

SELTZER MANAGEMENT GROUP, INC.

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October 8, 2009

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

Re: Stenstrom Road Senior Village, #2009-026CT

Dear Ms. Allbaugh:

Stenstrom Road Senior Village Associates, Ltd. ("Applicant" or "Stenstrom"), has applied for RFP 2009-03 9% Housing Credit Funds ("HC") and a Tax Credit Assistance Program ("TCAP") loan from Florida Housing Finance Corporation ("FHFC" or "Florida Housing") to finance Stenstrom Road Senior Village. The proposed development will consist of 67 units in one garden style building, and will be constructed on a parcel of land lying between Grove Avenue and Stenstrom Rd, Wauchula, Hardee County, Florida 33873. The subject development's HC set-asides are 10% (7 units) at 45% or less of the Area Median Income ("AMI"), and 90% (60 units) at 60% AMI, to total 67 residential units with a 100% Set-Aside and affordability period of 50 years. The Applicant has chosen an elderly demographic and the property is located in a Difficult Development Area ("DDA") – Hardee County.

The Applicant is a limited partnership registered with the State of Florida July 2006. The general partner of the applicant is Stenstrom Road Senior Village GP, L.L.C., a Florida limited liability company with a 0.01% ownership interest. The sole member of the general partner is Madrid Avenue, L.L.C. Madrid Avenue, L.L.C.'s sole member is Judd K. Roth. Madrid Avenue, L.L.C. (and/or assigns) is the current limited partner with a 99.99% ownership interest.

Judd K. Roth Real Estate Development, Inc. is the developer. The developer has sufficient experience and financial resources to complete a development of this type.

Initial consideration for funding is conditioned that the sub-market for the proposed development has an average occupancy of 92% or greater for the same demographic population. Florida Housing Finance Corporation ("FHFC" or "Florida Housing") has requested that Seltzer Management Group, Inc. ("SMG" or "Seltzer") confirm the average occupancy rate for the sub-market.

In accordance with required guidelines, a Market Study (the "Study") was prepared for the subject property by CB Richard Ellis ("CBRE" or the "Appraiser"), dated September 11, 2009. The Study was engaged by SMG.

The Study identified sixteen stabilized market and income-restricted developments in the subject's Primary Market Area ("PMA"), defined by the Appraiser as properties located within Hardee County and the City of Avon Park in Highlands County. Avon Park is located approximately 19 miles east of the proposed subject along S.R. 64. Interviews conducted by the Appraiser indicate that manager of developments in Hardee County feel that they compete for residents with those in the City of Avon Park and vice-versa. The properties included in the PMA are Wauchula Gardens, Country Manor, Country Walk, Valencia Gardens, Forest Glade, River Chase, Azelea Apartments, Park Plaza, Whispering Pines, Castle Hill, Lemon Tree, Palms at Lake Tulane, Pepper Tree Village, Delaney Heights, Lakeside Public Housing and Breezeway Townhomes with occupancies ranging from 76% to 100%. Properties excluded as comparables were market rate and rent restricted properties inclusive of those having Rural Development rent subsidies, and Section 8 assistance. There are five Low Income Housing Tax Credit ("LIHTC") properties in the PMA that have similar income, rent and set aside restrictions,

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Country Manor, Country Walk, Valencia Gardens, Castle Hill and Palms at Lake Tulane. However, only Castle Hill is restricted for the elderly.

The five LIHTC developments within the subject's PMA have occupancy rates ranging from 80% to 97.2%, with a weighted average occupancy rate of 91.1%. Country Manor has historically performed poorly since 2007, however it has shown increases in occupancy over the last three months, going from 72.5% to its current occupancy of 80%, up significantly from a low of 63.3% in April 2009. Because of its historical poor performance, Country Manor is being excluded which would provide a weighted average occupancy rate of 95.8% for the remaining 4 properties. The only elderly property identified in the PMA, Castle Hill, has a current occupancy rate of 97.2%. SMG considers this the only like-kind competing property. SMG therefore concludes an average occupancy for the sub-market of 97.2%.

The Appraiser states that the proposed development will not be able to attain the maximum HC rents for its one bedroom units at 60% of AMI and the 7 one and two bedroom units at 45% of AMI but will achieve the proposed developer rents. The Appraiser further states achievable rents for the two bedroom units at 60% AMI set-asides will also be below the allowed maximum HC rents. The achievable rents for these units will more likely be at the maximum net HC rents at the 50% of AMI level, which is \$8.00 less than the developer's proposed rents for those units. Assuming an active 3-month pre-leasing period and the subject's first units being delivered mid year 2011, the Appraiser anticipates an average absorption rate of four units per month and a lease-up period of thirteen months to reach a stabilized occupancy of 95%.

The Study confirms there are no Guarantee Fund properties within the subject's PMA and in addition confirms that the property is in a DDA – Hardee County.

SMG has reviewed the Study and performed independent due diligence related to the underlying data utilized by the appraiser. Seltzer's due diligence included a comparison of the Study's property description to that in the Request for Proposal and FHFC de-obligated application, identification of affordable housing properties located in the vicinity of the Subject and comparison to those properties included in the PMA and comparable sub-market, a review of FHFC occupancy information (including SMG internal monitoring sources) and comparison of that data to occupancy data utilized by the Appraiser, and the testing of various occupancy calculations included in the Study. Seltzer's review and due diligence reports findings consistent with those presented in the Study indicating that the underlying data relied upon by the Appraiser and that conclusions rendered by the Appraiser are reasonable and logical. Accordingly, SMG finds the Study to be satisfactory for purposes of establishing the average occupancy of the Subject's sub-market.

Based on the information presented in the Study and its own due diligence, SMG concludes that the comparable market average occupancy rate for the Subject meets the minimum requirement of 92%, and recommends the developer proceed with credit underwriting.

If you have any questions regarding this preliminary credit underwriting letter please do not hesitate to call me at (850) 233-3616, ext. 249.

Sincerely,

SELTZER MANAGEMENT GROUP, INC.



Paula McCutcheon
Credit Underwriter