be scored firm." Because a reference letter for "Enterprise Community Investment, Inc." has not been provided, the equity commitment cannot be considered a firm source of financing.	Final	
6T	V	B		Construction Financing Shortfall	The Applicant has a construction financing shortfall of \$8,092,333.	Final	
7T	V	B		Permanent Financing Shortfall	The Applicant has a permanent financing shortfall of \$8,181,904.	Final	

Proximity Tie-Breaker Points:

Item #	Part	Section	Subsection	Description	Available	Preliminary	NOPSE	Final	Final Ranking
1P	III	A	10.a.(2)(a)	Grocery Store	1.25	0.75	0.75	0.75	0
2P	III	A	10.a.(2)(b)	Public School	1.25	1.25	1.25	1.25	0
3P	III	A	10.a.(2)(c)	Medical Facility	1.25	0	0	0	0
4P	III	A	10.a.(2)(d)	Pharmacy	1.25	0	0	0	0
5P	III	A	10.a.(2)(e)	Public Bus Stop or Metro-Rail Stop	1.25	1.25	1.25	1.25	0
6P	III	A	10.b.	Proximity to Developments on FHFC Development Proximity List	3.75	3.75	3.75	3.75	0

2006 MMRB, SAIL & HC Scoring Summary

As of: 05/03/2006

File # 2006-035C Development Name: Palafox Landing

Additional Application Comments:

Item #	Part	Section	Subsection	Description	Reason(s)	Created As Result	Rescinded as Result
1C	V	B		Construction Financing	The Development Cost Pro Forma submitted in the Application reflects a First Mortgage of \$2.9 million as a source for construction financing. The Neighborhood Lending Partners, Inc. commitment provided as a cure for Item 2T reflects a construction loan amount of \$2,889,571. Page 64 of the 2006 Universal Application Instructions states "If a loan commitment shows an amount less than the corresponding line item on the pro forma, the scorer will use the commitment amount." Therefore, the amount of \$2,889,571 was considered by the scorer as a source of construction financing.	Final	

EXHIBIT B

2006 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. 2006-035C** and pertains to:

Part IV Section B Subsection _____ Exhibit No. 56 (if applicable)

The attached information is submitted in response to the 2006 Universal Scoring Summary Report because:

1. Preliminary Scoring and/or NOPSE scoring resulted in the imposition of a failure to achieve maximum points, a failure to achieve threshold, and/or a failure to achieve maximum proximity points relative to the Part, Section, Subsection, and/or Exhibit stated above. Check applicable item(s) below:

	2006 Universal Scoring Summary Report	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 Failed Threshold	Item No. <u>1</u> T	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Reason Proximity Points Not Maxed	Item No. _____ P	<input type="checkbox"/>	<input type="checkbox"/>

2. 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 Cure for
Application No. 2006 - 035C

Provide a separate brief statement for each Cure

In Scoring Item 1T, Applicant failed threshold due to failure to provide an equity commitment. Attached is Applicant's equity commitment and syndicator reference letter. As such, Applicant has satisfied this threshold requirement.

**RICHMOND PINE APARTMENTS, LTD.
300 N.W. 12th Avenue
Miami, FL 33128**

April 7, 2006

Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301-1329

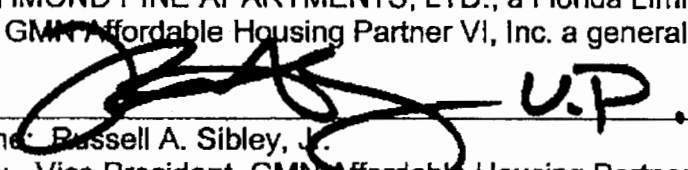
Dear Sirs/Madams:

We hereby certify as a general partner of the undersigned partnership that Enterprise Social Investment Corporation (ESIC), acted and performed as the housing credits syndicator for Richmond Pine Apartments, Ltd., for Richmond Pine Apartments, a completed project located in Unincorporated Miami-Dade County, Florida.

We further certify that ESIC has performed its obligations under the partnership agreement and is not currently in default with that agreement.

Sincerely yours,

RICHMOND PINE APARTMENTS, LTD., a Florida Limited Partnership
By: GMN Affordable Housing Partner VI, Inc. a general partner thereof


Name: Russell A. Sibley, Jr.
Title: Vice President, GMN Affordable Housing Partner VI, Inc.



April 5, 2006

Mr. Gus Dominguez
President
GMN Palafox, Inc.
300 NW 12th Avenue
Miami, FL 33128

RE: Palafox Landing

Dear Mr. Dominguez:

The purpose of this letter is to outline the basic terms and conditions under which an equity fund or funds (the "Fund") of which Enterprise Community Investment, Inc. ("Enterprise") is general partner, would make an equity investment in Palafox Landing (the "Project") located in Pensacola, Florida.

A. The Project

The Project consists of the new construction of 96 apartment units. Construction is expected to begin by April 1, 2007 and is expected to be substantially complete by April 1, 2008. The Project will be owned by a limited partnership Palafox Landing, Ltd. (the "Partnership"). One hundred percent of the units will qualify for the federal low-income housing tax credit (the "Federal LIH Credit") as provided for in Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"). The Partnership will operate the Project in accordance with any applicable HUD or other federal or state regulations.

B. Partnership Interest

The Partnership will have as its general partners GMN Palafox, Inc., and CEII Palafox, Inc. (the "General Partner") with a 0.01% partnership interest. The sponsors will be Greater Miami Neighborhoods, Inc., and Community Enterprise Investments, Inc., (the "Sponsor"). The Fund will be the investor limited partner (the "Limited Partner") with a 99.99% partnership interest.

C. Summary of Compensation

1. The Sponsor will receive a developer's fee in the amount of \$1,939,504, of which \$1,401,777 is projected to be paid out of equity, and \$537,727 is projected to be deferred and paid from project cash flow.
2. The General Partner will receive 0.01% of all tax credits allocated to the Project over 10 years.
3. The General Partner will be entitled to 90% of sale proceeds after certain priority payments outlined in Section G.
4. The General Partner will receive 0.01% of ordinary profits and losses and 90% of Cash Flow and profits attributable to such Cash Flow.

The sum of all cash flow fees and distributions paid to the Sponsor and affiliates should not be projected to exceed 90% of available cash flow.

D. Capital Contributions

The Limited Partner proposes to make an equity investment in the Partnership of \$9,583,682. This equity contribution represents a price of \$0.96 cents on 99.99% of the 10-year Federal LIH Credit amount, assuming an annual allocation of \$998,400. We anticipate that the Limited Partner will be admitted to the Partnership on or about April 1, 2007. The Limited Partner's Capital Contributions are subject to the following conditions as well as any additional conditions which may result from underwriting the project:

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| (i) First Payment – Of this amount, \$3,354,289 (35%) is to be disbursed prior to or simultaneous with the construction loan closing, and the remainder during construction pro-rata with disbursement of other funds and pursuant to a draw schedule acceptable to the limited partner. The full amount of the First Payment shall be paid prior to completion of construction | \$8,625,314
90.0% |
| (ii) Second Payment – Later of April 1, 2008, construction completion, receipt of certificates of occupancy, release of all mechanic's liens, inspection of the completed Project by the Limited Partner or its agents which must be satisfied that the Partnership has completed the Project in conformance with the plans and specifications, evidence of acceptable permanent insurance, and submission of acceptable cost certification. | \$479,184
5.0% |
| (iii) Third Payment – Later of April 1, 2009, 100% initial qualified occupancy of all Federal LIH Credit units and 95% current occupancy of all units, receipt of 2008 audit and tax return including K-1s, receipt by the Project of final Federal LIH Credit allocation as evidenced by IRS Forms 8609, three consecutive months of 1.15 debt coverage at pro forma expenses (assuming required debt service on all permanent loans), receipt and approval of all initial tenant certifications, evidence that required reserves have been established, permanent loan closing(s), receipt of copy of executed documents for all permanent financing, receipt of an accountant's projection of 2008 Federal LIH Credits based on the project's actual occupancy, and copy of | \$479,184
5.0% |

recorded extended use agreement.

Total \$9,583,682

After the initial payment, all subsequent payments will be contingent upon the satisfaction of all the conditions to all prior payments and receipt by Enterprise of all outstanding reporting items. All subsequent payments will also be contingent upon certain representations and warranties to insure the Project's viability, including: a) 100% of the units (0% for the second installment) qualify for the Federal LIH Credit and the operation of the Project in all respects complies with the Code; b) no existing, pending or threatened foreclosure of the Project; c) all of the General Partner's representations, warranties and covenants contained in the Partnership documents remain true and correct including but not limited to an environmental representation and warranty substantially as described in Exhibit A; d) no default under any of the Project's financing documents; e) no breach of the Partnership documents has occurred which would have an adverse effect on the Partnership, the Partners or the Partnership property; and f) the General Partner has made all advances and reserve deposits required by the Partnership documents.

E. Credit Adjuster

The Limited Partner's capital contributions are subject to adjustments as follows:

1. At cost certification and issuance of IRS Form(s) 8609: all capital contributions will be reduced by \$0.96 for every dollar of reduction in the amount of Federal LIH Credits available to the Partnership as compared to the projected amount of Federal LIH Credits. If the unpaid capital contributions are insufficient to cover a required adjustment, the General Partner will be required to make a cash contribution up to the amount of any deficiency.
2. First Year Credit Amount: if the project does not deliver \$322,664 of Federal LIH Credits in 2008, the Third Capital Contribution will be reduced by \$0.96 for every dollar by which the Federal LIH Credit amount is less, minus the net present value of any additional credit available in the 11th year (discounted at 10% per annum). If the unpaid capital contributions are insufficient to cover a required adjustment, the General Partner will be required to make a cash contribution up to the amount of any deficiency.
3. If in any year of the compliance period after the project achieves initial 100% qualified occupancy, the actual Federal LIH Credits received are less than 100% of the Federal LIH Credits as projected at cost certification and issuance of IRS Form(s) 8609, or if there is recapture of Federal LIH Credits, then the Limited Partner's capital contribution will be reduced by \$0.96 of any reduction in the amount of Federal LIH Credits plus any interest and penalties imposed by the IRS. Total reductions under this adjuster shall be limited to the amount of the developer fee. If the unpaid capital contributions are insufficient to cover a required adjustment (including interest and penalties), the General Partner will be required to make a cash contribution up to the amount of the developer's fee. Any further credit deficiencies will be paid as a priority from available cash flow and from capital proceeds upon sale of the Project. If it is determined that an adjuster will be applicable in subsequent years, the full adjuster for the future years will be made at the time of the initial determination.

F. Operating Benefits

The General Partner will be entitled to 0.01% of ordinary profit, losses, tax credits and cash flow available for distribution (as defined in the Partnership documents), and the Fund will be entitled to 99.99%.

G. Disposition of Property

It is the express objective of the Fund to identify and implement strategies to maintain projects permanently as low income housing. If the General Partner agrees to maintain the property for low-income use, as defined in Section 42 of the Code, for at least an additional 15 year period, the property may be disposed of as follows:

1. Purchase of the Limited Partner's Interest

At the end of the 15 year Credit Compliance Period, the General Partner will have the option to purchase the Limited Partner's interest in the Partnership for a price equal to the greater of the appraised value of the Limited Partner's interests assuming that the Project remains available for low-income use, or for a price equal to the sum any taxes owed by the Limited Partner that result from the sale.

2. Right of First Refusal

Community Enterprise Investments, Inc., or another designated 501(c) (3) corporation approved by Enterprise, may have a right of first refusal which will allow the non-profit to purchase the property at the end of the compliance period for a price equal to the sum of: 1) any taxes owed by the Limited Partner that result from the sale, and 2) any outstanding debt. In the event of sale to a designated non-profit, no return of Limited Partner capital is required.

3. Sale or Refinancing

The net proceeds of a sale or refinancing will be shared as follows:

First, to pay any taxes owed by the Limited Partner that results from the sale or refinancing;

Second, to the Limited Partner the amount of any unpaid credit adjusters;

Third, to the Limited Partner the amount of any unpaid investor services fees;

Fourth, to the General Partner to repay any operating deficit contributions and credit adjuster advances; and

Fifth, 10% to the Fund and 90% to the General Partner.

H. General Partner Obligations

1. Guarantees

A) Greater Miami Neighborhoods, Inc., and Community Enterprise Investments, Inc., will be responsible for guaranteeing lien-free construction completion, all cost overruns during construction, payment of all development costs, and closing and/or conversion of permanent financing at the amounts and terms shown in the projections. Advances under this guarantee will be unreimbursable.

B) Community Enterprise Investments, Inc., will be obligated to advance funds needed to cover all operating deficits until the project has achieved three consecutive months of breakeven operations following the achievement of 95% occupancy and actual rental income of at least 95% of projected rental income.

C) Community Enterprise Investments, Inc., will be obligated to advance funds needed to cover all operating deficits after 95% lease-up up to a maximum of \$299,000 until the project has operated at break-even for three consecutive years following initial achievement of three consecutive months of breakeven operations (including all must-pay debt service), and the Partnership Operating Reserve is fully funded and has a balance of at least \$150,000.

D) Greater Miami Neighborhoods, Inc., and Community Enterprise Investments, Inc., will be obligated to make any cash contributions related to credit adjusters as described in Section E above.

E) Greater Miami Neighborhoods, Inc., and Community Enterprise Investments, Inc., will be obligated to repurchase the Fund's interest in the Partnership if the Partnership: i) fails to receive a valid 2006 carryover allocation of Federal LIH Credits or fails to spend the required 10%, ii) fails to complete and place in service the Project within 24 months following receipt of a valid 2006 carryover allocation of Federal LIH Credits, iii) fails to receive IRS forms 8609s by July 1 of the year following placed in service; and Community Enterprise Investments, Inc. will be obligated to repurchase the Funds interest in the Partnership if the Partnership: iv) fails to reach the minimum set-aside test prior to the end of 2009, v) fails to achieve closing and/or conversion of permanent financing, or vi) fails to meet other performance benchmarks relative to project operations, as further detailed in the project's partnership agreement.

2. Reserve Requirements

A) The General Partner will be required to establish a Partnership Operating Reserve account in the total amount of \$150,000. The Partnership Operating Reserve will be available to fund operating deficits after the project has achieved three consecutive months of breakeven operations following the achievement of 95% occupancy and actual rental income of at least 95% of projected rental income. The General Partner will be permitted to use the Partnership Operating Reserve prior to making Operating Deficit Contributions to the extent the Partnership Operating Reserve has been funded as of the date of the deficit. The

Partnership Operating Reserve will be held in an account requiring the joint signatures of the General Partner and the Limited Partner.

B) The General Partner will establish a Lease-Up Reserve in the amount of \$100,000. The reserve will be available to fund operating deficits during the lease-up period. Funds remaining in the lease-up reserve after the initial lease-up period will be deposited into the Operating Reserve.

C) The General Partner will establish a Replacement Reserve for the Project. The Replacement Reserve will be funded from project operations in the amount of \$300 per unit per year, increasing 3% annually. The Replacement Reserve will be held in an account requiring the joint signatures of the General Partner and the Limited Partner.

I. Legal Costs and Fees

1) The Project Partnership will pay its attorneys, and the Limited Partner will pay its attorneys. The Limited Partner's attorneys will prepare an Amended and Restated Partnership Agreement, conduct the collection of relevant and necessary due diligence according to a due diligence checklist, and prepare the Limited Partner's tax opinion. The General Partner and the Project Partnership's attorneys will prepare all other necessary documents, due diligence, legal opinions and other tasks necessary to complete the transaction.

2) The Partnership will pay the Limited Partner an investor services fee of \$5,000 (increasing 3% annually). Payment of the investor services fee will be made after operating expenses, must-pay debt service, and replacement reserve contributions, but before any deferred development fee payments or cash flow fees to the sponsor, with any unpaid investor services fee to accumulate and to be paid as a priority from subsequent years' cash flow and sales proceeds.

The Limited Partner will charge no other syndication or broker fees to the Project.

J. Opinion of Counsel

The Fund will require an opinion of counsel satisfactory to the Fund on certain corporate, securities, and other matters including: formation of the Partnership, limited liability of the Limited Partner, no conflict between the Partnership Agreement and other binding contracts, no litigation, etc. Tax opinions required by the Fund will be provided by its counsel.

K. Additional Requirements

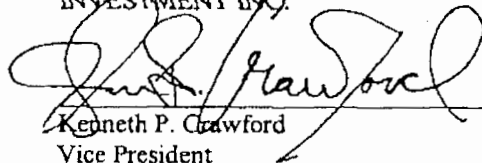
This letter is based upon the terms outlined herein. Any change in the underwriting assumptions may result in a change in this letter's terms and conditions. The investment is contingent upon a) an award of Federal LIH Credits in the amount of at least \$998,400 from the Florida Housing Finance Corporation, b) evidence of market demand and appropriate rent and operating expense assumptions, c) approval of the management agent and management plan, d) acceptable commitments from all other sources of financing, e) receipt of a satisfactory Phase I Environmental Assessment, f) satisfactory negotiation of the Partnership Agreement, and g) review and approval by the Limited Partner of all other relevant due diligence documents. The formation and closing of the Partnership is contingent on the Fund's review and approval of all financing documents and receipt and approval of all opinions outlined herein. Any change in the Project's schedule or anticipated tax credit amounts may significantly effect the terms of this letter.

Based on the information contained in this letter, GMN Palafox, Inc. and CEII Palafox, Inc., agree to give Enterprise Community Investment, Inc. the exclusive right to syndicate this Project until such time as Enterprise and GMN Palafox, Inc., and CEII Palafox, Inc., mutually agree, in writing, to discontinue their efforts to complete an investment. This exclusive right to syndicate will terminate if the Fund does not enter the partnership by December 31, 2007.

If the terms and conditions outlined herein are agreeable, please countersign this letter where indicated below. We look forward to working with you. The terms and conditions in this letter supersede all earlier letters. This commitment does not expire before December 31, 2006.

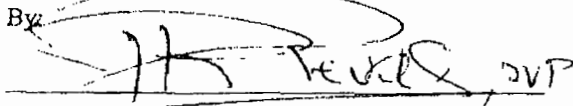
Sincerely,

ENTERPRISE COMMUNITY
INVESTMENT INC.



Kenneth P. Crawford
Vice President

Agreed and accepted:

By:  , VVP

Title: Ken Pericles, VVP of the CF of the Applicant

EXHIBIT A

Environmental Representations, Warranties and Covenants

The Partnership has received an environmental assessment report and has delivered a complete copy to the Limited Partner. No amendments, modifications or other changes or additions have been made to such report.

The General Partner warrants and represents that, to the best of The General Partner's knowledge, after diligent inquiry, there presently are not in, on, or under the Project, nor will there be in, on, or under the Project, upon completion of the construction: (i) any "hazardous substance" as that term is defined under the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. section 9601, *et seq.*, as amended ("CERCLA"), or any other hazardous or toxic substance, waste or material or any other substance or pollutant that poses a risk to human health or the environment, including, but not limited to petroleum in any form, lead-based paint, asbestos, urea formaldehyde insulation, methane gas, polychlorinated biphenyls ("PCBs") or radon, except for ordinary and necessary quantities of office supplies, cleaning materials and pest control supplies stored in a safe and lawful manner and petroleum products contained in motor vehicles (the "Hazardous Materials"); (ii) any underground storage tanks; (iii) accumulations of debris, mining spoil, spent batteries, except for ordinary garbage stored in receptacles for regular removal; (iv) or any other condition which could result in liability for an owner or operator of the project under any federal state or local law, rule, regulation or ordinance. If any such substance (including lead-based paint and asbestos) or pollutant was found to exist or be present, it has been either removed from the Partnership Property and disposed of or encapsulated and/or otherwise corrected, contained and made safe and inaccessible, all in strict accordance with federal, state and local laws, rules and regulations, any recommendations set forth in the environmental report(s) approved by the Limited Partner and any requirements in the Loan Documents.

The General Partner further warrants and represents to the best of The General Partner's knowledge that the Project is in compliance with all applicable federal, state and local laws, rules, regulations and ordinances (the "Environmental Laws"), including, but not limited to, CERCLA, the Clean Air Act, the Clean Water Act, the Toxic Substance Control Act, the Resource Conservation and Recovery Act, the Safe Drinking Water Control Act and the Occupational Health and Safety Act, and The General Partner has not received notice of any violations of the Environmental Laws. The General Partner covenants and agrees to take all necessary action within its control to ensure that the Project is in compliance with the Environmental Laws at all times and that the Project remains free from the presence of any Hazardous Materials in, on, or under the Project. The General Partner shall promptly deliver any notice it may receive of any violation of the Environmental Laws to the Partnership.

At any time during the term of the Partnership that the Limited Partner determines that the foregoing representations may not have been true when made, or may have become untrue, the Partnership shall promptly obtain an environmental audit of the Project. The scope of such audit and the company performing it shall be determined by The General Partner with the Consent of the Limited Partner.

The General Partner agrees to indemnify and hold harmless the Limited Partner and any partner of the Limited Partner (the "Indemnified Parties") from any and against all claims, actions, causes of action, liability and expense (including, without limitation, attorney's fees, court costs and remedial response costs) incurred or suffered by, or asserted by any person, entity or governmental agency against the Indemnified Parties due to breach of The General Partner's representations, warranties or covenants, or a violation of the Environmental laws, or the presence of Hazardous Materials in, on, or under the Project. The foregoing indemnification shall be a recourse obligation of The General Partner and shall (to the full extent permitted by law) survive the dissolution of the Partnership and the death, dissolution, retirement, incompetency, insolvency, bankruptcy or withdrawal of The General Partner of the Partnership.

EXHIBIT C



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Investment & Partnership Opportunities

Home » Investors & Partners » Investment & Partnership Opportunities

- » **Green Communities™ Initiative**
- » **Supportive Housing Investment Partnership (SHIP)**
- » **HUD 202 Refinancings**

Enterprise is consistently first in pioneering innovative programs and forging effective public-private partnerships that enable Americans with limited resources to take ownership of their futures.

Green Communities™ Initiative

- \$555 million in funding over five years to yield 8,500 homes
- Focus on healthy environments and sustainable, affordable communities
- 50% of targeted goal achieved in first year (2005)
- Partnership with **Natural Resources Defense Council**

Supportive Housing Investment Partnership (SHIP)

- Largest public-private endeavor of its kind to provide housing and support services to people with special needs
- Build more than 3,000 units of additional supportive housing over two years
- Partnership with **Corporation for Supportive Housing**

HUD 202 Refinancings

- Preservation of HUD 202 seniors housing
- Closed three portfolios in 2005: New York, New Jersey, Minnesota

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As of January 1, 2006, The Enterprise Social Investment Corporation became Enterprise Community Investment, Inc.

Enterprise Community Investment is a for-profit subsidiary of **Enterprise Community Partners, Inc.**

American City Building | 10227 Wincopin Circle | Columbia, Maryland 21044 | phone: 410.964.0552 | fax: 410.964.1376

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EXHIBIT D



May 23, 2006

Gary J. Cohen
SHUTTS & BOWEN LLP
201 S. Biscayne Boulevard
Suite 1500
Miami, Florida 33131

RE: Enterprise Equity Commitment Letter

Dear Mr. Cohen:

The purpose of this letter is to confirm that as of 1/1/06, The Enterprise Social Investment Corporation (ESIC) changed its name to Enterprise Community Investment, Inc. This is a change in name only.

Best regards,

A handwritten signature in black ink, appearing to read "Steve Smith".

Steve Smith
Senior Development Officer
Enterprise Community Investment, Inc.