



2005-020VW
Henderson Global Investors (North America) Inc.
1 Financial Plaza, 19th Floor
Hartford, Connecticut 06103, USA
Telephone 860.723.8600
Facsimile 860.723.8601
www.henderson.com

June 17, 2005

VIA FACSIMILE
(850) 414-6548

Maelene Tyson
Clerk of Florida Housing
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301

Re: Mariner Club Apartments Project

Dear Maelene:

Attached, please find the Petition for Variance on the Mariner Club Apartments Project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Schwaab', with a long horizontal flourish extending to the right.

Michael Schwaab
Director, Acquisitions & Dispositions
Henderson Global Investors
312-915-9111

Cc: David Westcott (850) 414-5479
Mike Petersilia (214) 756-8690

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

HENDERSON GLOBAL INVESTORS
(NORTH AMERICA) INC.,
a Delaware corporation

Petitioner,

APPLICATION NO. _____

vs.

FLORIDA HOUSING FINANCE
CORPORATION

Respondent,

_____ /

PETITION FOR VARIANCE
FROM RULE 67-21.008(1)(b), F.A.C.

Henderson Global Investors (North America) Inc., which has contracted to purchase all of the partnership interests in Mariner Club, Ltd., a Florida limited partnership ("**Petitioner**"), hereby petitions Florida Housing Finance Corporation ("**Corporation**") for a variance from Rule 67-21.008(1)(b), Florida Administrative Code. This Petition is filed pursuant to Section 120.542, Florida Statutes, and Chapter 28-104.002, Florida Administrative Code.

The Petitioner

1. The address, telephone number and facsimile number of the Petitioner are:

Henderson Global Investors (North America) Inc.
737 N. Michigan Avenue, Suite 1950
Chicago, Illinois 60611
Attention: Michael Schwaab, Director, Acquisitions
Telephone: (312) 915-9111
Facsimile: (312) 397-1494

2. The address, telephone number and facsimile number of the Petitioner's representative are:

Michael Petersilia, Esq.
Locke Liddell & Sapp LLP
2200 Ross Avenue
Suite 2200
Dallas, Texas 75201
Telephone: (214) 740-8690
Facsimile: (214) 756-8690

3. Petitioner has applied for 2005 Series Taxable Multifamily Mortgage Revenue Bonds ("**TMMRB**") financing. This TMMRB financing is being obtained to defease the Corporation's Housing Revenue Bonds, 1996 Series K-1 (Mariner Club Apartments Project) (the "**Tax-Exempt Series 1996 Bonds**") that currently finance a multifamily residential rental apartment complex, known as Mariner's Club Apartments (the "**Development**" or the "**Project**"), located at 1700 South San Pablo Road, Jacksonville, Florida 32224. The financing structure for the Development will consist of a first mortgage loan from the Corporation for TMMRB proceeds, which will be placed in escrow to defease the Tax-Exempt Series 1996 Bonds, with credit enhancement for the TMMRB being provided via a direct pay credit enhancement instrument from Fannie Mae. The TMMRB, subject to the Corporation's prior approval, then will be called and remarketed as tax-exempt refunding bonds (the "**Tax-Exempt MMRB**") on September 1, 2006, the first call date for the Tax-Exempt Series 1996 Bonds. The Tax-Exempt MMRB will be credit enhanced with a direct pay credit enhancement instrument from Fannie Mae. The proceeds of the Tax-Exempt MMRB will be used to redeem the Tax-Exempt Series 1996 Bonds. The TMMRB will be paid off with a draw on the Fannie Mae credit enhancement. The defeasance escrow will be used to repay Fannie Mae for the draw on its credit enhancement instrument used to pay off the TMMRB. This financing structure is detailed in the Credit

Underwriting Report currently being prepared by Seltzer Management Group, Inc. for submittal to the Corporation's Board. The TMMRB loan closing for the Development is intended to take place on or before August 11, 2005.

The Rule From Which Variance is Sought and Action Requested

4. Petitioner requests a variance from a portion of Rule 67-21.008(1)(b), Florida Administrative Code (the "**Amortization Rule**"). More specifically, Petitioner is seeking a variance from what is designated as the beginning date for the amortization of the Tax-Exempt MMRB loan, such that amortization would not commence until eight (8) years following the closing of the TMMRB loan, during which period only interest on the outstanding loan balance would be paid. The Amortization Rule provides:

(1) Each Mortgage Loan for a Development made by the Corporation shall:

(b) Provide for a fully amortized payment of the Mortgage Loan in full beginning on the earlier of 36 months after closing, or stabilized occupancy, or conversion to permanent financing under the loan documents and ending no later than the expiration of the useful life of the property, and in any event, no later than 45 years from the date of the Mortgage Loan.

Statute Implement By The Rule

5. The statute that the Rule is implementing is Section 420.508(3)(a), Florida Statutes.

**Petitioner Requests A Variance Of The Rule
Set Forth Above for the Following Reasons**

6. The Tax-Exempt Series 1996 loan in the same amount, which the Tax-Exempt MMRB loan will replace, was issued with no amortization. The Petitioner will invest significant

sums of its own capital in purchasing the Development and has scheduled significant capital improvements over the next 5 years in order to provide a superior affordable housing project in eastern Jacksonville. The requested eight (8) year "interest only" period will allow this to happen. Furthermore, the appraised value of the Development being pledged as collateral is substantially more than the value of the proposed loan which is the subject of this Petition.

Variance Will Serve the Underlying Purpose Of The Statute

7. Petitioner believes that a variance of the Rule will serve the purposes of the Statute, which is implemented by the Rule. The AAA credit rating of the enhancer, Fannie Mae, provides the bondholders and the Corporation with the assurance of principal safety for the Development. Fannie Mae has also structured the credit enhancement in a manner such that, after the eight-year "interest-only" period, deposits will be required to a principal reserve fund held by the trustee for the bonds and applied to fully amortize bond principal in accordance with Fannie Mae's requirements over the remaining 22-year term of the bonds.

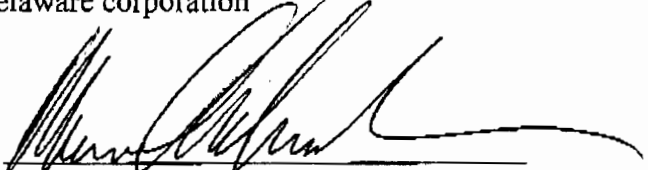
8. The Corporation has the authority pursuant to Sections 120.542(1) and (2), Florida Statutes, to provide relief from its rule if the purpose of the underlying statute will be or has been achieved by other means and when strict application of the rule would create a substantial hardship or would violate principles of fairness. Unless the Rule variance is granted, the Petitioner will be subjected to a substantial hardship, which will have a negative and unintended effect on the viability of an otherwise economically reasonable project. Without approval of this request, quality affordable housing in eastern Jacksonville could be sacrificed. In a market where several multifamily projects have converted to condominiums, Mariner's Club remains a viable and high quality alternative for affordable housing.

Type of Variance

9. The Petitioner requests a variance of the Rule as set forth above for a period of eight (8) years from the issuance of the TMMRB, during which period no amortization of the TMMRB or the Tax-Exempt MMRB would be required.

10. A copy of the Petition has been provided to the Joint Administrative Procedures Committee, Room 120, The Holland Building, Tallahassee, FL 32399-1300.

**HENDERSON GLOBAL INVESTORS
(NORTH AMERICA) INC.,**
a Delaware corporation

By: 

Name: Michael Schwaab
Title: Director, Acquisitions