

COPY

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

PANAMA MANOR,

Petitioner,

vs.

FHFC No. 2009-Dele UC
Application No. 2009-174C

FLORIDA HOUSING FINANCE
CORPORATION,

Respondent.

_____ /

PETITION FOR REVIEW

Pursuant to Section 120.569 and .57, Florida Statutes (F.S.) and Rule 67-48.005, Florida Administrative Code (F.A.C.), Petitioner, PANAMA MANOR, LP ("Panama") requests an administrative hearing to challenge FLORIDA HOUSING FINANCE CORPORATION's ("Florida Housing") scoring actions concerning Universal Cycle Application No. 2009-174. In support of this Petition, Panama provides as follows:

1. Panama is a Georgia limited partnership authorized to conduct business in Florida with its address at 2730 Cumberland Blvd. SE, Smyrna, Georgia 30080. Panama 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, Panama 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 96-unit affordable housing apartment complex in Panama City, Florida, named Panama Manor.

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
- (ii) 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. Panama is an applicant for Developments in the Medium County Geographic Set-Aside.

9. Based on a review of Florida Housing's Final Scoring Summary dated December 2, 2009, Panama received a final score of 70 out of a possible 70 points for its application. Additionally, Panama received 5.5 out of 6 ability to proceed and 7.5 out of 7.5 proximity tie-breaker proximity points. This score should allow Panama to receive a full award of its funding request. Florida Housing's scoring action concerns whether Panama should be disqualified from consideration because of alleged financial arrearages. As will be explained more fully below, Florida Housing's scoring action in the instant case is erroneous.

Substantial Interests Affected

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

Scoring of Panama's Application

11. The Universal Application asks an applicant to provide information concerning its proposed project. In its original application, Panama submitted information to address each of the application requirements.

12. After conducting its preliminary review of the Application and all NOPSEs, Florida Housing found numerous scoring issues; however, the relevant issue in the instant case is as follows:

Pursuant to subsection 67-48.004(5), F.A.C., NOPSE scoring may include financial obligations for which an Applicant or Developer or Principal, Affiliate or Financial Beneficiary of an Applicant or the Developer is in arrears to the Corporation or an agent or assignee of the Corporation as of the due date for NOPSE filing [October 1, 2009]. As provided in paragraph 67-48.004(13)(d), F.A.C., following the submission of the "Cures," the Corporation shall reject an Application if the Applicant fails to satisfy any arrearages described in subsection 67-48.004(5),

F.A.C. The Applicant or Developer or Principal, Affiliate or Financial Beneficiary of the Applicant or the Developer is listed on the October 1, 2009 Past Due Report as being in arrears to the Corporation in connection with the following Development(s): Edisto Lakes. The October 1, 2009 Past Due Report is posted to the FHFC Website at <http://www.floridahousing.org/Home/PropertyOwnersManagers/PastDueReports.htm>. Payments and questions should be addressed to the servicer.

(See Attachment A.)

13. In response to Florida Housing's preliminary scoring decision, Panama provided cure documents, including documentation which addressed the financial arrearage issue. The cure explanation clearly explains why the application should not be rejected (see Attachment B).

14. In response to the Cures and NOADs, Florida Housing on December 2, 2009, found that Panama had addressed most scoring issues raised in preliminary scoring and by NOPSEs. However, Florida Housing concluded that Panama failed to cure the financial arrearage issue. Specifically, Florida Housing in its Final Scoring Summary concluded as follows:

In its response to Item 10T, the Applicant alleged that the financial arrearages should not apply to its Application. The financial arrearages described in Item 10T were not cured and remained outstanding as of November 3, 2009.

(See Attachment C.)

15. Florida Housing's scoring decision is erroneous for several reasons. Initially, the Applicant in the instant case is Panama Manor, L.P., a Georgia limited partnership with Panama Manor Services Corporation as General Partner. The sole

shareholder of Panama Manor Services Corporation is The Paces Foundation, Inc., a Georgia non-profit corporation. The Developer of Panama is the Paces Foundation, Inc.

16. Panama Manor, L.P., is not in arrears to the Florida Housing or an agent or assignee of Florida Housing as of the due date for NOPSE filing. The Developer, The Paces Foundation, Inc., is not in arrears to Florida Housing or an agent or assignee of Florida Housing as of the due date for NOPSE filing. No Principal, Affiliate or Financial Beneficiary of Applicant or Developer is in arrears to Florida Housing or an agent or assignee of Florida Housing as of the due date for NOPSE filing.

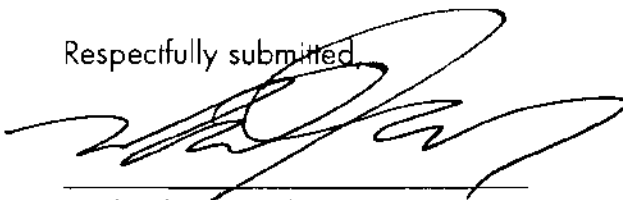
17. Florida Housing is basing its decision on the fact that Mr. Mark du Mas was in the past the President or Principal of a minor entity involved in a deal which was awarded funding in 1995. Mr. du Mas is the President of The Paces Foundation, Inc.

18. As of the due date for NOPSE filing, Mr. du Mas **was not** the President of Chostain Development Corporation (see Attachment D). As of September 25, 2009, Chostain Development Corporation was administratively dissolved for failing to file its annual renewal. Indeed, on November 2, 2009, Chostain Development Corporation filed a request for reinstatement and its annual report which reflects that Mr. du Mas **is not** the President. Additionally, an official resignation has been filed with the Secretary of State's office which reflects a date prior to October 1, 2009. Accordingly, Mr. du Mas is not a Principal of Chostain Development Corporation. Aside from formerly being a corporate officer of Chostain Development Corporation, Mark du Mas is not a

Principal, Affiliate or Financial Beneficiary of this development and should be removed from the past due report. Accordingly, Panama's application should not be rejected.

WHEREFORE, Panama 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, Panama requests the entry of a Recommended and Final Order which finds that it has met threshold and awards Panama all applicable points.

Respectfully submitted,

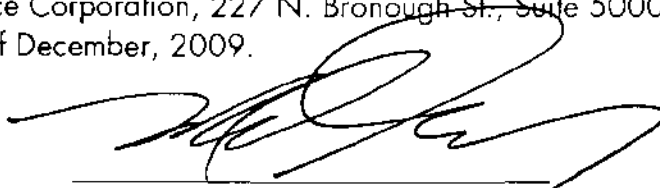


Michael P. Donaldson
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Counsel for Applicant

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 #: 2009-174C Development Name: Panama Manor

As Of:	Total Points	Met Threshold?	Ability to Proceed Tie-Breaker Points	Proximity Tie-Breaker Points
10/21/2009	70.00	N	5.00	6.25
Preliminary	70.00	N	6.00	7.50
NOPSE	70.00	N	5.00	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	4.00	4.00		
6S	III	E	1.b.(3)	Total Set-Aside Commitment	3.00	3.00	3.00		
7S	III	E	3	Affordability Period	5.00	5.00	5.00		
Resident Programs									
8S	III	F	1	Programs for Non-Elderly & Non-Homeless	6.00	0.00	0.00		
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	6.00	6.00		
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	4.00	4.00		

ATTACHMENT A

Threshold(s) Failed:

Item #	Part	Section	Subsection	Description	Reason(s)	Created as Result of	Rescinded as Result of
1T	V	D	1	Non-Corporation Funding	One of the requirements for a financing commitment is that it contains a statement that the commitment does not expire before December 31, 2009 (page 71 of the 2009 Universal Application Instructions). The first mortgage financing from Hamilton State Bank (Exhibit 55) does not include the required statement. Therefore, it cannot be considered a source of financing.	Preliminary	
2T	V	D	1	Non-Corporation Funding	The Applicant provided documentation for the first mortgage financing from Hamilton State Bank. However, the financing commitment references 100 units but the Application references 96 units at III.A.6. Because of this inconsistency, the financing commitment cannot be considered a source of financing.	Preliminary	
3T	V	D	1	Non-Corporation Funding	One of the requirements for a financing commitment is that it contains a statement that the commitment does not expire before December 31, 2009 (page 71 of the 2009 Universal Application Instructions). The first mortgage financing from Enterprise (Exhibit 56) does not include the required statement. Therefore, it cannot be considered a source of financing.	Preliminary	
4T	V	D	1	Non-Corporation Funding	The Applicant provided documentation for the first mortgage financing from Enterprise Multifamily Mortgage Finance. However, the loan commitment is not signed by the Applicant. Therefore, the loan commitment cannot be considered a source of financing.	Preliminary	
5T	V	D	1	Non-Corporation Funding	The Applicant provided documentation for the first mortgage financing from Enterprise Multifamily Mortgage Finance. However, the loan commitment indicates "The proposed borrower is to be determined." Therefore, the loan commitment cannot be considered a source of financing.	Preliminary	
6T	V	B		Construction/Rehab. Analysis	The Applicant has a construction financing shortfall of \$2,439,819.	Preliminary	NOPSE
7T	V	B		Permanent Analysis	The Applicant has a permanent financing shortfall of \$400,023.	Preliminary	NOPSE

Item #	Part	Section	Subsection	Description	Reason(s)	Created as Result of	Rescinded as Result of
8T	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%. However, the syndication agreement at Exhibit 56 states that 99.99% of the HC allocation is being purchased. Because of this inconsistency, the HC equity cannot be considered a source of financing.	NOPSE	
9T	V	B		Construction/Rehab. Analysis	The Applicant has a construction financing shortfall of \$8,559,207.	NOPSE	
10T	V	B		Permanent Analysis	The Applicant has a permanent financing shortfall of \$8,559,207.	NOPSE	
11T	III	C	4	Zoning	Based on information provided in NOPSE, the Applicant's total number of units in the Development exceeds the number zoned for the development site. The total number of units in the Application is 96, and the maximum number allowed for the zoning designation is 91.25.	NOPSE	
12T				Financial Arrears	Pursuant to subsection 67-48.004(5), F.A.C., NOPSE scoring may include financial obligations for which an Applicant or Developer or Principal, Affiliate or Financial Beneficiary of an Applicant or the Developer is in arrears to the Corporation or an agent or assignee of the Corporation as of the due date for NOPSE filing (October 1, 2009). As provided in paragraph 67-48.004(13)(d), F.A.C., following the submission of the "Cures," the Corporation shall reject an Application if the Applicant fails to satisfy any arrearages described in subsection 67-48.004(5), F.A.C. The Applicant or Developer or Principal, Affiliate or Financial Beneficiary of the Applicant or the Developer is listed on the October 1, 2009 Past Due Report as being in arrears to the Corporation in connection with the following Development(s): Edisto Lakes. The October 1, 2009 Past Due Report is posted to the FHFC Website at http://www.floridahousing.org/Home/PropertyOwnersManagers/PastDueReports.htm . Payments and questions should be addressed to the servicer.	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	0.00		

Reason(s) for Failure to Achieve Selected Ability To Proceed Tie-Breaker Points:

Item #	Reason(s)	Created As Result	Rescinded As Result
6A	The Application is not eligible for 1 Ability to Proceed Tie-Breaker Point for appropriate zoning and land use. See Item 11T above.	NOPSF	

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	0.00	0.00		
3P	III	A	10.b.(2) (c)	Medical Facility	1.25	1.25	0.00		
4P	III	A	10.b.(2) (d)	Pharmacy	1.25	1.25	1.25		
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
3P	Based on information provided in a NOPSE, the Medical Facility stated on the Surveyor Certification form does not meet FHFC's definition of a Medical Facility because it appears that a prior appointment is required.	NOPSE	
3P	Based on information provided in a NOPSE, the Medical Facility stated on the Surveyor Certification form does not meet FHFC's definition of a Medical Facility because only patients that apply and are admitted to the medical practice can be treated.	NOPSE	

Additional Application Comments:

Item #	Part	Section	Subsection	Description	Comment(s)	Created as Result of	Rescinded as Result of
1C	V	B		Development Cost Pro Forma	On the Construction Analysis, the Applicant listed a Deferred Developer fee of \$1,647,054 for construction financing. Because the Developer only committed to defer \$1,647,035 on the Commitment to Defer Developer Fee form, only \$1,647,035 could be used as a source of construction financing.	Preliminary	

2009 CURE FORM

(Submit a SEPARATE form for EACH reason relative to
EACH Application Part, Section, Subsection, and Exhibit)

This Cure Form is being submitted with regard to **Application No. 2009-174C** and pertains to:

Part _____ Section _____ Subsection _____ Exhibit No. _____ (if applicable):

The attached information is submitted in response to the 2009 Universal Scoring Summary Report because:

- ☒ 1. Preliminary Scoring and/or NOPSE scoring resulted in the imposition of a failure to achieve maximum points, a failure to achieve threshold, and/or a failure to achieve maximum proximity points relative to the Part, Section, Subsection, and/or Exhibit stated above. Check applicable item(s) below:

	2009 Universal Scoring Summary Report	Created by:	
		Preliminary Scoring	NOPSE Scoring
☐ Reason Score Not Maxed	Item No. _____S	☐	☐
☐ Reason Ability to Proceed Score Not Maxed	Item No. _____A	☐	☐
☒ Reason Failed Threshold	Item No. 12T	☐	☒
☐ Reason Proximity Points Not Maxed	Item No. _____P	☐	☐
☐ Additional Comment	Item No. _____C	☐	☐

- ☐ 2. Other changes are necessary to keep the Application consistent:

This revision or additional documentation is submitted to address an issue resulting from a cure to Part _____ Section _____ Subsection _____ Exhibit _____ (if applicable).

Brief Statement of Explanation regarding
Application 2009-174C

Provide a separate brief statement for each Cure

Pursuant to Florida Housing's scoring summary, "Pursuant to subsection 67-48.004(5), F.A.C., NOPSE scoring may include financial obligations for which an Applicant or Developer or Principal, Affiliate or Financial beneficiary of an Applicant or the Developer is in arrears to the Corporation or an agent or assignee of the Corporation as of the due date for NOPSE filing (October 1, 2009). As provided in paragraph 67-48.004(13)(d), F.A.C., following the submission of the "Cures," the Corporation shall reject an Application if the Applicant fails to satisfy any arrearages described in subsection 67-48.004(5), F.A.C. The Applicant or Developer or Principal, Affiliate or Financial Beneficiary of the Applicant or the Developer is listed on the October 1, 2009 Past Due Report as being in arrears to the Corporation in connection with the following Development(s): Edisto Lakes. The October 1, 2009 Past Due Report is posted to the FHFC Website at <http://www.floridahousing.org/Home/PropertyOwnersManagers/PastDueReports.htm>. Payments and questions should be addressed to the servicer.

The Applicant for Application 2009-174C is Panama Manor, L.P., a Georgia limited partnership with Panama Manor Services Corporation as General Partner.

The sole shareholder of Panama Manor Services Corporation is The Paces Foundation, Inc., a Georgia non-profit corporation. The Developer of application 2009-174C is the Paces Foundation, Inc. There are no Principals, Affiliates or Financial Beneficiaries of either Panama Manor, L.P., Panama Manor Services Corporation, or The Paces Foundation, Inc. Mark du Mas is the President of The Paces Foundation, Inc.

The Applicant, Panama Manor, L.P., is not in arrears to the Corporation or an agent or assignee of the Corporation as of the due date for NOPSE filing. The Developer, The Paces Foundation, Inc., is not in arrears to the Corporation or an agent or assignee of the Corporation as of the due date for NOPSE filing. No Principal, Affiliate or Financial Beneficiary of Applicant or Developer is in arrears to the Corporation or an agent or assignee of the Corporation as of the due date for NOPSE filing.

Panama Manor, L.P., Panama Manor Services Corporation, and The Paces Foundation, Inc., have no connection to, or affiliation with the development listed on the Past Due Report – Edisto Lakes. Edisto Lakes is a 376 unit affordable apartment community originally constructed in 1995 and located in Fort Myers, Lee County, Florida. The non-profit general partner of Edisto Lakes with a 0.5%

partnership interest is Chastain Development Corporation. Chastain Development Corporation's sole asset is its general partner interest in Edisto Lakes.

As of the due date for NOPSE filing, Mark du Mas was not the President of Chastain Development Corporation. As of September 25, 2009, Chastain Development Corporation was administratively dissolved for failing to file its annual renewal, which is reflective of the fact that Mr. du Mas has had little or no involvement with Chastain Development Corporation. Indeed, on November 2, 2009, Chastain Development Corporation filed a request for reinstatement and its annual report which reflects that Mr. du Mas is not the President. Accordingly, Mr. du Mas is not a Principal of Chastain Development Corporation. Aside from formerly being a corporate officer of Chastain Development Corporation, Mark du Mas is not a Principal, Affiliate or Financial Beneficiary of this development and should be removed from the past due report.

Also attached is a letter from Hunt Dulap, corporate secretary and counsel to The Paces Foundation, Inc., which further clarifies our response.

THE DUNLAP LAW FIRM, LLC

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ATLANTA, GEORGIA 30305

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TELECOPY 404-816-4035

R. HUNT DUNLAP, JR.
DIRECT DIAL 404-816-4035
E-MAIL: RDUNLAP@DUNLAPLAW.COM

November 2, 2009

The Paces Foundation, Inc.
2730 Cumberland Boulevard
Smyrna, Georgia 30080
Attention: Mr. Mark M. du Mas

**RE: Florida Housing Finance Corporation
Edisto Lakes Apartments
Edisto Group, Ltd.
Lee County, Florida**

Dear Mark:

This letter is written in response to your questions concerning the past due reports dated October 1, 2009 and October 13, 2009 published by the Florida Housing Finance Corporation ("FHFC") at www.floridahousing.org wherein Edisto Lakes Apartments in Lee County, Florida (the "Project") is listed as being out of compliance with respect to its obligations to FHFC. Each of those reports lists Mark M. du Mas under the heading of "Affiliate/Financial Beneficiary/Principal". You have informed me that The Paces Foundation, Inc. ("Paces Foundation") is involved in three (3) currently pending tax credit applications in Florida. I understand that the appearance of your name on these lists has caused NOPSE scoring issues for each of these projects.

As counsel to Paces Foundation and as the corporate secretary of Paces Foundation, I have been asked to clarify your status as an "affiliate" or "principal" as reported in the aforementioned reports, and in that connection I have reviewed files and records concerning the Project. The Project is owned by Edisto Group, Ltd., a Florida limited partnership ("Edisto"). Edisto has two general partners, Group Edisto, Inc. and its parent organization, Heritage Companies (the "Edisto GP") which is the managing general partner, and Chastain Development Corp., a Florida non-profit corporation ("Chastain") which is the non-profit general partner, and which owns a .5% partnership interest. At the time the Project was developed in 1995, you were serving as the president of Chastain, but you are no longer the president of Chastain. Aside from having been a corporate officer of Chastain, you have no personal interest or involvement in Edisto Lakes, you receive no financial benefit from Edisto or the Project, and you are certainly not otherwise affiliated with the Edisto GP. To the contrary, since the beginning of the

THE DUNLAP LAW FIRM, LLC

Mr. Mark M. du Mas
The Paces Foundation, Inc.
November 2, 2009
Page 2

development of the Project, the Edisto GP has excluded Chastain from all financial or managerial involvement in the Edisto Lakes project for years. Despite your numerous requests, the Edisto GP has not provided reports or any other type of information to Chastain concerning the Project. In fact, I understand that the revelation of this NOPSE issue is the first time that you have been made aware of the problems at the Project. Once Edisto received an allocation of tax credits from the non-profit set aside as a result of Chastain's involvement, Chastain has been treated as if it did not exist and as if its involvement in Edisto was unnecessary and irrelevant, and it has been precluded from any participation whatsoever.

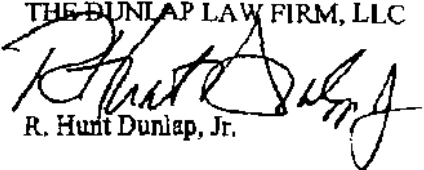
Now, the non-compliance, defaults and delinquency of Edisto and the Project are causing a NOPSE problem for the 2009 projects that Paces Foundation is involved in. I believe that you should appeal to FHFC in an effort to have these reports revised to remove your name as an "Affiliate/Financial Beneficiary/Principal" of the Project. You are no longer the president of Chastain, and neither you nor Paces Foundation is an affiliate of Edisto or the Edisto GP. Likewise, neither you nor Paces Foundation is a financial beneficiary of Edisto. Even though Chastain is a general partner in Edisto, the actions of the managing general partner, the Edisto GP, have precluded Chastain's involvement beyond lending its name to Edisto's tax credit application over a decade ago. It does not seem fair to penalize a current applicant (or its partners) for the deeds of a partnership in which neither you nor Paces Foundation has any involvement.

Once you have had an opportunity to review this letter, should you have any questions concerning this matter, please give me a call.

Best regards.

Very truly yours,

THE DUNLAP LAW FIRM, LLC


R. Hunt Dunlap, Jr.

Scoring Summary Report

File #: 2009-174C Development Name: Panama Manor

As Of:	Total Points	Met Threshold?	Ability to Proceed Tie-Breaker Points	Proximity Tie-Breaker Points
12/02/2009	70.00	N	5.50	7.50
Preliminary	70.00	N	6.00	7.50
NOPSE	70.00	N	5.00	6.25
Final	70.00	N	5.50	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	4.00	4.00	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	5.00	5.00	5.00	
Resident Programs									
8S	III	F	1	Programs for Non-Elderly & Non-Homeless	6.00	0.00	0.00	0.00	
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	6.00	6.00	6.00	
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	4.00	4.00	4.00	

ATTACHMENT C

Threshold(s) Failed:

Item #	Part	Section	Subsection	Description	Reason(s)	Created as Result of	Rescinded as Result of
1T	V	D	1	Non-Corporation Funding	One of the requirements for a financing commitment is that it contains a statement that the commitment does not expire before December 31, 2009 (page 71 of the 2009 Universal Application Instructions). The first mortgage financing from Hamilton State Bank (Exhibit 55) does not include the required statement. Therefore, it cannot be considered a source of financing.	Preliminary	Final
2T	V	D	1	Non-Corporation Funding	The Applicant provided documentation for the first mortgage financing from Hamilton State Bank. However, the financing commitment references 100 units but the Application references 96 units at III.A.6. Because of this inconsistency, the financing commitment cannot be considered a source of financing.	Preliminary	Final
3T	V	D	1	Non-Corporation Funding	One of the requirements for a financing commitment is that it contains a statement that the commitment does not expire before December 31, 2009 (page 71 of the 2009 Universal Application Instructions). The first mortgage financing from Enterprise (Exhibit 56) does not include the required statement. Therefore, it cannot be considered a source of financing.	Preliminary	Final
4T	V	D	1	Non-Corporation Funding	The Applicant provided documentation for the first mortgage financing from Enterprise Multifamily Mortgage Finance. However, the loan commitment is not signed by the Applicant. Therefore, the loan commitment cannot be considered a source of financing.	Preliminary	Final
5T	V	D	1	Non-Corporation Funding	The Applicant provided documentation for the first mortgage financing from Enterprise Multifamily Mortgage Finance. However, the loan commitment indicates "The proposed borrower is to be determined." Therefore, the loan commitment cannot be considered a source of financing.	Preliminary	Final
6T	V	B		Construction/Rehab. Analysis	The Applicant has a construction financing shortfall of \$2,439,819.	Preliminary	NOPSE
7T	V	B		Permanent Analysis	The Applicant has a permanent financing shortfall of \$400,023.	Preliminary	NOPSE

Item #	Part	Section	Subsection	Description	Reason(s)	Created as Result of	Rescinded as Result of
8T	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%. However, the syndication agreement at Exhibit 56 states that 99.99% of the HC allocation is being purchased. Because of this inconsistency, the HC equity cannot be considered a source of financing.	NOPSE	Final
9T	V	B		Construction/Rehab. Analysis	The Applicant has a construction financing shortfall of \$8,559,207.	NOPSE	Final
10T	V	B		Permanent Analysis	The Applicant has a permanent financing shortfall of \$8,559,207.	NOPSE	Final
11T	III	C	4	Zoning	Based on information provided in NOPSE, the Applicant's total number of units in the Development exceeds the number zoned for the development site. The total number of units in the Application is 96, and the maximum number allowed for the zoning designation is 91.25.	NOPSE	Final
12T				Financial Arrears	Pursuant to subsection 67-48.004(5), F.A.C., NOPSE scoring may include financial obligations for which an Applicant or Developer or Principal, Affiliate or Financial Beneficiary of an Applicant or the Developer is in arrears to the Corporation or an agent or assignee of the Corporation as of the due date for NOPSE filing (October 1, 2009). As provided in paragraph 67-48.004(13)(d), F.A.C., following the submission of the "Cures," the Corporation shall reject an Application if the Applicant fails to satisfy any arrearages described in subsection 67-48.004(5), F.A.C. The Applicant or Developer or Principal, Affiliate or Financial Beneficiary of the Applicant or the Developer is listed on the October 1, 2009 Past Due Report as being in arrears to the Corporation in connection with the following Development(s): Edisto Lakes. The October 1, 2009 Past Due Report is posted to the FHFC Website at http://www.floridahousing.org/Home/PropertyOwnersManagers/PastDueReports.htm . Payments and questions should be addressed to the servicer.	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	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	0.00	0.50	

Reason(s) for Failure to Achieve Selected Ability To Proceed Tie-Breaker Points:

Item #	Reason(s)	Created As Result	Rescinded As Result
6A	The Application is not eligible for 1 Ability to Proceed Tie-Breaker Point for appropriate zoning and land use. See Item 11T above.	NOPSE	Final

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	0.00	0.00	0.00	
3P	III	A	10.b.(2) (c)	Medical Facility	1.25	1.25	0.00	1.25	
4P	III	A	10.b.(2) (d)	Pharmacy	1.25	1.25	1.25	1.25	
5P	III	A	10.b.(2) (e)	Public Bus Stop or Metro-Rail Stop	1.25	0.00	0.00	0.00	
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
3P	Based on information provided in a NOPSE, the Medical Facility stated on the Surveyor Certification form does not meet FHFC's definition of a Medical Facility because it appears that a prior appointment is required.	NOPSE	Final
3P	Based on information provided in a NOPSE, the Medical Facility stated on the Surveyor Certification form does not meet FHFC's definition of a Medical Facility because only patients that apply and are admitted to the medical practice can be treated.	NOPSE	Final

Additional Application Comments:

Item #	Part	Section	Subsection	Description	Comment(s)	Created as Result of	Rescinded as Result of
1C	V	B		Development Cost Pro Forma	On the Construction Analysis, the Applicant listed a Deferred Developer fee of \$1,647,054 for construction financing. Because the Developer only committed to defer \$1,647,035 on the Commitment to Defer Developer Fee form, only \$1,647,035 could be used as a source of construction financing.	Preliminary	Final
2C				Financial Arrears	In its response to Item 12T, the Applicant alleged that the financial arrearages should not apply to its Application. The financial arrearages described in Item 12T were not cured and remained outstanding as of November 3, 2009.	Final	

AFFIDAVIT OF MARK DU MAS

**STATE OF GEORGIA
COUNTY OF COBB**

I, MARK DU MAS, having been duly sworn, do hereby state as follows:

1. I am the President of Paces Foundation, the developer of Panama Manor and the Townhomes of Journey.

2. I was also previously the President of Chastain Development ("Chastain") which in 1993 partnered with Edisto Group, Ltd., and the Heritage Companies to construct a 376-unit family affordable housing project in Ft. Myers, Florida.

3. Chastain was the non-profit general partner for the deal and was granted a .5% partnership interest in the project called the Edisto Lakes Apartments. Chastain was indemnified by the Managing General Partner for any losses.

4. Edisto Lakes Apartments was funded with LIHTC, SAIL and AHP proceeds in 1995 and construction was completed in 1997.

5. The project has been in operation for approximately 12 years and the management and control of the project has not been the responsibility of Chastain.

6. As President of Chastain, I had and have no control over the arrearage issues raised by Florida Housing in its Past Due reports. In fact, I had no knowledge and was not notified by Florida Housing of any arrearage issue prior to the 2009 Universal Cycle Application review and scoring process. It is my understanding that the alleged arrearage for the Edisto project is more than \$1,000,000.

7. I am not the President of Chastain and have not operated in that capacity for some time. I was not the President of Chastain when Florida Housing issued its Past Due reports on October 1, 2009.

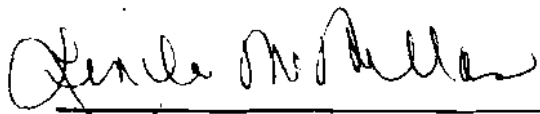
8. The facts set forth herein are true and correct.

FURTHER AFFIANT SAYETH NOT.


MARK DU MAS

Signed and sworn to before me this 23 day of December, 2009, by Mark du Mas who
is personally known to me.

LINDA MCMILLAN
Notary Public-Cobb County, Georgia
My Commission Expires February 4, 2011


NOTARY PUBLIC
State of Georgia at Large

My commission expires: February 4, 2011



FLORIDA DEPARTMENT OF STATE
Division of Corporations

December 22, 2009

CARLTON FIELDS

TALLAHASSEE, FL

Re: Document Number N00000001462

The Officer/Director Resignation was filed on December 21, 2009, resigning MARK M. DU MAS from CHASTAIN DEVELOPMENT CORP., a Florida corporation.

The certification you requested is enclosed.

Should you have any questions regarding this matter, please telephone (850) 245-6050, the Amendment Filing Section.

Cheryl Coulliette
Regulatory Specialist II
Division of Corporations

Letter Number: 309A00038768

Account number: FCA000000017

Amount charged: 43.75



Department of State

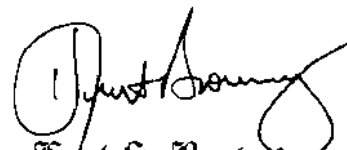
I certify the attached is a true and correct copy of the Resignation of Officer and/or Director, resigning MARK M. DU MAS from CHASTAIN DEVELOPMENT CORP., a Florida corporation. This document was filed on December 21, 2009, as shown by the records of this office.

The document number of this corporation is N00000001462.,

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Twenty-second day of December, 2009

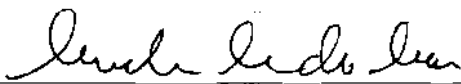


CA2EO22 (01-07)


Kurt S. Browning
Secretary of State

OFFICER/DIRECTOR RESIGNATION
FOR A CORPORATION

I, Mark M. du Mas, hereby resign as President/Director of Chastain Development Corp.,
N00000001462, a corporation organized under the laws of the State of Florida. The effective
date of my resignation is September 16, 2009.



MARK M. duMAS

FILED
60 DEC 21 PM 4:49
CLERK OF THE COURT
JANUARY 1, 2010