

## American Community Developers, Inc.

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Detroit, MI 48225

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February 28, 2011

Via Email (Candice.Allbaugh@floridahousing.org)

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

RE: Sutton Place Apartments  
Ocala, FL  
(the "Project")

Dear Ms. Allbaugh:

This letter is in response to an email that we received from Kyle Kuenn, dated February 24, 2011, concerning a noted rehabilitation deficiency in relation to our commitment to provide R-7 wall insulation pursuant to the Project's Description of Features and Amenities agreement. As I explained to Mr. Kuenn in a follow-up phone call that I had with him last Thursday, our commitment to provide R-7 wall insulation was based on a misinterpretation by our Project architect that the wall insulation requirement would be met by the existing wall properties. We have recently evaluated the feasibility of adding the required R-7 wall insulation and have come to the conclusion that doing so will be cost prohibitive and will cause a delay in our construction completion that would likely preclude us from meeting the placed-in-service deadline (October 31, 2011). Please see the enclosed letter from our architect, Progressive Associates, concerning this matter.

In lieu of adding the R-7 wall insulation, we have selected two other energy efficiency components, namely heat pumps and an upgrade to tankless water heaters, that we would like to swap for the R-7 wall insulation. A comparison of energy conservation features under our current commitment and our proposed revised commitment is shown below (the swapped amenities are shown in italics):

**Description of Features and Amenities:  
Energy Conservation Features**

**Energy Conservation Features - Original Commitment:**

1. Air Conditioning with a SEER rating of 16 or better	3 points
2. Gas water heater with energy factor of .61 or better	1 point
3. Wall insulation of a minimum of R-7	1 point
4. Attic insulation of R-30 or better	1 point
5. Double-pane glass on all windows	2 points
6. Energy Star certified refrigerator and dishwasher in each unit	1 point
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<b>TOTAL</b>	<b>9 points</b>

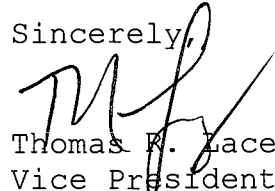
**Energy Conservation Features - Proposed Revised Commitment:**

1. Heat pump with a minimum HSPF of 8.5 instead of electric resistance	2 points
2. Air Conditioning with a SEER rating of 16 or better	3 points
3. Tankless gas water heater	2 points
4. Attic insulation of R-30 or better	1 point
5. Double-pane glass on all windows	2 points
6. Energy Star certified refrigerator and dishwasher in each unit	1 point
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<b>TOTAL</b>	<b>11 points</b>

We believe that our proposed revised commitment, as a package, has a greater overall energy efficiency impact on the Project, provides a greater energy efficiency commitment on our part (at 11 pts. Vs. 9 pts.), will be completed on a cost-neutral basis, and will provide a greater benefit to the residents over the long run. In light of the above, please accept this letter as an official request to swap R-7 wall insulation and gas-water heaters (e.f. of .61 or better) for a heat pump (HSPF of 8.5+) and tankless water heaters. Also, we respectfully request that while this amenity swap request is being processed by FHFC, that you allow our draw request(s) to continue to be funded in full and in a timely fashion.

Please let me know if you have any questions or would like to further discuss this matter. Thank you for your consideration of our request.

Sincerely,

  
Thomas R. Lacey  
Vice President

Enc.

cc: file -17, Jerry Krueger (email),  
Nathan Hindle (email), Kyle Kuenn (email)

February 25, 2011

Mr. Thomas R. Lacey  
Vice-President  
American Community Developers, Inc.  
20250 Harper  
Detroit, MI 48225

RE: Sutton Place Apartments  
Ocala, Florida

HUD Project No. 063-35314

Dear Mr. Lacey:

Based on your request, we have reviewed the requirement of the Florida Housing Finance Corporation (FHFC) that exterior walls of the above referenced development are to have a minimum of R-7 rated insulation added to the existing wall assembly.

It should be noted that the "existing" exterior walls are comprised of cement stucco applied to 8" concrete masonry units (grouted) with 3/4" furring and 1/2" gypsum board finish.

Compliance to meet the FHFC R-7 insulation would require removal of the existing 1/2" gypsum board and adding a minimum of 1-1/2" furring with 1-1/2" thick High R-Value rigid insulation (i.e. Owens-Corning "Formula 250" or equal) with replacement of new 1/2" gypsum board. This procedure would be cost intensive and disruptive to the project completion schedule.

In lieu of the addition of the R-7 exterior wall insulation it is our opinion that implementation of the following additions and modifications to the overall project would be a benefit to the overall energy efficiency and living environment for the residents of Sutton Place.

**Item 1.** Installation of "Direct Vent Tankless Water Heaters" that are "Energy Star" rated equivalent to "RINNAI" Model R75LSi.

Tankless Water Heaters to be installed instead of specified Tank-type Conventional Water Heaters.

Mr. Thomas R. Lacey  
February 25, 2011  
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- Item 2.** Installation of Split-System: Heat Pump with Remote Unit-Air Source Cooling Unit (Seer Rating 16.00) "Carrier" Model FVCN003/25HPA524A31 or approved equal.

Split-system Heat Pump to be installed instead of specified condensing Gas Furnace.

- Item 3.** Installation of Aluminum Sliding Windows that are Energy Star rated, Insulated Low-E Glass, and argon gas filled. Windows to have a minimum U-Factor=0.43, R-Value 2.325.

Windows to be equivalent to Quaker 1000 Series or Traco No HR 242/S42 with State of Florida compliance/approval.

- Item 4.** Installation of R-49 attic insulation in lieu of specified R-38.

The above listed modifications/additions are deemed to be a substantial betterment to the overall scope of the project in that the prospective Residents of Sutton Place will have the immediate and daily benefit in the energy saving operation of the Water Heating and Heating/Cooling System; as well as the use of "Energy Star" rated windows and a substantial increase in the thermal quality of the attic insulation. Collectively, these items can be considered an upgrade to the overall energy efficiency of the entire Development when compared to utilization of only R-7 rated insulation in the exterior wall.

Should there be any questions, please feel free to contact us.

Sincerely,

PROGRESSIVE ASSOCIATES, INC.



Daniel A. Tosch  
President  
Florida Registration No. 8563

DAT/gz

C: Nathan Hindle – St. Clair Construction