

## SELTZER MANAGEMENT GROUP, INC.

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17633 ASHLEY DRIVE  
PANAMA CITY BEACH, FL 32413  
TEL: (850) 233-3616  
FAX: (850) 233-1429

September 1, 2015

VIA EMAIL

Mr. Todd Fowler, Director of Special Assets  
Florida Housing Finance Corporation  
227 North Bronough Street, Suite 5000  
Tallahassee, Florida 32301

Re: Renaissance Preserve Senior (SAIL 2007-147S / 2007 Supplemental / 4% HC 2008-525C)  
Withdrawal and Transfer of Co-General Partner / Release of Guarantors

Dear Mr. Fowler:

Seltzer Management Group, Inc. ("SMG" or "Seltzer"), has reviewed a request from Marcus Goodson, Executive Director of the Housing Authority of the City of Fort Myers, as the sole managing member of the co-general partner of the Borrower, Renaissance Preserve I, LLC, on behalf of Renaissance Preserve I, LLLP ("Borrower"), for Florida Housing Finance Corporation ("FHFC" or "Florida Housing") to consent to the withdrawal of the co-general partner, Norstar Renaissance Preserve Senior, Inc. ("Norstar"), and release of all guaranties that remain outstanding for the benefit of FHFC from Norstar. Renaissance Preserve I, LLC, a Florida Limited Liability Company, will then be the sole general partner of the Borrower. Specifically, SMG has been requested to determine whether Renaissance Preserve I, LLC, has the prerequisite financial strength and experience to successfully own and operate and provide stand alone guarantees for the subject development.

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

1. Correspondence dated June 9, 2015 from the sole member of the co-general partner of the Borrower requesting Florida Housing's consent to allow the Norstar co-GP to withdraw
2. Rule 67-48, F.A.C.
3. Final Revised Credit Underwriting Report dated March 11, 2008 and a credit underwriting letter dated August 16, 2010, both prepared by First Housing Development Corporation of Florida
4. Florida Secretary of State Records
5. FHFC Occupancy Reports
6. A December 8, 2014 Annual Management Review and Physical Inspection of Renaissance Preserve Senior performed by Seltzer
7. Financial Statements and Independent Auditor's Report dated April 17, 2015 for the Borrower prepared by Toski & Co., P.C., Certified Public Accountants, for the years ended December 31, 2014 and 2013
8. Year Ended March 31, 2014 Audited Financial Statements for the Housing Finance Authority of the City of Fort Myers
9. Certified, management-prepared March 31, 2015 Balance Sheet and Revenue and Expense Summary for the Housing Authority of the City of Fort Myers
10. FHFC Past Due Report dated June 30, 2015, and the FHFC Noncompliance Report dated June 30, 2015

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Seltzer's findings are as follows:

- Renaissance Preserve Senior is an Elderly development located at 4221 Othello Lane, Fort Myers, Lee County, Florida. The subject consists of one hundred twenty (120) apartments located in one (1) three-story, elevator accessed residential building.
- Renaissance Preserve I, LLLP was originally formed on January 19, 2006. The .0051% managing co-general partner is Norstar Renaissance Preserve Senior, Inc. whose shareholders are Norstar Investment USA, Inc. and Black Locust, LLC. The .0049% co-general partner is Renaissance Preserve I, LLC whose sole managing member is the Housing Authority of the City of Fort Myers, a public body corporate and politic organized under Chapter 421 of the Florida Statutes. As such, it has no shareholders. Also, it does not have directors; it has Commissioners who serve the same function as directors.
- The original limited partner was Apollo Housing Capital, LLC (99.989%) and Apollo Housing Manager II, Inc. (.001%) as special limited partner. In February 2006, RBC Capital Markets Tax Credit Equity Group ("RBC"), who had owned 80% of Apollo Housing Capital since March 2000, bought the remaining 20%. RBC has provided an Assignment and Assumption of Limited Partner Interest dated October 30, 2013 evidencing the assignment of their limited partner interest in the partnership to Nationwide Affordable Housing Fund 42 – RBC Tax Credit Equity Fund-69, LLC, and naming RBC Tax Credit Manager II, Inc. as special limited partner in the same percentages as the original Limited Partnership Agreement. RBC also provided an email dated August 12, 2015 indicating they have received investor approval of Norstar Renaissance Preserve Senior, Inc. to withdraw as the Managing General Partner of Renaissance Preserve I, LLLP and Renaissance Preserve I, LLC to become the successor and sole Managing General Partner of the Partnership as contemplated herein.
- The development was financed by Housing Finance Authority of Lee County Bonds in the amount of \$10,000,000 that were paid off at conversion, a State Apartment Incentive Loan ("SAIL") from Florida Housing in the amount of \$6,150,000, a Florida Housing Supplemental Loan in the amount of \$1,020,000, a \$3,720,464 Housing Authority of the City of Fort Myers Hope VI Grant, and HC Equity in the amount of \$7,824,271. The SAIL closed April 10, 2008 and has a maturity date of April 10, 2058. The Supplemental Loan closed April 10, 2008 and has a maturity date of April 10, 2023 with an option to extend to April 10, 2058.
- Operations commenced in October 2009 and reached stabilization in February 2010. Average occupancy for 2014 was 98.3%. Occupancy as of April 2015 is 100%.
- The most recent Annual Management Review and Physical Inspection for Renaissance Preserve Senior were performed by Seltzer on December 8, 2014 and no compliance exceptions were noted. Property management will not change at this time.
- Audited Financial Statements for Renaissance Preserve Senior for the year ended December 31, 2014 reflected assets of \$15,181,882, liabilities of \$13,255,544, and Partners' Equity of \$1,926,338. In 2014, the development earned sufficient income to pay all operating expenses but not enough to cover all debt service. It is noted that all mortgage loan payments are subject to cash flow. The audit report disclosed pending litigation wherein the Borrower has been named in a wrongful death lawsuit involving two individuals. The Borrower denies any liability with respect to the lawsuit, which is in discovery.
- An operating reserve of \$226,250 was established using proceeds from capital contributions of the limited partner. As of December 31, 2014, the balance in the operating reserve was \$227,174. An affordability reserve of \$142,229 was also established to pay project expenditures when there is insufficient cash. As of December 31, 2014 the balance was \$142,875.

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- The remaining co-general partner is Renaissance Preserve I, LLC. As noted above its sole managing member is the Housing Authority of the City of Fort Myers ("the Authority"). Therefore, Seltzer has reviewed the Authority's financial information. Audited Financial Statements for the Authority for the year ended March 31, 2014 prepared by Rector, Reeder & Lofton, P.C. on July 15, 2014 did not reflect any going concerns or pending litigation, and a report on federal programs indicated no material weaknesses of internal controls or audit findings. March 2014 assets were reported at approximately \$54.5 million ("m"), liabilities of \$1.25m, resulting in a net position of \$53.25m. Cash and equivalents totaled \$9.9m, of which \$6.25m is unrestricted.
- Audited Financial Statements for the Authority for the year ended March 31, 2015 prepared by Rector, Reeder & Lofton, P.C. on July 31, 2015 did not reflect any going concerns or pending litigation, and a report on federal programs indicated no material weaknesses of internal controls or audit findings. March 2015 assets were reported at approximately \$54m; liabilities of \$1m resulting in a net position of \$52.94m, which represents \$30.8m in capital assets, \$14.5m restricted position, and \$7.6m unrestricted position. Cash and equivalents totaled \$9.3m, of which \$6.8m is unrestricted. These statements reflect the Authority and the operations of all the properties it manages.
- A Statement of Financial/Credit Affairs for the Authority reflects contingent liabilities resulting from tenant made claims which are routinely handled by insurance. A part of these claims are the aforementioned wrongful death suits disclosed in the Audit. An August 14, 2015 letter from Counsel indicates that they were dismissed with prejudice in response to a motion to dismiss; however, the "with prejudice" was in error and a rehearing of the motion to dismiss has been set.
- Borrower submitted resumes for the principals of the Authority which reflects 45 years of general real estate experience developing 14 multifamily properties totaling 1,184 units and 8 years of experience with Housing Credit financed properties.
- Florida Housing's Past Due Report dated June 30, 2015 reflects no past due items for entities or individuals associated with the Borrower.
- Florida Housing's Noncompliance Report dated June 30, 2015 reflects no noncompliance for entities or individuals associated with the Borrower.

Seltzer's conclusions are as follows:

Seltzer's review indicates that the current co-general partner, Renaissance Preserve I, LLC, through its sole member and the reserves currently in place will have the prerequisite financial strength and experience to successfully own and operate the subject without Norstar as the current co-general partner. SMG therefore recommends that FHFC consent to and approve the withdrawal of the Norstar co-general partner from the partnership, including release of Norstar from all existing Florida Housing Guarantees, subject to the following:

1. Both general partners to execute any assignment and assumption documents FHFC deems necessary to effectuate the general partner withdrawal, including but not limited to new and other existing guarantees
2. Review and approval of all Loan Documents by FHFC and its Legal Counsel
3. Consent of any other lenders prior to closing
4. Payment of any outstanding arrearages to FHFC, 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 67-48.0075 (5) F.A.C., of a Borrower or a Developer)
5. Satisfactory resolution of any outstanding past due or noncompliance items

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6. Receipt of a non-refundable transfer fee equal to one-tenth of one percent of the SAIL principal amount on the date of closing.
7. All other Due Diligence required by FHFC or its legal counsel and servicer.

If you have any questions or if I can be of further assistance, call me at (850) 233-3616, Ext. 227.

Sincerely,

SELTZER MANAGEMENT GROUP, INC.

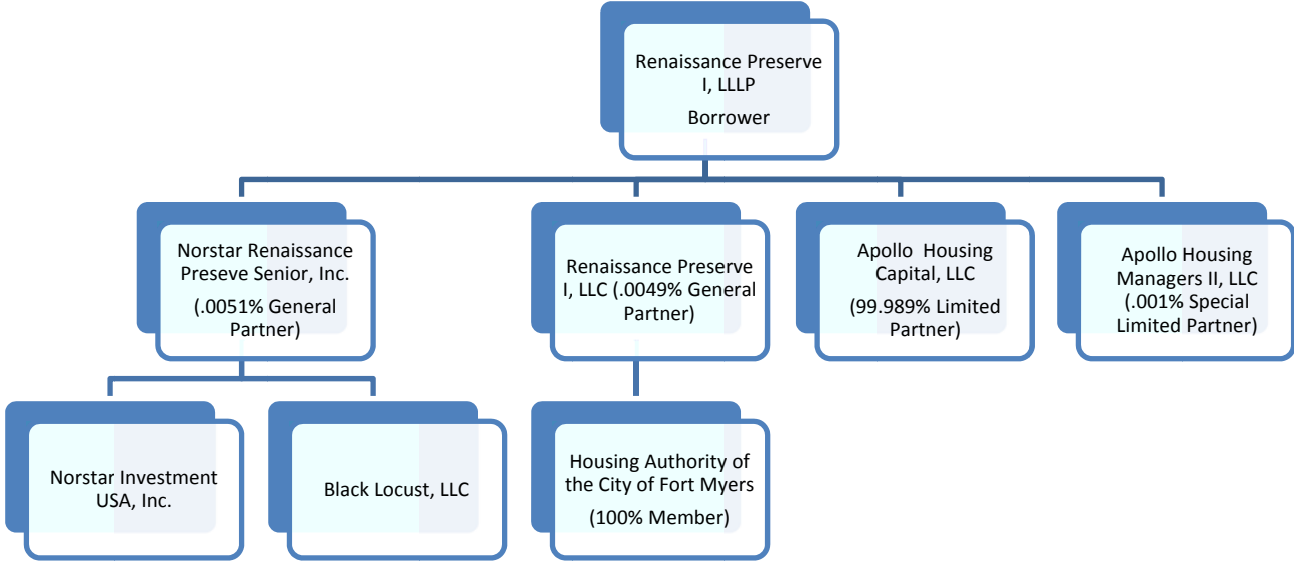
A handwritten signature in black ink that reads "Cindy Highsmith". The signature is written in a cursive, flowing style.

Cindy Highsmith  
Credit Underwriting Manager

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EXHIBIT A

ORIGINAL OWNERSHIP STRUCTURE:



PROPOSED OWNERSHIP STRUCTURE:

