

COPY

**BEFORE THE STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION**

APD HOUSING PARTNERS 19, LP,

Petitioner,

vs.

FHFC No. 2009-0690C

Application No. 2009-215C

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.

_____ /

PETITION FOR REVIEW

Pursuant to Section 120.569 and .57, Florida Statutes (F.S.) and Rule 67-48.005(5), Florida Administrative Code (F.A.C.), Petitioner, APD HOUSING PARTNERS 19, LP ("APD 19") requests an administrative hearing to challenge FLORIDA HOUSING FINANCE CORPORATION's ("Florida Housing") scoring actions concerning Universal Cycle Application No. 2009-215C. In support of this Petition, APD 19 provides as follows:

1. APD 19 is a Florida for-profit corporation with its address at 1700 Seventh Avenue, Suite 2075, Seattle, Washington 98101-1394. APD 19 is in the business of providing affordable rental housing units.

2. Florida Housing is the state agency delegated the authority and responsibility for administering and awarding funds pursuant to Chapter 420, F.S., and Rules 67-21 and 67-48, F.A.C.

Nature of the Controversy

3. On August 20, 2009, APD 19 applied to Florida Housing for funding pursuant to the Low Income Housing Tax Credit Program (LIHTC). The purpose of the requested funds was to supplement the construction of a 196-unit affordable housing apartment complex in Miami, Florida, named Civic Tower.

4. Pursuant to section 420.5099, Florida Statutes, Florida Housing is the designated "housing credit agency" for the State of Florida and administers Florida's low-income housing tax credit program. Through this program, Florida Housing allocates Florida's annual fixed pool of federal tax credits to developers of affordable housing.

5. The tax credits allocated annually to each state are awarded by state "housing credit agencies" to single-purpose applicant entities created by real estate developers to develop specific multi-family housing projects. An applicant entity will then sell this ten-year stream of tax credits, typically to a "syndicator," with the sale proceeds generating much of the funding necessary for development and construction of the project. The equity produced by this sale of tax credits in turn reduces the amount of long-term debt required for the project, making it possible to operate the project at rents that are affordable to low-income and very-low-income tenants.

6. The United States Congress has created a program, governed by Section 42 of the Internal Revenue Code ("IRC"), by which federal income tax credits are allotted annually to each state on a per capita basis to encourage private developers to build and operate affordable low-income housing for families. These tax credits entitle the holder to a

dollar-for-dollar reduction in the holder's federal tax liability, which can be taken for up to ten years if the project continues to satisfy all IRC requirements.

7. Because Florida Housing's available pool of federal tax credits each year is limited, qualified projects must compete for this funding. To assess the relative merits of proposed projects, Florida Housing has established a competitive application process pursuant to Chapter 67-48, F.A.C. Specifically, Florida Housing's application process for 2009, as set forth in Rules 67-48.002-005, F.A.C., involves the following:

- (a) The publication and adoption by rule of an application package;
- (b) The completion and submission of applications by developers;
- (c) Florida Housing's preliminary scoring of applications;
- (d) An initial round of administrative challenges in which an applicant may take issue with Florida Housing's scoring of another application by filing a Notice of Possible Scoring Error ("NOPSE")
- (e) Florida Housing's consideration of the NOPSEs submitted, with notice to applicants of any resulting change in their preliminary scores;
- (f) An opportunity for the applicant to submit additional materials to Florida Housing to "cure" any items for which the applicant received less than the maximum score;
- (g) A second round of administrative challenges whereby an applicant may raise scoring issues arising from another applicant's cure materials by filing a Notice of Alleged Deficiency ("NOAD");
- (h) Florida Housing's consideration of the NOADs submitted, with notice to applicants of any resulting change in their scores;

- (i) An opportunity for applicants to challenge, via informal or formal administrative proceedings, Florida Housing's evaluation of any item for which the applicant received less than the maximum score; and
- (j) Final scores, ranking, and allocation of tax credit funding the applicants through the adoption of final orders.

8. At the completion of this process a Final Score is assigned to each Application. Based on these Final Scores, and a series of Tie Breakers, Applications are then ranked. Funds are awarded to applicants starting with applicable preferences and set asides and the highest scoring applicants, until the available funds are exhausted. Applicants compete for funds, in large part, against other applicants in the same county size group, and against other applicants seeking to provide housing to the same demographic group. APD 19 is an applicant for Developments in the Large County Geographic Set-Aside.

9. Based on a review of Florida Housing's Final Scoring Summary dated December 2, 2009, APD 19 received a final score of 70 out of a possible 70 points for its application. Additionally, APD 19 received 6.0 out of 6.0 ability to proceed and 7.50 out of 7.5 tie-breaker proximity points. This score would allow APD 19 to receive a full award of its funding request. However, Florida Housing concluded that APD 19 failed to meet threshold. Florida Housing's scoring action concerns whether APD 19 has provided sufficient information to support the financing of the proposed project.

10. As will be explained more fully below, Florida Housing's scoring action in the instant case is erroneous.

Substantial Interests Affected

11. As an applicant for funds allocated by Florida Housing, APD 19's substantial interests are adversely affected by the scoring decisions here. The final scoring actions of Florida Housing resulted in APD 19's application being rejected from the funding range. Since the purpose of the loan program in general is to provide funding to developers of apartment projects for low income residents, then APD 19's interests are adversely and substantially affected by the loss of funding. Indeed, without the requested funding, APD 19's ability to provide much needed affordable housing units will be severely jeopardized.

Scoring of APD 19's Application

12. The Universal Application at Part V asks an applicant to provide information regarding the financing of the proposed project. At Part V.(D), the applicant is required to provide information concerning non-corporation funding commitments.

13. In its original application, APD 19 provided a letter from Alliant which reflected an equity commitment in the project as a source of funding.

14. After conducting its preliminary review of the Application and all NOPSEs, Florida Housing found:

The Applicant submitted an equity commitment from Alliant Capital, Ltd. However, the sum of the equity installment payments does not equal the total amount of equity reflected in

the commitment. As a result, the commitment is not considered a source of financing.

(See Attachment A.)

In response to Florida Housing's preliminary scoring decision, APD 19 provided cure documents, including a revised letter from Alliant which corrected the scoring issue and updated other numbers (see Attachment B).

15. In response to the Cures and a NOAD, Florida Housing found that APD 19 had addressed most scoring issues raised in preliminary scoring and by NOPSEs. However, Florida Housing concluded that APD 19's cure was problematic. Specifically, Florida Housing in its Final Scoring Summary concluded as follows:

The Applicant attempted to cure Item 11T by providing an equity commitment from Alliant Capital; however, the total amount of equity listed on the fourth page of the commitment does not equal the sum of the stated equity payments in the commitment letter. Therefore, the commitment was not considered a source of financing.

(See Attachment C.)

16. In the instant case, Florida Housing has apparently discovered an "inconsistency" in the Alliant commitment letter not based on the equity amount identified and agreed to by the parties and listed in the corresponding proforma entry of \$12,960,919. Rather, Florida Housing asserts that the equity amount clearly referenced in the letter numerous times is not what the payment schedule in the letter at pages 5 and 6 adds up to. Accordingly, Florida Housing, based on this "inconsistency," has determined that APD 19's application must be rejected.

17. Florida Housing's scoring decision is erroneous for several reasons. Initially, as a policy matter Section V.D(1)(f), provides that "commitments, proposals or letters of intent with conflicting information **may** be determined not to meet threshold depending upon the nature of the inconsistency." By using this language, Florida Housing has acknowledged that the inconsistencies may occur in these letters and unless the nature of the inconsistency is fatal, rejection is not warranted. This policy statement is certainly applicable here and the inconsistency here does not warrant rejection, especially given that there is no disagreement as to the amount of equity to actually be paid.

18. As a factual matter, the apparent inconsistency here was caused by a scrivener's error. Both Alliant and APD 19 apparently missed the error at page 5, paragraph B(1): 20% of \$12,960,919 equals \$2,592,184 rather than the amount listed of \$2,294,184. Despite this error, however, the Alliant letter clearly explains that an equity contribution in the amount of 20% of \$12,960,919 will be paid prior to or simultaneously with the closing and the parties are bound to that number, i.e., 20% of \$12,960,919. This fact does not change by the fact that a scrivener's error may have occurred.

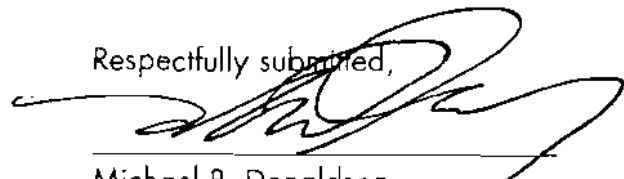
19. Notwithstanding any perceived inconsistency, the equity commitment letter meets all the listed requirements of the Universal Application Instructions. Indeed, the letter includes:

- Terms.
- Proposed interest rate of the construction loan (a published variable index will be acceptable).
- Proposed interest rate of the permanent loan (a published variable index will be acceptable).
- Signature of all parties, including acceptance by the Applicant.
- A statement that states the commitment, proposal or letter of intent does not expire before December 31, 2009, with the exception of Local Government issued tax-exempt bonds.

20. Accordingly, the letter meets the requirements of the Universal Cycle Application process. This result is not changed by the issue referenced above. Moreover, this perceived inconsistency does not rise to the level of rejecting this otherwise acceptable application.

WHEREFORE, APD 19 requests that it be granted an administrative proceeding to contest Florida Housing's erroneous scoring decisions. To the extent there are disputed issues of fact, this matter should be forwarded to the Division of Administrative Hearings. Ultimately, APD 19 requests the entry of a Recommended and Final Order which finds that it has met threshold and awards APD 19 all applicable points.

Respectfully submitted,



Michael P. Donaldson
FL Bar No. 0802761
CARLTON FIELDS, P.A.
P.O. Drawer 190
215 S. Monroe St., Suite 500
Tallahassee, FL 32302

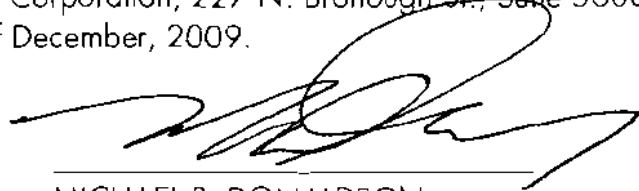
Telephone: (850) 224-1585

Facsimile: (850) 222-0398

Counsel for Applicant

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original of the foregoing has been filed by Hand Delivery with the Agency Clerk, Florida Housing Finance Corporation, 227 N. Bronough Street, Suite 5000, Tallahassee, FL 32301; and a copy furnished to Wellington H. Meffert, II, Esq., Florida Housing Finance Corporation, 227 N. Bronough St., Suite 5000, Tallahassee, FL 32301, this 28th day of December, 2009.



MICHAEL P. DONALDSON

Scoring Summary Report

File #: 2009-215C Development Name: Civic Tower

As Of:	Total Points	Met Threshold?	Ability to Proceed Tie-Breaker Points	Proximity Tie-Breaker Points
10/22/2009	57.00	N	6.00	6.25
Preliminary	57.00	N	6.00	6.25
NOPSE	57.00	N	6.00	6.25
Final				
Final-Ranking				

Scores:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Final Ranking
Construction Features & Amenities									
1S	III	B	2.a	New Construction	9.00	9.00	9.00		
1S	III	B	2.b	Rehabilitation/Substantial Rehabilitation	9.00	0.00	0.00		
2S	III	B	2.c	All Developments Except SRO	12.00	12.00	12.00		
2S	III	B	2.d	SRO Developments	12.00	0.00	0.00		
3S	III	B	2.e	Energy Conservation Features	9.00	9.00	9.00		
4S	III	B	3	Green Building	5.00	5.00	5.00		
Set-Aside Commitment									
5S	III	E	1.b (2)	Special Needs Households	4.00	0.00	0.00		
6S	III	E	1.b (3)	Total Set-Aside Commitment	3.00	3.00	3.00		
7S	III	C	3	Affordability Period	5.00	0.00	0.00		
Resident Programs									
8S	III	F	1	Programs for Non-Elderly & Non-Homeless	6.00	6.00	6.00		
8S	III	F	2	Programs for Homeless (SRO & Non-SRO)	6.00	0.00	0.00		
8S	III	F	3	Programs for Elderly	6.00	0.00	0.00		
9S	III	F	4	Programs for All Applicants	8.00	8.00	8.00		
Local Government Contributions									
10S	IV	A		Contributions	5.00	5.00	5.00		
Local Government Incentives									
11S	IV	B		Incentives	4.00	0.00	0.00		

ATTACHMENT A

Reason(s) Scores Not Maxed:

Item #	Reason(s)	Created As Result	Rescinded As Result
5S	All of the participating Special Needs Household Referral Agencies for the county are not listed on the Applicant Notification to Special Needs Household Referral Agency form. Because the form is incomplete, the Applicant is not eligible for Special Needs points.	Preliminary	
7S	The Applicant failed to commit to an affordability period sufficient to achieve any points.	Preliminary	
11S	The Applicant did not submit any of the Local Government Verification of Affordable Housing Incentives forms (Exhibits 47, 48,49,50). Therefore, zero points were awarded.	Preliminary	

Threshold(s) Failed:

Item #	Part	Section	Subsection	Description	Reason(s)	Created as Result of	Rescinded as Result of
1T	III	C	2	Site Control	The August 17, 2009 Purchase and Sale Agreement does not reflect the Applicant as the buyer and no assignment was provided.	Preliminary	
2T	V	D	2	HC Equity	The Applicant submitted an equity commitment from RBC Capital Markets. However, the sum of the equity installment payments does not equal the total amount of equity reflected in the commitment. As a result, the commitment is not considered a source of financing.	Preliminary	NOPSE
3T	V	D	2	HC Equity	Per page 74 of the 2009 Universal Application Instructions, the percentage of credits being purchased must be equal to or less than the percentage of ownership interest held by the limited partner or member. The Applicant stated at Exhibit 9 of the Application that the limited partner's interest in the Applicant entity is 99.98%. However, the equity commitment at Exhibit 55A states the 99.99% of the HC allocation is being purchased. Because of this inconsistency, the HC equity cannot be considered a source of financing.	Preliminary	
4T	V	D	1	Non-Corporation Funding	Although the Applicant listed first mortgage financing of \$7,135,000, no commitment for this loan has been provided. Therefore, the loan amount cannot be counted as a source of financing.	Preliminary	
5T	V	D	1	Non-Corporation Funding	Although the Applicant listed second mortgage financing of \$2,450,000, no commitment for this loan has been provided. Therefore, the loan amount cannot be counted as a source of financing.	Preliminary	
6T	V	B		Construction/Rehab. Analysis	The Applicant has a construction financing shortfall of \$22,536,849	Preliminary	
7T	V	B		Permanent Analysis	The Applicant has a permanent financing shortfall of \$22,572,008.	Preliminary	
8T	V	D	1	Non-Corporation Funding	The Applicant reflected capitalized interest paid in the amount of \$736,863 in the construction and permanent analysis. However, no documentation was provided for this source. As a result, it was not scored firm and is not considered a source of financing.	Preliminary	
9T	II	B	3	General Contractor	The name of the General Contractor or qualifying agent is not included on the Prior Experience Chart	Preliminary	

Item #	Part	Section	Subsection	Description	Reason(s)	Created as Result of	Rescinded as Result of
10T	V			Financing	The Applicant provided a loan commitment from PNC Multifamily Capital. The commitment states the name of the Development is TM Alexander Apartments on page one. The Applicant stated at Part III.A.1, the Development name is Civic Tower. Due to the inconsistency, the loan commitment was not considered a source of financing.	Preliminary	
11T	V	D	2	HC Equity	The Applicant submitted an equity commitment from Alliant Capital, Ltd. However, the sum of the equity installment payments does not equal the total amount of equity reflected in the commitment. As a result, the commitment is not considered a source of financing.	NOPSE	

Ability To Proceed Tie-Breaker Points:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Final Ranking
1A	III	C	1	Site Plan/Plat Approval	1.00	1.00	1.00		
2A	III	C	3.a	Availability of Electricity	1.00	1.00	1.00		
3A	III	C	3.b	Availability of Water	1.00	1.00	1.00		
4A	III	C	3.c	Availability of Sewer	1.00	1.00	1.00		
5A	III	C	3.d	Availability of Roads	1.00	1.00	1.00		
6A	III	C	4	Appropriately Zoned	1.00	1.00	1.00		

Proximity Tie-Breaker Points:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Final Ranking
1P	III	A	10.b.(2) (a)	Grocery Store	1.25	1.25	1.25		
2P	III	A	10.b.(2) (b)	Public School	1.25	1.25	1.25		
3P	III	A	10.b.(2) (c)	Medical Facility	1.25	0.00	0.00		
4P	III	A	10.b.(2) (d)	Pharmacy	1.25	0.00	0.00		
5P	III	A	10.b.(2) (e)	Public Bus Stop or Metro-Rail Stop	1.25	0.00	0.00		
6P	III	A	10.c	Proximity to Development on FHFC Development Proximity List	3.75	3.75	3.75		
7P	III	A	10 a	Involvement of a PHA	7.50	0.00	0.00		

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

Item #	Reason(s)	Created As Result	Rescinded As Result
5P	Although the Applicant stated that it was seeking proximity tie-breaker points for Bus Stop, the distance between the Bus Stop and the Tie-Breaker Measurement Point is greater than .6 miles and no proximity points were awarded for this service.	Preliminary	

Additional Application Comments:

Item #	Part	Section	Subsection	Description	Comment(s)	Created as Result of	Rescinded as Result of
1C	I	B	2	Priority I Application	The Applicant stated that it is a Joint Venture Non-Profit Applicant. In order to qualify as a Joint Venture Non-Profit Applicant, the Non-Profit must receive at least 25 percent of the total Developer fee as provided in subsection 67-48.002(73), F.A.C. However, the Applicant stated at Part II.A.e.(2).(d). of the Application that the percentage of Developer's fee that will go to the Non-Profit entity is only 20 percent. As a result, the Applicant does not meet the definition of Joint Venture Non-Profit Applicant and, therefore, the Application does not qualify as a Priority I Application. In its present form, the Application is deemed to be a Priority II Application.	Preliminary	
2C	III	A	10	Proximity	The Applicant qualified for 3.75 automatic proximity points at 6P.	Preliminary	
3C	V	B		Development Cost Pro Forma	The Applicant listed operating reserves totaling \$1,037,971. However, No. 5 on the Development Cost Pro Forma Notes states "For purposes of the Development Cost calculation in this Application, the only reserves allowed are contingency reserves for rehabilitation and construction" Therefore, the Development Cost was reduced by \$1,037,971.	Preliminary	
4C	V	B		Developer Fee	On the Construction Analysis, the Applicant listed a Deferred Developer fee of \$624,841 for construction financing. Because the Developer only committed to defer \$330,000 on the Commitment to Defer Developer Fee form, only \$330,000 could be used as a source of construction financing.	Preliminary	
5C	V	B		Developer Fee	On the Permanent Analysis, the Applicant listed a Deferred Developer fee of \$624,841 for permanent financing. Because the Developer only committed to defer \$294,841 on the Commitment to Defer Developer Fee form, only \$294,841 could be used as a source of permanent financing.	Preliminary	
6C	V	D	2	HC Equity	Threshold failure Item 2T was assessed during the Preliminary scoring stage but contained incorrect information. Therefore, this threshold failure was rescinded during the NOPSE scoring stage and a new threshold failure containing the correct information has been assessed at Item 11T.	NOPSE	

**Brief Statement of Explanation regarding Cure for Application
No. 2009-215C**

Provide a separate brief statement for each Cure

**Item #3T Part V Section D Subsection 2
HC Equity**

The limited partner's interest in the Applicant entity has been revised to 99.98% in the equity commitment.



August 17, 2009

Greg Dunfield
Allied Pacific Development, LLC
1700 Seventh Avenue, Suite 2075
Seattle, WA 98101-1397:

Re: Civic Tower, a 196-unit affordable housing development (for seniors) to be located in Miami, Dade County, Florida and developed, rehabilitated, owned and operated by APD Housing Partners 19, LP, a Florida limited partnership (the "Partnership"), in compliance with Section 42 of the Internal Revenue Code of 1986 ("IRC" or "Code")

Dear Greg:

Alliant Capital, Ltd. ("Alliant") is an investment partnership that invests in real estate projects that will qualify for and be allocated IRC Section 42 low-income housing tax credits ("LIHTCs"). This letter agreement summarizes the principal business terms subject to execution of an acceptable Limited Partnership Agreement under which Alliant or its assignees (including one or more investment partnerships affiliated with Alliant) would purchase a 99.98% limited partnership interest in the Partnership.

I. Property Information and Assumptions

Our willingness to acquire an interest in the Partnership is based upon the following information, which you have provided to us. We may update and adjust our proposal to reflect changes in these assumptions and other information which becomes available during our due diligence and underwriting review.

- A. Civic Tower will consist of 196 rehabilitated multifamily apartment units for seniors in one building located in Miami, Dade County, Florida (hereinafter referred to as the "Property" or the "Project").
- B. The Project has applied for 2009 LIHTCs in the amount of \$1,994,187 per annum and the Project will qualify as a "qualified census tract" for purposes of IRC Section 42.
- C. 196 units will be occupied in compliance with LIHTC requirements. 90% of the units will be rented to households whose income does not exceed 60% of the area

Civic Tower
Attention: Greg Dunfield
August 17, 2009
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median income, with the remaining 10% being rented to households whose income does not exceed 33% of the area median income.

D. The following debt financing is expected to be available to finance the construction of the Project:

1. Construction and permanent financing provided by a HUD under the 221d4 program in the principal amount of \$7,135,000, with an interest rate acceptable to the Investor, a term of 480 months and repayable interest only prior to completion of the Project.
2. Construction and permanent financing provided by a HUD under the 221d4 program in the principal amount of \$2,450,000, with an interest rate acceptable to the Investor, a term of 240 months and repayable interest only prior to completion of the Project.
3. Additional construction and permanent nonrecourse financing provided by FHFC from Exchange Section 1602 funds in the principal amount of \$9,140,001.

Performance of all construction loan obligations required by any lender will be jointly and severally guaranteed by the General Partner and by entities and/or individuals specified by the applicable lender.

All of the permanent debt financing for the Project will be nonrecourse to the Partnership and its General Partner and will be secured by a mortgage on the Property, in the order of priority acceptable to the Investor. None of the permanent debt financing is expected to convert from construction financing prior to the completion of the Project. No financing secured in whole or in part by the Property may be cross-collateralized or cross-defaulted with any other financing. No limited partner shall be required to grant any security interest in its partnership interest in the Partnership or its LIHTCs to secure any financing.

If the Partnership is the beneficiary of any grant, the receipt of such grant shall be structured such that there shall be no income to the Partnership, or such income shall be specially allocated to the General Partner.

E. Specific events are projected to occur as follows:

1. Closing of the construction financing and admission of Alliant to the Partnership: May 2010
2. Start of construction of the Property: May 2010

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Attention: Greg Dunfield
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3. Substantial completion of construction: March 2011
4. Closing of the permanent financing: December 2011

F. The estimated annual LIHTCs to be generated by the Partnership (based upon projected \$1,994,187 of LIHTCs available to the Partnership) and allocated to the 99.98% Limited Partner are as follows:

\$1,994,187 for each of the years 2011 through 2020

G. The Project will constitute "residential rental property" eligible for 27.5-year straight-line depreciation under the IRC.

H. Within 10 days of the execution hereof, you will provide to Alliant's designated accountant complete financial projections for the Property, to the extent not already provided, including:

1. The sources and uses of the development funds.
2. The rents and operating expenses for the Property projected through the initial compliance period.
3. Financing assumptions.
4. LIHTC delivery and eligible/qualified basis calculations.

If the materials supplied to date do not provide this information, this letter is subject to a review of such data once supplied.

I. The General Partner and the Developer shall warrant that they have performed suitable and adequate due diligence as is customary in the industry and that no condition adverse to the development and operation of the Property, and the pro forma presented, have been discovered that has not been disclosed to Alliant.

J. The Partnership and the Project will benefit from a new housing assistance contract for a term of at least 20 years, which shall provide project-based rental subsidies for 195 of the 196 units occupied in compliance with Low-Income Housing Tax Credit requirements pursuant to Section 8 of the United States Housing Act of 1937, as amended, under which tenants pay 30% of their incomes as rent with the balance paid by the U.S. Department of Housing and Urban Development ("HUD"). Such housing assistance contract shall provide project-based rental subsidies in a minimum aggregate amount, subject to annual renewal, consistent with your projections.

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Attention: Greg Dunfield
August 17, 2009
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II. Property Ownership

The Property is to be owned by the Partnership, *i.e.*, APD Housing Partners 19, LP, a limited partnership duly formed in the State of Florida.

The Property is to be developed by Allied Pacific Development, LLC, a Delaware limited liability company and American Opportunity Foundation, a Florida [non-profit] corporation (collectively the "Developer").

The general partner of the Partnership is American Opportunity Foundation, a Florida [non-profit] corporation (the "General Partner"). The special limited partner of the Partnership is Allied Pacific Development, LLC, a Delaware limited liability company (the "Special Limited Partner" and collectively with the General Partner the General Partner).

An investment partnership owned or controlled by Alliant will be the initial Investor Limited Partner (also hereinafter referred to as either the "Investor" or "Limited Partner"). Alliant will have the right to substitute a fund sponsored by Alliant or its assignees, which may include one or more investors other than Alliant. A portion of the Alliant interest will be owned by a separate entity to be designated by Alliant (the "Administrative Limited Partner"). The role and rights of the Administrative Limited Partner are set forth elsewhere in this document.

III. Equity Capital and Contribution Schedule

- A. This agreement is contingent upon Alliant obtaining an investor to purchase the tax credits. Subject to the terms of this letter agreement, the Limited Partner will contribute equity capital in the total amount equal to \$0.65 per dollar of LIHTC available to the Limited Partner over the full 10-year credit period. The total equity based upon annual LIHTCs of \$1,994,187 (99.98% of \$1,993,788) will be \$12,960,919. Notwithstanding the foregoing, the pricing of \$0.65 per dollar of LIHTC will only be binding on Alliant until 1/1/10. Thereafter, Alliant may modify the price per \$0.65 of LIHTC to reflect market conditions, in the exercise of its reasonable discretion. In the event that any transaction participant other than Alliant does not approve the schedule of equity contributions set forth below, the parties will negotiate in good faith an alternate schedule of equity contributions, provided that the General Partner, Developer and all Guarantors each acknowledge and agree that the equity amount paid per dollar of LIHTC as set forth in this Section IIIA may be reduced as a result of any such alternate schedule of equity contributions. If additional tax credits are obtained, then the capital contribution shall be increased proportionately, provided, however, that the total equity taking into account any additional tax credits shall not exceed 105% of the total equity of \$12,960,919 as set

Civic Tower
Attention: Greg Dunfield
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forth herein. The equity will be paid in installments upon the achievement of certain benchmarks as set forth below for payment of each installment of equity capital. The Partnership Agreement will list additional conditions applicable to each installment, including, but not limited to, (a) satisfactory title to the Property (including, but not limited to, an ALTA title insurance policy with a "Fairway" endorsement and non-imputation endorsement), (b) no occurrence of bankruptcies of the General Partner, (c) the issuance of a tax opinion by the General Partner's counsel which shall comply with the requirements of US Treasury Circular 230, and shall include an opinion that the material tax benefits projected to be available to the Investor "should" be realized by the Investor, (d) compliance with LIHTC requirements, (e) maintenance of required insurance, and (f) receipt of other customary documents or information required or requested by the Administrative Limited Partner as set forth in the Limited Partnership Agreement; such conditions to be further negotiated between Alliant and the General Partner.

- B. Based on the terms of this letter agreement and the information, projections, and assumptions you have provided to us, equity contributions will be made to the Partnership by the Investor at the times and in the amounts set forth below:
1. \$2,294,184 (20%) will be funded prior to or simultaneously with the closing of the construction financing provided the following conditions are met: (a) the Limited Partner's admission into the Partnership, (b) closing and initial funding of all of the construction financing for the Project (as described in Section I, paragraph D above), (c) receipt of the commitments for all of the permanent financing for the Project (as described in Section I, paragraph B above), (d) receipt of the LIHTC reservation and (e) receipt of evidence satisfactory to the Investor that the HAP contract is in place meeting the assumptions described in Section I, paragraph K above; such funds to be used solely for site acquisition, development and construction costs, as reasonably acceptable to the Administrative Limited Partner.
 2. \$7,517,333 (58%) will be funded upon the later to occur of: (a) 50% lien-free completion of construction, (b) November 10, 2010, and (b) satisfaction of all conditions precedent to the payment set forth in paragraph B.1 of this section; such funds to be used for required hard and soft costs, as reasonably acceptable to the Administrative Limited Partner.
 3. \$1,166,483 (9%) will be funded upon the latest to occur of: (a) lien-free completion of construction of all the improvements sufficient for all residential rental units to be "placed in service" pursuant to IRC Section 42, (b) the issuance of all required permanent certificates of occupancy

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permitting immediate occupancy of all 196 residential rental units, (c) receipt of the final cost certification by an independent firm of certified public accountants (acceptable to the Administrative Limited Partner), (d) March 10, 2011, and (e) satisfaction of all conditions precedent to the payments set forth in paragraphs B.1 and B.2 of this section; such funds to be used for required hard and soft costs, as reasonably acceptable to the Administrative Limited Partner.

4. \$1,684,919 (13%) will be funded upon the latest to occur of: (a) Rental Achievement (as hereinafter defined) and 90% occupancy of the residential rental units by qualified tenants (i.e., tenants meeting the requirements of IRC Section 42), in each case for three consecutive months, (b) conversion of all construction financing to permanent financing; (c) December 10, 2011, and (d) the issuance of an IRS Form 8609 for each building in the Project; such funds to be used for unpaid development costs, to fund the initial operating deficit reserves, and finally to pay development fee, all as reasonably acceptable to the Administrative Limited Partner. Notwithstanding the foregoing requirements of this paragraph B.4., in the event that at the time the conditions precedent to the payment set forth in paragraph B.4. have been satisfied, the Partnership has not been issued its federal income tax return and K-1s for the first year of the credit period for all of the buildings of the Project, the Investor will fund \$1,634,919 of the fourth installment of the Investor's capital contribution and the balance, \$50,000, will be funded upon the receipt of the Partnership's federal income tax return and K-1s for such first year of the credit period, as reasonably acceptable to the Administrative Limited Partner.

IV. General Partner Obligations

- A. Guarantor. All of the representations, warranties and obligations of the General Partner shall be guaranteed, jointly and severally, by Steve Whyte, and the Developer, and by such other entities and/or individuals involved in the Project with a reasonable net worth as approved by the Administrative Limited Partner (collectively, the "Guarantor").
- B. Construction Completion. The General Partner, the Developer and the Guarantor shall guarantee commencement of construction within 30 days after Investor admission to the Partnership and the substantial completion of the Property in accordance with the approved plans and specifications therefore and its placement in service for purposes of IRC Section 42 by June 2011 (the "Construction Completion Guaranty").

The construction contract shall include 100% payment and performance bonds in favor of the Partnership or a letter of credit, in form and substance acceptable to the Administrative Limited Partner, in an amount equal to 15% of hard construction costs insuring completion in accordance with the approved construction budget. The General Partner shall provide a construction time line to the Administrative Limited Partner and provide a monthly construction update reporting on progress. In the event it appears that the completion date will not be met, the Administrative Limited Partner shall give notice of such to the Developer, and the Developer shall have 30 days to remedy the situation and bring the construction back on schedule to the reasonable satisfaction of the Administrative Limited Partner.

- C. Development Deficits. If at any time the total sources of debt and equity available to the Partnership for payment of all Development Costs (excluding the Development Fee) fall short of those costs, the shortfall (i.e., the "Development Deficit") will be contributed to the Partnership, without reimbursement, by the General Partner. The obligation to fund Development Deficits shall be guaranteed by the Developer and the Guarantor. As used herein, the term "Development Costs" means, without limitation, (a) all costs and expenses of acquiring, developing, constructing and equipping the Project, (b) all costs of obtaining construction and permanent financing for the Project, repaying or discharging any construction financing, and the funding of all required reserves, (c) any shortfall in the principal amount of permanent financing and (d) all operating expenses of the Partnership arising on or prior to Rental Achievement.
- D. Qualified Lease-Up Occupancy. The General Partner and the Guarantor shall guarantee the lease-up of the residential rental units of the Property by qualified

tenants (i.e., tenants meeting the requirements of IRC Section 42) and achieve Occupancy by September 2011. As used herein, the term "Occupancy" means occupancy of at least 90% of the residential rental units of the Project by qualified tenants for a period of three consecutive months.

- E. Rental Achievement. The General Partner and the Guarantor shall guarantee Rental Achievement by December 2011. As used herein, the term "Rental Achievement" means a level of Occupancy sustained for a period of three consecutive months at rent levels which produce a Debt Service Coverage Ratio with respect to all trust-pay permanent financing of 1.15:1.00 for each of such three consecutive months, and the term "Debt Service Coverage Ratio" means the ratio of net income remaining after the subtraction of all operating expenses and required reserve deposits on an annualized basis to the payment of required debt service for the same period.
- F. Operating Deficits. The General Partner and the Guarantor will guarantee and agree to advance to the Partnership sufficient funds, for a period of 60 months following the date Rental Achievement is attained (the "Operating Deficit Guaranty Period"), to fund Operating Deficits. As used herein, the term "Operating Deficits" means the excess of operating expenses, debt service payments and required reserve deposits over gross revenues of a recurring nature from normal operations actually collected. Any such advance will be in the form of an "operating loan" that will not bear interest and will be paid from Cash Flow and/or Sale or Refinancing Proceeds as set forth in the section entitled "Sharing of Tax and Cash Benefits" below. The maximum obligation of the Guarantor under this operating deficit guarantee shall be \$1,000,000 which shall be exhausted prior to the use of any funds from the operating deficit reserve.
- G. Voluntary Loans. During the Operating Deficit Guaranty Period, the Limited Partner will have the right, but not the obligation, to make loans to the Partnership to cover Operating Deficits if the General Partner does not do so. After the Operating Deficit Guaranty Period, to the extent borrowings are permitted, they may be made from the General Partner or the Limited Partner or their respective affiliates. To the extent any partner of the Partnership, or any affiliate of such partner, lends any monies to the Partnership, such loan shall be a voluntary, unsecured loan to the Partnership, which shall bear interest at prime plus 2% per annum and shall be repayable out of Cash Flow immediately following the adjuster payment to the Limited Partner as set forth in the section entitled "Sharing of Tax and Cash Benefits" below.
- H. Tax Benefits. The General Partner shall make representations as to the amount of LIHTCs to be available to the investor. Therefore, an adjustment to the equity

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contribution of the Investor shall be made under any or all of the following circumstances:

1. If (a) the Project has not been placed in service as required, or if (b) upon the issuance of IRS Forms 8609 for any or all of the buildings comprising the Project, it is determined that the actual amount of tax credits is less than projected, the Limited Partner's capital contribution shall be reduced by an amount equal to 100% of the value of the shortfall based on the credit pricing indicated herein. If the actual amount of tax credits delivered during the first and second years and eleventh and twelfth years of the compliance period are less than projected, the Limited Partner's capital contribution shall be decreased by the difference in the net present values of the actual amount of tax credits delivered to the Limited Partner vs. the projected amount of tax credits shown in paragraph 1(g) above, delivered in the first and second years and eleventh and twelfth years, using a discount rate of 12% compounded quarterly. To the extent that the tax credit adjuster is greater than the then unpaid portion of the Limited Partner's capital contribution, the General Partner shall, from its own funds, pay to the Partnership and cause the Partnership to pay to the Limited Partner the amount of such adjustment payment owed to the Limited Partner, provided, however, that any unpaid adjustment payment shall be paid from first available Cash Flow and Sale or Refinancing Proceeds of the Partnership in any Partnership fiscal year (prior to any payments on account of any unpaid portion of the Development Fee, partner loans, or fees to the General Partner or its affiliates).
2. If the actual amount of tax credits for any year is less than projected for other reasons, including, but not limited to, the failure of the Partnership to operate the Project so as to have 100% of the residential rental units eligible for the tax credits (but not including a change in the Code or a transfer by the Limited Partner of its interest), or upon the recapture of tax credits not resulting from a change in the Code or a transfer by the Limited Partner of its interest, the Limited Partner's capital contribution shall be reduced by an amount equal to 100% of such shortfall or recapture. To the extent that the tax credit adjuster is greater than the then unpaid portion of the Limited Partner's contribution, the General Partner shall, from its own funds, pay to the Partnership and cause the Partnership to pay to the Limited Partner the amount of such adjustment payment owed to the Limited Partner.
3. Any amount owing to the Limited Partner under this Section H shall be guaranteed by the General Partner and the Guarantor and increased by an amount equal to any interest (including, without limitation, the recapture

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amount provided for in IRC Section 42(j)(2)(B)) or penalties resulting from any such recapture plus the greater of 12% or prime plus 2% per annum from the date as of which such amount is determined to have become due until the date such payment is made.

- J. Environmental Indemnity. The General Partner shall represent and warrant that, to its best knowledge, (i) the Project is not in violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to the environmental conditions on, under or about the Project, and (ii) no Hazardous Substance has been used, generated, manufactured, stored or disposed of on, under or about the Property or transported to or from the Property. In connection with the acquisition of the Project, the Partnership and the General Partner shall undertake all appropriate inquiry into the previous ownership and uses of the Property and provide a Phase I Environmental Site Assessment consistent with the current ASTM Standard E1527-05, but also including radon, asbestos and lead-based paint assessments, and completed less than 90 days prior to closing. The General Partner and the Guarantor hereby agree to indemnify and hold harmless the Partnership, Limited Partner and the Administrative Limited Partner, and their respective partners, directors, officers, employees and agents from and against any and all liability directly or indirectly arising out of the use, generation, manufacture, storage or disposal of Hazardous Substance on, under or about the Project. The foregoing indemnification obligation of the General Partner and the Guarantor shall survive the termination of the compliance period.

The term "Hazardous Substance" means any substance defined as a hazardous substance, hazardous material, hazardous waste, toxic substance or toxic waste in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 *et seq.*; the Hazardous Materials Transportation Act, as amended, 39 U.S.C. Section 1801 *et seq.*; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 *et seq.*; or any similar applicable state or local law; or in any regulation adopted or publication promulgated pursuant to any said law.

- J. General Partner Withdrawal. If the General Partner voluntarily withdraws, its interest shall terminate and such General Partner shall have no further right to participate in the management or operation of the Partnership or to receive any future allocations, distributions or any other funds or assets of the Partnership, nor shall it be entitled to receive or to be paid by the Partnership any further payments of fees (including fees which have been earned but are unpaid) or to be repaid any outstanding advances or loans made by it to the Partnership. If the General Partner involuntarily withdraws, its interest shall revert to a limited partner interest, but it shall not be entitled to

participate in the management of the Partnership's business or to participate in any allocations or distributions payable to the Limited Partner or the Administrative Limited Partner. A General Partner that involuntarily withdraws shall be entitled to share in the allocations and distributions at the same times and in the same manner as such withdrawing General Partner would have otherwise received as a General Partner, as reduced by the amount required to compensate any successor general partner for assuming the obligations of a general partner. The Partnership Agreement shall further detail the procedure for determining the timing and the value to be paid to a terminated or withdrawn General Partner by the Partnership.

- K. General Partner Defaults. In the event of a material default by the General Partner, the Partnership Agreement shall grant the right to cause the Administrative Limited Partner to remove the General Partner (which will result in a liquidation of all its interests) and be converted into a managing General Partner which will have exclusive authority to conduct the business of the Partnership. The defaulting General Partner will be removed as a General Partner at the election of the Administrative Limited Partner. The defaulting General Partner will remain liable for its pre-termination obligations. A "material default" shall include any event in which the General Partner (a) materially violates its fiduciary responsibilities as a general partner of the Partnership; (b) materially breaches any provision of any project document, including the Partnership Agreement and any loan documents, and such breach is not cured within a reasonable period of time; (c) willfully violates any law, regulation or order applicable to the Partnership which has or is likely to have a material adverse effect on the Partnership or the Project; or (d) becomes bankrupt.
- L. Repurchase. The General Partner and the Guarantor shall be obligated to repurchase the partnership interests of the Investor and the Administrative Limited Partner in the Partnership if certain requisite thresholds are not met, including, without limitation, (a) the failure to complete the construction of the Project by the earlier to occur of September 2011 or the date required under the IRC or by the tax credit allocating agency to preserve the LIHTCs, (b) the failure to achieve qualified lease-up of the Property and Occupancy by December 2011, as required herein, (c) the failure to attain Rental Achievement by March 2012, as required herein, (d) any acceleration of the construction or permanent financing of the Project or the commencement of any action to foreclose any mortgage covering the Project or the exercise by any lender of any power of sale or similar remedy affecting the Project prior to the end of the Operating Deficit Guaranty Period, (e) the failure to achieve conversion of the construction financing to permanent financing for the Project within the time frame provided for in the financing commitments and documents therefor, or the termination of any commitment for permanent financing prior to closing and full funding thereunder, (f) the failure to submit the final cost certification, together with

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all required ancillary documentation, to the tax credit allocating agency in a timely manner, or to receive an IRS Form 8609 for each building in the Project by the date required under the IRC or by the tax credit allocating agency to preserve the LIHTCs, (g) a casualty shall have occurred and the insurance proceeds shall be insufficient to restore the Project or the Project shall not be restored within 24 months following such casualty, or (h) the Project shall have become ineligible for 20% or more of the projected amount of LIHTCs.

The repurchase price for the partnership interests of the Investor and the Administrative Limited Partner shall be the amount contributed to the Partnership together with interest thereon at the rate equal to the greater of prime plus 2% per annum or 12% per annum.

V. Contingency; Reserves

The construction budget shall include a hard cost contingency of not less than 5% of construction costs.

The Partnership shall establish a replacement reserve for capital improvements (which may be held with the permanent lender if required by such permanent lender) and make contributions of the greater of (i) that amount required by the permanent lender, and (ii) \$250 per unit per year to be adjusted based on the CPI every five years.

In addition, the General Partner shall establish an initial operating deficit reserve in an amount to be determined but at least \$1,000,000 shall be funded from the funds in Section III, paragraph B.4 and shall be maintained throughout tax credit compliance period. Withdrawals from and release of the Operating Reserve shall not require the consent of any lender.

VI. Compensation

- A. Property Management Fees. The management agent will be entitled to a Property Management Fee not exceeding 5% of gross revenues. If the management agent is affiliated with the General Partner, the Developer, or any Guarantor, the management agent will be required to defer and accrue, without interest, its management fee in the event that the Project is not generating sufficient revenue to pay all of the Project's expenses.
- B. Asset Management Fee. The Partnership will pay, subject to the availability of cash flow, an annual Asset Management Fee ("AMF") to Alliant or its designated affiliate or agent in the amount of \$10,000, payable \$5,000 on April 1st and the balance on October 1st of each year, commencing in the year completion is attained. The AMF

will be adjusted annually based on the annual increase in the CPI. Payment of the AMF is not covered by the Operating Deficit Loan Guaranty and shall accrue without interest until there is sufficient cash available to pay accrued AMF as set forth in the section entitled "Sharing of Tax and Cash Benefits" below.

- C. Development Fee. The General Partner shall be paid a Development Fee in the amount of \$3,954,954 (but not to exceed the maximum amount allowed by the LIHTC allocating agency), to be paid under a development agreement (acceptable to the Administrative Limited Partner) from the funds in Paragraph B of Section III. Based upon the information you have provided, \$3,954,954 the Development Fee is projected to be available to be payable from sources and uses. Any portion of the Development Fee which has not been paid by the tenth anniversary of the completion of the Property shall be paid from the proceeds of an advance from the General Partner to the Partnership in an amount equal to the unpaid portion of the Development Fee, payment of which advance shall be guaranteed by the Guarantor.

VII. Sharing of Tax and Cash Benefits

- A. During Property Operations. All tax profits, losses, and credits from operations will be allocated 99.98% to the Investor and 0.01% to the General Partner.

Cash Flow from operations ("Cash Flow" is defined as all operating revenues remaining after the payment of operating expenses, required debt service, and funding of all required reserves, will be distributed as follows:

1. To the Limited Partner, to make any tax credit adjuster payment not previously made.
2. To replenish funds expended from the operating deficit reserve.
3. To the payment of any debts, excluding any unpaid Development Fee and operating loans, owed to the Partners and/or their affiliates, until all such debts have been paid in full.
4. To the payment of the AMF plus all accrued AMF unpaid from prior years.
5. 80% to the payment of any unpaid Development Fee, until such fee has been paid in full and 20% to the Limited Partner.
6. To the payment of any operating loans made by the General Partner or its affiliates to cover Operating Deficits during the Operating Deficit Guaranty Period.
7. 70% to the General Partner as an Incentive Management Fund and the balance, 30%, to the Partners in accordance with their ownership percentages.

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- B. From Sale or Refinancing. Taxable profits and/or losses from a sale of the Property will be allocated among the Partners of the Partnership to adjust capital accounts as required by the IRC and in accordance with sale proceeds distributions.

Proceeds of a Sale or Refinancing ("Sale or Refinancing Proceeds") will be distributed as follows:

1. To the payment in full of all Partnership debts except those due to Partners and/or their affiliates.
2. To the Limited Partner, to make any tax credit adjuster payment not previously made.
3. To the payment of the AMF plus all accrued AMF unpaid from prior years.
4. To the payment of any debts owed to Partners and/or their affiliates until all such debts have been paid in full.
5. The balance, 65% to the General Partner and 35% to the Limited Partner.

VIII. Other Matters

- A. Partnership Accountants. The Administrative Limited Partner shall have the right to designate the Partnership Accountants through the end of the fiscal year in which the IRS Forms 8609 have been issued, Rental Achievement has been achieved, and the tax returns for the first year of the credit period have been finalized. Thereafter, the identity of the Partnership Accountants shall be subject to Investor approval, which approval shall not be unreasonably withheld. The Accountants initially will be [td] (subject to the approval of the Administrative Limited Partner). Cost certification shall be prepared by the Partnership Accountants (or such other accountants as determined by the Administrative Limited Partner) as a development expense of the Partnership.
- B. Management Agent. The identity of the Property Management Agent shall be subject to Investor approval. The initial Management Agent will be HHS, Inc. (subject to the approval of the Administrative Limited Partner); provided, however, that the Administrative Limited Partner shall have the right to designate the Management Agent after the end of the Operating Deficit Guaranty Period. The term of the management agreement shall not exceed one year without Investor's consent. At the request of the Administrative Limited Partner, the General Partner shall replace the Management Agent (a) if there exists any building code violation (which is not timely cured within 7 days), or (b) if the Management Agent fails to comply with any applicable IRC Section 42 LIHTC compliance rule and/or reporting requirement (which is not timely cured within 30 days), or (c) if any LIHTC unit is occupied by tenants who do not meet the requirements of IRC Section 42, or (d) on

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account of the Management Agent's willful misconduct or gross negligence, or (e) if, after the expiration of the Operating Deficit Guaranty Period, there occurs an Operating Deficit for any six-month consecutive period. If the Management Agent is affiliated with the General Partner, the Developer, or any Guarantor, the Management Agent shall be subject to termination upon any removal of the General Partner.

- C. **Reporting Requirements.** The General Partner and the Management Agent shall cause to be furnished to the Limited Partner monthly balance sheets, income statements and rent rolls for the Partnership. In addition, the Partnership's audit and Federal and State tax returns shall be delivered within 45 days after year-end. Because the parties hereto acknowledge that actual damages would be impossible to determine, the General Partner shall pay liquidated damages of \$100.00 per day.
- D. **Indemnification.** The Partnership shall indemnify the General Partner and the Limited Partners against claims by and loss to third parties arising from the performance of their duties carried out in good faith and without gross negligence or willful misconduct. In turn, the General Partner shall indemnify the Partnership and the Limited Partners for loss arising from acts or omissions of the General Partner or its affiliates which do not comply with foregoing standards or which arise from any material misrepresentations, breach of representations, warranties or covenants, breach of fiduciary obligations to the Limited Partners, or failure to disclose information prior to admission of the Limited Partners.
- E. **Rights of the Administrative Limited Partner.** Subject to other specific references to the rights of the Investor or Administrative Limited Partner, the rights of the Administrative Limited Partner shall include, without limitation, the right to remove a General Partner, and the right to approve a sale of any material Partnership assets, expansion, refinancing or material modification of Partnership debt; the identity of the Management Agent and of the Partnership Accountants; material changes in the design or construction of the Property; appointment of a managing General Partner; withdrawal of a General Partner; admission of any additional Limited Partner; amendment of the Partnership Agreement; and other rights to be specifically negotiated in the Partnership Agreement. In addition, the General Partner shall grant to the Administrative Limited Partner its special Power of Attorney for purposes of negotiating any and all sales opportunities of Partnership assets as long as such sales are on an arm's-length basis and at market rates.
- F. **Sale of Property.** At the end of the initial compliance period, the Administrative Limited Partner shall have the right to compel the General Partner to market the Property for sale. After receipt of such instruction, the General Partner shall have a

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period of one year to sell the Property. In the event the Property is not sold within one year, the Administrative Limited Partner and General Partner shall agree on the value of the Property and determine the amount of dollars that would result to each Partner from a hypothetical sale at the agreed upon purchase price. The General Partner shall then have a period of 30 days to purchase the interests of the Limited Partners for the greater of (a) the amount each would receive from the hypothetical sale or (b) the amount of federal, state and local tax liability that the Limited Partners would incur as a result of such sale.

In the event that the General Partner and the Administrative Limited Partner cannot agree on a value of the Property, each will appoint an appraiser and each appraiser will appoint a third. The average of the three appraisals shall be the agreed upon value.

If the General Partner does not complete such purchase, then the Administrative Limited Partner shall have the right to market the Property for sale and, in the event that the Administrative Limited Partner obtains a buyer, the General Partner shall cause the Partnership to sell the property to such buyer. Alternatively, the Administrative Limited Partner may purchase the General Partner's interest for its hypothetical net proceeds.

- G. Insurance Requirements. Insurance meeting the requirements of the Investor shall be in effect at the time of the admission of the Investor to the Partnership. Such insurance shall be maintained by, and at the expense of, the Partnership with the Investor named as an additional insured in all cases (other than with respect to title insurance). Such insurance shall include, without limitation, physical hazard insurance, business interruption/loss of rents, public liability, property insurance, title insurance, and insurance relating to losses due to flooding and earth movement.
- H. Confidentiality. All persons and entities related in any manner to the General Partner, the Developer, the Partnership or the Project shall maintain all information and materials with respect to the Project or Partnership received by or disclosed to such person or entity in confidence.
- I. Sole-Purpose Entity. The Partnership's sole purpose shall be the development and operation of the Project.
- J. General Tax Credit Requirements. The Partnership documents will require the general partners of the Partnership to take any and all actions required to ensure the Project will qualify and will continue to qualify for the Tax Credits, and not take any action which would disqualify the Project for the Tax Credits, during the entire 15-

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year compliance period under IRC Section 42. Legal counsel to the General Partner shall provide such legal opinions, including, without limitation, legal opinions pertaining to the Partnership, the Project, state law, federal taxation and LIHTC matters, as may be required by the Investor and its legal counsel. Ultimately, the transaction structure is subject to the approval of the Investor's tax counsel.

K. This Commitment does not expire prior to December 31, 2009.

IX. Syndication

Alliant shall have the right to substitute a fund sponsored by Alliant or its assignees, which may include one or more investors other than Alliant, as the Investor in the Partnership. In connection therewith, the General Partner, Developer and all Guarantors shall cooperate fully with Alliant and consent unconditionally, to effectuate any such syndication, including, without limitation, the execution and delivery of an assignment agreement in connection with the substitution of such fund and the delivery by their respective legal counsel, and at their expense, of a legal opinion pertaining to, among other things, the enforceability of such assignment and the limited liability afforded to the assignees by virtue of such assignment.

X. Closing Process

Our agreement to make the investment described in this letter agreement is subject to the accuracy of the information you have provided and will provide to us to allow the satisfactory completion of our due diligence review of the Property and the transaction and our mutual agreement on the terms of the closing documents.

Upon our receipt of your executed copy of this letter agreement and the LIHTC award (consistent with the assumptions set forth herein) issued by the tax credit allocating agency, Alliant will promptly begin its due diligence process by commencing a market review and architectural/ engineering review and such other reviews as are consistent with our standard due diligence process. Such an undertaking shall not impose any liability upon Alliant or its agents for the content, results, or conclusions of such reviews, nor to consummate the transaction contemplated herein. A list of our due diligence and closing requirements will be forwarded to you under separate transmittal within seven days of receipt of your executed copy of this letter and such LIHTC award issued by the tax credit allocating agency. Each of the closing requirements must be met and must be approved by us unless waived by us.

Upon our receipt of your executed copy of this letter agreement and such LIHTC award issued by the tax credit allocating agency, Alliant will commence preparation of the Partnership Agreement, form opinion letters and other related documents incorporating the terms of this letter agreement for your review. Upon the closing, the Partnership shall be

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required to pay \$40,000 to the Investor on account of the costs associated with the preparation of such documents and with the due diligence, underwriting and closing process. The General Partner, Developer and all Guarantors shall be responsible for payment of such amount in the event that the transaction does not close for any reason, including but not limited to the determination by any party other than Alliant not to proceed with the closing contemplated hereunder, or the determination by Alliant that the due diligence and closing requirements are not or cannot be met, or a transaction participant other than Alliant modifies the terms and conditions of the transaction contemplated hereunder. The General Partner, Developer and all Guarantors acknowledge and agree that such \$40,000 is fair and reasonable compensation to Alliant for the costs and expenses incurred by Alliant in connection with the due diligence, underwriting and closing process for the transaction contemplated hereunder.

In recognition of the time and expense to be spent by Alliant in evaluating this transaction prior to closing, all partners of the Partnership and their respective principals, and the principals of the developer, will deal exclusively with Alliant with respect to the transactions noted in this letter agreement until this letter agreement is terminated by mutual consent. You hereby confirm that no other party presently has any right to acquire an interest in the Property or the Partnership.

Concurrently herewith, the General Partner shall deliver to Alliant copies of any and all equity proposals that have been executed by the Partnership, the General Partner or any affiliate thereof, to be able to review such proposals for termination provisions. Should any enforceable proposals exist, the General Partner, the Guarantor and their respective owners shall fully indemnify, defend, protect and hold harmless the Partnership, Alliant and Alliant's affiliates from and against any loss, cost, damage, liability, action, cause of action, suit or expense, including, without limitation, attorneys fees and court costs that may result from the breach or termination of such proposals.

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Please execute and promptly return to us a copy of this letter agreement. The terms herein shall expire 15 business days after the date of this letter if your signed copy has not been received by us.

Very truly yours,

Alliant Capital, Ltd.

By: Alliant, Inc., its general partner

By:


Scott L. Kotick
Executive Vice President

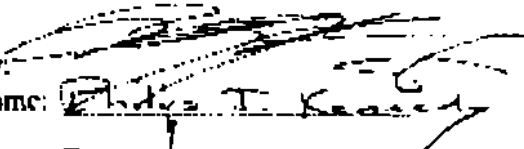
The foregoing is hereby agreed to and confirmed:

APD Housing Partners 19, LP

The American Opportunity Foundation, Inc.
By: its General Partner

By:

Date: _____, 2009

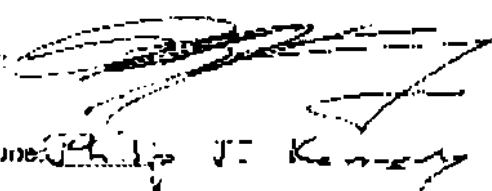
Name: 
Philip J. Kennedy

Title: President

American Opportunity Foundation

By:

Date: _____, 2009

Name: 
Philip J. Kennedy

Title: President

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Please execute and promptly return to us a copy of this letter agreement. The terms herein shall expire 15 business days after the date of this letter if your signed copy has not been received by us.

Very truly yours,

Alliant Capital, Ltd.

By: Alliant, Inc., its general partner

By: _____

Scott L. Kotick
Executive Vice President

The foregoing is hereby agreed to and confirmed:

APD Housing Partners 19, LP

By: _____, its General Partner

By: _____
Name: _____

Date: _____, 2009

Title: _____

American Opportunity Foundation

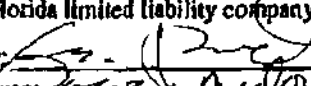
By: APD LLC, its Special Limited Partner
Date: Aug 17, 2009

Name: _____
Title: Gregory Dunfield
Vice President

IN WITNESS WHEREOF, the parties hereto have set their hands and seals hereunder and have caused this First Amendment to be executed by their officers duly authorized hereunto, the day and year first above written.

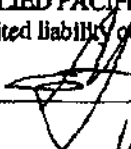
SELLER:

MEDEROS-CIVIC ACQUISITIONS, LLC,
a Florida limited liability company

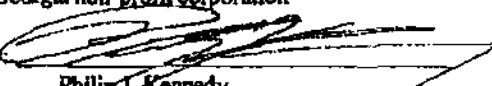
By: 
Name: Greg Mederos
Title: Owner

ORIGINAL BUYER:

ALLIED PACIFIC DEVELOPMENT, LLC, a Delaware
limited liability company

By: 
Its: Vice President

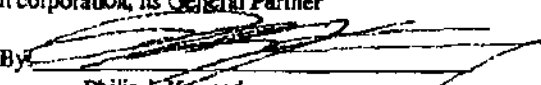
THE AMERICAN OPPORTUNITY FOUNDATION, INC.,
a Georgia non-profit corporation

By: 
Its: Philip J. Kennedy
President

NEW BUYER:

APD HOUSING PARTNERS 19, LP, a Florida limited
partnership

By: The American Opportunity Foundation, Inc, a Georgia
non profit corporation, its General Partner

By: 
Its: Philip J. Kennedy
President

Scoring Summary Report

File #: 2009-215C Development Name: Civic Tower

As Of:	Total Points	Met Threshold?	Ability to Proceed Tie-Breaker Points	Proximity Tie-Breaker Points
12/02/2009	70.00	N	6.00	7.50
Preliminary	57.00	N	6.00	6.25
NOPSE	57.00	N	6.00	6.25
Final	70.00	N	6.00	7.50
Final-Ranking				

Scores:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Final Ranking
Construction Features & Amenities									
1S	III	B	2.a	New Construction	9.00	9.00	9.00	9.00	
1S	III	B	2.b	Rehabilitation/Substantial Rehabilitation	9.00	0.00	0.00	0.00	
2S	III	B	2.c	All Developments Except SRO	12.00	12.00	12.00	12.00	
2S	III	B	2.d	SRO Developments	12.00	0.00	0.00	0.00	
3S	III	B	2.e	Energy Conservation Features	9.00	9.00	9.00	9.00	
4S	III	B	3	Green Building	5.00	5.00	5.00	5.00	
Set-Aside Commitment									
5S	III	E	1.b.(2)	Special Needs Households	4.00	0.00	0.00	4.00	
6S	III	E	1.b.(3)	Total Set-Aside Commitment	3.00	3.00	3.00	3.00	
7S	III	E	3	Affordability Period	5.00	0.00	0.00	5.00	
Resident Programs									
8S	III	F	1	Programs for Non-Elderly & Non-Homeless	6.00	6.00	6.00	6.00	
8S	III	F	2	Programs for Homeless (SRO & Non-SRO)	6.00	0.00	0.00	0.00	
8S	III	F	3	Programs for Elderly	6.00	0.00	0.00	0.00	
9S	III	F	4	Programs for All Applicants	8.00	8.00	8.00	8.00	
Local Government Contributions									
10S	IV	A		Contributions	5.00	5.00	5.00	5.00	
Local Government Incentives									
11S	IV	B		Incentives	4.00	0.00	0.00	4.00	

ATTACHMENT C

Reason(s) Scores Not Maxed:

Item #	Reason(s)	Created As Result	Rescinded As Result
5S	All of the participating Special Needs Household Referral Agencies for the county are not listed on the Applicant Notification to Special Needs Household Referral Agency form. Because the form is incomplete, the Applicant is not eligible for Special Needs points.	Preliminary	Final
7S	The Applicant failed to commit to an affordability period sufficient to achieve any points.	Preliminary	Final
11S	The Applicant did not submit any of the Local Government Verification of Affordable Housing Incentives forms (Exhibits 47, 48,49,50). Therefore, zero points were awarded.	Preliminary	Final

Threshold(s) Failed:

Item #	Part	Section	Subsection	Description	Reason(s)	Created as Result of	Rescinded as Result of
1T	III	C	2	Site Control	The August 17, 2009 Purchase and Sale Agreement does not reflect the Applicant as the buyer and no assignment was provided.	Preliminary	Final
2T	V	D	2	HC Equity	The Applicant submitted an equity commitment from RBC Capital Markets. However, the sum of the equity installment payments does not equal the total amount of equity reflected in the commitment. As a result, the commitment is not considered a source of financing.	Preliminary	NOPSE
3T	V	D	2	HC Equity	Per page 74 of the 2009 Universal Application Instructions, the percentage of credits being purchased must be equal to or less than the percentage of ownership interest held by the limited partner or member. The Applicant stated at Exhibit 9 of the Application that the limited partner's interest in the Applicant entity is 99.98%. However, the equity commitment at Exhibit 55A states the 99.99% of the HC allocation is being purchased. Because of this inconsistency, the HC equity cannot be considered a source of financing.	Preliminary	Final
4T	V	D	1	Non-Corporation Funding	Although the Applicant listed first mortgage financing of \$7,135,000, no commitment for this loan has been provided. Therefore, the loan amount cannot be counted as a source of financing.	Preliminary	Final
5T	V	D	1	Non-Corporation Funding	Although the Applicant listed second mortgage financing of \$2,450,000, no commitment for this loan has been provided. Therefore, the loan amount cannot be counted as a source of financing.	Preliminary	Final
6T	V	B		Construction/Rehab. Analysis	The Applicant has a construction financing shortfall of \$22,536,849.	Preliminary	Final
7T	V	B		Permanent Analysis	The Applicant has a permanent financing shortfall of \$22,572,008.	Preliminary	Final
8T	V	D	1	Non-Corporation Funding	The Applicant reflected capitalized interest paid in the amount of \$736,863 in the construction and permanent analysis. However, no documentation was provided for this source. As a result, it was not scored firm and is not considered a source of financing.	Preliminary	Final
9T	II	B	3	General Contractor	The name of the General Contractor or qualifying agent is not included on the Prior Experience Chart.	Preliminary	Final

Item #	Part	Section	Subsection	Description	Reason(s)	Created as Result of	Rescinded as Result of
10T	V			Financing	The Applicant provided a loan commitment from PNC Multifamily Capital. The commitment states the name of the Development is TM Alexander Apartments on page one. The Applicant stated at Part III.A.1., the Development name is Civic Tower. Due to the inconsistency, the loan commitment was not considered a source of financing.	Preliminary	Final
11T	V	D	2	HC Equity	The Applicant submitted an equity commitment from Alliant Capital, Ltd. However, the sum of the equity installment payments does not equal the total amount of equity reflected in the commitment. As a result, the commitment is not considered a source of financing.	NOPSE	Final
12T	V	D	2	HC Equity	The Applicant attempted to cure item 11T by providing an equity commitment from Alliant Capital; however, the total amount of equity listed on the fourth page of the commitment does not equal the sum of the stated equity payments in the commitment letter. Therefore, the commitment was not considered a source of financing.	Final	
13T	V	B		Construction/Rehab Analysis	The Applicant has a construction financing shortfall of \$11,697,229.	Final	
14T	V	B		Permanent Analysis	The Applicant has a permanent financing shortfall of \$12,960,919	Final	

Ability To Proceed Tie-Breaker Points:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Final Ranking
1A	III	C	1	Site Plan/Plat Approval	1.00	1.00	1.00	1.00	
2A	III	C	3 a	Availability of Electricity	1.00	1.00	1.00	1.00	
3A	III	C	3.b	Availability of Water	1.00	1.00	1.00	1.00	
4A	III	C	3 c	Availability of Sewer	1.00	1.00	1.00	1.00	
5A	III	C	3.d	Availability of Roads	1.00	1.00	1.00	1.00	
6A	III	C	4	Appropriately Zoned	1.00	1.00	1.00	1.00	

Proximity Tie-Breaker Points:

Item #	Part	Section	Subsection	Description	Available Points	Preliminary	NOPSE	Final	Final Ranking
1P	III	A	10.b.(2) (a)	Grocery Store	1.25	1.25	1.25	1.25	
2P	III	A	10.b.(2) (b)	Public School	1.25	1.25	1.25	1.25	
3P	III	A	10.b (2) (c)	Medical Facility	1.25	0.00	0.00	0.00	
4P	III	A	10.b.(2) (d)	Pharmacy	1.25	0.00	0.00	0.00	
5P	III	A	10.b.(2) (e)	Public Bus Stop or Metro-Rail Stop	1.25	0.00	0.00	1.25	
6P	III	A	10.c	Proximity to Development on FHFC Development Proximity List	3.75	3.75	3.75	3.75	
7P	III	A	10.a	Involvement of a PHA	7.50	0.00	0.00	0.00	

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

Item #	Reason(s)	Created As Result	Rescinded As Result
5P	Although the Applicant stated that it was seeking proximity tie-breaker points for Bus Stop, the distance between the Bus Stop and the Tie-Breaker Measurement Point is greater than .6 miles and no proximity points were awarded for this service.	Preliminary	Final

Additional Application Comments:

Item #	Part	Section	Subsection	Description	Comment(s)	Created as Result of	Rescinded as Result of
1C	I	B	2	Priority I Application	The Applicant stated that it is a Joint Venture Non-Profit Applicant. In order to qualify as a Joint Venture Non-Profit Applicant, the Non-Profit must receive at least 25 percent of the total Developer fee as provided in subsection 67-48.002(73), F.A.C. However, the Applicant stated at Part II.A.e.(2).(d) of the Application that the percentage of Developer's fee that will go to the Non-Profit entity is only 20 percent. As a result, the Applicant does not meet the definition of Joint Venture Non-Profit Applicant and, therefore, the Application does not qualify as a Priority I Application. In its present form, the Application is deemed to be a Priority II Application.	Preliminary	Final
2C	III	A	10	Proximity	The Applicant qualified for 3.75 automatic proximity points at GP.	Preliminary	
3C	V	B		Development Cost Pro Forma	The Applicant listed operating reserves totaling \$1,037,971. However, No. 5 on the Development Cost Pro Forma Notes states "For purposes of the Development Cost calculation in this Application, the only reserves allowed are contingency reserves for rehabilitation and construction" Therefore, the Development Cost was reduced by \$1,037,971.	Preliminary	Final
4C	V	B		Developer Fee	On the Construction Analysis, the Applicant listed a Deferred Developer fee of \$624,841 for construction financing. Because the Developer only committed to defer \$330,000 on the Commitment to Defer Developer Fee form, only \$330,000 could be used as a source of construction financing.	Preliminary	Final
5C	V	B		Developer Fee	On the Permanent Analysis, the Applicant listed a Deferred Developer fee of \$624,841 for permanent financing. Because the Developer only committed to defer \$294,841 on the Commitment to Defer Developer Fee form, only \$294,841 could be used as a source of permanent financing.	Preliminary	Final
6C	V	D	2	HC Equity	Threshold failure Item 2T was assessed during the Preliminary scoring stage but contained incorrect information. Therefore, this threshold failure was rescinded during the NOPSE scoring stage and a new threshold failure containing the correct information has been assessed at Item 11T.	NOPSE	