

SELTZER MANAGEMENT GROUP, INC.

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PANAMA CITY BEACH, FL 32413
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September 2, 2015

VIA EMAIL

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

Re: Town Park Crossing (TCEP RFP 2010-04/2009-255C / 2010-038CX / 2011-019CX)
Withdrawal and Transfer of Co-General Partner / Release of Guarantors

Dear Mr. Fowler:

Seltzer Management Group, Inc. ("SMG" or "Seltzer"), has reviewed a request dated July 31, 2015 from Robert G. Hoskins, Manager of NuRock Town Park, LLC ("NuRock GP") co-general partner of the Borrower, on behalf of Town Park Crossing, LP ("Borrower"), for Florida Housing Finance Corporation ("FHFC" or "Florida Housing") to consent to the withdrawal of the co-general partner, Eastwind Town Park, LLC ("Eastwind GP"), and release of all guaranties that remain outstanding for the benefit of FHFC from Eastwind GP and its principal John F. Weir. NuRock GP, a Florida Limited Liability Company, will then be the sole general partner of the Borrower. Specifically, SMG has been requested to determine whether NuRock GP, 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 July 31, 2015 from the sole member of the co-general partner of the Borrower requesting Florida Housing's consent to allow the Eastwind GP co-GP to withdraw
2. Rule 67-48, F.A.C.
3. Credit Underwriting Report dated September 3, 2010 prepared by Seltzer and credit underwriting letter dated July 3, 2011
4. Florida Secretary of State Records
5. Proposed Town Park Crossing Ownership Structure (post Eastwind GP withdrawal)
6. FHFC Occupancy Reports
7. A March 19, 2015 Annual Management Review and Physical Inspection of Town Park Crossing performed by Seltzer
8. Personal financial statement ("PFS") as of May 31, 2015 for Robert and Sandra Hoskins, 50% membership interest in NuRock, individually
9. Statement of Financial/Credit Affairs dated August 14, 2015 for Robert and Sandra Hoskins
10. Merged Acranet Credit Reports on Robert and Sandra Hoskins, individually
11. Settlement Agreement dated July 9, 2015 between John F. Weir and related entities and Robert Hoskins and related entities.
12. Audited Financial Statements for Town Park Crossing, LP for the year ended December 31, 2014

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13. FHFC Past Due Report dated June 30, 2015, and the FHFC Noncompliance Report dated June 30, 2015

Seltzer's findings are as follows:

- Town Park Crossing is a Family development located at 7843 Davie Road, Davie, Broward County, FL 33024. The subject consists of one hundred (100) apartment units located in two (2) low-rise residential buildings.
- Town Park Crossing, LP was originally formed on March 4, 2009. Per the audited financial statements of December 31, 2014, the .0054% managing co-general partner is NuRock Town Park, LLC whose members are Robert and Sandra Hoskins. The .0036% co-general partner is Eastwind Town Park, LLC whose sole managing member is John F. Weir. The original limited partner was Eastwind Investors, LLC (99.99% ownership interest). Per the Amended and Restated Agreement of Limited Partnership, dated November 1, 2010, the current limited partner is RBC Tax Credit Equity National Fund-13, LP (the "Investor Limited Partner") with a 99.99% ownership interest and RBC Tax Credit Manager II, Inc. (the "Special Limited Partner") with a .001% ownership interest.
- The proposed ownership structure transfers 100% of co-general partner Eastwind GPs .0036% ownership interest to NuRock GP. NuRock GP would become the sole Managing General Partner of the Partnership with a .009% ownership interest in the Partnership. The July 31, 2015 correspondence indicates the equity limited partner has tentatively approved the transfer of ownership interest in the development subject to final approval of Florida Housing and the permanent lender Mass Mutual Life Insurance Company.
- The development was financed by a first mortgage permanent loan from Massachusetts Mutual Life Insurance Company in the amount of \$3,400,000, a Tax Credit Exchange Program ("TCEP") award from Florida Housing in the amount of \$4,000,000, a Town of Davie forgivable loan in the amount of \$250,000, Housing Credit equity of \$12,324,317 and deferred developer fees. Per the Audit the first mortgage has a maturity date of October 1, 2027. The TCEP closed November 30, 2010 and is forgivable over 15 years. The Town of Davie HOME loan closed November 29, 2010 and has a maturity of November 29, 2035. In June 2011 the Town of Davie also provided \$70,716 in SHIP funds as a partial reduction to impact fees, and \$48,734 in SHIP funds to assist in the payment of engineering fees and site permit fees. The SHIP loans have a term of 30 years and are forgivable at maturity provided 1 unit is designated SHIP-assisted to serve low income persons earning no more than 80% of area median income throughout the term.
- Average occupancy for 2014 was 99.17%. Occupancy as of June 30, 2015 was 99.66%.
- The most recent Annual Management Review and Physical Inspection (the "Review") for Town Park Crossing was performed by Seltzer on March 19, 2015. All noted discrepancies identified in the Review were satisfactorily corrected per a Close Out letter dated May 27, 2015. Property management will not change at this time.
- Audited Financial Statements for Town Park Crossing for the year ended December 31, 2014 reflected assets of \$19,202,570, liabilities of \$8,104,487, and Partners' Capital of \$11,098,083. In 2014, the development earned sufficient income to pay all operating expenses; however, the property reported a net loss in the amount of \$276,698 after interest, depreciation, and amortization expenses were deducted from operating income. The financial statement also identifies litigation filed by the Partnership against Eastwind Development, LLC and John F. Weir (collectively "Defendants") on February 27, 2013 in the Fifteenth Circuit Court of Palm Beach County alleging the Defendants wrongfully received and retained certain funds of the Partnership and willfully used the funds for their own benefit. The case was consolidated with another claim (see Robert and Sandra Hoskins Statement of Financial/Credit Affairs discussion below) between entities affiliated with the Partnership and was set for trial in August 2015.

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- An operating reserve of \$410,498 was established using proceeds from capital contributions of the limited partner. As of December 31, 2014, the balance in the operating reserve was \$412,730.
- PFS for Robert and Sandra Hoskins as of May 31, 2015 certified as true and correct by Robert Hoskins were reviewed by Seltzer and found to be satisfactory.
- A Statement of Financial Condition for NuRock Development Group, Inc. ("NuRock") as of May 31, 2015 certified as true and correct by Robert Hoskins reflects total assets of \$41M, liabilities of \$22K, and owner's equity of \$41M. Assets include Cash and Equivalents of \$12.7M and development fees receivable of \$27.2M.
- A Statement of Financial/Credit Affairs for Robert and Sandra Hoskins reflects contingent liabilities in a combined amount that was found to be satisfactory by Seltzer. The Statement also identifies two Georgia affordable housing properties (Riverwood Apartments and Hidden Cove Apartments) surrendered through deeds in lieu of foreclosure in 2010, and litigation between Mr. Hoskins, individually, and affiliated entities, as defendants, and Eastwind Development, LLC, and sole member John F. Weir, as plaintiff. The suit alleges consulting and other payments are due from the defendants. The claim is not material to the financial position of Mr. Hoskins or affiliated entities.
- Seltzer has reviewed a Settlement Statement dated July 9, 2015 between Eastwind Development, LLC, Eastwind Town Park, LLC, and John F. Weir (collectively "Weir Parties") and NuRock Development Group, LLC, NuRock Construction Services, LLC, NuRock Town Park, LLC, NuRock Management, LLC, and Robert Hoskins (collectively "Hoskins Parties"). The settlement agreement calls for a payment ("Settlement Proceeds") in trust to be paid to the Weir Parties and other affiliated entities per an existing and separate agreement. The Settlement Proceeds are deemed as consideration solely for the transfer of partnership interest in the subject development and other development interests between the parties. The Settlement Agreement calls for the Hoskins Parties to use their best efforts to have the Weir Parties released from all Florida Housing guarantees associated with the subject development. Additionally, the Settlement Agreement calls for the release of all complaints filed against all parties. The Settlement Agreement was executed by John F. Weir and Robert Hoskins July 9, 2015. An Assignment of Partnership interest executed by John F. Weir July 9, 2015, that assigned all rights, title, and interest in Town Park Crossing, LP to NuRock Town Park, LLC was also provided.
- An August 19, 2015 Acranet merged credit report for Robert Hoskins was reviewed by Seltzer and found to be satisfactory.
- An August 19, 2015 Acranet merged credit report for Sandra Hoskins was reviewed by Seltzer and reports a satisfactory credit history.
- 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, NuRock Town Park, LLC, through its members have the prerequisite financial strength and experience to successfully own and operate the subject without Eastwind Town Park, LLC (and its sole member John F Weir) as the current co-general partner. SMG therefore recommends that FHFC consent to and approve the withdrawal of the Eastwind GP co-general partner from the partnership, including release of Eastwind GP and its sole member John F. Weir 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

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2. Review and approval of all Loan Documents by FHFC and its Legal Counsel
3. Consent of any other lenders prior to closing
4. Consent of the Limited Partner
5. 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)
6. Satisfactory resolution of any outstanding past due or noncompliance items
7. Receipt of a non-refundable transfer fee equal to one-tenth of one percent of the TCEP principal amount on the date of closing.
8. 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. 244.

Sincerely,

SELTZER MANAGEMENT GROUP, INC.

A handwritten signature in black ink, appearing to read "Richard Crogan", written in a cursive style.

Richard Crogan
Senior Credit Underwriter

TOWN PARK CROSSING
OWNERSHIP STRUCTURE
(AFTER EASTWIND WITHDRAWAL)

