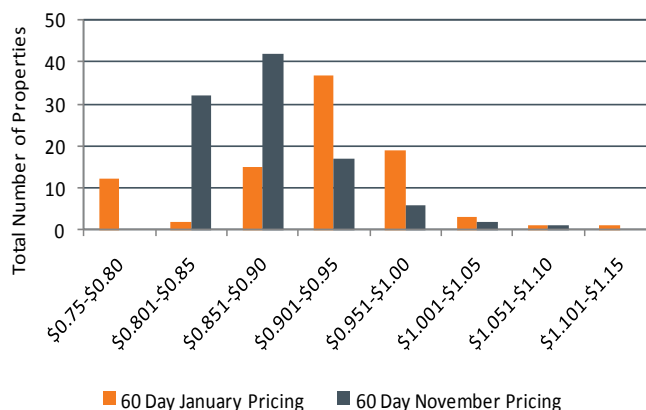


### An Early Christmas Present from the FASB

- On December 11th the FASB voted to adopt the proposed accounting standards update (ASU) on accounting for LIHTC investments.
- The ASU will be effective for all reporting periods after December 15, 2013. Since virtually every public company in the United States reports on a calendar year basis and since the ASU permits early adoption, corporate investors may elect to adopt the new accounting retroactive to January 2013.
- It is too soon to know whether this will permit expansion of the equity base for LIHTC investments. For companies that are particularly sensitive to the pre-tax vs. after-tax earnings distinction, the new accounting could make the difference.
- As expected the new accounting will not be available to investors in new markets, historic, or renewable energy credit investments. The Emerging Issues Task Force will take up the question of including these other credits in 2014.

### Housing Credit Pricing

- The following graph represents the distribution of lower tier pricing for participating syndicators.
- The pricing distribution has jumped up a category, as evidenced by a shift in concentration from the \$0.851 - \$0.90 category in November to the \$0.901 - \$0.95 category in the last 60 days. While not yet reflected in the Fund data in the table below, syndicators have intimated that year-end pricing is on the rise, and correspondingly, yields will likely have to fall in 2014.



### Current Multi-Investor Funds

#### National Funds

| Syndicator/<br>Fund Name                      | Estimated<br>Fund Size<br>(in million) | Projected<br>After-Tax<br>Cash Needs<br>IRR | Net<br>Equity<br>Price | Target<br>Closing |
|---|--|---|------------------------|-------------------|
| Alliant Capital - Fund 74                     | \$150                                  | 7.40% -<br>7.50%                            | \$0.99                 | 12/13             |
| Boston Capital - Fund 38                      | \$231                                  | 7.25%                                       | \$0.87                 | Q1<br>2014        |
| City Real Estate Advisors -<br>Fund 40        | \$100                                  | TBD   | TBD                    | 5/14              |
| First Sterling - Fund 53                      | \$100                                  | 7.25% -<br>7.40%                            | \$0.88                 | 1/14              |
| Hunt Capital Partners - Fund<br>10            | \$140                                  | 7.35% -<br>7.50%                            | \$0.88                 | 2/14              |
| Michel Associates - Fund 22                   | \$50                                   | 7.85%                                       | \$0.85                 | 1/14              |
| R4 Housing Partners II                        | \$125                                  | 7.25% -<br>7.50%                            | NA                     | 12/13             |
| Raymond James - Fund 41                       | \$150                                  | TBD   | \$0.85                 | 6/14              |
| Richman - Institutional Tax<br>Credit Fund 96 | \$125                                  | 7.25%                                       | NA                     | 12/13             |
| WNC - Institutional Tax Credit<br>Fund 39     | \$100                                  | 7.35%                                       | \$0.88                 | 3/14              |

#### State / Regional Funds

| Syndicator/<br>Fund Name                                      | Regions                       | Estimated<br>Fund Size<br>(in million) | Projected<br>After-Tax<br>Cash<br>Needs IRR | Net Equity<br>Price | Target<br>Closing |
|---|-------------------------------|--|---|---------------------|-------------------|
| CAHEC<br>Community Equity Fund 19                             | Southeast and<br>mid-Atlantic | \$100                                  | 7.15%                                       | \$0.86              | 3/14              |
| Great Lakes Capital Fund<br>Fund 29                           | MI,IN,WI<br>MN,IL,NY          | \$125                                  | TBD   | TBD                 | 9/14              |
| Mass. Housing Investment Corp<br>MHE Fund XXI                 | MA                            | TBD                                    | 6.75%                                       | TBD                 | 7/14              |
| Midwest Housing Equity Group<br>MHEG Fund 40                  | Midwest                       | \$150                                  | 7.25%                                       | Mid<br>\$0.80s      | 12/13             |
| Ohio Capital Corporation for Housing<br>Ohio Equity Fund - 24 | OH, KY                        | \$200                                  | TBD   | TBD                 | 5/14              |
| R4 Capital<br>California Housing Partners                     | CA                            | \$52.5                                 | 6.00%                                       | NA                  | 12/13             |
| Raymond James<br>California Fund III                          | CA                            | \$75                                   | 5.50%                                       | \$1.04              | 2/14              |
| RBC Capital Markets<br>California Fund - 3                    | CA                            | \$37                                   | 5.60%                                       | \$1.05              | 3/14              |
| Richman - USA California<br>Fund                              | CA                            | \$40                                   | 5.50%                                       | NA                  | 3/14              |
| WNC<br>Fund X, California Series 12                           | CA                            | \$50                                   | 6.00%                                       | \$0.96              | 2/14              |

| Equity-weighted Average | Net Equity Price | Projected After Tax IRR |
|-------------------------|------------------|-------------------------|
| All National Funds      | <b>\$0.89</b>    | <b>7.37%</b>            |

| Equity-Weighted Average           | Net Equity Price | Projected After Tax IRR |
|-----------------------------------|------------------|-------------------------|
| State/Regional Funds Excluding CA | <b>\$0.85</b>    | <b>7.21%</b>            |
| California-only Funds             | <b>\$1.02</b>    | <b>5.72%</b>            |