

SELTZER MANAGEMENT GROUP, INC.

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November 23, 2015

VIA EMAIL

Mr. Brantley Henderson
Florida Housing Finance Corporation
227 North Bronough Street
Tallahassee, Florida 32301

Re: Buchanan Bay Townhomes
MMRB 1998 Series S / 4% HC 1999-523C
Transfer of Ownership
Assumption and Subordination of Land Use Restriction Agreement ("LURA") and
Extended Low Income Housing Agreement ("ELIHA")

Dear Mr. Henderson:

On your behalf, Seltzer Management Group, Inc. ("SMG", or "Seltzer") has reviewed the request of Buchanan Bay, Ltd. ("Borrower" or "Seller") dated October 30, 2015, for Florida Housing Finance Corporation ("FHFC" or "Florida Housing") to consent to the sale of Buchanan Bay Townhomes (the "Development" or "Buchanan Bay") to Orlando Leased Housing Associates V, LLLP ("OLHAV" or the "Buyer"). Borrower advises that simultaneously with the sale, the Seller will redeem those certain Housing Revenue Bonds, 1998 Series S in the original aggregate principal amount of \$10,725,000, issued by Florida Housing pursuant to that certain Trust Indenture dated as of December 1, 1998 between Florida Housing and The Bank of New York Trust Company of Florida, N.A., as Trustee. Seltzer notes that the Buyer will obtain new first mortgage financing via a Freddie Mac Unfunded Forward Tax Exempt Loan through Oak Grove Capital ("OGC") in the amount of \$15,030,000 at a to be determined fixed rate for a period of 15 years following a to be determined 24 month construction loan. The Buyer intends to select Dominion Florida Management Services, LLC ("DFMS") as the new management agent for Buchanan Bay.

Specifically, SMG has been requested to determine that the Buyer through its principals as well as the proposed replacement property management company, DFMS, have the prerequisite financial strength and experience to successfully own and operate Buchanan Bay. To effectuate the sale, the Buyer and Seller have also requested consent to assume the Multifamily Mortgage Revenue Bond LURA ("MMRB LURA") and the ELIHA. The MMRB LURA and ELIHA will be subordinated to the new construction and permanent first mortgage loans.

For the purposes of this analysis, SMG has reviewed the following:

1. Correspondence seeking Florida Housing's consent of the request outlined above
2. Rule 67-21, F.A.C.

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3. FHFC MMRB AND 4% Housing Credit (“HC”) Credit Underwriting Report (“CUR”), dated September 28, 1998
4. MMRB LURA dated December 1, 1998 and First Amendment to Land Use Restriction Agreement dated August 1, 2001
5. ELIHA between FHFC and Borrower, dated December 29, 1999
6. Recommendation and approval to amend the Buchanan Bay Trust Indenture at the February 27, 2004 FHFC Board meeting
7. General Partner Replacement Letter dated November 9, 2006
8. FHFC Transfer of Ownership of a Small Parcel and Granting of two Easements of Buchanan Bay Townhomes in Lieu of Eminent Domain Proceedings Partnership Interests Recommendation Letter, dated November 20, 2008
9. Audited Borrower Financial Statements for the years ended December 31, 2013, and 2014
10. SMG Annual Management Review and Physical Inspection Report dated November 3, 2015
11. FHFC Occupancy Reports
12. FHFC Past Due Report dated October 2, 2015
13. FHFC Noncompliance Report dated October 2, 2015
14. Armand Brachman, manager/member of the new General Partner, the new Limited Partner and DFMS:
 - Internally prepared Personal Financial Statement as of June 30, 2015
 - Multifamily Ownership and Loan History including Schedules A and B
 - Statement of Financial / Credit Affairs
 - Statement of Cash Flows as of September 30, 2015
 - Statement of Contingent Liabilities
 - 2013 and 2014 Federal Tax Returns
 - Tri-merged credit report dated November 11, 2015
15. Paul Sween, manager/member of the new General Partner, the new Limited Partner and DFMS:
 - Internally prepared Personal Financial Statement as of June 30, 2015
 - Multifamily Ownership and Loan History including Schedules A and B
 - Statement of Financial / Credit Affairs
 - Statement of Cash Flows as of September 30, 2015
 - Statement of Contingent Liabilities
 - 2013 and 2014 Federal Tax Returns
 - Tri-merged credit report dated November 11, 2015
16. Mark Moorhouse, manager/member of the new General Partner, the new Limited Partner and DFMS:

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- Internally prepared Personal Financial Statement as of June 30, 2015
- Multifamily Ownership and Loan History including Schedules A and B
- Statement of Financial / Credit Affairs
- Statement of Cash Flows as of September 30, 2015
- Statement of Contingent Liabilities
- 2013 and 2014 Federal Tax Returns
- Tri-merged credit report dated November 11, 2015

17. Christopher Barnes, manager/member of the new General Partner and the new Limited Partner:

- Internally prepared Personal Financial Statement as of June 30, 2015
- Multifamily Ownership and Loan History including Schedules A and B
- Statement of Financial / Credit Affairs
- Statement of Cash Flows as of September 30, 2015
- Statement of Contingent Liabilities
- 2013 and 2014 Federal Tax Returns
- Tri-merged credit report dated November 11, 2015

In addition, SMG has had various conversations with FHFC staff and the Borrower's representative concerning the requests described above.

Seltzer's findings are as follows:

Background

Buchanan Bay, located at 1813 Buchanan Bay Circle, Orlando, Orange County, Florida, consists of 228 rental apartment units in 28 residential buildings plus an office/clubhouse building.

The original managing co-general partners (each with a 0.5% ownership interest) are Buchanan Bay Partners, Ltd ("BBP") and Park Central Developers, Ltd. ("PCD"). Pursuant to the Sixth Amendment to the Amended and Restated Agreement of Limited Partnership of Buchanan Bay, Ltd. dated as of June 18, 2011, BBP and PCD withdrew as the co-general partners and were replaced by SLP Housing II, LLC ("SLPH-II") as the sole general partner of the development. SLPH-II is an entity controlled by and affiliated with the LIHTC syndicator, SunAmerica N.A. ("SunAmerica"). In March 2008, SLPH-II was replaced as the sole general partner of the Applicant by MBS GP 133, LLC ("MBS-GP133"). An affiliate of SunAmerica, SunAmerica Housing Fund 576, with a 99.0% owner interest is the limited partner. On January 1, 2009, the Partnership Agreement was amended again to admit SLPH-II as the Special Limited Partner with a .1% ownership interest. At that time, the ownership interest of MBS-GP133 was reduced to 0.9%.

Original financing as of December 1, 1998 included Florida Housing Revenue Bonds, 1998 Series S (Buchanan Bay Townhomes) in the amount of \$10,725,000 and 4% non-competitive housing credits. The Partnership received an allocation of HC in the amount of \$7,223,510 for a ten-year period. The Partnership received a final allocation of HC in 2009.

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Set-asides for the Bonds are 50% of the units (114 units) for residents earning 60% or less of the Area Median Income ("AMI") and at least 5% or twelve (12) of the 114 units set aside for residents earning 50% or less of AMI. The Qualified Project Period is for a period of 25 years. Set asides for the HC are 5% (12 units minimum) for residents earning 50% or less of the AMI, and 95% of the units (remaining units) for residents earning 60% or less of the AMI for a period of 30 years.

A review of Florida Housing's Occupancy Reports reflect average occupancy for the Subject for 2014 of 94.12%. As of August 2015, occupancy of 89.91% is not stabilized. Average occupancy for January through August 2015, is 91.23%.

SMG conducted an Annual Management Review and Physical Inspection on November 3, 2015. No file discrepancies or physical deficiencies were noted, the Development is considered to be in compliance and no follow-up review or response is required but the review has not yet been closed out.

Florida Housing's Past Due report dated October 2, 2015 reflects Park Richey a/k/a Regency Palms ("Park Richey") is past due. In March 2015, the first mortgage lender, Fannie Mae, initiated foreclosure proceedings against the Borrower. Subsequently, Dominion Development & Acquisitions, LLC ("Dominium") acquired the loan and replaced Fannie Mae in the foreclosure proceedings. In lieu of foreclosure, Dominion reached a workout agreement with the Borrower to restructure the ownership and ultimately, the financing of the partnership, to restore the Development to a physically viable affordable housing development. The principals of Dominion include Mr. Brachman, Mr. Sween, Mr. Moorhouse and Mr. Barnes. The new limited partner and general Partner for Park Richey will be controlled by the principals of Dominion. Dominion's request to renegotiate the SAIL loan to reduce the interest rate to 3%, forgive all interest rate above the 3% rate, and defer payment of the remaining interest until maturity of the loan was granted at the Florida Housing September 18, 2015 Board meeting. The Noncompliance Report, dated October 2, 2015, reflects no noncompliance items for the proposed Buyer or its principals.

Ownership Transfer

- The new owner, OLHAV, is a Florida Foreign Limited Liability Company authorized to conduct business in the State of Florida on October 7, 2015. The new General Partner ("GP"), OLHA-LLC is a Florida Limited Liability Company authorized to conduct business in the State of Florida on October 7, 2015. The new Limited Partner ("LP"), OLHA-LP is a Minnesota Limited Liability Company authorized to transact business in Minnesota on October 7, 2015. Armand Brachman, Paul Sween, Mark Moorhouse and Christopher Barnes are the members/managers of OLHA-LLC and OLHA-LP. Mark Moorhouse provided a letter that OLHAV is a newly formed entity and has no financial history, assets, liabilities, or tax returns.
- Armand Brachman:
 - a. Mr. Brachman is an experienced affordable housing real estate developer who joined Dominion in 1979. As a managing partner of Dominion, Mr. Brachman has led the company to grow from managing 2,700 units to over 20,000 units in 20 states. He has extensive experience in working with various federal, state and local housing programs and is currently involved in the development process including community and site identification, site control, municipal approvals,

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- architectural programming, financing, construction management, marketing and management.
- b. Mr. Brachman's internally prepared personal financial statement dated June 30, 2015 was reviewed by SMG and found to be satisfactory. The majority of Mr. Brachman's assets are comprised of marketable securities, Investment in Real Estate Properties and other Investment Assets and Deferred Developer Fees. His only liability is an insurance reserve payable for general liability claims on properties that Dominion and its affiliates insure through an umbrella property casualty and liability policy. The information in the personal financial statement was certified to be true and correct by Mr. Brachman. SMG also received and reviewed Mr. Brachman's 2013 and 2014 Federal Income Tax Returns.
 - c. Mr. Brachman provided a Certified Statement of Multifamily Ownership and Loan History and a Statement of Financial/Credit Affairs. He has an average of 32.532% ownership interest in 164 properties in 20 states. His highest ownership interest in any property is 100% and his lowest is 15.0%. He is liable for \$108,463,267 in loan guarantees; \$185,563,983 in tax credit guarantees; and \$9,663,156 in operating deficit guarantees for a total of \$303,690,406. Cash flows for all of the properties total \$41,437,510. There are no judgments, legal suits, actions or bankruptcy pending for any of the properties.
 - d. An Experian credit report for Mr. Brachman dated November 11, 2015, reflects satisfactory credit history. No account has been placed for collection and there are no public records.
- Paul Sween:
 - a. Mr. Sween is a co-managing partner of Dominion and is responsible for all aspects of Dominion's business. Prior to joining Dominion in 1989, Mr. Sween worked with the international accounting firm of Ernst & Young. He was also a principal in a development and property management firm that syndicated existing apartment developments, and completed low income tax credit and historic rehabilitation developments.
 - b. Mr. Sween's internally prepared personal financial statement dated June 30, 2015 was reviewed by SMG and found to be satisfactory. Mr. Sween's assets consist primarily of marketable securities at market value, Investment in Real Estate Properties and other Investment Assets and Deferred Developer Fees. Mr. Sween's liabilities include an insurance reserve payable for general liability claims on properties that Dominion and its affiliates insure through an umbrella property casualty and liability policy. The information in the personal financial statement was certified to be true and correct by Mr. Sween. SMG also received and reviewed Mr. Sween's 2013 and 2014 Federal Income Tax Returns.
 - c. Mr. Sween provided a Certified Statement of Multifamily Ownership and Loan History and a Statement of Financial/Credit Affairs. He has an average 32.735% ownership interest in 165 properties in 20 states. His highest ownership percentage in any property is 87.50% and his lowest is 15.00%. He is liable for \$101,876,900 in loan guarantees; \$191,048,088 in tax credit guarantees; and \$9,740,641 in operating deficit guarantees for a total of \$302,665,629. Cash flows for all of the properties total \$41,437,510. There are no judgments, legal suits, actions or bankruptcy pending for any of the properties.

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- d. An Experian credit report for Mr. Sween dated November 11, 2015, reflects satisfactory credit history. No account has been placed for collection and there are no public records.
- Mark Moorhouse:
 - a. Mr. Moorhouse is a Senior Vice President and partner of Dominion and is responsible for the day to day operations of the development department. Mr. Moorhouse is experienced in working with various federal, state and local housing programs. Since joining Dominion in 1996, Mr. Moorhouse has worked on portfolio acquisitions, new project development and the acquisition of existing apartment developments. He is currently involved in all aspects of the development process including community and site identification, site control, municipal approvals, architectural programming, financing, construction management, marketing and management.
 - b. Mr. Moorhouse's internally prepared personal financial statement dated June 30, 2015 was reviewed by SMG and found to be satisfactory. The majority of Mr. Moorhouse's assets consist of Investment in Real Estate Properties and Other Investment Assets and Deferred Developer Fees. His only liability is a long term payable owed to retired partners for amount loaned in 2006 and due December 31, 2020. The information in the personal financial statement was certified to be true and correct by Mr. Moorhouse. SMG also received and reviewed Mr. Moorhouse's 2013 and 2014 Federal Income Tax Returns.
 - c. Mr. Moorhouse provided a Certified Statement of Multifamily Ownership and Loan History and a Statement of Financial/Credit Affairs. He has an average 17.207% ownership interest in 118 properties in 20 states. His highest ownership interest in any property is 35.714% and his lowest is 1.67%. He is liable for \$82,992,685 in loan guarantees; \$104,706,879 in tax credit guarantees; and \$3,631,365 in operating deficit guarantees for a total of \$191,330,929. Cash flows for all of the properties total \$41,437,510. There are no judgments, legal suits, actions or bankruptcy pending for any of the properties.
 - d. An Experian credit report for Mr. Moorhouse dated November 11, 2015, reflects satisfactory credit history. No account has been placed for collection and there are no public records.
 - Christopher P. Barnes:
 - a. Mr. Barnes is a Vice president and project partner with Dominion. He is responsible for new project development, financing, acquisitions and dispositions. His responsibilities include identifying new sites and developments, determining feasibility, negotiating with local government, lenders, investors and third party vendors, overseeing construction and lease-up. Most recently, Mr. Barnes has been integrally involved in Dominion becoming the replacement general partner on a portfolio of 20 assets totaling over 850 units in Minnesota, Wisconsin and Iowa.
 - b. Mr. Barnes's internally prepared personal financial statement dated June 30, 2015 was reviewed by SMG and found to be satisfactory. The majority of Mr. Barnes's assets consist of cash and partnership values. His only liability is personal property. The information in the personal financial statement was certified to be

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- true and correct by Mr. Barnes. SMG also received and reviewed Mr. Barnes's 2013 and 2014 Federal Income Tax Returns.
- c. Mr. Barnes provided a Certified Statement of Multifamily Ownership and Loan History and a Statement of Financial/Credit Affairs. He has a 6.823% ownership interest in 95 properties in 3 states. His highest ownership interest in any property is 25.0% and his lowest is 1.25%. He is liable for \$8,552,625 in loan guarantees; \$15,089,703 in tax credit guarantees; and \$1,344,572 in operating deficit guarantees for a total of \$24,986,900. Cash flows for all of the properties total \$41,437,510. There are no judgments, legal suits, actions or bankruptcy pending for any of the properties.
 - d. An Experian credit report for Mr. Moorhouse dated November 11, 2015, reflects satisfactory credit history. No account has been placed for collection and there are no public records.
- Following the transfer of ownership interest, the Buyer intends to select DFMS, a Florida limited liability company, as the new management agent for Buchanan Bay. Florida Housing has approved the new buyer's selection of DFMS as the management company for the Subject Development.

Summary and Recommendation

Seltzer's review indicates that the Buyer, new GP and new LP through their principals Armand Brachman, Paul Sween, Mark Moorhouse and Christopher Barnes have the prerequisite financial strength and experience to successfully own and operate the subject.

Therefore, SMG recommends that FHFC consent to and approve the transfer of the Current Partnership Interests to OLHAV having OLHA-LLC as its GP and OLHA-LP as its LP, assumption and subordination of the MMRB LURA and ELIHA to the new first mortgage from OGC subject to the following:

- OLHAV, OLHA-LLC, OLHA-LP, Armand Brachman, Paul Sween, Mark Moorhouse and Christopher Barnes as well as the withdrawing entities to execute any and all assignment and assumption documents including any guarantees FHFC deems necessary to effectuate the ownership change, the assumption and subordination of the MMRB LURA and the ELIHA to the new first mortgage.
- Payment of any outstanding arrearages to the Corporation, its legal counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.0075 (5) F.A.C., of an Applicant or a Developer).
- Receipt of a non-refundable transfer and assumption fee equal to \$2,500 on the date of closing.
- Review and approval of all loan documents consistent with the terms outlined above by Florida Housing's legal counsel.
- Prepayment of any required compliance monitoring fees and servicing fees, as applicable.
- Satisfactory resolution of any noncompliance or past due items.
- Any other requirement of FHFC, its legal counsel and servicer.

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I hope this correspondence has been helpful and please do not hesitate to contact me if I can be of further assistance.

Sincerely,

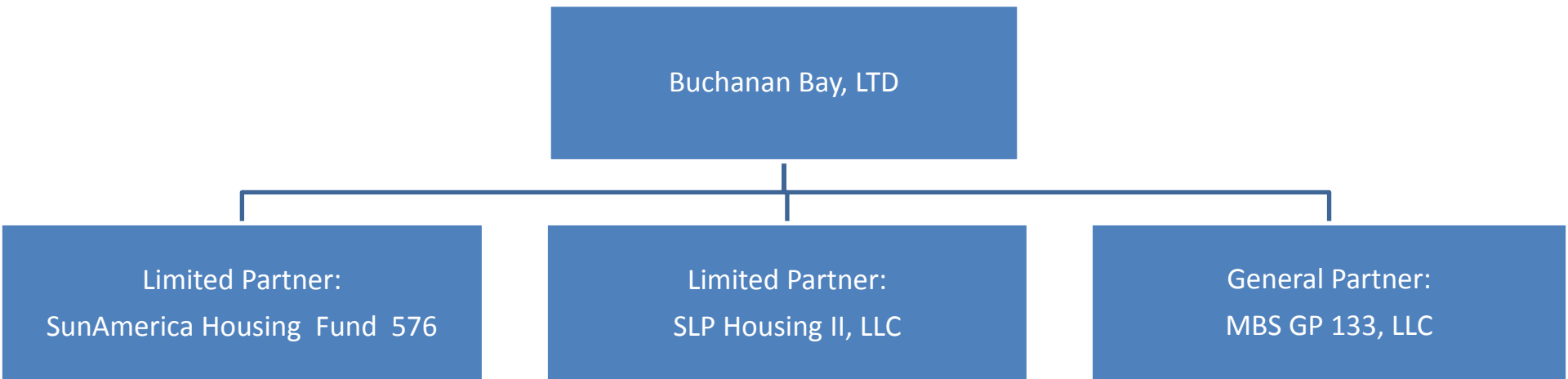
SELTZER MANAGEMENT GROUP, INC.

A handwritten signature in black ink, appearing to read "Wanda Greggo". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Wanda C. Greggo
Credit Underwriter

Attachment

Current Ownership Organizational Chart



Proposed Ownership Organizational Chart

