AMERINAT®

January 19, 2017

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

RE: Lexington Club at Vero f/k/a The Club at Vero Apartments ("Development")
MMRB 1998 Series E
Transfer of General and Limited Partnership Interests/Assumption of the MMRB Land Use Restriction Agreement ("LURA")

Dear Mr. Henderson:

Florida Housing Finance Corporation ("Florida Housing" or "FHFC") has requested that AmeriNat® ("AmeriNat") review the request dated January 11, 2017 submitted by Vero Club Partners, Ltd. ("Borrower" or "Partnership"), a Florida limited partnership, for the transfer of interest in the Partnership and a change in the management company as it pertains to the Development. Specifically, AmeriNat has been requested to determine that the new General and Limited Partners have the prerequisite financial strength and experience to successfully own and operate the Development.

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 Lakeside Capital GP, LLC ("Lakeside"), a foreign limited liability company, whose sole member is Lakeside Capital Advisors, LP ("LCA"). The current Partnership consists of CED Capital Holdings, IX, Ltd. ("CED") as the General Partner (0.10% interest) and Vero Club Investment Partners, LLC ("VCIP") as the Special Limited Partner (99.90% interest).

According to the Partnership Interest Purchase and Sale Agreement dated November 22, 2016, and amended by the Assignment and Assumption of Partnership Interest Purchase and Sale Agreement dated January 1, 2017, Lakeside has agreed to purchase the General Partner interest in CED and Lakeside Workforce Housing, LP ("LWH") has agreed to purchase the Special Limited Partner interest of VCIP, indirectly purchasing the Development for $16,050,000.

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

- Bond payoff documentation
- Correspondence from the Borrower
- Proposed organizational chart
- Partnership Interest Purchase and Sale Agreement dated November 22, 2016

- Assignment and Assumption of Partnership Interest Purchase and Sale Agreement dated January 1, 2017
- Second Amended and Restated Limited Partnership Agreement of LCA
- Second Amended and Restated Limited Partnership Agreement of LWH
- LCA's 12/31/2015 financials and verifications of deposits
- LWH's 12/31/2015 financials and verification of deposits
- Development's 2014 audited financial statement
- Development's December 2016 balance sheet
- Development's operating pro forma for the last six months
- Development's Annual Management Review and Physical Inspection Reports
- FHFC Past Due Report dated January 5, 2017
- FHFC Non-Compliance Report dated January 5, 2017
- Property management experience
- Draft Property Management Agreement

Background Summary

Lexington Club at Vero f/k/a The Club at Vero is located at 6885 20th Street, 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. Based on the MMRB LURA, 5% of the units (10 units) are set aside for tenants with incomes at or below 55% of the Area Median Income ("AMI") and 50% of the units (92 units) are set aside for tenants with incomes at or below 60% AMI for 15 years.

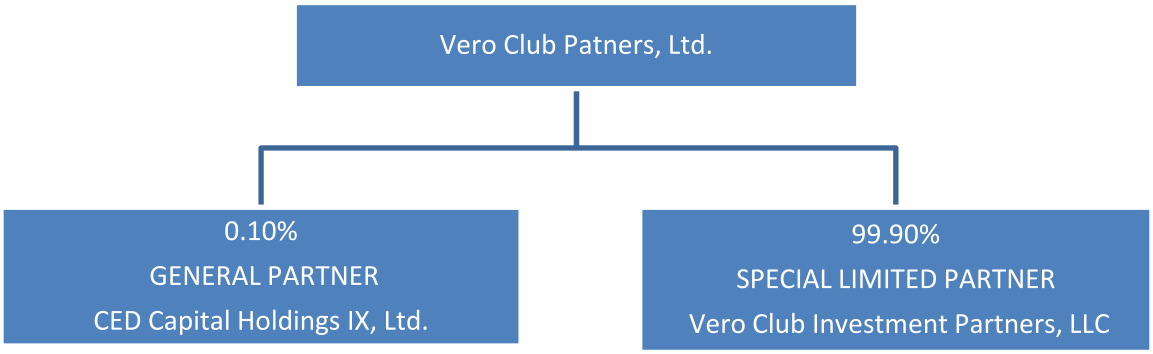
In June 15, 1998, the Borrower received 1) a Tax-Exempt Bond Allocation (1998 Series E) of $6,900,000 issued by Florida Housing with a maturity date of June 1, 2017, and 2) capital contributions from the sale of 99.90% limited partnership interest in the Borrower/Partnership to Key Investment Fund Limited Partnership XI for $4,792,188. The mortgage bonds were redeemed on November 1, 2014 at par value and no premium or discount was paid or received by the Partnership as a result of the early redemption.

Current Mortgage Notes Payable

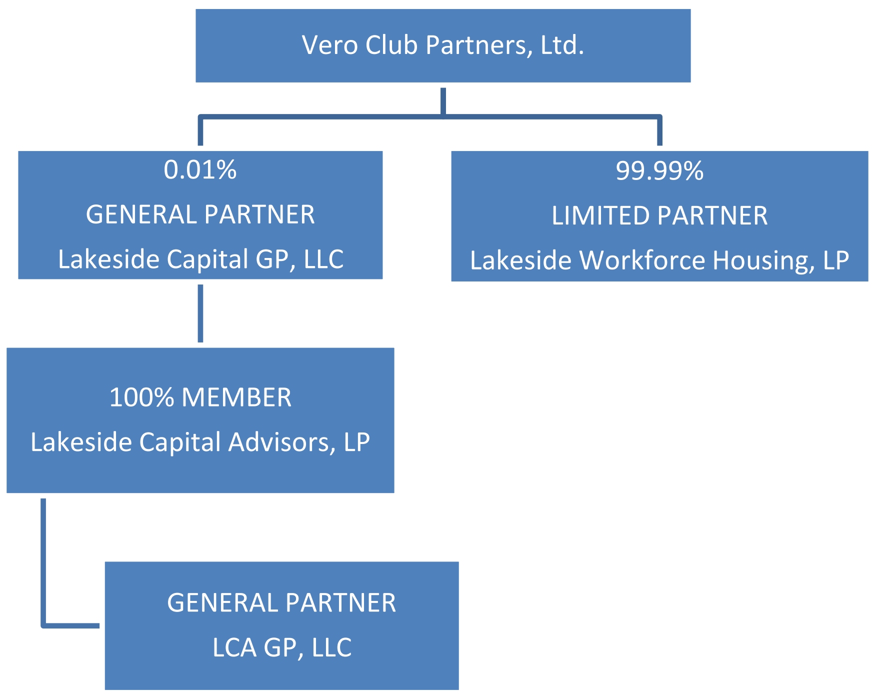
The Partnership financed the redemption of the mortgage bonds payable by using the proceeds of a $6,330,000 mortgage loan from Berkadia Commercial Mortgage ("Berkadia") and a $570,000 advance from the General Partner. The $6,330,000 mortgage payable to Berkadia, dated November 1, 2004, has fixed monthly payments of principal and interest at an interest rate of 5.93% 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% per annum. Amortization of the mortgage notes payable is computed using a 30-year term with a balloon payment due on June 10, 2016. According to the 2014 audited financial statement, the outstanding balance of the notes totaled $5,813,783 and interest expense on the mortgage notes totaled $351,606 for the year ended December 31, 2014. The Development did not obtain an audited report for years 2015 or 2016.

According to the unaudited December 31, 2016 balance sheet, the outstanding balance of the permanent debt is $5,798,556, which was refinanced in 2016 and will be paid in full with the transfer of ownership.

Current Ownership Structure:



Proposed Ownership Structure:



Proposed Ownership

Lakeside Capital GP, LLC, a foreign limited liability company, was formed March 20, 2014 and is an affiliate of and is 100% owned by LCA; therefore, does not have its own financial statements, audits or bank accounts. LCA, the sole member of Lakeside, provided the following information.
LCA was organized under the laws of Delaware as a limited partnership in April 2012 to acquire and create a portfolio of affordable housing properties that will be owned by a series of funds established as limited partnerships. LWH was organized under the laws of Delaware as a limited partnership in March 2012 to invest, hold, operate and sell strategic investments. LWH's current portfolio consists of seven properties with a gross asset value in excess of $65 million. LWH's ownership and senior management

have an established track record in both the conventional and affordable apartment industries, including over $15 billion of US real estate investments and collectively in excess of $10 billion of assets under management as of March 31, 2015.

The information submitted illustrates the financial capacity of Lakeside based upon audited financial statements prepared by Novogradac & Company, LLP, on June 6, 2016 for the period ending December 31, 2015, which was reviewed by AmeriNat and found to be satisfactory.

The majority of the Lakeside's assets are represented by Cash, Land, and Buildings and Building Improvements. Liabilities consist mainly of Mortgage Notes Payable and Accounts Payable. The primary sources of revenues are Gross Potential Rent and Tenant Subsidies; total income through December 31, 2015 amounted to $10,205,326, which provided for a net income of $7,666 over the same period.

The underwriter satisfactorily reviewed Lakeside's December 2016 bank statement, which reflects an average balance in the low six figures held by Citibank.

The information submitted illustrates the financial capacity of LWH based upon audited financial statements prepared by Novogradac & Company, LLP, on April 7, 2016 for the period ending December 31, 2015, which was reviewed by AmeriNat and found to be satisfactory.

The majority of the LWH's assets are represented by Cash and Investments in Investee Partnerships. Liabilities consist of Accounts Payable and Accrued Liabilities. The primary source of revenue is Income from Investee Partnership and Fund Management Fees; total income through December 31, 2015 amounted to $970,547, which provided for a net loss of $523,963 over the same period.

The audited financial statements note LWH holds general partnership interest in several Housing Credit funds. The audit included a summarized financial result for the funds for the year ending December 31, 2015 as follows:

The underwriter satisfactorily reviewed LWH's December 2016 bank statement, which reflects an average balance in the low eight figures held by Citibank.

Development Information

AmeriNat reviewed the Development's December 9, 2016 Annual Management Review and Physical Inspection Report, performed by AmeriNat's Compliance Department. The underwriter found the 2016 report reflected a satisfactory rating for the examination of records, administrative procedures and physical inspection of the Development. No follow-up or response was necessary from the management company and a closeout letter was prepared.

As of December 2016, the Development had eight vacant units or 95.65% occupancy. Per the FHFC Summary Program Reports, historical occupancy in December for each of the past four years has been reported as follows:

December 2015................	95.65%	December 2014.................	94.02%
December 2013................	96.20%	December 2012..................	91.85%

The financial capacity of the current Borrower, based upon an unaudited balance sheet provided by the Borrower and reviewed by AmeriNat, was found to be satisfactory.

The majority of the Borrower's assets are represented as Net Rental Property. The majority of the Borrower's liabilities consist of Due to General Partner, Developer Notes Payable to Affiliates of General Partner and Mortgage Notes Payable. The Total Equity reflects a deficit; however, it should be noted that the majority of liabilities are actually Affiliated Debt totaling $11,245,071.

The financial capacity of the Borrower based, upon audited financial statements prepared by Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP, Certified Public Accountants on January 12, 2015 and reviewed by AmeriNat, was found to be satisfactory. Audited financial statements for FYE 2015 and 2016 were not prepared.

The majority of the Borrower's assets are represented as Net Rental Property. The majority of the Borrower's liabilities consist of Due to General Partner, Developer Notes Payable to Affiliates of General Partner and Mortgage Notes Payable. The Total Equity reflects a deficit; however, it should be noted that the majority of liabilities are actually Affiliated Debt totaling $11,147,072. The primary source of revenue is Income from Rental Fees; total income through December 31, 2014 amounted to $1,478,325, which provided for a net loss of ($604,108) over the same period.

A total of $932,129 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, 2014, the Partnership made no payments on the advances from the General Partner.

A total of $54,878 remains payable to an affiliate for costs advanced by the affiliate 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, 2014, the Partnership made no payments on the advances from the affiliate.

Developer Notes Payable to Affiliates of General Partner of $10,160,065 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, 2014, the Partnership made no payments on the advances from the General Partner.

Property Management Information

Concord Management Company has managed the Development since its inception and is an approved management company of FHFC's Asset Management Department. However, a change in management has been requested to Laramar Management Services, LLC ("Laramar"), an Illinois limited liability company, or its affiliate.

For over twenty years, Laramar has provided multifamily and commercial property management, as well as construction and third-party revenue management. Laramar is a third-party property management provider with over 800 employees and a portfolio consisting of commercial properties located in over 25 major markets across the country with approximately 40,000 apartment units. Laramar manages all levels of apartment communities, from Class-A high-rise buildings to smaller Class-C garden-style communities. Laramar currently manages seven affordable properties, constructed through the Low-Income Housing Tax Credit Program, with a gross asset value in excess of $65 million.

A draft Property Management Agreement was submitted between the Borrower and Laramar, which provides for compensation at 3.5% of Gross Receipts. The term of this Agreement is for one year, after the initial term, the Agreement shall continue on a month-to-month basis and either party may terminate the Agreement upon 30 days prior written notice to the other.

Laramar appears to demonstrate sufficient experience in the management of affordable multifamily housing to serve as the Property Manager for the Development. However, the selection of Laramar to manage the Development must be approved by the FHFC's Asset Management Department pursuant to Rule Chapter 67-53. As the Development is occupied, said approval is a condition precedent to closing as illustrated below in the Recommendation Section.

Additional Information

According to the FHFC Non-Compliance Report dated January 5, 2017, no noncompliance issues exist for the Development Team.

According to the FHFC Past Due Report dated January 5, 2017, no past due issue exists for the Development Team.

Recommendations

AmeriNat's review indicates that the new General and Limited Partners have the prerequisite financial strength and experience to successfully own and operate the Development. Accordingly, AmeriNat recommends approval of the transfer of ownership interest in the General and Limited Partners of the Borrower to Lakeside Capital GP, LLC and Lakeside Workforce Housing, LP, respectively, and the assumption of the current MMRB LURA and change in the management company of the Development subject to the following:

1. The withdrawing and existing General and Limited Partners to execute any and all assumption documents Florida Housing deems necessary to effectuate the partnership change.

2. Receipt and satisfactory review of verification that Florida Housing has approved the selection of the management company, Laramar, prior to Laramar assuming management responsibilities at the Development.

3. Prepayment of any required compliance monitoring fees, as applicable.

4. Payment of any outstanding arrearages to Florida Housing, its Legal Counsel, Servicer or any Agent or Assignee of Florida Housing for past due issues applicable to the Development Team (Borrower or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.003 (11) F.A.C., of a Borrower or a Developer).

5. Satisfactory resolution of any outstanding Florida Housing noncompliance and past due items.

6. Receipt of non-refundable transfer of ownership and assumption fees of $2,500.

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

8. Review and approval of all loan documents consistent with the terms outlined above by Florida Housing, its legal counsel and servicer.

9. Confirmation of approval of the transfer of ownership interest by all other lenders, if applicable.

10. Consent of the Equity Provider as deemed applicable.

11. Any other requirement of Florida Housing, its legal counsel and servicer.

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

Sincerely,

Kimberly A Thorne

Kimberly A. Thorne
Credit Underwriter