

RESOLUTION NO. 2004-224
OF THE
BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

A RESOLUTION APPROVING THE ISSUANCE BY THE HOUSING FINANCE AUTHORITY OF ST. JOHNS COUNTY, FLORIDA, OF ITS MULTIFAMILY HOUSING REVENUE BONDS (SUMMERSET VILLAGE PROJECT), IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$11,500,000, THE PROCEEDS OF WHICH WILL BE LOANED TO SUMMERSET VILLAGE, LLC, A FLORIDA LIMITED LIABILITY COMPANY (THE "BORROWER"), FOR THE PURPOSE OF FINANCING A PART OF THE COSTS OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF AN APPROXIMATELY 216-UNIT MULTIFAMILY HOUSING DEVELOPMENT TO BE LOCATED IN ST. JOHNS COUNTY, FLORIDA, TO BE OWNED AND OPERATED BY SUMMERSET SENIOR, LLC AND SUMMERSET FAMILY, LLC, EACH OF WHICH IS A FLORIDA LIMITED LIABILITY COMPANY THE SOLE MEMBER OF WHICH IS SUMMERSET VILLAGE, LLC, AS DESCRIBED HEREIN; ALL PURSUANT TO CHAPTER 159, PART IV, FLORIDA STATUTES, AS AMENDED.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA:

SECTION 1. FINDINGS. It is hereby ascertained, determined and declared that:

A. The Housing Finance Authority of St. Johns County, Florida (the "Issuer"), is a public body corporate and politic duly created and existing as a local governmental body, under and by virtue of Chapter 159, Part IV, Florida Statutes, as amended (the "Act"), to provide for the issuance of and to issue and sell its multifamily housing revenue bonds for the purpose of financing all or any part of the acquisition, construction and installation of qualified housing developments or portions thereof.

B. Summerset Village, LLC, a Florida limited liability company (the "Borrower"), has submitted to the Board of County Commissioners of St. Johns County, Florida (the "Board") copies of (i) a preliminary resolution of the Issuer adopted on December 4, 2002 (the "Preliminary Resolution"), attached hereto as Exhibit A and incorporated herein by reference, and (ii) a Memorandum of Agreement executed between the Issuer and the Borrower dated as of January 23, 2003 (the "Memorandum of Agreement"), attached hereto as Exhibit B and incorporated herein by reference, with respect to the issuance by the Issuer of its Multifamily Housing Revenue Bonds (Summerset Village Project)(the "Bonds"), for the purpose of financing a part of the costs of the acquisition, construction and installation of a low and moderate income

multifamily residential rental development (the "Project") consisting of approximately 216 apartment units located on the west side of U.S. 1, approximately 300 feet north of the intersection of U.S. 1 and Datil Pepper Road, on a site containing approximately 26.49 acres in the unincorporated area of St. Johns County, Florida (the "County").

C. The Preliminary Resolution shows that the Issuer held a public hearing relating to the issuance of the Bonds to finance all or a part of the costs of the Project. After such public hearing, on December 17, 2002, the Board adopted Resolution No. 2002-273, approving, among other things, the issuance of the Bonds.

D. The Issuer's Bond Counsel, Foley & Lardner LLP, has advised the Board in a letter dated August 11, 2004 (the "Bond Counsel Letter"), attached hereto as Exhibit C and incorporated herein by reference, of the following:

(i) on August 28, 2003, the Issuer adopted a resolution which, among other things, authorized the issuance of the Bonds in an aggregate principal amount not exceeding \$11,500,000 for the purpose of financing a part of the costs of the Project, and provided for the proceeds of the Bonds to be loaned to the Borrower and applied to pay a part of the costs of the Project pursuant to a financing agreement by and among the Issuer, the Borrower and Summerset Family, LLC, a Florida limited liability company the sole member of which is, and shall remain, the Borrower ("Summerset Family"), and Summerset Senior, LLC, a Florida limited liability company the sole member of which is, and shall remain, the Borrower ("Summerset Senior"); a portion of the Project consisting of an approximately 132-unit complex to be owned and operated by Summerset Senior, and a portion of the Project consisting of an approximately 84-unit complex will be owned and operated by Summerset Family;

(ii) on August 26, 2004, it is anticipated that the Issuer will consider a resolution approving the final financing structure and related documentation; and

(iii) due to a delay in the commencement of the Project and the completion of the financing, and in order to comply with applicable requirements of Section 147(f) of the Internal Revenue Code of 1986 (together with the regulations promulgated under such Code, whether proposed, temporary or final, the "Code"), it is necessary for the Board to reapprove the issuance of the Bonds, which approval is necessary for the interest on the Bonds to be excluded from gross income for federal income tax purposes under applicable provisions of the Code.

E. Notice of a Public Hearing by the Issuer, to be held before the Executive Director of the Issuer, or his designee, inviting comments and discussion concerning the nature and location of the Project and the issuance of the Bonds for the purpose of financing a part of the costs of the Project (the "Notice of Hearing"), was published in the St. Augustine Record, a newspaper of general circulation in the County, on August 2, 2004, at least fourteen (14) days prior to the date of such public hearing as shown in the proof of publication of such Notice of Hearing attached hereto as Exhibit D and incorporated herein by reference.

F. Following such notice, a public hearing was held by such Executive Director or his designee on August 17, 2004, during which comments and discussion concerning the nature and location of the Project and the issuance of the Bonds to finance a part of the costs of the Project were requested and allowed as shown in the written report of the hearing officer relating to such public hearing attached hereto as Exhibit E and incorporated herein by reference.

G. The Preliminary Resolution and the Memorandum of Agreement show that the Project will serve significant public purposes as provided in the Act.

H. The purposes of the Act will be effectively served, and it is necessary and desirable and in the best interest of the County that the issuance of the Bonds by the Issuer be approved by the Board.

SECTION 2. APPROVAL OF ISSUANCE OF BONDS. For purposes of Section 147(f) of the Code, and the Act, the Board hereby approves the issuance of the Bonds by the Issuer to finance a part of the costs of the Project. The Issuer is hereby directed to ensure that prior to the issuance of the Bonds each of the following shall occur:

A. The Issuer is assured that the project that is being financed with the Bond proceeds is a project that may be financed under the authority of Section 159.612, Florida Statutes, as amended; that the Bonds are issued in a manner authorized by Section 159.613 Florida Statutes, as amended; and that the interest rates borne by the Bonds comply with the maximum interest rate provisions of Section 215.84, Florida Statutes, as amended.

B. Each of the Bonds contains on its face the statement required by Section 159.612(4), Florida Statutes, as amended, and includes a statement to the effect that neither the faith and credit nor the taxing power of the Issuer or of the County, or the State of Florida, or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest in such Bond.

C. The Issuer receives an opinion from the attorney that represents the Issuer as Issuer's counsel for the Bonds, dated the date of issuance of the Bonds, that has the effect of confirming the Issuer has full power and authority to execute and deliver each of the documents that are signed by the Issuer in connection with the issuance of the Bonds and that the Issuer has full power and authority to perform the Issuer's obligations under each such document; that the Issuer has full power and authority to issue and deliver the Bonds; and that the Issuer's execution and delivery of, and compliance with the terms and conditions of, the Bond documents and the Bonds will not violate or conflict with any provision of the Constitution of the State of Florida, any applicable Florida statute or this Resolution and will not conflict with or cause a breach of any contract, agreement, or other instrument to which the Issuer is a party.

SECTION 3. OTHER ACTION. The officers of the County are hereby authorized and directed to execute and deliver, or approve the execution and delivery of, such other documents and to take or approve the taking of such other actions as may be advised by the County's counsel or the Issuer's Bond Counsel, to be appropriate in connection with the issuance of the Bonds as contemplated by this resolution.

SECTION 4. REPEALING CLAUSE. All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflict, including, but not limited to Resolution No. 2002-273, are hereby superseded and repealed.

SECTION 5. EFFECTIVE DATE. This Resolution shall take effect immediately.


PASSED AND ADOPTED this 25th day of August, 2004.



**Chair of the Board of County
Commissioners of St. Johns County,
Florida**

(OFFICIAL SEAL)

ATTEST:


**Clerk of the Circuit Court, ex-officio
Clerk of the Board of County
Commissioners of St. Johns
County, Florida**

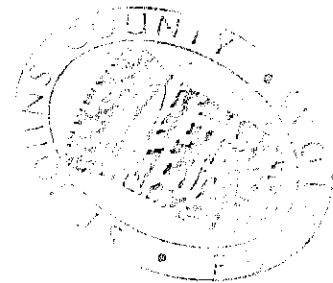


EXHIBIT A
PRELIMINARY RESOLUTION

RESOLUTION NO. 2007-06
of the
HOUSING FINANCE AUTHORITY OF ST. JOHNS COUNTY, FLORIDA

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A MEMORANDUM OF AGREEMENT WITH 2003 CDC MANAGER, L.L.C., A GEORGIA LIMITED LIABILITY COMPANY AND AN AFFILIATE OF REGENCY DEVELOPMENT ASSOCIATES, INC., A NORTH CAROLINA CORPORATION, WITH RESPECT TO FINANCING ALL OR A PORTION OF THE COST OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF AN APPROXIMATELY 216-UNIT MULTIFAMILY HOUSING DEVELOPMENT TO BE LOCATED IN ST. JOHNS COUNTY, FLORIDA, TO BE OWNED AND OPERATED BY AN AFFILIATE OF 2003 CDC MANAGER, L.L.C. AND REGENCY DEVELOPMENT ASSOCIATES, INC., AND THE ISSUANCE AND SALE OF THE HOUSING FINANCE AUTHORITY OF ST. JOHNS COUNTY, FLORIDA MULTIFAMILY HOUSING REVENUE BONDS (SUMMERSET VILLAGE PROJECT), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000, AS PROVIDED HEREIN, FOR THE PURPOSE OF FINANCING ALL OR A PORTION OF THE COST OF SAID PROJECT; ALL PURSUANT TO CHAPTER 159, PART IV, FLORIDA STATUTES, AS AMENDED.

BE IT RESOLVED BY THE HOUSING FINANCE AUTHORITY OF ST. JOHNS COUNTY, FLORIDA:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Chapter 159, Part IV, Florida Statutes, as amended, and other applicable laws.

SECTION 2. FINDINGS. It is hereby found, ascertained, determined and declared that:

A. The Housing Finance Authority of St. Johns County, Florida (the "Issuer"), is a public body corporate and politic duly created under and by virtue of Chapter 159, Part IV, Florida Statutes, as amended (the "Act"), and is duly authorized and empowered by the Act to provide for the issuance of and to issue and sell its multifamily housing revenue bonds for the purpose of financing all or any part of the acquisition, construction and installation of qualified housing developments or portions thereof.

B. There is a shortage of housing available at prices or rentals which many persons and families can afford and a shortage of capital for investment in such housing. This shortage constitutes a threat to the health, safety, morals and welfare of the residents of St. Johns County, Florida (the "County"), and the State of Florida (the "State") and deprives the County and the State of an adequate tax base. This shortage of housing cannot be relieved except through the encouragement of investment by private enterprise and the stimulation of construction and rehabilitation of housing through the use of public financing. The financing, acquisition, construction, reconstruction and rehabilitation of housing and of the real and personal property and other facilities necessary, incidental and appurtenant thereto are public purposes and governmental functions of public concern.

C. Regency Development Associates, Inc., a North Carolina corporation ("Regency"), has requested that the Issuer take preliminary official action expressing the Issuer's intention to issue and sell its Multifamily Housing Revenue Bonds, Series 2002 (Summerset Village Project), in an aggregate principal amount not to exceed \$15,000,000 (the "Bonds"), and that the Issuer file for an allocation for the Bonds for calendar year 2003, for the purpose of financing all or a portion of the cost of issuance of the Bonds and of the acquisition, construction and installation of a low and moderate income multifamily residential rental project consisting of approximately 216 apartment units located on the west side of U.S. 1, approximately 300 feet north of the intersection of U.S. 1 and Datil Pepper Road, on a site containing approximately 26.44 acres in the unincorporated area of the County (the "Project"). The Project will be owned and operated by an affiliate of Regency and 2003 CDC Manager, L.L.C. (the "Borrower").

D. Regency has requested that the Issuer enter into a loan or other financing agreement between the Issuer and the Borrower, whereby the Borrower will be unconditionally obligated to acquire, construct, operate, repair and maintain the Project at no expense to the Issuer, to make payments sufficient to pay the principal of, premium, if any, and interest on the Bonds when and as the same become due, and to pay all other costs incurred by the Issuer in connection with the financing and the acquisition, construction, installation and administration of the Project, which are not paid out of the Bond proceeds or otherwise. The repayment of the loan and/or the Bonds will be fully guaranteed or secured by a credit enhancer satisfactory to the Issuer, whose long-term debt obligations are rated "A" or better by Standard & Poor's Ratings Group, Moody's Investors Service, Inc. or Fitch Ratings (the "Credit Enhancer"), through the Florida Affordable Housing Guarantee Fund Program or other means of credit enhancement satisfactory to the Issuer (the "Credit Enhancement"). It is expected that the interest on the Bonds will be excluded from gross income for federal income tax purposes under the laws of the United States of America.

E. Regency proposes that the Project will be a "qualified residential rental project" under Section 142(d) of the Internal Revenue Code of 1986, as amended (together with the regulations promulgated under such Code, whether proposed, temporary or final, the "Code") and a "qualified housing development" under the Act by renting not less than 40% of the units in the Project at all times to individuals who are individuals whose income is 60% or less of area median gross income within the meaning of the Code, and to rent the balance of the units in the Project at all times to individuals who are eligible tenants of moderate, middle or lesser income

according to criteria to be determined by the Issuer. The Borrower will enter into a Land Use Restriction Agreement for the Project which will require adherence to all requirements of the Code and the Act aforesaid.

F. All transactions and documents shall be only as permitted by and in accordance with the Constitution and other laws, including the Code, of the United States and the State, and as authorized by the Act and other applicable laws of the State.

G. A public hearing on Regency's application (on behalf of the Borrower) has been duly held by the Issuer, upon public notice published in a newspaper of general circulation in the County not less than 14 days prior to the scheduled date of such public hearing. At said hearing members of the public were afforded reasonable opportunity to be heard on all matters pertaining to the location and nature of the proposed Project and to the issuance of the Bonds, and upon consideration of the information furnished by Regency and other available information, including the information and views presented at such public hearing, the Issuer has made the following findings and determination:

(1) The Project and the financing of all or a portion of the cost of the Project by the Issuer will be in furtherance of the purposes of the Act in that it will alleviate the shortage of housing in the County, will improve living conditions, will advance and improve the economic prosperity and the general welfare of the State and its people and will provide affordable housing for hearing impaired families and the elderly, among others.

(2) The Project is appropriate to the needs and circumstances of the County, shall make a significant contribution to the alleviation of housing shortages in the County and the shortage of capital for housing purposes, particularly for the hearing impaired, and shall serve a public purpose by advancing the economic prosperity, the public health and general welfare of the State and its people.

(3) Regency, on behalf of the Borrower, has requested satisfactory expressions of intention from the Issuer that, upon the satisfaction of all requirements of law, all conditions set forth in this Resolution and in the hereinafter described Memorandum of Agreement and all conditions to be met by the Borrower, including but not limited to confirmation of an allocation under the applicable volume limits under Section 146 of the Code and Chapter 159, Part VI, Florida Statutes, as amended (the "Bond Allocation Act"), and the receipt by the Issuer of a bond approving opinion of bond counsel satisfactory to the Issuer, the Bonds will be issued and sold and the proceeds thereof will be made available to finance a portion of the cost of the Project, to the extent of such proceeds, and such expressions will be a substantial and important factor in the Borrower's decision to proceed with the Project.

(4) A negotiated sale of the Bonds is required and necessary, and is in the best interest of the Issuer, for the following reasons: the Bonds will be special and limited obligations of the Issuer payable directly or indirectly solely out of the Credit Enhancement and the revenues and proceeds derived by the Issuer pursuant to the financing agreements, and the Borrower will be obligated for the payment of all costs of the Issuer in connection with the financing, construction and administration of the Project which are not paid out of the Bond

proceeds or otherwise and for operation and maintenance of the Project at no expense to the Issuer; the cost of issuance of the Bonds, which will be borne directly or indirectly by the Borrower, could be greater if the Bonds are sold at public sale by competitive bids than if the Bonds are sold at negotiated sale, and a public sale by competitive bids would cause undue delay in the financing of the Project; multifamily housing revenue bonds having the characteristics of the Bonds are typically and usually sold at negotiated sale; Regency, on behalf of the Borrower, has requested that a negotiated sale of the Bonds be authorized by the Issuer, and authorization of a negotiated sale of the Bonds is necessary in order to serve the purposes of the Act.

(5) It is proposed by Regency that the Issuer and 2003 CDC Manager, L.L.C., on behalf of itself and the Borrower, enter into a memorandum of agreement in the form presented at this meeting (the "Memorandum of Agreement"), providing for the Borrower as independent contractor, and not as agent for the Issuer, to proceed with the acquisition, construction, installation and completion of the Project, all at no cost to the Issuer pending the issuance and sale of the Bonds; and providing among other things for the Bonds to be issued and sold at negotiated sale upon the terms and conditions hereof and thereof; for the use and application of the proceeds of sale of the Bonds to pay all or any part of the cost of the Project, to the extent of such proceeds; for a loan or other financing agreement between the Issuer and the Borrower, whereby the Borrower will be unconditionally obligated to operate, repair and maintain the Project at no expense to the Issuer, to make payments sufficient in the aggregate to pay all of the principal of and interest and redemption premiums, if any, on the Bonds, and to pay all other costs incurred by the Issuer in connection with the financing, acquisition, construction, installation and administration of the Project which are not paid out of the Bond proceeds or otherwise; and for such other financing agreements, indentures and related agreements as shall be necessary or appropriate.

(6) Regency has represented that the Borrower may incur certain capital expenditures in connection with the Project which will be paid by the Borrower prior to the issuance of the Bonds (the "Temporary Advances"). The Issuer reasonably expects as of the date hereof, based on representations made to it by Regency, that the Temporary Advances will be reimbursed with proceeds of the Bonds loaned by the Issuer to the Borrower; such reimbursement from the proceeds of the Bonds to occur not later than 18 months after the later of (a) the date the Temporary Advance is paid or (b) the date the Project is placed in service or abandoned, but in no event more than three years after the Temporary Advance is paid.

(7) The purposes of the Act will be more effectively served if, and it is necessary and desirable and in the best interest of the Issuer that, the Memorandum of Agreement be executed and delivered by and on behalf of the Issuer.

SECTION 3. AUTHORIZATION OF MEMORANDUM OF AGREEMENT.

The Memorandum of Agreement in the form and with the contents presented at this meeting, be and the same is hereby approved, and the Chairman or Vice-Chairman of the Issuer is hereby authorized and directed, in the name and on behalf of the Issuer, to execute and deliver said Memorandum of Agreement, and the Secretary or Assistant Secretary of the Issuer is hereby authorized and directed to attest the same and to affix thereto the official seal of the Issuer.

SECTION 4. APPROVAL BY THE BOARD OF COUNTY COMMISSIONERS; ALLOCATION. The Board of County Commissioners of the County is hereby requested to approve the issuance of the Bonds by the Issuer, and the Issuer hereby recommends the Bonds for such approval of said Board; and the Chairman or Vice Chairman of the Issuer are hereby directed, in the name and on behalf of the Issuer, to file for confirmation of an allocation for the Bonds in an amount of not to exceed \$15,000,000, pursuant to Section 146 of the Code and the Bond Allocation Act.

SECTION 5. PRIORITY. Nothing herein shall be deemed to restrict the Issuer, the County or the State or any agency or political subdivision thereof in determining the order or priority of the issuance of any bonds or to require the Issuer, the County or the State or any agency or political subdivision thereof to give the Bonds priority as to issuance or as to the time of issuance over any other bonds previously or subsequently approved for issuance.

SECTION 6. EFFECT OF RESOLUTION. The Issuer hereby declares its intention that the Temporary Advances will be reimbursed from the proceeds of the Bonds loaned by the Issuer to the Borrower. It is the intent of the Issuer that this Resolution constitute the declaration of official intent pursuant to Treasury Regulation §1.150-2 under the Code.

SECTION 7. REPEALING CLAUSE. All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflict, are hereby superseded and repealed.

SECTION 8. EFFECTIVE DATE. This resolution shall take effect immediately.

PASSED AND ADOPTED this 4th day of December, 2002.

(SEAL OF ISSUER)

HOUSING FINANCE AUTHORITY OF
ST. JOHNS COUNTY, FLORIDA

ATTEST:

By: Wagne Flowers
Vice Chairman

[Signature]
Secretary

I, James A. Swanson, Secretary of the Housing Finance Authority of St. Johns County, Florida, do hereby certify that the foregoing is a true and correct copy of the Resolution of said Authority passed and adopted on December 4, 2002.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said Authority this 4th day of December, 2002.

[Signature]
Secretary of the Housing Finance Authority of
St. Johns County, Florida

(SEAL OF ISSUER)

EXHIBIT B
MEMORANDUM OF AGREEMENT

MEMORANDUM OF AGREEMENT

This MEMORANDUM OF AGREEMENT is between the HOUSING FINANCE AUTHORITY OF ST. JOHNS COUNTY, a public body corporate and politic duly created and existing under the laws of the State of Florida (the "Issuer"), and SUMMERSET VILLAGE, LLC, a Florida limited liability company (the "Borrower").

1. Preliminary Statement. Among the matters of mutual inducement which have resulted in the execution of this Memorandum of Agreement are the following:

(a) The Issuer is a public body corporate and politic duly created under and by virtue of Chapter 159, Part IV, Florida Statutes, as amended (the "Act"), and is duly authorized and empowered by such Act to provide for the issuance of and to issue and sell its multifamily housing revenue bonds for the purpose of financing the acquisition and construction of qualifying housing developments or portions thereof.

(b) The Borrower proposes that the Issuer finance all or a part of the cost of the acquisition, construction and installation of an approximately 216-unit multifamily housing development (the "Project"), to be located in the unincorporated area of St. Johns County, Florida (the "County"), located on the west side of U.S. 1, approximately 300 feet north of the intersection of U.S. 1 and Datil Pepper Road, on a site containing approximately 26.44 acres. The Project will be owned and operated by the Borrower.

(c) The Borrower represents that the capital cost of the portion of the Project to be financed with the proceeds of the Bonds (as hereinafter defined), including the cost of issuance of the Bonds, will not be less than \$10,000,000 and will not exceed \$15,000,000.

(d) The Borrower represents that the Project will help alleviate the shortage of housing in the County; will improve living conditions; will provide affordable housing for the hearing impaired and the elderly, among others; and will advance and improve economic prosperity and the general welfare of the State of Florida (the "State") and its people.

(e) The Borrower proposes that the Issuer express its intention to issue its Multifamily Housing Revenue Bonds, Series 2003 (Summerset Village Project), in an aggregate principal amount not to exceed \$15,000,000 (the "Bonds"); that the Issuer file for an allocation for the Bonds for calendar year 2003, for the purpose of financing all or part of the cost of the Project; that the Issuer approve that the Issuer enter into a loan or other financing agreement between the Issuer and the Borrower, whereby the Borrower will be unconditionally obligated to acquire, construct, operate, repair and maintain the Project, to make payments sufficient to pay the debt service on the Bonds and to pay all other reasonable costs incurred by the Issuer in connection with the financing and the acquisition, construction, installation and administration of the Project, which are not paid out of the Bond proceeds or otherwise. The repayment of the loan and/or the Bonds will be fully guaranteed or secured by a credit enhancer satisfactory to the Issuer, whose long-term debt obligations are rated "A" or better by Standard & Poor's Ratings Group, Moody's Investors Service, Inc. or Fitch Ratings (the "Credit Enhancer"), through the Florida Affordable Housing Guarantee Fund Program or other means of credit enhancement

satisfactory to the Issuer (the "Credit Enhancement"). Should the Borrower elect to use the Florida Housing Finance Corporation, acting through the Florida Affordable Housing Guarantee Fund, to provide the Credit Enhancement, such Credit Enhancer and Credit Enhancement will be satisfactory to the Issuer. It is expected that the interest on the Bonds will be excluded from gross income for federal income tax purposes under the laws of the United States of America.

(f) The Borrower represents that it will be financially responsible and fully capable and willing to serve the purposes of the Act and fulfill its obligations under the proposed financing agreements for the Project and under any other agreements to be made in connection with the issuance of the Bonds and the use of the Bond proceeds for financing all or a portion of the cost of the Project, including the obligation to pay loan payments or other payments in an amount sufficient in the aggregate to pay all of the interest, principal and redemption premiums, if any, on the Bonds, in the amounts and at the times required, the obligation to operate, repair and maintain the Project at the Borrower's own expense, and such other responsibilities as may be imposed under such agreements, taking into account the Credit Enhancement.

(g) The Issuer, by resolution (the "Preliminary Resolution") duly passed and adopted after a public hearing upon public notice duly published not less than 14 days prior to the date of said hearing, in accordance with all requirements of law and Section 147(f) of the Internal Revenue Code of 1986, as amended (together with the regulations promulgated under such Code, whether proposed, temporary or final, the "Code"), has made certain findings and determinations and has duly approved and authorized the execution and delivery of this Memorandum of Agreement.

(h) This Memorandum of Agreement is entered into to permit the Borrower to proceed with commitments for the Project and to incur costs in connection with various phases of the Project (including the costs of the acquisition, construction and installation of the Project and related expenses), to provide a declaration of official intent by the Issuer that certain capital expenditures in connection with the Project which, if any, may be paid by the Borrower prior to the issuance of the Bonds (the "Temporary Advances") will be reimbursed with proceeds of the Bonds in accordance with Treasury Regulation § 1.150-2 under the Code and an expression of intention by the Issuer, prior to the issuance of the Bonds, to issue and sell the Bonds and make the proceeds thereof available to finance all or a part of the cost of the Project, to the extent of such proceeds, all in accordance with and subject to the provisions of the Constitution and other laws of the State, including the Act, the Florida Private Activity Bond Allocation Act, Chapter 159, Part VI, Florida Statutes, as amended (the "Bond Allocation Act"), the Code, the Preliminary Resolution and this Memorandum of Agreement.

(i) The Borrower represents that, as of the date hereof, it expects to reimburse itself for the Temporary Advances with proceeds of the Bonds loaned by the Issuer to the Borrower, such reimbursement from the proceeds of the Bonds to occur not later than 18 months after the later of (a) the date the Temporary Advance is paid or (b) the date the Project is placed in service or abandoned, but in no event more than three years after the Temporary Advance is paid. The Borrower represents that each Temporary Advance will be a cost of the Project of a type that is properly chargeable to a capital account (or would be so chargeable with a proper

election or with the application of the definition of "placed in service" in Treasury Department Regulation Section 1.150-2(c) under the Code) under general federal income tax principles.

2. Intentions on the Part of the Issuer. Pursuant to, in accordance with and subject to the limitations of the Constitution and other laws of the State, including the Act, the Code and the Bond Allocation Act, and upon the conditions stated in the Preliminary Resolution and/or in this Memorandum of Agreement, the Issuer intends as follows:

(a) It will authorize the issuance and sale of the Bonds, pursuant to the terms of the Act as then in force, for the purpose of financing all or a part of the cost of the Project.

(b) It will, at the proper time, adopt such proceedings and authorize the execution of such documents as may be necessary and advisable for the authorization, sale and issuance of the Bonds, the acquisition, construction, installation, operation and maintenance of the Project and the financing of the Project, all as shall be provided for or permitted by the Code, the Bond Allocation Act and the Act, and mutually satisfactory to the Issuer and the Borrower. The Bonds are to be issued under a trust indenture between the Issuer and a trust company, bank or other qualified trustee having trust powers (which shall be qualified to serve as trustee under such indenture, under all applicable laws, and be designated by the Borrower with the approval of the Issuer), as Trustee, pursuant to which the Trustee shall receive and disburse the proceeds from the sale of Bonds, collect payments from the Borrower under the financing agreements and enforce its obligations under the financing agreements. The Bonds shall not be deemed to constitute a debt, liability or obligation, or a pledge of the faith and credit or taxing power, of the Issuer or of the State or of any political subdivision thereof, but the Bonds shall be payable directly or indirectly solely from the Credit Enhancement and the revenues and proceeds to be derived by the Issuer pursuant to the financing agreements. The Bonds shall bear interest at such rate or rates, shall be payable at such times and places, shall be in such forms and denominations, shall be sold in such manner, at such price and at such time or times, shall have such provisions for redemption, shall be executed, and shall be secured by the Credit Enhancement, the revenues and proceeds derived from the financing agreements, and the obligations of the Borrower, as hereafter may be requested by the Borrower and/or the Issuer and as may then be determined or provided for by the Issuer, all on terms complying with the Code and the Act and mutually satisfactory to the Issuer and the Borrower, subject to confirmation of an allocation pursuant to the Bond Allocation Act or other applicable law then in effect.

(c) The interest on the Bonds shall be excluded from gross income for federal income tax purposes, as determined on the basis of an opinion of Bond Counsel approved by the Issuer.

3. Agreements of the Borrower. Subject to the conditions stated in the Preliminary Resolution and/or in this Memorandum of Agreement, the Borrower agrees as follows:

(a) The Borrower is qualified to do business in Florida.

(b) If the Borrower proceeds with the Project, the Borrower will arrange for, manage and carry out the acquisition, construction and installation of the Project, to advance the

Borrower's own funds for such purpose as herein provided and, to the extent that the proceeds derived from the sale of the Bonds are not sufficient to complete the Project and pay all costs incurred in connection therewith and with the financing and administration of the Project, to supply all additional funds which are necessary therefor.

(c) The Borrower will make or cause to be made arrangements for the sale of the Bonds and shall be responsible for compliance with all applicable securities laws, including any disclosure obligations, in connection with the offering and sale thereof.

(d) Contemporaneously with the delivery of the Bonds, the Borrower will enter into financing agreements and such other agreements and related documents as shall be necessary or appropriate so that the Borrower will be obligated to operate, maintain and repair the Project at its own expense, to rent units in the Project to certain tenants in accordance with Section 2E of the Preliminary Resolution, to pay for the account of the Issuer sums sufficient in the aggregate to pay all of the principal of and interest and redemption premiums, if any, on the Bonds when and as the same shall become due and payable, and to pay all other costs incurred by the Issuer in connection with the financing, construction and administration of the Project, except as may be paid out of the Bond proceeds or otherwise.

(e) The Borrower will obtain Credit Enhancement from the Credit Enhancer to secure the repayment of the loan and/or the payment of the Bonds and will take such further action and adopt such proceedings as may be required to implement their respective undertakings hereunder.

4. General Provisions.

(a) Since the acquisition, construction and installation of the Project may commence prior to the sale of the Bonds and the Borrower knows and acknowledges that the Issuer will have no funds available to pay the cost of the Project other than funds derived from the sale of the Bonds, the Borrower agrees that it will advance from time to time all funds necessary for the acquisition, construction and installation of the Project, and any such funds when so advanced shall be deemed funds advanced on behalf of the Issuer; provided, however, that the Issuer shall not by virtue of such advances or otherwise through this Memorandum of Agreement acquire any property interest in the Project whatsoever or be required to reimburse the Borrower from any Issuer funds, other than from net proceeds of the Bonds, if issued. To the extent and only to the extent that the net proceeds derived from the sale of the Bonds are sufficient for such purpose, the Issuer agrees that the Borrower may be reimbursed, but only from such net proceeds after the issuance of the Bonds, for costs of the Project incurred by the Borrower prior to the issuance of the Bonds (subject to any limitations imposed by the Code).

(b) The Issuer agrees that the Borrower may enter into one or more agreements with a private lender or lenders to provide temporary construction financing and obtain commitments for permanent financing for the Project without vitiating in any manner the terms of this Agreement.

(c) The Borrower shall act as an independent contractor, and not as an agent for the Issuer, for the acquisition, construction, installation, completion, operation and maintenance of the Project, and shall provide all services incident to the acquisition, construction, installation, operation and maintenance of the Project, including, without limitation, obtaining all necessary construction and operating permits, obtaining suitable zoning, the preparation of plans, specifications and contract documents, the award of contracts, the inspection and supervision of work performed, the employment of engineers, architects, builders and other contractors, the obtaining of utility services, and the provision of money to pay the cost thereof pending reimbursement by the Issuer from the Bond proceeds, and the Issuer shall have no responsibility for the provision of any such services.

(d) The Borrower may engage the services of an underwriter or financial consultant or adviser or legal counsel in connection with the offering and sale of the Bonds; provided, however, that the Issuer shall have no liability for the payment of any such firm's compensation or expenses.

(e) The Borrower has paid the Issuer's nonrefundable application fee and inducement fee and the Borrower agrees to pay the Issuer's actual reasonable out-of-pocket costs and expenses in connection with the transactions contemplated hereby, whether or not the Bonds are issued and sold, provided that if the Bonds are issued and sold, such fee and costs and expenses may be reimbursed out of the proceeds of the sale of the Bonds. The Borrower shall also pay any reasonable fees and expenses of a financial consultant to the Issuer pertaining to the issuance of the Bonds, which fees and expenses, to the extent permitted by the Code, may be reimbursed out of the proceeds of sale of the Bonds.

(f) John Kopelousos, Esquire, will serve as counsel to the Issuer, and Foley & Lardner, Jacksonville, Florida, will serve as Bond Counsel to the Issuer. The Borrower shall be responsible for the payment of all fees, costs and expenses of the Issuer's counsel and Bond Counsel, and shall pay the same whether or not the Bonds are issued and sold, provided that if the Bonds are issued and sold such fees, costs and expenses may be paid or reimbursed out of the proceeds of the sale of the Bonds, to the extent permitted by the Code.

(g) The Bonds shall not be required to be validated pursuant to the provisions of Chapter 75, Florida Statutes, as amended.

(h) Confirmation of the following shall be obtained from such governmental, as well as nongovernmental, agencies and entities as may have or assert competence or jurisdiction over or interest in matters pertinent thereto, and the same shall be in full force and effect at the time of issuance of the Bonds: (1) an allocation for the Bonds for the calendar year in which the Bonds are issued, sold and delivered and in which the purchase price therefor is received under Section 146 of the Code, the Bond Allocation Act and other applicable law then in effect, and (2) if required by the Issuer or its counsel, the Borrower or its counsel, or Bond Counsel, such other reasonable rulings, approvals, consents, certificates of compliance, opinions of counsel and other instruments and proceedings satisfactory to each of them, with respect to the

Bonds, the Project, this Memorandum of Agreement, the financing agreements, the trust indenture or any other instrument or act contemplated hereby.

(i) The intentions of the Issuer to issue the Bonds pursuant to this Memorandum of Agreement and to use the proceeds of the Bonds as herein contemplated are subject to the conditions that (1) the issuance of the Bonds by the Issuer shall have been approved by the Board of County Commissioners of the County, after a public hearing held by the Issuer thereon, pursuant to Section 147(f) of the Code, (2) an amount equal to the face amount of the Bonds shall have been allocated for the issuance of the Bonds for the calendar year in which the Bonds are issued, sold and delivered and in which the purchase price therefor is received under Section 146 of the Code, the Bond Allocation Act and other applicable law then in effect, which allocation shall be in full force and effect on the closing date for the issuance of the Bonds, and (3) on or before two years from the date hereof (or such later date as shall be mutually satisfactory to the Issuer and the Borrower), the Issuer and the Borrower shall have agreed to mutually acceptable terms for the Bonds and the sale and delivery thereof, and for the financing agreements and other agreements and documents referred to in Sections 2(b) and 3(d) and the proceedings referred to in Sections 2 and 3 hereof, and the Bonds shall have been issued, sold and delivered; provided, however, that the Bonds may not be issued more than eighteen months after the later of (A) the date of the first Temporary Advance to be reimbursed with proceeds of the Bonds, or (B) the date on which the entire Project shall have been placed in service or abandoned, but in no event more than three years after the date of the first Temporary Advance to be reimbursed with proceeds of the Bonds is paid.

(j) If the events set forth in paragraph (i) of this Section do not take place within the times set forth therein or any extensions thereof and the Bonds are not issued as herein contemplated, the Borrower agrees to pay all reasonable costs and expenses incurred pursuant to this Memorandum of Agreement by the Borrower, the reasonable fees and expenses of any underwriter, financial consultant or adviser engaged by the Borrower, the reasonable fees, costs and expenses of Bond Counsel, and any necessary and reasonable out-of-pocket costs and expenses incurred pursuant to this Memorandum of Agreement by the Issuer, whereupon this Memorandum of Agreement shall terminate.

(k) So long as this Memorandum of Agreement is in effect, all risk of loss to the Project will be borne by the Borrower.

(l) It is expressly agreed that any pecuniary liability or obligation of the Issuer hereunder shall be limited solely to the Credit Enhancement and the revenues and other funds derived by the Issuer pursuant to the financing agreements, and nothing contained in this Memorandum of Agreement shall ever be construed to constitute a personal or pecuniary liability or charge against any member, officer, commissioner, employee, attorney or agent of the Issuer or its governing body, and in the event of a breach of any undertaking on the part of the Issuer contained in this Memorandum of Agreement, no personal or pecuniary liability or charge payable directly or indirectly from any funds or property of the Issuer shall arise therefrom. The Borrower hereby releases the Issuer from and agrees that the Issuer shall not be liable for, and agrees to defend, indemnify and hold the Issuer harmless against any liabilities, obligations, claims, damages, litigation, costs and expenses (including but not limited to reasonable attorneys'

fees and expenses) imposed on, incurred by or asserted against the Issuer for any cause whatsoever pertaining to the Project, the Bonds or this Memorandum of Agreement, or any transaction contemplated hereby; provided, however, that the scope and amount of the liability of the Borrower under this sentence shall never exceed the scope and amount of the Issuer's liability, costs and expenses (including reasonable attorneys fees); and provided, however, such costs and expenses shall not be caused by the Issuer's gross negligence or willful misconduct. The provisions of this paragraph shall survive any termination of this Memorandum of Agreement.

(m) If at any time prior to the issuance and sale of the Bonds the Issuer shall determine that the business, operations or financial condition of the Borrower is not satisfactory or that any financing documents pertaining to the Bonds are not satisfactory in form or substance to the Issuer or that the Borrower is not proceeding diligently with the acquisition, construction and installation of the Project or the financing thereof as contemplated hereby, the Issuer may, at its option, terminate this Memorandum of Agreement and any allocation for the Bonds by written notice to the Borrower. Additionally, the Issuer shall be discharged of its undertakings under this Memorandum of Agreement if the Borrower shall not provide at the closing for the issuance of the Bonds assurances satisfactory to the Issuer that no material adverse change has occurred in the representations of the Borrower or in the business, operations or financial condition of the Borrower.

(n) Except as otherwise provided in paragraph (m) of this Section, the provisions of this Memorandum of Agreement shall be superseded by any financing agreement entered into by the Issuer and the Borrower in accordance with Sections 2(b) and 3(d) of this Agreement and shall, upon the execution and delivery of such financing agreements, terminate and be of no effect.

(o) Upon the Borrower's request and upon satisfaction by the Borrower of all conditions of the Preliminary Resolution and of this Memorandum of Agreement pertaining thereto, the Issuer will request an allocation for the Bonds for calendar year 2003 in an amount not to exceed \$15,000,000, provided such allocation will not be requested prior to January 2, 2003. The Borrower acknowledges and agrees that, except as expressly stated in the preceding sentence, neither the Preliminary Resolution nor this Memorandum of Agreement constitutes an allocation and that the Issuer does not guarantee the availability of an allocation for the Bonds or that an allocation will be applied for, confirmed or assigned, either for 2003 or any subsequent year, or any renewal or subsequent allocation for the Bonds in the event the issue is not closed prior to expiration of the initial allocation, or any increase in the amount of the initial allocation or any subsequent allocation for any additional series of tax-exempt bonds. In particular, the Borrower understands that the Issuer has an agreement with the Clay County Housing Finance Authority (the "CCHFA") which provides the CCHFA with an opportunity to request a \$13 million allocation for a multifamily housing project prior to the Issuer requesting an allocation for any of its multifamily housing projects, including the Project. The Borrower understands and agrees that if the CCHFA obtains an allocation for its project, there will not be sufficient moneys available in the Region 4 allocation pool provided for in Chapter 159, Part VI, Florida Statutes, and the Issuer will not be able to issue the Bonds during the 2003 calendar year. If an allocation for the Bonds is confirmed for 2003, the Borrower will use its best efforts to cause the Bond

issue to be closed prior to the expiration of such allocation. If an allocation in the amount of the Bonds is not received, no Bonds will be issued. The Issuer shall have no obligation to apply for confirmation of an allocation under the volume limitation for any subsequent year if the issue of the Bonds is not in the year of the initial allocation. The Issuer's execution and delivery of this Memorandum of Agreement shall in no way assure or guarantee any allocation of available financing or assign any priority to the Bonds over any other bonds authorized or approved prior to or after such execution and delivery, as to such allocation.

(p) This Memorandum of Agreement shall become effective when executed and delivered by the Issuer and CDC, on behalf of itself and the Borrower.

IN WITNESS WHEREOF, the parties hereto have entered into this Memorandum of Agreement as of the 23rd day of January, 2003.

HOUSING FINANCE AUTHORITY OF
ST. JOHNS COUNTY, FLORIDA

(SEAL OF ISSUER)

By: Carol Alford
Carol Alford, Chairman

ATTEST:

James A. Swanson
James A. Swanson, Secretary
Village of Somerset, Vice Chairman

SUMMERSET VILLAGE, LLC

By: 2003 CDC Manager, L.L.C., its sole member

By: CDC Manager, Inc., the sole member of 2003 CDC Manager, L.L.C.

By: Kenneth Sandell
Name: Kenneth Sandell
Title: AUTHORIZED REPRESENTATIVE

EXHIBIT C
BOND COUNSEL LETTER



FOLEY & LARDNER LLP
ATTORNEYS AT LAW
 ONE INDEPENDENT DRIVE, SUITE 1300
 JACKSONVILLE, FL 32202-5017
 P. O. BOX 240
 JACKSONVILLE, FL 32201-0240
 904.359.2000 TEL
 904.359.8700 FAX
 www.foley.com

August 11, 2004

CLIENT/MATTER NUMBER
 070207-0113

Chair and Members of the
 Board of County Commissioners
 of St. Johns County, Florida
 County Administration Building
 4020 Lewis Speedway
 St. Augustine, FL 32084

Re: Proposed Issuance by the Housing Finance Authority of St. Johns County, Florida of its Multifamily Housing Revenue Bonds (Summerset Village, LLC Project), in an Aggregate Principal Amount Not to Exceed \$11,500,000 (the "Bonds")

Ladies and Gentlemen:

In connection with the consideration by the Board of County Commissioners of St. Johns County, Florida (the "Board") of the proposed resolution (the "Resolution") approving the issuance of the Bonds, we are pleased to advise you that:

(a) on August 28, 2003, the Housing Finance Authority of St. Johns County, Florida (the "Issuer") adopted a resolution which, among other things, authorized the issuance of the Bonds in an aggregate principal amount not exceeding \$11,500,000 for the purpose of financing a part of the costs of the Project (as defined in the Resolution), and provided for the proceeds of the Bonds to be loaned to Summerset Village, LLC, a Florida limited liability company (the "Borrower"), and applied to pay a part of the costs of the Project pursuant to a financing agreement by and among the Issuer, the Borrower and Summerset Family, LLC, a Florida limited liability company the sole member of which is, and shall remain, the Borrower ("Summerset Family"), and Summerset Senior, LLC, a Florida limited liability company the sole member of which is, and shall remain, the Borrower ("Summerset Senior"); a portion of the Project consisting of an approximately 132-unit complex to be owned and operated by Summerset Senior, and a portion of the Project consisting of an approximately 84-unit complex will be owned and operated by Summerset Family;

(b) on August 26, 2004, it is anticipated that the Issuer will consider a resolution approving the final financing structure and related documentation; and

(c) due to a delay in the commencement of the Project and the completion of the financing, and in order to comply with applicable requirements of Section 147(f) of the Internal Revenue Code of 1986 (together with the regulations promulgated under such Code, whether proposed, temporary or final, the "Code"), it is necessary for the Board to reapprove the issuance of

BRUSSELS
 CHICAGO
 DETROIT
 JACKSONVILLE

LOS ANGELES
 MADISON
 MILWAUKEE
 NEW YORK

ORLANDO
 SACRAMENTO
 SAN DIEGO
 SAN DIEGO/DEL MAR

SAN FRANCISCO
 SILICON VALLEY
 TALLAHASSEE
 TAMPA

TOKYO
 WASHINGTON, D.C.
 WEST PALM BEACH

004.443105.1

FOLEY

Chairman and Members of the
Board of County Commissioners
of St. Johns County, Florida

August 11, 2004


Page 2

the Bonds, which approval is necessary for the interest on the Bonds to be excluded from gross income for federal income tax purposes under applicable provisions of the Code.

If you have any questions concerning the foregoing, please do not hesitate to contact us.

Yours very truly,

FOLEY & LARDNER LLP

By: 

Chauncey W. Lever, Jr.

EXHIBIT D

**PROOF OF PUBLICATION OF
NOTICE OF PUBLIC HEARING**

THE ST. AUGUSTINE RECORD

PUBLISHED EVERY MORNING MONDAY THROUGH FRIDAY, SATURDAY AND SUNDAY MORNING
ST. AUGUSTINE AND ST. JOHNS COUNTY, FLORIDA

STATE OF FLORIDA,
COUNTY OF ST. JOHNS

Before the undersigned authority personally appeared **AMANDA N. BRUNK**

who on oath says that she is an Accounting Clerk of the St. Augustine Record,

a daily newspaper published at St. Augustine in St. Johns County, Florida:

that the attached copy of advertisement, being **NOTICE OF HEARING**

In the matter of **SUMMERSET BONDS**

in the Court, was published in said newspaper in the issues of

AUGUST 2, 2004

Affiant further says that the St. Augustine Record is a newspaper published at St. Augustine, in said St. Johns County, Florida, and that the said newspaper heretofore been continuously published in said St. Johns County, Florida, each day and has been entered as second class mail matter at the post office in the City of St. Augustine, in said St. Johns County, for a period of one year preceding the first publication of the copy of advertisement; and affiant further says that she has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing the advertisement for publication in the said newspaper.

Sworn to and subscribed before me this **2ND** day of **JULY 2004**

by *Amanda N. Brunk* who is personally known to me or who has produced **PERSONALLY KNOWN** as identification.

Patricia A. Bergquist
(Signature of Notary Public)



Patricia A. Bergquist
My Commission DD275991
Expires December 18, 2007

(Seal)

PATRICIA A. BERGQUIST

COPY OF ADVERTISEMENT

NOTICE OF PUBLIC HEARING BY HOUSING FINANCE AUTHORITY OF ST. JOHNS COUNTY, FLORIDA

NOTICE is hereby given that a public hearing pursuant to Section 147(c) of the Internal Revenue Code of 1986, as amended (the "Code"), will be held by the Director (the "Director") of the Housing Finance Authority of St. Johns County, Florida (the "Authority"), or his designee, on behalf of the Authority, on Tuesday, August 3, 2004, beginning at 10:00 a.m., local time, at the office of St. Johns County Housing & Community Services Division, 3142 Ponce de Leon Boulevard, Suite 7, St. Augustine, Florida 32084, for the purpose of considering a proposed resolution of the Authority to issue **Variable Rate Demand Multifamily Housing Revenue Bonds (SummerSet Village Project)**, in one or more series, in an aggregate principal amount not to exceed \$10,000,000 (the "Bonds").

The Bonds are to be issued for the purpose of financing the acquisition of the real property, construction of approximately 220 apartment units, consisting of approximately 220 apartment units, located on a site containing approximately 20 acres on the west side of, and approximately 100 feet north of the intersection of U.S. 1 and Dan Reper Road, in the unincorporated area of St. Johns County, Florida (the "Project"). The proceeds of the Bonds are to be loaned to SummerSet Village, LLC, Florida limited liability company (the "Borrower"), and applied to a part of the costs of the acquisition, construction and installation of the Project pursuant to a loan agreement by and among the Authority, the Borrower, and SummerSet Family, LLC, a Florida limited liability company, the sole member of which is, and shall remain, the Borrower, SummerSet Family, LLC, and SummerSet Senior, LLC, a Florida limited liability company, the sole member of which is, and shall remain, the Borrower, SummerSet Senior, LLC. A portion of the Project, consisting of an approximately 142-unit senior housing complex will be owned and operated by SummerSet Senior, LLC, and a portion of the Project, consisting of an approximately 44-unit family housing complex will be owned and operated by SummerSet Family, LLC.

The public hearing is required by Section 147(c) of the Code. Any person interested in the proposed issuance of the Bonds or the location or nature of the Project may appear and be heard, subsequent to the public hearing, the Board of County Commissioners of St. Johns County, Florida (the "Board of County Commissioners") will consider whether to approve the Bonds, as required by Section 147(c) of the Code.

The public hearing will be conducted in a manner that provides a reasonable opportunity to be heard for persons with differing views on the issuance of the Bonds or the location or nature of the Project. Any person desiring to be heard on this matter is requested to attend the public hearing or send a representative. Written comments (not exceeding 250 words) may be submitted to the Authority at the office of Thomas M. Crawford, the Authority's Director, at 3142 Ponce de Leon Boulevard, Suite 7, St. Augustine, Florida 32084.

The public hearing on this matter is available for inspection and copying during the regular business hours of the office of the Director at the above address.

Comments made at the hearing are for the consideration of the Authority and the Board of County Commissioners, and will not bind any legal action to be taken by the Authority or the Board of County Commissioners in connection with its consideration and approval of the financing and the issuance of the Bonds.

If a person decides to appeal any decision with respect to the Bonds, the person is advised of such appeal rights and the person is advised of the proceedings and of the person's right to be heard. The person's right to be heard includes the testimony and evidence upon which the appeal is to be made.

Not all persons need special accommodations and to all disabled persons, in accordance with the Americans with Disabilities Act, persons needing special accommodations, interpret to persons with disabilities, hearing and/or visual impairments, should call (800) 368-2501 or of the County of St. Johns, Florida, 3020 Lewis Speedway, St. Augustine, Florida 32084, for hearing accommodations. Telecommunications devices for the deaf (voice) (800) 877-8339 and Florida Relay Service (1-800-955-8777) are available five days prior to the date of the public hearing and hearing on July 30, 2004.

HOUSING FINANCE AUTHORITY
OF ST. JOHNS COUNTY, FLORIDA
By: Thomas M. Crawford, Director
Housing & Community Services
15874 Aug 2, 2004

EXHIBIT E
REPORT OF HEARING OFFICER

REPORT OF HEARING OFFICER

Board of County Commissioners of
St. Johns County, Florida
c/o Mr. Ben W. Adams II
County Administration Building
4020 Lewis Speedway
St. Augustine, FL 32084

Housing Finance Authority of
St. Johns County, Florida
c/o Mr. Thomas M. Crawford
3149 Ponce de Leon Blvd., Suite 9
St. Augustine, FL 32084

RE: Proposed Issuance of Multifamily Housing Revenue Bonds by the Housing Finance Authority of St. Johns County, Florida, for the benefit of Summerset Village, LLC, in an amount not exceeding \$11,500,000

Ladies and Gentlemen:

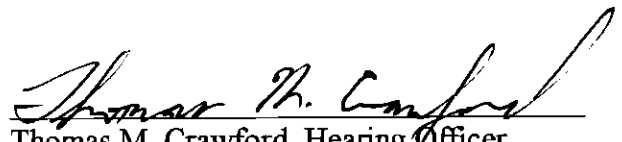
Pursuant to the authorization of the governing body of the Housing Finance Authority of St. Johns County, Florida (the "Authority"), I conducted a public hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, on Tuesday, August 17, 2004, at 10:00 a.m. at the office of St. Johns County Housing & Community Services Division, 3149 Ponce de Leon Boulevard, Suite 9, St. Augustine, Florida 32084, with respect to the contemplated issuance by the Authority of multifamily housing revenue bonds for the benefit of Summerset Village, LLC, in a principal amount not to exceed \$11,500,000, and the location and nature of the project to be financed with the proceeds of such bonds.

Due notice of the public hearing was published in The St. Augustine Record, a newspaper of general circulation in the County, at least 14 days prior to the hearing, a copy of the proof of publication of which is attached hereto.

At the public hearing no persons requested to be heard. Also, no persons submitted any comments in writing for the consideration of the Authority or the Board of County Commissioners of the County (the "Board") with respect to the issuance of the above described bonds by the Authority or the approval of such bonds by the Board.

The public hearing was opened at 10:00 a.m. EST and was closed at 10:10 a.m. on Tuesday, August 17, 2004.

Respectfully submitted on the 17th day of August, 2004, by the undersigned on behalf of the Authority.


Thomas M. Crawford, Hearing Officer
Housing Finance Authority of St. Johns County