

## SELTZER MANAGEMENT GROUP, INC.

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August 13, 2009

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

Re: Kensington Garden (#2009-016C)

Dear Ms. Allbaugh:

Progress Boulevard, Ltd. ("Applicant"), has applied for Federal Low Income Housing Tax Credits ("HC") under Florida Housing Finance Corporation's Request for Proposal ("RFP") 2009-01 to finance Kensington Garden Apartments. Initial consideration for funding is conditioned upon the Subject Development's sub-market having an Occupancy Rate of 92% or greater for the same demographic population. Florida Housing Finance Corporation ("Florida Housing" or "FHFC") requested Seltzer Management Group, Inc. ("Seltzer" or "SMG") to determine the Average Occupancy Rate for Kensington Garden's sub-market.

Kensington Garden is proposed for construction on the south side of Progress Boulevard, approximately 1,200' west of its intersection with U.S. Highway 301, Riverview, Hillsborough County, Florida 33578. It is located in a Difficult Development Area ("DDA"). As proposed, Kensington Garden will consist of 180 garden-style units in 7 three-story Residential Buildings plus a Clubhouse and a Garage/Maintenance Building. The Subject has a "Family" demographic, with HC Set-Asides of 10% (18 units) at 35% or less of the Area Median Income ("AMI") and 90% (162 units) at 60% or less of AMI, to total 180 residential units with a 100% Set-Aside for 50 years.

SMG engaged Meridian Appraisal Group, Inc. ("Meridian"), Winter Springs, Florida, to perform a Market Study for Kensington Garden in accordance with guidelines established by FHFC. SMG received and reviewed Meridian's report dated July 23, 2009. Meridian defines Kensington Garden's Primary Market Area ("PMA") as a 10-mile ring centered on the Development Site and states that Affordable Properties typically generate 2/3 to 3/4 of its residents from within 10 miles. Meridian listed 33 Affordable Properties within a 10-miles radius of the Subject Development.

Meridian concentrates its analysis on the Subject's Competitive Market Area ("CMA"), an area containing properties in close proximity to the Subject with similar income restrictions and demographic commitments. Due to the density of development in the PMA, Meridian considers Kensington Garden's CMA to be its 5-mile ring. For purposes of this analysis, the CMA is considered to be the Subject's sub-market. Meridian identified 11 Affordable Properties within the Subject's CMA, however not all are considered competitive. Meridian determined 8 stabilized, like-kind Affordable Properties representing 2,634 units, as follows:

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- |                     |                                   |
|---------------------|-----------------------------------|
| 1. Bayou Crossing   | 5. Lake Kathy                     |
| 2. Brandon Crossing | 6. Lakewood Shores                |
| 3. Bristol Bay      | 7. Windermere I and II (combined) |
| 4. Cypress Trace    | 8. Woodberry Woods                |

The Fountains on Falkenburg I and II were excluded by Meridian because they are currently in lease-up. Sterling Palms was excluded because it is primarily a Market Rent Property with only 50 Affordable Units out of a total of 248.

Meridian reports the 8 competitive Affordable Properties within the Subject's CMA had current Occupancy Rates ranging from 87% to 98%, with a Weighted Average Occupancy Rate of 93%. It's calculation of Weighted Average Occupancy is based upon the total of occupied units for the 8 competitive Affordable Properties divided by the 2,634 available. Meridian states the Subject may have a short-term impact during lease-up on nearby properties such as Bayou Crossing, Cypress Trace, Sterling Palms and Windermere I and II. It will not, however, have a significant long-term impact on the competition due its moderate size and current strong Occupancy Rates in its sub-market. The Fountains on Falkenburg Phases I and II at 65 units and 33 units, respectively, will come on line about the same time as the Subject and compete with Kensington Garden for residents. Meridian, however, states it factored The Fountains on Falkenburg I and II into its analysis.

There is one Guarantee Fund property, Bristol Bay, located within the Subject's CMA. Bristol Bay is currently at 97% Occupancy. Meridian states there is a potential for the Subject Development to have a short-term impact on Bristol Bay, but it is unlikely due to Bristol Bay's location nearly 5 miles away. SMG concurs.

SMG performed independent Due Diligence related to the underlying data utilized by Meridian in its Kensington Garden Market Study. Seltzer's Due Diligence included a comparison of Meridian's property description to that in Applicant's RFP and its de-obligated SAIL Application, the identification of Affordable Properties in the vicinity of the Subject, a comparison of the Subject to Affordable Properties in its PCA and CMA, a review of Florida Housing's Occupancy Reports (including SMG internal monitoring sources), the comparison of that data with occupancy data utilized by Meridian and the testing of various occupancy calculations in Meridian's Market Study. Seltzer's review and Due Diligence findings are consistent with those presented in the Kensington Garden Market Study, which indicates the underlying data relied upon by Meridian and the conclusions rendered by Meridian are reasonable and logical.

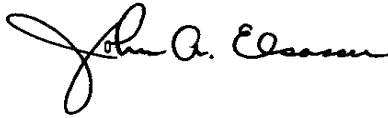
Based upon information presented in the Market Study and its own Due Diligence, SMG concludes Average Occupancy for the Subject's sub-market meets Florida Housing's minimum requirement of 92% and recommends it proceed with the Kensington Garden Credit Underwriting Report.

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If you have any questions, please call me at (850) 233-3616, ext. 240.

Sincerely,

SELTZER MANAGEMENT GROUP, INC.

A handwritten signature in black ink, reading "John A. Elsasser". The signature is written in a cursive style with a large, looping initial "J".

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John A. Elsasser  
Credit Underwriter