

OUTLOOK ON ASSET MANAGEMENT

APRIL 2009

INSIDE THIS ISSUE:

INAUGURAL EDITION	1
DOLLAR\$ & SENSE	1
COMPLIANCE CORNER	2
INSPECTIONS	2
LEASING BASICS	3
REAL ESTATE TAXES	3

SPECIAL POINTS OF INTEREST:

- The inaugural edition of RJTCF's Outlook On Asset Management
- Compliance Corner—articles and questions relating to key elements of LIHTC compliance monitoring
- Resources for being environmentally friendly & improving your bottom line
- Real estate taxes and fair property assessments
- Preventative maintenance tips for Spring
- Increasing property traffic and closing more leases

RJTCF'S GUIDANCE ON ASSET MANAGEMENT

Raymond James Tax Credit Funds was founded over 20 years ago when the tax credit era for rental housing was just beginning. We have syndicated more than 1,200 partnerships representing over \$2.0 billion in investor equity placed. The partnerships are located in 43 states and represent urban, suburban and rural locations that serve a diverse population. We are very proud of the many fine partners and investors we serve and feel fortunate to have a hand in helping to create products that meet a basic human need – safe, decent, and affordable shelter.

Our corporate culture revolves around a philosophy known as "Service First" which pervades everything we do, especially in how we cultivate and manage our relationships with partners and investors. With that philosophy in mind, we are commencing the publication of "Outlook on Asset Management" which will be released on a periodic basis.

Our goal is to share information on various activities in which we are engaged and to pass on ideas and solutions that our asset managers encounter in the process of overseeing a portfolio of over 45,000 apartment units. We hope that our partners will find the information provided to be useful, relevant and offer the ability to add value to their properties or the means in which they manage them. We anticipate sharing some broad information about our portfolio including per unit operating costs, trends, compliance issues, maintenance, marketing and leasing.

Please tell us any topics you would be interested in reading about in future editions so we can provide a publication that is valuable to those involved in the tax credit industry. If you are looking for a product, service or other solution for your property, perhaps we can provide options for consideration based on our experiences and the existing relationships

we have. Today, more than ever, sharing ideas that help operations and improve the bottom line is vital to the success of our industry and defines great partnerships.

Bob Landis
Director of Asset Management



Raymond James headquarters in Saint Petersburg, Florida.

*If you would like to submit a topic for future editions, or have a question pertaining to the LIHTC industry that you would like answered, please feel free to email them to:
Robert.Landis@RaymondJames.com*

DOLLAR\$ AND SENSE — ENERGY USE AT THE OFFICE

Today, there is an abundance of resources and information available to consumers and small business owners that make you aware of small changes that result in reduced costs. For some ideas, take a look at "Energy-Saving Tips for

Businesses" online at:

http://www.consumerenergycenter.org/tips/business_summer.html.

This website offers suggested changes you can make at your office that are easy to incorporate and will ultimately result in improving your bottom line.

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SPRINGTIME INSPECTIONS

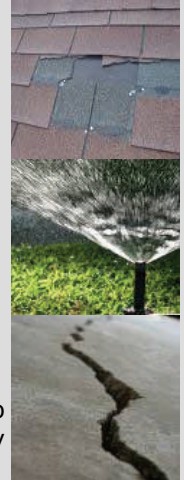


With winter finally winding down, this is a good time to inspect building exteriors. Regularly scheduled inspections will help avoid costly repairs, reduce energy consumption and extend the life of the buildings.

- Inspect roofs for damage and missing shingles. Cut tree limbs back from the buildings.
- Don't forget to check chimneys and roof vents for damage and missing caps.
- Check gutters and downspouts for blockages and leaks – pay special attention to seams. Be sure that your diverters are in place and drainage devices are functional. Splash blocks help prevent erosion as well as direct water flow.
- Check yard and parking lot drain inlets for debris that impedes free flowing drainage.
- Look for cracks and separation in masonry facades. Wood and vinyl siding should be checked for warped, loose and missing pieces. Electrical cables and pipes should be well insulated as they pass-through exterior walls. Fill any gaps

- and make sure vents are secure to avoid rodent intrusion.
- Check foundations for cracks and signs of water intrusion.
- Check all windows for broken glass and missing screens and be sure that doors operate properly.
- Test your irrigation system for proper coverage and check grounds for areas that will need special attention when the landscapers arrive.
- This is also a good time to evaluate new and existing landscaping and pest control contracts.

Once you have identified problems, act quickly to correct them. Doing so may help you avoid costly repairs in the months to come.



COMPLIANCE CORNER - DEFINING A STUDENT

Per the 8823 Guide, the determination of full or part-time student status is based on the criteria used by the educational institution the student is attending. That being said, to understand how the IRS defines a full-time student for the purposes of tax credit compliance we must also look at IRC §151 (c) (4). This states that “the term student means an individual who during each of 5 calendar months during the calendar year...is a full-time student at an educational organization.” Furthermore, per Treasury Regulation §1.151-3(b) the five months need not be consecutive.

Based on these regulations, an applicant who is a full-time student from January to May would not be eligible for tenancy in a tax credit property until January of the next calendar year unless they met one of the exemptions outlined in §42(i)(3) (D). So when checking student status for applicants at your property, be sure to consider the student status for the entire current calendar year.

Source: Guide for Completing Form 8823, Chapter 17-Category IRC §151(c) (4)

If you have a compliance question and would like to know RJTCF's perspective, please send an email to Jacquelyn.Covington@RaymondJames.com with a subject line of "Compliance Corner." Please note that your question may appear in a future issue of the newsletter.

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Full-time Student Income Chart

Student Type	Income Source/Type	What to Count
Full-time student (any age)	Non-Wage/Unearned Income: Social Security, Unemployment, Child Support, TANF, etc.	Count all income
Full-time student (18+ years old, Head, Co-head or Spouse)	Wage Income	Count all income
	Financial Assistance: Financial Aid, Grants, scholarships, Work Study	Count all monies in excess of amounts received for tuition
Full-time student (18+ years old)	Student loans	Count none
Full-time student (18+ years old, dependent and NOT Head, Co-head or Spouse)	Wage Income	Count \$480. If annual income is less than \$480, count entire amount.
	Financial Assistance	Count none if residing with parent(s)
Full-time student over 23 with at least one dependent	Wage Income	Count all income
	Financial Assistance	Count none

Source: www.wshfc.org/managers/ComplianceManuals.htm and Quantum Management Services, Inc.

MARKETING & LEASING BASICS

There are some tried and true steps to attracting more customers and closing more sales. Here are only a few:

1. Your property needs to stand out in some way. Try flags, banners or temporary directional signs. Your main property ID sign should be distinctive. Inexpensive flowers at your front entrance can attract attention.
2. Take a hard look at your curb appeal from the perspective of a new customer arriving at your property. Clean and organized grounds, parking lot and walk up to a neat and clean leasing office can be an effective passive selling tool even if your property is not brand new. Properties that look maintained attract customers. Property staff should be dressed professionally or in some kind of uniform to make a good impression on potential customers.
3. Use guest cards to record every customer, even those who are not qualified for your property. This enables you to track your prospect traffic and spot trends. Many properties do not follow up on a timely basis with a thank you card or a phone call (noted on the guest card). Those that do always get more leases.
4. Be very vigilant in tracking the sources of prospect traffic by carefully asking the walk in prospect. Many will say they were just driving by, but often they first learned about you from some other source. Stop spending money on sources that yield low or no prospect traffic.
5. Most properties need to conduct an effective off-site marketing program to generate prospect traffic from untraditional sources like institutions (chamber of commerce, etc.), local businesses, churches, etc. This is a market networking approach that involves more than just distributing flyers. It involves having a specific plan and being plugged into your local market. Network through your existing residents through referral bonuses/rewards and use them as networkers into their places of employment. Note: the vast majority of on-site managers do little to no off-site marketing. You can dramatically increase your market share by simply taking some basic steps and following through on a regular basis.
6. Internet marketing is a critical tool. Many properties gain access to internet leads through placing an ad in a local apartment guide book. Others are using sources like Craig's List and even social networking sites like Facebook. Don't assume that your primary customer (e.g. a senior) is not using the web to find an apartment.



There are many publications available for purchase on marketing and leasing apartments. Visit the National Association of Home Builders and National Apartment Association web sites at <http://www.nahb.org/> and <http://www.naahq.org/>. Also visit Sales and Marketing Magic at <http://smmonline.com/>.

Real Estate Taxes - Are you paying too much?

Real estate taxes represent one of the single largest operating costs for apartment communities. Property taxes are a controllable expense when an aggressive property tax program is implemented. Many companies have come to the realization that property tax appraisals are negotiable and can be managed. Many of our clients do the following:

- At a minimum, at least compare your current assessment with prior assessments and understand how the value was determined. Also make sure that the property has been placed in the correct rate category (i.e. residential vs. commercial, etc.)
- Since real estate tax assessments are public information, compare the assessment of competing properties to your property on a per unit basis. If your value is significantly higher, then there may be some basis for appeal on the fairness of your assessment in comparison to other apartment properties.
- Make sure your property is assessed correctly. Many states and some jurisdictions provide for special assessments for tax credit housing. Make sure your property is not being over-assessed by being lumped in with conventional market-rate apartments.
- Timeliness: there is often a limited time frame to appeal the assessment. Be informed on appeal deadlines.
- Hire a real estate tax consultant to review the real estate tax assessment on an annual basis. Consultants will work on a fee or contingency basis. Consultants can be found through appraisers, local apartment associations (e.g. local chapter of the National Apartment Association) or through referrals from other property owners/managers.



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