



To: Nicole Gibson, Assistant Director of Homeownership Programs
Florida Housing Finance Corporation

From: William J. Metler, Senior Credit Underwriter
First Housing Development Corporation

Date: July 19, 2016

Subject: Moore Haven Apartments
HOME RFP 2014-109 (2014-406H)
Replacement of Board Members for Applicant Entity and
Replacement of Guarantors

At the request of Florida Housing Finance Corporation (“FHFC”), First Housing has reviewed a request dated February 11, 2016, from Mr. Brian H. Smith, Guarantor on behalf of Southwest Florida GWI Housing XVII, Inc. (“Applicant” or “SWFGWI”) which is a Florida not for profit. The Applicant has requested approval of the replacement of the Board Members of the Applicant Entity and the replacement of Guarantors.

Background/Overview:

On June 19, 2015, the FHFC Board of Directors approved the Credit Underwriting Report (“CUR”) dated June 4, 2015, recommending a \$4,783,500 HOME Loan for the construction and permanent financing of Moore Haven Apartments. Moore Haven is to be a 50 unit affordable rental development in the City of Moore Haven in Glades County. Moore Haven has a Family demographic with 20% of its units (10 units) set-aside at 50% or less of the Area Median Income (“AMI”) and 80% of its units (remaining units) set aside at 60% or less of the AMI.

At the time of approval the Applicant Entity’s Board of Directors was comprised of the Board Members of Goodwill Industries of Southwest Florida, Inc. (“Goodwill Industries”). GHD Construction Services, Inc. (“GHD”). GHD is the Co-Developer and General Contractor for the Development. Subsequent to FHFC Board approval and receipt of a funding commitment from FHFC, Goodwill Industries chose not to continue with their involvement with the development.

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On January 29, 2016, FHFC issued an order Granting Waiver of Rule 67-48.004(4) and granted the SWFGWI permission to “replace the Applicant Entity’s Board members named in the FHFC Application with new Board Members specified in Petitioner’s amended petition”. To wit: Raymond Earl Sturwold, Patricia Thompson, Katherine Britton, Michael F. Carr, Penelope Morrill and Joseph Wubbena (collectively, the “New Board Members”).

In addition to the aforementioned change, the Applicant requested and received FHFC Board approval of a corporate name change to its Co-Developer Entity. General Home Development Corporation of Pinellas, Inc. was changed to GHD Construction Services, Inc. This change was approved at the October 30, 2015 FHFC Board meeting.

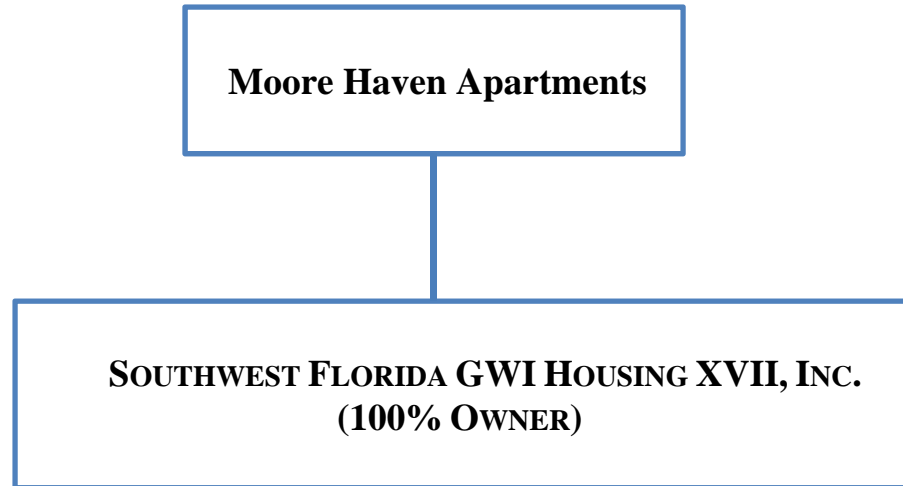
Changes from the approved CUR:

- The retiring Board Members of the Applicant Entity have officially resigned and have been replaced by the New Board Members as outlined above.
- The proposed management company named in the Credit Underwriting Report, Colombia Property Group, Inc., will be replaced with Southwind Management Services, Inc. The selection of the management company will have to be approved by FHFC Asset Management.
- Tom Smith, a retiring principal of GHD has been removed as a guarantor. Brian Smith, the remaining Principal of GHD, and GHD will act as Guarantors of Environmental Indemnity, Operating Deficits, and Construction Completion of Moore Haven Apartments.
- Workforce Housing Ventures, Inc., (“WFHV”) will be a recipient of 50% of the SWFGWI earned developer fee and will act as Guarantor of the Operating Deficit Guarantee, the ongoing Recourse Obligations, Construction Completion, and Environmental Guarantees.
- The original CUR anticipated thirty-three 2-Bedroom/2 Bath units. This was a scrivener’s error as the Development includes thirty-three 2-Bedroom/1-Bath units.
- The Final CUR required GHD and Brian Smith to remain as Guarantors on the Operating Deficits Guaranty until three (3) years following the final certificate of occupancy. After further consideration, the Credit Underwriter has determined releasing GHD and Brian Smith once the development achieves 1.15 Debt Service Coverage on the combined permanent First Mortgage and HOME Loan, and ninety percent (90%) occupancy, and ninety percent (90%) of the Gross Potential Rental Income, for a period equal to twelve (12) consecutive months will not negatively impact the transaction. The Borrower and WHFV will remain as Guarantors pursuant to the Final CUR.

Ownership Structure:

The ownership structure of this development as proposed will stay the same as contemplated in the approved Credit Underwriting Report with GHD continuing to act as the Co-Developer and General Contractor.

Organizational Chart:



SWFGWI is a newly formed single purpose entity created to own and operate Moore Haven Apartments, as such, it has no experience, financial history, or financial statements. SWFGWI which has the identical Board Members as WFHV. WFHV is a Florida chartered, Not for Profit Corporation, originally created as "Affordable Housing Ventures, Inc. in 1995. The contact information for SWFGWI and WFHV is as follows:

Southwest Florida GWI Housing XVII, Inc.
Mr. Harold Sample, Executive Director
c/o Workforce Housing Ventures, Inc.
36739 State Road 52
Suite 210A
Dade City, Fl. 33525
(352) 424-2481 Telephone

WFHV has been a significant Pasco Opportunity Program ("POP") agency, under contract with the Board of County Commissioners of Pasco County and working directly with the Board's Community Development Division. Originally established to facilitate the utilization of HOME and SHIP funding to benefit the citizens of the County, the relationship was expanded

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in 2009 to include the Neighborhood Stabilization Program ("NSP") funds under the Housing and Recovery ("HERA") Act of 2008 and the American Recovery and Reinvestment ("ARRA") Act of 2009. As such, WFHV was one of the not-for-profit agencies working with the County to help re-establish neighborhoods by addressing the foreclosed/abandoned home crisis. This was a major issue for Pasco County and the primary focus of the organization's operations over the past seven years. As part of the NSP program participation, WFHV owned, managed during refurbishment and sold over 160 homes to qualifying families.

The WFHV Board of Directors is made up of citizens who have expressed a desire to assure the Mission of the organization. The President is a long-tenured Certified Public Accountant; the Vice President is a consultant for computerization applications and organizational management, while also serving as a member of the Board of Trustees for Saint Leo University; the Secretary is an experienced real estate broker who has been a volunteer member of the County's Affordable Housing Advisory committee for over six years; and the Treasurer is life-long banker specializing in affordable housing for seniors.

In addition, the Board is supported by an advisory group composed of members who have many years of experience in providing affordable housing, including service on advisory committees to the Florida Housing Finance Authority. These members have extensive knowledge that is of great value to the WFHV Board of Directors. In order to assure that there is no appearance of a conflict of interest and to comply with NSP HUD requirements, these members moved off of the governance board in 2009 to an advisory capacity.

WFHV is majority owner of Portillo Apartments, a 55+, Tax Credit Limited Partnership rental complex in Hernando County, Florida. WFHV previously owned and managed a 16 unit complex, Stonehenge Apartments, in San Antonio, Florida for 15 years with units reserved for those with less than 80% of the AMI. It was sold in 2015 to the Pasco County Housing Authority. In May of 2012, WFHV sold a third apartment complex which they had operated for 12 years to the Pasco County Coalition for the Homeless to be used for families in transition, as well as for income production for that organization. Other development experience includes a 42 lot, single family community in Hillsborough County, dedicated to eligible participants under Florida's Predevelopment Loan Program ("PLP").

First Housing received and reviewed 2014 and 2015 year end compiled financial statements and 2014 and 2015 year end IRS 990's for WFHV prepared by John E. Henson, CPA, PA. The results of that review follows:

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Workforce Housing Ventures, Inc. 2015 Compiled Financial Statements June 30, 2015	
Cash and Equivalents	\$17,031
Total Assets	\$62,487
Total Liabilities	\$6,369
Net Assets	\$56,118

Workforce Housing Ventures, Inc. 2014 Compiled Financial Statements June 30, 2014	
Cash and Equivalents	\$54,399
Total Assets	\$3,525,879
Total Liabilities	\$3,591,605
Net Assets (Deficit)	\$(65,726)

Management/Leasing Agent

Southwind Management Services, Inc. ("Southwind") was founded in 1981 by Pamela K. Borton. Ms. Borton remains a 90% shareholder.

Southwind has specialized in the management of affordable housing programs since its inception and has several years of experience with the USDA Rural Development section 515 rural rental housing and Section 514/516 farm labor rental housing programs, the Low Income Housing Tax Credit program, the HOME Investment Partnerships program, the Federal Home Loan Bank's AHP (Affordable Housing Program), Florida Housing Finance Corporation's SAIL program, HUD insured multifamily rental housing and Section 8 rental assistance programs in addition to local municipal or governmental affordable housing programs.

The proposed Management Company demonstrates sufficient experience in the management of affordable housing to serve as the property manager for the Development. However, the selection of Southwind to manage the Development must be approved by FHFC's Asset Management Department pursuant to Rule Chapter 67-53. As the Development is proposed to be constructed, said approval is not required at loan closing. The management contact person is:

Pamela K. Borton
Southwind Management Services, Inc.
1006 Grove Street
Clearwater, FL 33015
(727) 443-3251 Telephone

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Status of Development Compliance

According to FHFC's Asset Management Noncompliance Report, dated April 1, 2016, the development team has no noncompliance items outstanding.

According to FHFC's Past Due Report, dated May 11, 2016, the development team has no past due items outstanding.

Recommendation

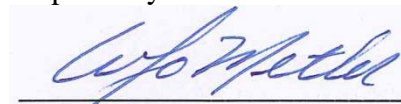
Based upon the review of the information submitted and within the scope of this analysis as described herein; First Housing recommends approval of the replacement of the entire Board of Directors with the New Board Members for the Applicant Entity and the replacement of Guarantors.

Conditions

The following is a summary of conditions outlined in this report:

1. Closing of Moore Haven is conditioned upon approval of these recommended changes by the first mortgage lender, Neighborhood Lending Partners.
2. Review and approval of all loan documents consistent with the terms outlined above by FHFC, its legal counsel and Servicer.
3. Satisfaction of all closing conditions within the approved HOME Credit Underwriting Report dated June 4, 2015.
4. All other due diligence required by FHFC, its legal counsel and Servicer.

Prepared by:



William J. Metler
Asst. Vice President
Senior Credit Underwriter