AMERINATIONAL COMMUNITY SERVICES, INC.

February 26, 2014

Mr. Ken Reecy
Director of Multifamily Programs
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301-1329

RE: The Club at Vero Apartments Project d/b/a Lexington Club at Vero Beach ("Development")
MMRB 1998 Series E/1998-523C (4% Housing Credit)
Transfer of Ownership and the Assumption of the Bond Land Use Restriction Agreement ("LURA") and Housing Credit Extended Low Income Housing Agreement ("ELIHA")

Dear Mr. Reecy:

Florida Housing Finance Corporation ("Florida Housing" or "FHFC") has requested that AmeriNational Community Services, Inc. ("AmeriNational") review the request submitted by Vero Club Partners, Ltd. ("Borrower" or "Partnership"), a Florida limited partnership, for the transfer of interest in the Partnership.

As required by the LURA, the Borrower requests Florida Housing's approval of the General and Limited Partner interests in the Partnership be acquired by SAS Vero Club Managers, LLC ("SAS"), a Florida limited liability company. The Sole Member of SAS is Southern Affordable Services, Inc., a 501(c)(3) not-for-profit entity. Upon acquisition, the original Partnership will dissolve and fee simple title to the Development will vest in SAS by operation of the law as successor in interest to the Partnership. The original Partnership consisted of CED Capital Holdings, IX, Ltd. as the General Partner (0.10 percent interest), CED Capital Holdings IX, Inc. as the Managing General Partner, and the Investor Limited Partner was Key Investment Fund Limited Partnership XI (99.90 percent interest).

Prior to seeking Florida Housing approval, according to the Second Amendment to Second Amended and Restated Limited Partnership Agreement ("Partnership Agreement") dated June 8, 2012, the Partnership admitted Vero Club Investment Partners, LLC as the Special Limited Partner which purchased and assumed 99.99 percent of the Limited Partner interest of Key Investment Fund Limited Partnership XI. This purchase and assumption was completed in accordance with the terms of the Partnership Agreement. The Partnership structure is as follows: the General Partner is CED Capital Holdings IX, Ltd. (0.10 percent interest), the Investor Limited Partner is Key Investment Fund Limited Partnership XI (0.01 percent interest) and the Special Limited Partner is Vero Club Investment Partners, LLC (99.89 percent interest).

AmeriNational reviewed the request, performed certain due diligence, and formulated a recommendation. For purposes of this analysis, AmeriNational reviewed the following due diligence:

- Correspondence from the Borrower
- Bond payoff documentation
- Southern Affordable Services, Inc.'s current financials and verifications of deposits
- Development's 2012 audited financial statement
- Development's December 2013 financial statement
- Development's operating pro forma for the last six months
- Development's Annual Management Review and Physical Inspection Reports
- FHFC Past Due Report dated December 30, 2013
- FHFC Non-Compliance Report dated December 30, 2013
- Property Management Agreement & Management Plan
- Property management experience

Background Summary

The Club at Vero is located in Vero Beach, Indian River County, FL. The Development consists of a three story garden-style apartment building housing 184 units, with 172 two bedrooms and one bathroom units and 12 two bedrooms and two bathroom units, with elevators for elderly persons. Amenities include a lobby, computer lab/business center, library, exercise room, game/arts and crafts room, and beauty salon/barber shop. Each floor has elevator access and a laundry room. Exterior amenities include a pool, picnic area, shuffleboard and gated community access. The Development is 100% set aside for tenants with incomes at or below 60% of the Area Median Income ("AMI") based on the Housing Credit restrictions for 30-years, and 5% (10 units) are set aside at 55% of the AMI based on the Bond LURA for 15-years.

In June 15, 1998, the Borrower received 1) a Tax-Exempt Bond Allocation (1998 Series E) of $6,900,000 issued by Florida Housing with a maturity date of June 1, 2017, and 2) capital contributions from the sale of 99.90% limited partnership interest in the Borrower/Partnership to Key Investment Fund Limited Partnership XI for $4,792,188. The Guarantors for the transaction are as follows: CED Construction, Inc., a Florida Corporation, and Alan and Harriet Ginsburg, individually. The Guarantors provided the following guarantees: 1) FHFC Environmental Indemnity Guaranty; 2) FHFC Guaranty of Recourse Obligations; 3) FHFC Construction Completion Guaranty; and 4) FHFC Operating Deficit Guaranty. The latter three guarantees are satisfied as construction is complete and the FHFC Bond Allocation has been paid in full.

Current Mortgage Notes Payable

The FHFC Bond Allocation was paid off in its entirety on November 1, 2004. The mortgage bonds were redeemed at par value and no premium or discount was paid or received by the Partnership as a result of the early redemption. The Partnership financed the redemption of the mortgage bonds payable by using the proceeds of a $6,330,000 mortgage loan from Berkadia Commercial Mortgage ("Berkadia") and a $570,000 advance from the General Partner.

The $6,330,000 mortgage payable to Berkadia, dated November 1, 2004, has fixed monthly payments of principal and interest at an interest rate of 5.93 percent per annum. A $610,000 mortgage note, dated October 1, 2006, payable to Berkadia has fixed monthly payments of principal and interest at an interest rate of 6.32 percent per annum. Amortization of the mortgage notes payable is computed using a 30-year term with a balloon payment due on June 10, 2016. The outstanding balance of the notes totaled $6,096,978 and interest expense on the mortgage notes totaled $367,959 for the year ended December 31, 2012.

SAS Information

SAS was formed on December 13, 2013 and is a single asset entity; therefore, there is no financial information available at this time. The Sole Member of SAS is Southern Affordable Services, Inc., which provided the following information.

Southern Affordable Services, Inc. was organized under the laws of Florida as a not-for-profit organization on May 1, 2009 and its primary purpose is to develop, own and operate affordable housing for eligible persons with low and moderate annual incomes. Southern Affordable Services, Inc., through its wholly owned subsidiary, is currently the general partner of the owner of 34 existing apartment communities consisting of 4,994 total units, as of February 11, 2014.

Southern Affordable Services, Inc.

FYE December 31, 2013		(Unaudited)
Cash and Cash Equivalents:	$	249,751
Total Assets:	$	5,317,928
Total Liabilities:	$	3,161,379
Total Equity:	$	2,156,549

The information above illustrates the financial capacity of the Sole Member based upon internally prepared financial statements certified by Jay P. Brock, Executive Vice President, on February 11, 2014. Audited financial statements are not prepared for the Sole Member.

The majority of the Southern Affordable Services, Inc.'s assets are represented by Due from Affiliates and Investments in Affiliates. Liabilities consist mainly of Notes Payable and Other Payable. The primary source of revenue is Developer Note Income and Management Fee Income; total income through December 31, 2013 amounted to $1,238,951, which provided for a net income of $757,703 over the same period.

The underwriter satisfactorily reviewed the Sole Member's December 2013 bank statement, which reflects an average balance in the low six figures held by Seaside National Bank & Trust.

Development Information

AmeriNational reviewed the Development's December 19, 2013 Annual Management Review and Physical Inspection Report, performed by AmeriNational's Compliance Department, as well as the reports for years 2009-2012. The underwriter found the Development is currently in non-compliance for charging two tenants storage fees, which has been included in the eligible basis. On January 16, 2014 Concord Management, Ltd. ("Concord"), the management company of the Development, sent a letter to AmeriNational requesting thirty days to respond to the non-compliance issue.

As of December 2013, the Development had seven vacant units or 96.20% occupancy. Per the FHFC Summary Program Reports, historical occupancy in December for each of the past four years has been reported as follows:

December 2012............	91.85%	December 2010.................	87.50%
December 2011............	90.22%	December 2009.................	92.39%

The following illustrates the financial capacity of the Development based upon audited financial statements prepared by CohnReznick, LLP, Certified Public Accountants, on April 17, 2013.

Vero Club Partners, Ltd.

December 31, 2012	(Audited)
Cash and Cash Equivalents:	$ 26,149
Total Assets:	$ 9,988,013
Total Liabilities:	$ 16,566,167
Total Partner's Equity:	$ (6,578,154)

The majority of the Development's assets are represented as Net Rental Property of $9,643,915 and Restricted Cash of $152,905. The majority of the Development's liabilities consist of Due to General Partner of $955,531, Developer Notes Payable to Affiliates of General Partner of $9,128,333 and Mortgage Notes Payable of $6,096,978. The Total Partner's Equity reflects a deficit; however, it should be noted that the majority of liabilities are actually Affiliated Debt totaling $10,364,322.

A total of $955,531 remains payable to the General Partner for costs advanced by the General Partner on behalf of the Partnership. The obligation does not bear interest in excess of one percent per annum over the prime rate. During the year ended December 31, 2012, the Partnership made no payments on the advances from the General Partner.

Developer Notes Payable to Affiliates of General Partner of $9,128,333 represents the outstanding balance of the unsecured Developer Notes Payable, originally dated July 1, 1999, including accrued interest compounded annually at 11 percent per annum. For the year ended December 31, 2012, interest incurred on the Developer Notes Payable was $926,962.

Vero Club Partners, Ltd.

FYE December 31, 2012		Audited
Rental Income	$	1,326,684
Plus Other Income	$	104,236
Total Income	$	1,430,920
Less Expenses from Rental Operations	$	(882,709)
Income from Rental Operations	$	548,211
Less Mortgage Debt	$	(367,959)
Less Other Expenses	$	(1,426,772)
Income after Debt Service	$	(1,246,520)

Other Expenses includes Depreciation/Amortization in the amount of $461,719 and Interest on Debt to Affiliates of the General Partner in the amount of $965,053. Exclusion of these expenses illustrates positive cash flow for the Development.

Property Management Information

Concord has managed the Development since its inception and is an approved management company of FHFC's Asset Management Department. Continued approval is subject to ongoing satisfactory performance.

Concord is a multifamily housing management company with its corporate office in Maitland, Florida. Founded in 1988, Concord has a portfolio of over 30,000 apartment homes in one hundred thirty seven (137) locations throughout eight states. The company is privately owned and managed by specialists in the affordable housing management field.

The underwriter was provided a Management Agreement, dated January 27, 1997, between the Borrower and Concord. The Agreement provides for compensation in an amount equal to five (5%) of the Gross Receipts. The term of this Agreement is for three years and automatically renews for two consecutive years unless notice is given by the Borrower or Concord 90 days prior to expiration of the term. The Agreement stated that Concord will comply with all of the requirements of the applicable Regulatory Agreements associated with the Development. The Management Plan was also reviewed and found satisfactory by the underwriter.

Additional Information

According to the FHFC Non-Compliance Report dated December 30, 2013, the following non-compliance issues exist for the Development Team:

- Arrow Point (MR1995M) – Failure to document eligibility upon initial occupancy.
- Banyan Bay Club (MR1995L) – Failure to document eligibility upon initial occupancy.
- Heritage Pointe a/k/a Heritage Pines (MR1992I 1&2/2000-516C) – Failure to meet Uniform Physical Condition Standards for buildings – health and safety hazard.

According to the FHFC Past Due Report dated December 30, 2013, the following past due issue exists for the Development Team:

- Mystic Cove (2003-147S) – Management Company failed to submit backup for one Replacement Reserve draw totaling $2,300 disbursed to Berkadia.

Summary

Based on the analysis contained herein, AmeriNational recommends approval and concludes that Florida Housing's financial interests and underlying collateral will not be adversely effected as:

1. The SAS has the experience and financial capability to perform the duties as the General Partner.

2. The existing Guarantors will continue to provide Guaranty of Recourse Obligations and Environmental Indemnity guarantees.

3. Consent from the Limited Partner has been provided through the executed Second Amendment to Second Amended and Restated Agreement of Limited Partnership.

4. The management company has the experience and proven track record to maintain the occupancy levels at the Development and manage the day-to-day operations.

5. The FHFC Bond Allocation has been paid in full.

6. The overall Development is stable and generates sufficient cash flow excluding interest on debt to affiliates of the General Partner.

Recommendations

Accordingly, AmeriNational recommends approval of the transfer of ownership interest in the General and Limited Partners of the Borrower to SAS, the replacement owner and the assumption of the current Bond LURA and Housing Credit ELIHA by SAS subject to the following:

1. The withdrawing and existing general and limited partner(s) to execute any documents, including but not limited to the assumption of the Bond LURA and Housing Credit ELIHA, Florida Housing deems necessary to effectuate the general partnership change;

2. Resolution of any non-compliance or past due items for the subject property to the satisfaction of Florida Housing;

3. Payment of any outstanding arrearages to FHFC, its Legal Counsel, Servicer or any Agent or Assignee of FHFC for past due issues applicable to the Development Team (Borrower or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-48.0075 (5) F.A.C., of a Borrower or a Developer);

4. Payment of all costs and fees to Florida Housing and its counsel and servicer associated with the general partnership transfer;

5. Review and approval of all legal documentation by Florida Housing and its legal counsel.

Please do not hesitate to contact me if you need further assistance.

Sincerely,

Kimberly A Thorne

Kimberly A. Thorne
Credit Underwriter