

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Phoenix Realty Group, LLC. If you have any questions about the contents of this brochure, please contact us at 212-207-1999 or info@phoenixrg.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Phoenix Realty Group, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Phoenix Realty Group, LLC’s CRD number is 160249.

While Phoenix Realty Group, LLC is a SEC-registered investment adviser, such registration does not imply a requisite level of skill or training.

Item 2 Material Changes

Pursuant to exemptions which may no longer be available, Phoenix Realty Group, LLC (the “Firm”) was not required to register as an investment adviser with the Securities and Exchange Commission (the “SEC”) prior to March 2012. This Firm Brochure, dated February 15, 2012, is the Firm’s disclosure document prepared according to the SEC’s requirements and rules applicable to registered investment advisers. As you will see, this document is a narrative providing detailed information regarding the Firm, its practices, fees, actual and potential conflicts of interest and key mitigating circumstances, policies and controls.

After the initial filing of this Brochure, this Item 2 will be used to provide Firm clients (each a “Fund” or “Client”; and, collectively, the “Funds” or “Clients”) and/or fund investors (each a “Third Party Fund Investor”) with a summary of new and/or updated information. The Firm will inform of revision(s) based on the nature of the updated information.

Consistent with SEC rules, the Firm will ensure that a summary of any material changes to this and subsequent Brochures is received within 120 days of the close of our business fiscal year. Furthermore, the Firm will provide other interim disclosures about material changes as necessary.

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Item 4 Advisory Business

The Firm is an SEC registered investment adviser with its principal place of business in New York. Although the Firm is a registered investment adviser, registration itself does not require and should not be interpreted to imply any particular level of skill or training. The Firm began conducting business in September 1999. The Firm is owned by JMF Associates LP, a Delaware limited partnership (43.50% managing member); Keith B. Rosenthal (27% member); Con Am Real Estate, Ltd. (20% member); and E. Ron Orgel (9.5% member). JMF Associates LP is owned and controlled by J. Michael Fried (99.99%) and JMF Associates, Inc., a Delaware corporation (.01% general partner). JMF Associates, Inc. is owned and controlled by J. Michael Fried (100%). Con Am Real Estate, Ltd., is owned and controlled by DJE, Inc., a California partnership (1% general partner); Daniel J. Epstein (65% limited partner); Lester Korn (17% limited partner); and Richard Ferry (17% limited partner). DJE, Inc. is owed by Daniel J. Epstein (100%).

Investment Management Services

The Firm is a real estate financial services firm that sponsors and serves as a discretionary fund manager to Private Equity Real Estate Funds (i.e., the Funds). The Firm provides fund management and investment advisory services relating to the acquisition, ownership, operation and sale of real estate and interests in real estate. The Funds are private, closed-end investment funds. To date, generally, Funds have been focused on urban and infill investment and development, specifically for the acquisition and development of rental housing and market-rate for-sale housing affordable to family households earning 80% to 200% of a targeted geographic urban area median income ("Multifamily Equity Funds"), as well as housing affordable to low-moderate income families ("Tax Credit Funds").

Each Fund is typically structured as a limited liability company or a limited partnership, with a subsidiary of the Firm serving as the manager or general partner or co-general partner of the Fund, as the case may be (whether a general partner or co-general partner of a limited partnership or a manager of a limited liability company, in each case, the "Fund General Partner").

Generally, in Multifamily Equity Funds, a Fund has a "hard-cap" on the aggregate amount of money that the Firm can raise for that particular Fund (the "Capital Commitment Ceiling"). The Fund receives unfunded capital commitments ("Capital Commitments") from Third Party Fund Investors during one or more initial fundraising stages, after which the Funds are generally closed to new investors. During the life of a Multifamily Equity Fund, the Fund General Partner will, from time to time, call on the Third Party Fund Investors and the Firm Participant (as defined below) to make capital contributions (each a "Capital Contribution", and collectively, "Capital Contributions") of a portion of their respective Capital Commitments to the respective Fund on a *pro rata* basis in proportion to Investors' (as defined below) respective Capital Commitments to a Fund to satisfy one or more calls for capital for expenses, fees or project investments (each a "Call for Capital").

Generally, in Tax Credit Funds, a Fund General Partner and another subsidiary of the Firm (the "Initial Limited Partner") form a limited partnership or a limited liability company (the "Tax Credit Partnership"). The Fund General Partner then partners with an organization dedicated to the construction and/or rehabilitation and operation of low-income housing (profit or non-profit) to serve as the managing general partner of the Tax Credit Partnership (the "Managing General Partner"), and developer of the affordable housing project (the "Affordable Housing Project"). The Managing General Partner, as an organization dedicated to the construction and/or rehabilitation and operation of

low-income housing (each an “Eligible Organization”), is generally eligible to receive allocations of certain federal low-income housing tax credits (collectively, the “Tax Credits”) under the Low Income Housing Tax Credit Program (the “LIHTC Program”) implemented by Section 42 of the Internal Revenue Code of the United States of America. Federal Tax Credits are dollar-for-dollar tax credits distributed to Eligible Organizations on a competitive application-based process. The Tax Credits are issued by the Internal Revenue Service of the United States of America (the “IRS”) through state agencies in each state in the United States of America (each a “State Agency”) based upon each respective state’s population and an applicable rate per person announced by the IRS for each year. The State Agencies oversee the implementation of the LIHTC Program for the IRS in their respective states. The type and amount of Tax Credits allocated to a Tax Credit Partnership depends upon the location, size and type of Affordable Housing Project that the Tax Credit Partnership intends to construct, or rehabilitate, and operate. Generally, the amount of Tax Credits for any one project is based upon (i) the Qualified Allocation Plan implemented by the respective State Agency; (ii) the actual cost of the Affordable Housing Project; (iii) the tax credit rate announced by the IRS for the year for which the Tax Credits are issued; and (iv) the percentage of Affordable Housing Project units that are rented to low-income tenants (if less than all). The Managing General Partner can obtain the Tax Credits in the name of the Tax Credit Partnership for the purpose of developing or rehabilitating the Affordable Housing Project. Further, depending upon the location, type and size of the Affordable Housing Project, the Tax Credit Partnership is also eligible for certain other subsidies through various federal and state supplementary assistance housing programs (the “Project Subsidies”) and certain other types of favorable, below market, debt financing, including bond financing (the “Project Debt”). Simultaneously with the processing of a Managing General Partner’s application for Tax Credits, the Initial Limited Partner forms a Tax Credit Fund, of which it, or another subsidiary of the Firm, is a Fund General Partner, to become a replacement limited partner to the Initial Limited Partner in the Tax Credit Partnership (the “Tax Credit Fund Limited Partner”). The Firm sources private equity from Third Party Investors to capitalize the Tax Credit Fund Limited Partner, which is admitted to the Tax Credit Partnership in exchange for its commitment (i.e., a Capital Commitment) to contribute equity (i.e., a Capital Contribution) to the Tax Credit Partnership. In exchange for the Tax Credit Limited Partner’s equity contribution, the Tax Credit Partnership acquires the right to distributions of the Tax Credits from the Tax Credit Partnership. The Tax Credit Fund Limited Partners’ Capital Contributions, together with any Project Subsidies and Project Debt, are used in the construction or rehabilitation, as the case may be, of the Affordable Housing Project. Subject to several compliance requirements of the LIHTC Program, allocated Tax Credits are distributed by the IRS to State Agencies in equal amounts over a ten (10) year period, for further distribution to the Tax Credit Partnership, which in turn distributes the Tax Credits to the Tax Credit Fund Limited Partnership in accordance with the terms and provisions of its organizational documents.

The Firm does not vote Client securities, as the Firm does not currently invest in publicly-traded securities on behalf of its Clients, nor does the Firm purchase publicly-traded securities. As a result, it does not contract with broker-dealers and does not engage in soft dollar practices, directed brokerage or trade aggregation.

The Firm currently provides fund management and investment advisory services solely to the following Funds:

The Firm's Opportunity Funds

The primary business of the Firm's Opportunity Funds is to provide equity and mezzanine financing for the creation of entry-level for-sale housing in various geographic markets, each of which is fully capitalized and closed.

- Genesis Workforce Housing Fund, LLC, a Delaware limited liability company;
- California Urban Housing Fund, LLC, a Delaware limited liability company;
- Phoenix Realty Fund Investors I LLC, a Delaware limited liability company;
- PRG Metropolitan Investors, LLC, a Delaware limited liability company; and
- Phoenix Realty Fund Investors III LLC, a Delaware limited liability company.

The Firm Value-Added Multifamily Funds

The primary business of The Firm's Value-Added Multifamily Funds is to provide equity and mezzanine financing for the acquisition and operation of middle-market multifamily housing in various geographic markets, the first two of which are fully capitalized and closed.

- Metropolitan Workforce Housing Fund LLC, a Delaware limited liability company;
- PRG Fund Investors IV LLC, a Delaware limited liability company;
- Genesis Workforce Housing Fund II, LLC, a Delaware limited liability company; and
- PRG Fund Investors V LLC, a limited liability company.

The Firm Low Income Housing Tax Credit Funds

The Firm has syndicated seven tax credit funds for financing the development of properties to serve the needs of low and moderate income individuals and families across the United States and Puerto Rico, each of which is fully capitalized and closed.

- Phoenix Realty California Properties LP, a Delaware limited partnership;
- Phoenix Realty Tax Credit Fund II LP, a Delaware limited partnership;
- Phoenix Realty Tax Credit Fund IV LP, a Delaware limited partnership;
- Phoenix Realty Tax Credit Fund V LP, a Delaware limited partnership;
- Phoenix Realty Tax Credit Fund VI LP, a Delaware limited partnership;
- Phoenix Realty Tax Credit Fund VII LP, a Delaware limited partnership; and
- Phoenix Realty Tax Credit Fund VIII LP, a Delaware limited partnership.

The Funds are not required to register under the Securities Act of 1933 or the Investment Company Act of 1940 in reliance upon certain exemptions available to issuers whose securities are not publicly offered. The Firm manages the Funds in accordance with the terms and conditions of each Fund's offering and organizational documents (in each case, the "Fund's Organizational Documents").

Assets Under Management

The respective Fund General Partners manage each Fund on a discretionary basis in accordance with the applicable Fund's Organizational Documents. Discretionary assets under the Firm's management were \$385,836,349.00 as of September 30, 2011. The Firm does not manage any assets on a non-discretionary basis.

IMPORTANT ADDITIONAL CONSIDERATIONS: The information provided herein merely summarizes the detailed information provided in each Fund's Organizational Documents. Unless otherwise indicated therein, each Fund is close-ended, and once fully committed (i.e., once a Fund has attained Capital Commitments up to the Capital Commitment Cap (or closed the Third Party Investor into the Tax Credit Fund Limited partner, as the case may be)), unless agreed upon by the Third Party Fund Investors or as permitted under the LIHTC Program, as the case may be, it does not admit new Third Party Fund Investors. Current Third Party Fund Investors and prospective Third Party Fund Investors in any new Fund launched by the Firm should be aware of the substantial risks associated with investment as well as the terms applicable to such investment. This and other detailed information is provided in each respective Fund's Organizational Documents.

Item 5 Fees and Compensation

Multifamily Equity Funds

Management Fee.

The Firm charges management fees ("Management Fees") to its Firm Clients for its fund management and investment advisory services. Typically, the Management Fees are paid to the Fund's General Partner or other subsidiary of the Firm.

Management Fees are charged to a Fund in two distinct stages. Generally, while the Fund is in an investment stage, that is, after initial capitalization, when the Fund is actively seeking to identify potential investments (the "Investment Period"), the Management Fee is charged as a percentage of a Fund's aggregate Capital Commitments. Following the Investment Period, or in some cases, a predefined period of time has elapsed since the Fund's final closing, the basis for the Management Fee changes to be based, generally, on Capital Contributions not yet returned to Third Party Fund Investors.

Management Fees generally range from one percent (1.00%) to three percent (3.00%) per annum of (A) the aggregate Capital Commitments made to the Fund during the initial agreed upon time period and (B) the Capital Contributions thereafter. Management Fees are generally paid on a quarterly basis in advance.

Third Party Fund Investors should refer to the appropriate Fund's Organizational Documents for detailed information regarding all matters concerning a Fund, including but not limited to fees and fee offsets; any new Fund sponsored by the Firm may have similar or materially different terms than those described herein.

Tax Credit Funds

Syndication Fees. The Firm generally charges a syndications fee to the Tax Credit Fund in

connection with the purchase and sale of the Tax Credits (i.e., the closing of the investment of the Tax Credit Fund Limited Partner into the Tax Credit Partnership). Such a fee is usually between four percent (4%) and eight percent (8%) of the purchase price of the Tax Credits by the Tax Credit Fund Limited Partner. Generally, the syndication fee is paid upon the closing of the investment of the Tax Credit Fund Limited Partner into the Tax Credit Partnership.

Asset Management Fee. Generally, the subsidiary of the Firm that serves as the Fund General Partner of the Tax Credit Fund will receive an asset management fee during the life of the Tax Credit Fund. The asset management fee varies from Fund to Fund (i.e., either a fixed amount or a percentage of cash flow or capital transaction) as it is negotiated amongst the partners of the Tax Credit Fund.

Developer Fees. Generally, fees approximating ten percent (10%) to fifteen percent (15%) of the total construction cost are paid to the developer of the Affordable Housing Project as a developer fee. In certain Affordable Housing Projects, a subsidiary of the Firm will serve as the developer, or co-developer, of the Affordable Housing Project. In such, a portion or all of the developer fees are then paid to an affiliate of the Firm. Developer fees vary from state to state, and are generally paid from cash flow from the Affordable Housing Project, or a capital event (such as a sale or refinancing).

Third Party Fund Investors should refer to the appropriate Fund's Organizational Documents for detailed information regarding all matters concerning a Fund, including but not limited to fees and fee offsets; any new Fund sponsored by the Firm may have similar or materially different terms than those described herein.

Expenses

Generally, pursuant to a Fund's Organizational Documents, each Fund is responsible for expenses relating to its operations, including fees, costs and expenses of the Fund incurred thereby together with certain overhead allocations of the Fund's General Partner, in connection with potential investments and the evaluation, acquisition, ownership, sale, or financing of any potential investment, taxes, accounting, auditors fees, reporting and investor servicing, legal counsel, insurance (including errors and omissions and directors and officers insurance), travel, litigation and indemnification expenses, asset management expenses, administrative expenses and any other extraordinary expense (including Management Fees). Each Fund will also be responsible for the organizational expenses incurred by the Fund General Partner, up to a maximum amount further set forth in a Fund's Governing Documents.

Prepayment of Management Fees

As noted above, Management Fees are paid quarterly in advance.

Additional Compensation and Conflicts of Interest

No supervised persons of the Firm may accept direct compensation for the sale of securities or other investment products.

Investments in Funds

Prospective Third Party Fund Investors in any Fund sponsored by the Firm should refer to the respective Fund's Organizational Documents for all information regarding that Fund, including but not limited to fees, expenses, and any minimum investment thresholds and any additional qualifications required for investment in that Fund.

Multifamily Equity Funds

Generally, in Multifamily Equity Funds, there are minimum investment thresholds for Third Party Fund Investors in each Fund ranging from \$5 million to \$50 million depending upon the size and structure of the Fund; however, any such minimum investment threshold may be waived or modified by the Fund General Partner and any Third Party Fund Investors. In addition to the Third Party Fund Investors, each Fund is partially owned by a subsidiary of the Firm (the "Firm Participant"; and together with the Third Party Fund Investors, collectively, the "Investors") through which the Firm makes Capital Contributions (the "Firm Capital") to the Fund side-by-side with the Third Party Fund Investors. Like the Third Party Fund Investors, the Firm Participant is subject to Calls for Capital from the Fund General Partner; however, generally, only for calls for expenses and project investments, but not for Management Fees. Generally, Firm Capital equates to up to two percent (2%) of the Capital Commitment Ceiling. Further, as disclosed in the respective Fund's Organizational Documents, certain executive officers, owners and other employees of the Firm may have direct investments in the Firm Participant.

Tax Credit Funds

Generally, in Tax Credit Funds, the amount of equity contributed by the Third Party Investor is determined by the projected allocation of Tax Credits by the IRS to the Tax Credit Partnership.

Item 6 Performance-Based Fees and Side-By-Side Management

Generally, in Multifamily Equity Funds, in addition to the fees disclosed in Item 5 of this Brochure, the Firm, either through the Fund General Partner or the Firm Participant, or other subsidiary, will receive a carried interest in the profits of the Fund, a form of performance-based compensation ("Carried Interest"). Generally, Carried Interest is calculated based on a share of aggregate realized profits on assets of the Fund, subject to the Fund first having achieved a preferred return on Capital Contributions ("Preferred Return") as set forth in the applicable Fund's Organization Documents. The Preferred Return may range from 6-12%, and represents a cumulative annually compounded internal rate of return on each Investor's Capital Contributions. Therefore, the Firm may receive a portion of the profit distributions of a Fund, which may equal as much as 40% of the amounts otherwise distributable by a Fund after each Investor has received a return of 100% of their Capital Contributions plus the Preferred Return thereon.

Investors should note that the terms of the Fund's Organizational Documents, including but not limited to the amount of the Firm Capital, the percentage of any Carried Interest and the timing of payment of any Carried Interest, are negotiated items, and in such, through the negotiations, the Investors' interests and the Fund General Partner's interests (and in such the Firm's) become aligned, as deemed

appropriate amongst the parties a party thereto, thereby mitigating seemingly inherent risks, including incentive for the Firm to cause the Fund General Partner to make project investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Additionally, the contributions of the Firm Capital and the deferment of payment of the Carried Interest until after the return of Contributed Capital and the Preferred Return, respectively, further mitigate such risk because the Firm has at-risk capital in the Fund, and Carried Interest is calculated based on realized, not unrealized gains, leading the Firm to scrutinize investment and property fundamentals when considering project investments for the Funds.

At this time, the Firm does not offer advisory services to Clients who do not provide for performance-based compensation, and therefore, the Firm does not have an incentive to favor performance-based fee accounts over non-performance-based fee accounts. However, in theory, the Firm could have an incentive to favor a Fund paying higher aggregate performance-based compensation than one paying less or a Fund in which officers, owners and employees of the Firm may have more of their personal assets invested through the Firm Participant. As previously stated, however, a Fund's Organizational Documents are negotiated to align the interests of an Investor with those of the Firm's and the Fund General Partner's. Further, the Firm takes the following steps to mitigate risk and potential conflicts:

1. the Firm discloses, and seeks the consent of Third Party Fund Investors to, the existence of known and potential material conflicts of interest;
2. the Firm discusses with its employees the responsibilities of a fiduciary, including the equitable treatment of all Clients and Third Party Fund Investors;
3. The Fund's investment committee (the "Investment Committee"), which is comprised of senior executives of the Firm, reviews and approves all investments and any material changes to existing investments.

Performance-based compensation will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 and/or applicable state regulations.

Item 7 Types of Firm Clients

The Firm provides fund management and investment advisory services to several Private Equity Real Estate Funds as disclosed in Item 4 of this Brochure.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Depending upon the asset class of a potential investment and whether any such investment is a rehabilitation project or new construction, the Firm considers a number of factors when identifying potential investments, including: the strengths and weaknesses of any operating sponsor; the overall condition of the property; the architectural plans (when applicable); the efficiency with which a property has been operated and the efficiency with which a property could be operated in the future; the comparative value of the cost of funds (debt and equity); the timing of equity contributions and loan proceed distributions; the risk of a Tax Credit Recapture Event (as defined below) in the case of an

Affordable Housing Project; and the authenticity and validity of a properties trailing and forecasted income and expense assumptions.

Investment Strategies

The Firm seeks to identify and acquire, on behalf of its managed Funds, real estate investments in accordance with the parameters established by each Fund's Organizational Documents, and where applicable, the LIHTC Program. The investments acquired by the respective Fund(s) may include fee interests in real estate assets and equity investments in operating companies with third parties sponsors (which operating companies, in turn, hold fee interests in real estate assets either directly, or indirectly, through subsidiaries), and where applicable, Tax Credits.

The Firm's investment process is intended to maximize a Fund's return potential through a combination of cash flow, equity appreciation, and where applicable, Tax Credits, while simultaneously mitigating risk of loss. The Firm seeks investments that meet the specified investment criteria and restrictions set forth in the Fund's Organizational Documents, and where applicable the LIHTC Program, which will benefit from physical improvements, improved marketing, operations turn-around, new construction, and/or increased property management expertise.

Material, Significant or Unusual Risks Relating to Investment Strategies & Particular Types of Investments (i.e., Real Estate)

Investing in securities involves risk of loss that Investors should be prepared to bear. An investment in a Fund entails a high degree of risk and is suitable only for sophisticated institutions and individuals for whom such an investment is not a complete investment program. Generally, each Fund differs in its risk profile, investment strategy, targeted yield on investment and timing and amounts of capital and profit distributions. In such, any person contemplating an investment in any Fund whatsoever, should carefully read and understand any such Fund's Organizational Documents to best understand the potential risks and rewards of any such particular Fund. Such an investment is only appropriate for persons who fully understand and are capable of and willing to bear the risks of any such investment. Generally, risk factors, include, but are not limited to the following:

Specific Risks of Tax Credit Investment. The LIHTC Program is a highly regulated compliance-based program. Certified compliance with the litany of rules and regulations of the program is a condition precedent to a Tax Credit Partnership's receipt of Tax Credits. The compliance period generally runs for fifteen (15) years from the date the Affordable Housing Project is placed in service (e.g., the date on which the building is ready for its specifically assigned function, in the case of new construction). If the Tax Credit Partnership or its partners do not comply with the various rules and regulations of the program (each a possible "Tax Credit Recapture Event"), the IRS may halt the further distribution of Tax Credits and may recapture Tax Credits previously distributed (in such event, a "Tax Credit Recapture"). In the event of a Tax Credit Recapture, it is possible that the a Third Party Investor in the Tax Credit Fund Limited Partner could lose Tax Credits previously distributed, or in more severe circumstances, its Investment.

General Risks of Real Estate. Investments in real estate and real estate-related interests are subject to various risks, including, for example, adverse changes in national and international economic and geopolitical conditions, local market conditions and the financial conditions of tenants; changes in the number of buyers and sellers of properties; increases in the availability of supply of property relative to

demand; changes in availability of financing; increases in interest rates, real estate tax rates, energy prices, and other operating expenses; changes in environmental laws and regulations, zoning laws and other governmental rules and policies; changes in the relative popularity of properties; risks due to dependence on cash flow; risks and operating problems arising out of the presence of certain construction materials, as well as acts of God, terrorism, labor shortages, material shortages, uninsurable losses and other factors which are beyond the control of the Firm. In addition, real estate is subject to long-term cyclical trends that give rise to volatility in real estate values.

Additionally, a Fund's ability to realize cash flow from operations and favorable sales proceeds from disposition will depend, among other factors, on the financial reliability of buyers, tenants and borrowers, the location and attractiveness of the properties in which it invests, the supply of comparable space and product in the geographic areas in which its properties are located and general economic conditions.

Additionally, a Fund may, in certain instances, be responsible for structural repairs, improvements and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted will reduce the cash available for distribution and may require the Fund to fund deficits resulting from the operation of a property. No assurance can be given that a Fund will have funds available to make such repairs or improvements. These factors and any others that would impede a Fund's ability to respond to adverse changes in the performance of its assets could significantly affect a Fund's financial condition and operating results.

Long Term Investment Horizon: As set forth in further detail in the respective Funds' Organizational Documentation, an investment in one of the Funds is generally an illiquid investment given that Investors will not, except in very limited circumstances, be permitted to withdraw profits, gains or capital prior to liquidation of the Fund and a transfer of an Investor's interest in a Fund may not be directly or indirectly assigned, pledged, hypothecated or otherwise transferred in whole or part without consent of the respective Fund's General Partner and exemption from registration under the securities laws, and or consents that may be required under the LIHTC Program, where applicable.

While the investments of a Fund are intended to generate current cash flow, and Tax Credits, where applicable it is likely that a significant portion of the cash received by the Fund for further distribution to Investors will occur only after refinancing or sale of a Fund's investments, which may occur 5 to 10 years after the acquisition of an investment in a Multifamily Equity Fund, and 15 years in a Tax Credit Fund. Further, amongst other issues, it is possible that (a) there is a limited or no liquid market for a Fund's membership interests or its investment assets at such time, thereby extending the hold period or resulting in an undesirable sales price; (b) the Fund General Partner may not be able to obtain favorable financing, refinancing or sale terms for an investment, thereby reducing or eliminating any return of capital to the Investors; (c) given the potential long-term hold period generally associated with real estate assets, an investment may decline sharply in value before the Fund General Partner makes the decision to sell; and (d) the Firm, its competitors, or the real estate industry in which the Firm operates may behave in ways which were not, and in some cases could not have been, predicted, leading to significant losses and/or a lack of any attractive exit option for a particular investment.

Variable Rate Financing. Where permitted, certain investments may be subject to financing that provides for adjustments in the interest rate at various monthly, annual or other intervals. An increase in such interest rates may adversely impact a Fund resulting in less income to Investors, negative amortization or the sale of an investment prematurely or on less favorable terms than may otherwise be

obtained. Further, where permitted, the Firm may elect to pursue hedging strategies, including engaging in interest rate swaps, caps, floors and other interest rate contracts, and buying and selling interest rate futures and options on such futures, to mitigate such risks. Even if a hedging strategy is utilized, the use of these instruments to hedge a portfolio carries certain other risks, including the risks that losses on a hedge position will reduce a Fund's earnings and funds available for distribution to Investors and such losses may exceed the amount invested in such instruments. Also, hedges may not perform their intended purposes of minimizing and offsetting losses on an investment.

Failure to Make Capital Contributions. Generally, if an Investor fails to make Capital Contributions in an amount equal to its Capital Commitments pursuant to a proper Call For Capital, and the contributions made by non-defaulting Investors by the Fund are inadequate to cover the defaulted Capital Contribution, the Fund may be unable to pay its obligations when due, and/or result in a Tax Credit Recapture Event, where applicable. As a result, the Fund may be subjected to penalties that could materially adversely affect the returns to the Fund, and in turn, to the Investors (including non-defaulting Investors). If an Investor defaults, the non-defaulting Investors and the Fund General Partner have a number of rights as provided in the respective Fund's Governing Documents, generally including, but not limited to, reducing the defaulting Investors capital account balance, precluding a defaulting Investor from further investment in the Fund, and selling the defaulted Investor's interest in the Fund in the secondary market at a discount.

Changes in Market Circumstances. The success of a Fund's activities will often be affected by international, U.S., regional and local economic and market conditions, including changes in interest rates, instability in certain securities markets, changes in relative valuation of its target investment sectors, changes in the availability of, or the general terms and conditions for, investment financing, shifts in the supply and demand for Tax Credits and/or the types of properties in which a Fund will make investments, changes to the financial resources and solvency of tenants and buyers and sellers of real estate assets, among other factors; any one of which could adversely affect investment returns.

Lack of Diversification. Generally, the Firm will seek to limit the impact on financial performance of poorly performing investments by investing in a number of investments with varying degrees of risk, subject in all respects to a Fund's investment criteria and restrictions, as set forth in a Fund's Organizational Documents. However, there can be no assurance that such diversification will be available on acceptable terms. To the extent the investments for a particular Fund are concentrated in one property or a limited number of properties, a particular asset type or class or geographic area, such Fund and its Investors will be subject to certain concentration-related risks. The Firm may make a relatively limited number of investments on behalf of a Fund, so adverse events affecting a particular investment could have a significant negative impact on the financial condition and results of operation of such Fund.

Risks of Potential Leveraging. Subject to investment restrictions set forth in the respective Funds' Organizational Documents, and where permitted under the LIHTC Program, the Firm may cause the Fund General Partner to use leverage at the Fund level and at a property investment level to increase the potential returns on equity of an investment. While the use of leverage may enhance returns to Investors and increase the number of investments a Fund can make, it also substantially increases the risk of loss to a Fund.

If leverage is utilized, any third-party lender would be entitled to cash flow generated by such investment for application to any such debt service prior to a disbursement of capital to the Fund, and in turn, Investors. If a property owner in which a Fund is an investor defaults on secured indebtedness,

the lender may foreclose on the real property securing any such indebtedness and, in such, the Fund could lose its entire investment in the real property asset. In the instance that several investments held by a Fund are cross-collateralized (e.g., a portfolio acquisition of several real property assets financed by a single lender), multiple investments may be subject to the risk of loss.

Counterparty Risk. It is expected that virtually all investment purchases and dispositions made on behalf of a Fund will transpire in public real estate and Tax Credit marketplaces, as applicable. Customary to these markets is the risk that a counterparty (e.g., purchaser or seller) will not complete or settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (irrespective of whether *bona fide*) or because of a credit or liquidity problem, thus causing a Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund’s transactions have been concentrated with a particular counterparty or group of counterparties. Generally, a Funds’ Organizational Documents restricts a Fund from dealing with certain affiliate counterparties on terms less than third-party arm’s length or from concentrating a Fund’s transactions with one counterparty in an amount greater than certain stated percentage interest thresholds.

Despite the prospect that a Fund’s risk management process may incorporate an assessment of counterparty risk, there can be no assurance that such assessment may be accurate. In addition, although a Fund expects to transact with well-capitalized, experienced, credit-worthy counterparties in its Multifamily Equity Fund and Tax Credit Fund transactions, there can be no assurance that such will be the case in every transaction (or that the counterparties will perform their obligations).

Litigation at Property Level. The acquisition, ownership and disposition of real properties carry certain specific litigation risks, which could result in losses to a Fund. Generally, during property investment due diligence and underwriting, prior to making an investment, if a property retains any such risks, a Fund will clarify, quantify and make price adjustments, as appropriate under the circumstance, to quell any such risks.

Item 9 Disciplinary Information

In July of 2003, while at another firm, Alan P. Hirmes consented to a finding that he failed to timely file Focus Part 11-A Report for the calendar quarter ending September 2002 as required by SEC Rule 17A-5. Mr. Hirmes’ consent neither admitted nor denied the allegations that he failed to file such report, but did result in the payment of \$2,500 as a fine.

The Firm is required to disclose any legal or disciplinary events that are material to Investors or prospective Investors’ evaluation of the Firm’s advisory business or the integrity of its management. The Firm has no other reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Other Financial Industry Activities

Certain direct and indirect partners, members, officers and employees of the Firm may serve as directors or hold executive positions with entities in which investments are held and/or invest alongside any one particular Fund.

Material Relationships and Arrangements

As indicated in Item 4, the ConAm Group of Companies (“ConAm”) holds a minority investment in the Firm. ConAm is a multi-disciplined real estate investment and services firm based in San Diego, California. The firm's activities include: (i) Property management; (ii) Investment and asset management; (iii) Project development; (iv) Property acquisition and due diligence; (v) Renovation and construction management; and (vi) Property disposition. ConAm currently manages a diverse portfolio of multifamily properties in various states across the country. This portfolio is supervised through a network of regional offices. As part of ConAm’s normal business operations, from time to time, ConAm may source equity capital from third party investors. ConAm has acquired, and may from time to time acquire, real estate investments that would meet the investment criteria of one or more of our Funds. Neither ConAm nor its affiliates will be obligated to present investment opportunities to the Fund(s). In addition, if a portion of any investment opportunity from ConAm is offered to a Fund, neither the Fund General Partner, nor its respective affiliates, will have any obligation to manage such investments similarly, including any obligation to dispose of any such investments at the same time. Consequently, conflicts of interest may arise in connection with such side-by-side investments. A subsidiary of ConAm is currently the property manager for 6 properties, the interests of which are owned by one or more of the Firm’s Funds.

Additionally, ConAm may present investment opportunities to a Fund, and may invest, in a separate capacity, alongside one of the Funds. In each case, the Firm has established policies and procedures to mitigate potential conflict of interests, and such procedures include, but are not limited to (i) ConAm personnel being prohibited from voting on investment decisions for a Fund(s) and (ii) ConAm being prohibited from collecting any “broker” fees from a Fund in connection with its’ role in presenting such potential investment opportunity.

A registered investment adviser is required to disclose whether it or any of its management persons are registered, or have an application pending to register, as a (i) broker-dealer or a registered representative of a broker-dealer, or (ii) futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Fees for Services. Affiliates of the Firm may be retained by any one of the Fund(s) and receive fees for brokerage, lending or other services in connection with property management, asset dispositions, financings or re-financings as well as financial advisory, placement, underwriting and other investment banking services. Any such additional fees will be paid at market rates, as determined by mutual agreement of the general partner and such entities. Such entities may also receive fees for such services from persons other than a Fund in connection with property acquisitions in which a Fund is an investor.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics and Personal Trading

The Firm has adopted a Code of Ethics which sets forth the ethical standards of business conduct for the Firm’s supervised persons. The Code of Ethics provides for oversight, enforcement and recordkeeping. A copy of the Code of Ethics is available to existing and prospective Investors, upon request to the Chief Compliance Officer, at the Firm’s principal address set forth on the cover page of this Brochure.

Participation or Interest in Client Transactions

The Firm has established the following restrictions and guidelines in order to address potential conflicts of interest that could arise if the Firm or its related persons were to hold a material financial interest in an investment of a Fund:

1. No officer or employee of the Firm and its affiliates may knowingly:
 - a. compete for or acquire a direct interest in an investment that may be appropriate for a Fund without first presenting the opportunity to the Firm on behalf of the Fund;
 - b. own a direct interest in any investment owned by a Fund, provided that if any such interest was acquired by a related person before becoming affiliated with the Firm and the nature and extent of such interest is entirely disclosed to the Firm at the commencement of affiliation, such related person may retain such interest, and transactions in respect of such interest generally require the prior approval of the Chief Compliance Officer; or
 - c. prefer his or her own interest to that of an Investor.
2. All of the Firm's principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
3. Any individual not in observance of the above may be subject to disciplinary action, up to and including termination.

Item 12 Brokerage Practices

The Firm does not purchase publicly-traded securities; as a result, it does not contract with broker-dealers and does not engage in soft dollar practices, directed brokerage or trade aggregation.

Item 13 Review of Accounts

Generally, the Investment Committee is responsible for (i) the initial evaluation of whether an investment is suitable for a respective Fund, (ii) the continuous monitoring of the investments held by a Fund, and (iii) any material changes to the business plan applicable to the investments. The Investment Committee reviews investments on a regular basis. The Investment Committee meets on a weekly basis (via phone and/or in person) to assess and discuss potential investments and modify (as necessary) the asset management strategy for the Fund's investments.

The following employees of the Firm are members of the Firm's existing Fund's Investment Committee:

Committee Member	Firm Title	No. of Years with Firm
J. Michael Fried	Chief Executive Officer	12

Keith B. Rosenthal	President	12
E. Ron Orgel	Managing Director	12
Alan Hirmes	Chief Financial Officer	4
F. Scott Shea (non-voting)	Chief Legal Officer	5
Edward Ratnoff	Managing Director & Head of Acquisitions	2

Item 14 Client Referrals and Other Compensation

The Firm does not receive any additional compensation from third parties for providing investment advice to its Investors and does not compensate for Investor referrals; however, the Firm may engage broker-dealers from time to time to act as a placement agent with respect to its Fund's private placement offerings. Generally, such broker-dealers' compensation is based on a percentage of Capital Commitments secured by any such placement agent for a Fund. Any such placement agent hired by the Firm in connection with such offerings will be required to be registered with the Securities and Exchange Commission as a broker-dealer and will be required to be a member of FINRA.

Item 15 Custody

Generally, the Firm only has custody of Client funds for a short duration (i.e., following a Call for Capital and prior to a project investment). The Firm provides Investors with audited financial statements, prepared in accordance with generally accepted accounting principles, on an annual basis within 90 days after the end of each Fund's fiscal year. In addition, the Firm provides Investors with quarterly un-audited financial statements, capital account positions and other information regarding the financial position of the applicable Fund.

Item 16 Investment Discretion

Generally, the Firm has discretion to make all investment decisions for a Fund, subject to any applicable investment criteria or other restrictions and limitations set forth in a Fund's Organizational Documentation.

Item 17 Voting Client Securities

The Firm does not vote Client securities, as the Firm does not currently invest in publicly-traded securities on behalf of its Clients.

Item 18 Financial Information

The Firm does not require or solicit payment of fees in excess of \$1,200 per Client more than six months in advance of services rendered. Therefore, the Firm is not required to include a financial statement.

As an fund management and investment advisory firm that has custody of Client funds, the Firm is required to disclose any financial condition that is reasonable likely to impair its ability to meet contractual obligations to its Clients or Investors. The Firm is not aware of any financial condition that impairs its ability to meet contractual obligations to its Clients or Investors. The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.