LRC Desert-Silver, LLC, a Florida limited liability company,

Petitioner,

vs.

FLORIDA HOUSING FINANCE CORPORATION,

Respondent.


LRC Desert-Silver, LLC, a Florida limited liability company (the “Petitioner”) hereby petitions Florida Housing Finance Corporation (“Florida Housing”) for: (1) Board approval pursuant to Rule 67-21.003(1)(b), Florida Administrative Code (“F.A.C.”) (07/08/2018) and the Non-Competitive Application Instructions to materially change the Petitioner’s principals; (2) Board approval pursuant to Rule 67-21.003(8)(b) (07/08/2018) to change the Developer’s principals; and (3) a waiver of the definition of “applicant” as defined in subsection (9), and “principal” as defined in subsection (85)(a)3., of Rule 67-21.002, F.A.C. (07/08/2018), to the extent such definitions require that only natural persons be disclosed by or at the third principal disclosure level (the rule from which waiver is sought, i.e., Rule 67-21.002(9), (85), is referred to herein as the “Rule”). The requested Board approval and waiver were necessitated by the substitution of placeholder limited partners that occurred after closing, principal name changes, and the discovery that Petitioner did not properly complete the principal disclosure form despite efforts to make a full disclosure via an organizational chart attached to Petitioner’s application.
Petitioner attempted, over the course of nearly four months, to make the organizational structure changes necessary to come into compliance with the Rule. However, neither HUD nor the lender will allow changes to Petitioner’s structure subsequent to FHA endorsement. Accordingly, Petitioner has no viable option except to request this waiver of the Rule. In support of this petition, Petitioner states as follows:

A. **THE PETITIONER**

1. The name, address, telephone and facsimile numbers, and email address for the Petitioner and its qualified representative:

   W. Daniel Hughes, Jr.  
   105 Tallapoosa St. Suite 300  
   Montgomery, AL 36104  
   Telephone: 334.954.4458  
   E-Mail: daniel.hughes@enolvellc.com  
   Facsimile: 334.954.4496

2. For purposes of this Petition, the address, telephone number and facsimile number of the Petitioner’s attorney are:

   Brian J. McDonough, Esquire  
   Stearns Weaver Miller Weissler  
   Alhadeff & Sitterson, P.A.  
   150 West Flagler Street  
   Miami, Florida 33130  
   Telephone: 305-789-3350  
   Facsimile: 305-789-3395  
   E-mail: bmcidonough@stearnswaver.com

   Bridget Smitha, Esquire  
   Stearns Weaver Miller Weissler  
   Alhadeff & Sitterson, P.A.  
   106 E College Ave Suite 700  
   Tallahassee, Florida 32301  
   Telephone: 850-329-4852  
   Facsimile: 850-329-4864  
   E-mail: bsmitha@stearnswaver.com

B. **THE DEVELOPMENT**

3. The following information pertains to the Development:

   - Development Name: Desert Winds and Silver Creek
• Developer: Envolve Community Management, LLC

• County of Development: Duval

• Number of Units: 304

• Type: Garden Apts (1-3 Stories); Acquisition & Rehabilitation

• Demographics: Family

• Funding Amounts: $10,587,594 4% non-competitive tax credit equity;
  Jacksonville Housing Finance Authority tax-exempt MMRB of $22,000,000.

C. RULES OF WHICH WAIVER OR BOARD APPROVAL ARE SOUGHT

4. To change Petitioner’s principals, Petitioner seeks Board approval pursuant to
Application Package (“NCA”):

(1) Applicants shall apply for MMRB, Non-Competitive HC, or a
combination of MMRB and Non-Competitive HC as set forth below.
For purposes of this subsection only, the term NC Award shall refer
to MMRB, Non-Competitive HC, or a combination of MMRB and
Non-Competitive HC, and funding from the following Corporation
programs will not be considered to be other Corporation funding:
Predevelopment Loan Program (PLP) and Elderly Housing
Community Loan (EHCL) Program.

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(b) If the NC Award will not be in conjunction with other
Corporation funding made available through the competitive
solicitation funding process outlined in rule chapter 67-60, F.A.C.,
the Applicant shall utilize the Non-Competitive Application Package
in effect at the time the Applicant submits the Application. The Non-
Competitive Application Package or NCA (Rev. 05-2018) is adopted
and incorporated herein by reference and consists of the forms and

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1 The Developer changed its name from LEDIC Realty Management, LLC to Envolve
Community Management, LLC on January 17, 2020. Under the current version of Rule 67-
21.003(8)(a), a developer name change must be approved by Florida Housing. However, the
version of Rule 67-21.003(8)(a) in effect at the time Petitioner submitted its application only
applied to name changes of the applicant entity, and not to developer name changes.
Accordingly, Board approval is not required for the developer name change.
instructions available, without charge, on the Corporation’s website under the Multifamily Programs link labeled Non-Competitive Programs or from http://www.flrules.org/Gateway/reference.asp?No=Ref-09576, which shall be completed and submitted to the Corporation in accordance with this rule chapter.

The NCA includes the following requirement:

The Applicant entity shall be the recipient of the Housing Credits and cannot be changed in any way (materially or non-materially) until after the Preliminary Determination is issued. Once the Preliminary Determination has been issued, (a) replacement of the Applicant or a material change in the ownership structure of the named Applicant will require Board approval prior to the change, and (b) any non-material change in the ownership structure of the named Applicant will require Corporation approval prior to the change. The Applicant entity may be changed without Board approval after a Final Housing Credit Allocation Agreement has been approved and the IRS Forms 8609 have been issued; however, the Corporation must still be notified in writing of the change. Changes to the Applicant entity prior to the issuance of the Preliminary Determination or without Board approval or Corporation approval, as applicable, prior to the approval of the Final Housing Credit Allocation and issuance of the IRS Forms 8609 shall result in a disqualification from receiving funding and shall be deemed a material misrepresentation. Changes to the limited partner of an investor limited partnership or an investor member of a limited liability company owning the syndicating interest therein will not result in disqualification.

Id. at Part A. 5. b. (1) (emphasis added).

5. To change the Developer’s principals, Petitioner seeks Board approval pursuant to Rule 67-21.003(8)(b), F.A.C. (2018) which provides in pertinent part:

(8) Notwithstanding any other provision of these rules, there are certain items that must be included in the Application and cannot be revised, corrected or supplemented after the Application is deemed complete. Those items are as follows:

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(b) Principals of each Developer, including all co-Developers; notwithstanding the foregoing, the Principals of the Developer(s) may be changed only by written request of an Applicant to Corporation staff and approval of the Board after the Applicant has been invited to enter Credit Underwriting. With regard to said approval, the Board shall consider the facts and circumstances of each Applicant’s request, inclusive of validity and consistency of Application documentation;
6. To allow fictitious entities to appear beyond Petitioner’s second principal disclosure level, Petitioner requests a waiver of the definitions of “Applicant” and “Principal” in Rule 67-21.002(9) and (85)(a)3., F.A.C. (2018), which provide as follows:

(9) “Applicant” means any person or legal entity of the type and with the management and ownership structure described herein that is seeking a loan or funding from the Corporation by submitting an Application or responding to a competitive solicitation pursuant to Rule Chapter 67-60, F.A.C., for one or more of the Corporation’s programs. For purposes of Rule 67-21.031, F.A.C., Applicant also includes any assigns or successors in interest of the Applicant. Unless otherwise stated in a competitive solicitation, as used herein, a ‘legal entity’ means a legally formed corporation, limited partnership or limited liability company with a management and ownership structure that consists exclusively of all natural persons by the third principal disclosure level. For Applicants seeking Housing Credits, the Housing Credit Syndicator/Housing Credit investor need only be disclosed at the first principal disclosure level and no other disclosure is required. The terms ‘first principal disclosure level’ and ‘third principal disclosure level’ have the meanings attributed to them in the definition of “Principal.”

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(85) “Principal” means:

(a) With respect to an Applicant that is:

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3. A limited liability company, at the first principal disclosure level, any manager or member of the Applicant limited liability company, and, unless otherwise excluded at subsection 67-21.002(9), F.A.C., with respect to any manager or member of the Applicant limited liability company, at the second principal disclosure level, that is:

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a. A corporation, any officer, director, executive director, or shareholder of the corporation . . .

c. A limited liability company, any manager or member of the limited liability company, or

***

g. A limited liability company, by the third principal disclosure level, any manager or member of the limited liability company, each of whom must
be a natural person . . . .


7. Petitioner is requesting the foregoing waivers so that it may update, as well as correct, the organizational structures of Petitioner and Developer, as well as the related principal disclosures.

D. STATUTES IMPLEMENTED BY THE RULES

   - Section 420.502, Legislative findings.
   - Section 420.503, Definitions.
   - Section 420.507, Powers of the corporation.
   - Section 420.508, Special powers; multifamily and single-family projects.
   - Section 420.509, Revenue bonds.
   - Section 420.5099, Allocation of the low-income housing tax credit.

E. JUSTIFICATION FOR THE WAIVER

9. On August 2, 2018, Petitioner submitted an application package to Florida Housing staff. Petitioner was confused by the principal disclosure form. To ensure that all necessary disclosures were made, Petitioner provided additional information in the application:
   - The application stated at page 17: “The Applicant may use the space below to provide any additional information or explanatory addendum for items in the Application. Please specify the particular Item to which the additional information or explanatory addendum applies.” In the space provided directly below, Petitioner stated: “1) Principals of Applicant and Developer Memo.”
• Appended to the application, as page 77, is an addenda entitled: “Principals of Applicant and Developer Memo.”

• Page 78 of the application states: “The Principal Disclosures for the Applicant and Developer form is included in this application. However, the form did not include the correct type of Principal in the drop down selection for the Third Principal Disclosure Level. Please see the following Organizational Chart for LRC Desert-Silver, LLC which details the organizational structure for Desert Winds and Silver Creek Apartments.”

• The following page, page 79, includes a chart of Petitioner’s organizational structure.

10. In the application, Petitioner disclosed the following Principals in its first level: (a) LRC Desert Silver GP, LLC; (b) LRC SLP, LLC; (c) LRC-Owned, LLC; and (d) PNC Bank. See Current Applicant Organizational Structure, attached as Exhibit A. LRC-Owned, LLC and PNC Bank served as the placeholders for the limited partner entities until the deal closed. Because the limited partner entities were not known until after closing, they could not be disclosed in the application. Accordingly, Petitioner hereby provides notice of the following changes to its investor members: Columbia Housing SLP Corp. is substituted for LRC-Owned LLC and PNC LIHTC Fund 70, LLC is substituted for PNC Bank. See Proposed Applicant Organizational Structure, attached as Exhibit B.

11. At the second principal disclosure level, Petitioner disclosed: (a) LRC GP, LLC; (b) LEDIC Realty Management, LLC; and (c) LEDIC Realty Company, LLC. However, after the application was submitted, LEDIC Realty Management, LLC formally changed its name to Envolve Community Management, LLC.
12. At the third principal disclosure level, Daniel W. Hughes, Jr. was disclosed for LRC GP, LLC; LEDIC Realty Management, LLC; and LEDIC Realty Company, LLC. However, LEDIC Realty Company, LLC (now known as Envolve Communities, LLC) should have been disclosed as a member of LRC GP, LLC, as well as a member of LEDIC Realty Management, LLC (now known as Envolve Community Management, LLC). This failure to disclose was not the result of an intent to deceive, but rather a misunderstanding. Indeed, the Developer’s organizational chart properly disclosed that LEDIC Realty Company, LLC was a member of LEDIC Realty Management, LLC. See Developer’s Current Organizational Structure, attached as Exhibit C. Because the members of LEDIC Realty Management, LLC (now Envolve Community Management, LLC) were properly disclosed in the Developer’s structure, Petitioner respectfully requests permission to correct its structure to reflect these same members.

13. Because Envolve Communities, LLC should have been disclosed at the third principal disclosure level, its members should have been disclosed at the fourth principal disclosure level. The members of Envolve Communities, LLC are: (a) BSR Unit Holdings, LLC; (b) Hunt LRC, LLC; and (c) Millcreek Member, LLC; and the manager is W. Daniel Hughes, Jr. See Developer’s Proposed Organizational Structure, attached as Exhibit D.

14. As a cascading effect of the foregoing disclosure, the members and managers of each of the foregoing entities should have been disclosed at the fifth principal disclosure level. Specifically, BSR Unit Holdings, LLC’s manager should have been disclosed as John S. Bailey and the natural persons identified in Exhibit B-1, attached, should have been identified as its members. Hunt LRC, LLC’s member should have been disclosed as Hunt ELP, Ltd. and its manager should have been disclosed as Kara Harchuck. Lastly, Mill Creek Member, LLC’s members should have been disclosed as Millcreek Investors, LP and Goodwyn Realty Company, LLC; and its manager should have been disclosed as Scott P. Ledbetter, Sr.
15. At the sixth disclosure level, the partners of Hunt ELP, Ltd., a Texas limited partnership, should be disclosed – if this Petition is granted – as HB GP LLC (general partner); W.L. Hunt (limited partner); James C. Hunt (limited partner), and Hunt Company (limited partner), LLC. The partners of Millcreek Investors, LP should then be disclosed as Scott P. Ledbetter, Sr. (general partner) and Scott P. Ledbetter, Jr. (limited partner). The members of Goodwyn Realty Company, LLC should be disclosed as Scott P. Ledbetter, Jr.; Scott P. Ledbetter, Sr.; and Margaret O. Ledbetter; and its manager should be disclosed as Scott P. Ledbetter, Jr.

16. If this Petition is granted, then, at the seventh disclosure level, HB GP LLC must list its members as: W. L. Hunt and M. L. Hunt; and its manager must be identified as W. L. Hunt. Additionally, Hunt Company, LLC should have listed its member as Hunt Companies, Inc. and its manager as James C. Hunt.

17. Lastly, if granted, Hunt Companies, Inc. would disclose at the eighth disclosure level, its executive officers as: James C. Hunt (Chief executive Officer/President); Clay Parker (Chief Financial Officer/Executive Vice President); Guy Arnold (Chief Operating Officer/Executive Vice President); Joshua W. Hunt (Executive Vice President); and Kara Harchuck (Executive Vice President/General Counsel). Hunt Companies, Inc. would also disclose its shareholders: W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Jason M. Hunt (Beneficiary: Jason M. Hunt; Co-Trustees: Jason M. Hunt, Camille Robison); Woodley L. Hunt a/k/a W.L. Hunt; W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Joshua W. Hunt (Beneficiary: Joshua W. Hunt; Co-Trustees: Joshua W. Hunt, Camille Robison); W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Matthew D. Hunt (Beneficiary: Matthew D. Hunt; Co-Trustees: Matthew D. Hunt, Camille Robison); M.L. Hunt; W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Sarah Hunt Everson (Beneficiary: Sarah Hunt Everson; Co-Trustees:
Sarah Hunt Everson, Camille Robison); WGH Dynasty Trust with (Beneficiaries: Jason M. Hunt, Matthew D. Hunt, Joshua W. Hunt, Sarah Everson Hunt, and minor children; Trustee: Joshua W. Hunt); W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Marcus J. Hunt, Jr. (Beneficiary: Marcus J. Hunt, Jr.; Co-Trustees: Stacey Hunt Spier, Camille Robison); M.L. Hunt & N. Howrey Hunt 2008 GRAT Remainder Trust (Beneficiary: Nicholas R. Hunt; Trustee: Camille Robison); W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Hayden A. Hunt (Beneficiary: Hayden A. Hunt; Co-Trustees: Stacey Hunt Spier, Camille Robison); and W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Gracyn C. Hunt (Beneficiary: Gracyn C. Hunt; Co-Trustees: Stacey Hunt Spier, Camille Robison).

18. Regarding the Developer’s disclosures, the Developer was disclosed as “LEDIC Realty Management, LLC.” See Developer’s Current Organizational Chart, attached as Exhibit C. However, it subsequently formally changed its name to “Envolve Community Management, LLC.”

19. LEDIC Realty Company, LLC was disclosed at the Developer’s first principal disclosure level. LEDIC Realty Company, LLC subsequently changed its name to Envolve Communities, LLC.

20. The Developer’s second principal disclosure level identified: (a) BSR Trust, LLC; (b) Hunt LRC, LLC; and (c) Millcreek Member, LLC. However, since the application was submitted, “BSR Trust, LLC” changed its name to “BSR Unit Holdings, LLC.” Additionally, the manager was not initially identified and should have been disclosed as W. Daniel Hughes, Jr. See Developer’s Current Organizational Chart, attached as Exhibit C. Mr. Hughes was disclosed as the manager of numerous other entities in the application; accordingly, the failure to disclose him in this portion of the application did not deny Florida Housing access to information necessary to vet this natural person.
21. Upon information and belief, the purpose of the requirement to identify all natural persons or trusts by or at the third level is to ensure all persons with control that financially benefit from the funding are disclosed. Here, the sole natural person with control that will financially benefit was disclosed in Petitioner’s application (W. Daniel Hughes, Jr.). Put another way, the natural persons benefitted by the funding will not change if the Petition is granted. While additional natural persons will be identified if the Petition is granted, such persons are merely passive investors with no decision-making authority; or are officers of entities within the organizational structure that are only tangentially related to the Development. Accordingly, granting the Petition – and allowing the requested changes to the Applicant and Developer organizational structures – should not impact FHFC’s confidence in the Petitioner or its principals.

22. Under Section 120.542(1), Fla. Stat., and Chapter 28-104, F.A.C., Florida Housing has the authority to grant waivers to its rule requirements when strict application of these rules would lead to unreasonable, unfair and unintended results in particular instances. Waivers must be granted when: (1) the person who is subject to the rule demonstrates that the application of the rule would create a substantial hardship or violate principles of fairness, and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. See § 120.542(2), Fla. Stat. “Substantial hardship” means a “demonstrated economic, technological, legal, or other type of hardship to the person requesting the variance or waiver.” Id.

23. As demonstrated by the below timeline, Petitioner made a good faith attempt to comply with the Rule, but is prevented from doing so by forces outside of its control.

- Petitioner was invited to credit underwriting on September 5, 2018.
• Petitioner’s HUD 223F Loan officially closed on December 28, 2018. Because an HUD 223F Loan is an immediate fund, the FHA endorsement occurred on the closing date (i.e., December 28, 2018). The Housing Assistance Payments Contract was assigned to the new ownership as of the closing date as well.

• On February 12, 2019, Florida Housing provided a Preliminary Determination Certificate.

• Petitioner requested Florida Housing’s approval of the Developer’s name change on September 9, 2020.

• In the course of discussing the requested name change, Florida Housing identified discrepancies in Petitioner’s and Developer’s principal disclosures, and notified Petitioner of the Rule violation on September 22, 2020.

• Petitioner participated in numerous communications with its local counsel (Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.) by phone and e-mail to understand the Rule, the violation and potential options to cure.

• In an effort to come into compliance with the Rule, Envolve worked with Developer’s counsel (Balch & Bingham LLP) to identify potential organizational structures. After identifying the best option (i.e., the “Compliance Structure”), Developer’s counsel began drafting the documents necessary to create the new Compliance Structure.

• Envolve then contacted its HUD Counsel (Hessel Aluise & O’Leary, P.C.) to discuss the procedure for obtaining approval of the Compliance Structure from HUD and the effect of the change as it related to the Housing Assistance Payments Contract. Envolve also requested HUD Counsel’s review of the Compliance Structure’s organizational chart. HUD Counsel advised that, at a
minimum, the Previous Participation Certification (Form HUD-2530) had to be changed within the Active Partners Performance System.

- Envolve had several discussions with the lender (Highland Commercial Mortgage), to confirm an organizational structure change was possible, the procedure for changing the structure, and what effect the Compliance Structure would have as it related to Petitioner’s HUD 223(f) Loan. Envolve also provided the lender with the Compliance Structure’s organizational chart. Unfortunately, the lender responded by letter dated February 18, 2021, attached as Exhibit E, that the Compliance Structure was not possible because: (a) changes in ownership structure are not allowed by HUD or the Lender after FHA endorsement (which endorsement occurred on December 28, 2018); and (b) any change to the key principal structure was a violation of the current loan covenants.

Accordingly, despite its best efforts, Petitioner is unable to make the changes necessary to come into compliance with the Rule.

24. If this Petition is denied, Petitioner will not be able to obtain the financial support necessary to complete the Development.

25. Because all natural persons in control and financially benefitting from the Development were disclosed to Florida Housing via the Petitioner’s initial principal disclosures, granting the requested waiver will prevent a substantial and unfair hardship from being imposed on Petitioner while still achieving the underlying purpose of the Rule.

26. Similarly, the purpose of the underlying statute (i.e., increasing the supply of affordable housing through private investment) will still be achieved, if the Petition is granted. A waiver of the Rule’s prohibition against disclosing fictitious entities beyond the second
disclosure level, would serve the purposes of Section 420.5099, F.S., and the Act as a whole, because one of the Act’s primary purposes is to facilitate the availability of decent, safe and sanitary housing in the State of Florida to households of limited means. Granting the waiver would ensure the provision of 304 affordable housing units in Duval County.

27. The requested waiver will not prejudice the Development or Florida Housing.

28. Should Florida Housing require additional information, a representative of Petitioner is available to answer questions and to provide all information necessary for consideration of this Petition.

F. PERMANENCY

29. The waiver being sought is permanent in nature.

G. ACTION REQUESTED

For the reasons set forth herein, Petitioner respectfully requests Florida Housing:

(i) grant the requested Board approval to: (a) change the Petitioner’s principals and/or the names of such principals; and (b) change the Developer’s principals;

(ii) grant the requested permanent waiver to allow fictitious entities to appear beyond Petitioner’s second principal disclosure level;

(iii) grant this Petition and all of the relief requested herein; and

(iv) grant such further relief as it may deem appropriate.

Respectfully submitted,

STEARNS WEAVER MILLER WEISSLER ALHADEFF & SITTERSON, P.A.

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By: /s/Brian J. McDonough
Counsel for Petitioner

CERTIFICATE OF SERVICE

The Petition is being served via e-mail for filing with the Corporation Clerk for the Florida Housing Finance Corporation, CorporationClerk@FloridaHousing.org, with copies served by U.S. Mail on the Joint Administrative Procedures Committee, Pepper Building, Room 680, 111 West Madison Street, Tallahassee, Florida 32399-1400, this 20th day of May, 2021.

/s/Brian J. McDonough
EXHIBIT A
Current Applicant Organizational Chart

LRC Desert-Silver, LLC (Owner)

- LRC Desert-Silver GP, LLC (0.01% MM/GP)
- LRC - Owned, LLC (0.01%)
- PNC Bank, National Association (99.97% Investor Member)
- LRC SLP, LLC (0.01%)

- LRC GP, LLC (100% Member)
- LEDIC Realty Company, LLC (100% Sole Member)

- W. Daniel Hughes, Jr.
  - LEDIC Realty Management, LLC (100% Owner)
  - W. Daniel Hughes, Jr.
**EXHIBIT B**

Proposed Applicant Organizational Structure

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**Hunt Companies, Inc.'s shareholders:** W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Jason M. Hunt (Beneficiary: Jason M. Hunt; Co-Trustees: Jason M. Hunt, Camille Robinson); Woodley L. Hunt a/k/a W.L. Hunt; W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Joshua W. Hunt (Beneficiary: Joshua W. Hunt; Co-Trustees: Joshua W. Hunt, Camille Robinson); W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Matthew D. Hunt (Beneficiary: Matthew D. Hunt; Co-Trustees: Matthew D. Hunt, Camille Robinson); M.L. Hunt; W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Sarah Hunt Everson (Beneficiary: Sarah Hunt Everson; Co-Trustees: Sarah Hunt Everson, Camille Robinson); WGH Dynasty Trust with (Beneficiaries: Jason M. Hunt, Matthew D. Hunt, Joshua W. Hunt, Sarah Everson Hunt, and minor children; Trustee: Joshua W. Hunt); W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Marcus J. Hunt, Jr. (Beneficiary: Marcus J. Hunt, Jr.; Co-Trustees: Stacey Hunt Spier, Camille Robinson); M.L. Hunt & N. Howrey Hunt 2008 GRAT Remainder Trust (Beneficiary: Nicholas R. Hunt; Trustee: Camille Robinson); W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Hayden A. Hunt (Beneficiary: Hayden A. Hunt; Co-Trustees: Stacey Hunt Spier, Camille Robinson); and W.L. Hunt & Gayle Hunt 2004 Irrevocable Trust f/b/o Gracyn C. Hunt (Beneficiary: Gracyn C. Hunt; Co-Trustees: Stacey Hunt Spier, Camille Robinson).
| A. FREEMAN WRIGHT & PAMELA J. WRIGHT | DANIEL W. ROSE MD  |
| ADOLPH WELF, III | DAVID BARLOW, III  |
| ADOLPH WELF, IV | DAVID D. LARSON & MAL SHEPHERD  |
| ALAN S. FARRIOR | DAVID HERRICK  |
| ALGELA NEILL MCCORVEY | DAVID M. THOMAS  |
| ALICE K. VAN PATTEEN | DAVID P. HERRICK  |
| ALLISON B. HART | DAVID TANKERSLEY  |
| ALLISON NOBLE | DAVID WIJKER MASON  |
| ALYCE S. BUTNER | DAVIDSON C. TANKERSLEY  |
| AMANDA BAUM WEIL | DeAnn Tetta  |
| AMIT MADELINE BAILEY | DEBORAH M. & GARDNER W. CANNON  |
| ANDREA JORDAN | DEERIA DEMOULEY  |
| Andrew Collins | DIANA DEAS BARROW  |
| ANGELA BENNETT | DIANE J. MURDOCH, JR.  |
| ANN M. GUTHRIE | DICK TOLL  |
| ANN W. HOUMAN | DOLORES S. LAND  |
| ANNA GRACE MIDDLETON | Don Brown  |
| ANNE B. PAYNE | DONALD S. BOHANNON, M.D.  |
| ANNE BLAKE M. BROOKS | DONNA LEE KNOX & WILLIAM J. KNOX  |
| ARTHUR MEAD BRITTON | DORA JANE FLESHER  |
| B. STEPHEN SCHLOSS | DOUG S. SELERS  |
| BARBARA J. WILKINS | Dr. James Kyser  |
| BARBARA T. KOPA | DR. JOHN C. STEPHENS & RHONDA O. STEPHENS  |
| BARRETT BARKS BAILEY | DR. P. BRUCE BARTON  |
| BARRIE R. HARMON, III | DR. STEPHEN LEE DAVIDSON & SUSANNE B. DAVIDSON  |
| BENJAMIN A. BAILEY | DURHAM F. PEACOCK  |
| BENJAMIN J. CUMRIS | DWIGHT JENINGS & JAN B. JENINGS  |
| Benton Hughes | E. HAM WILSON Jr. & CYNTHIA WILSON  |
| Bill Tedford | EDITH J. CROOK  |
| BLAKE EDWARD MIDDLETON | EDWARD W. BAILEY  |
| BOLLING P. STABBE III | EDWIN L. MINGE, JR.  |
| BRADLEY KATZ | ELSEW B. NEELAND  |
| BRENDA M. HICKEN | ELIZABETH BURDUF CRUMP  |
| BRIDGET COY HAMMETT | ELIZABETH K. BLAKE  |
| BROCK A. & AMANDA G. HILL | ELIZABETH R. HOBBS  |
| BRYAN APPLEFIELD | ELIZABETH WELLS  |
| BRYAN L. TUCKER | ELIZABIA MCCRAY TOMPTE  |
| Byren M. Eissen | EMERY KYLE KYSER  |
| C. BARNETT GRACE | EVELYN M. TURNER  |
| C.C. TORBERT, JR. | F. Blake Braeal  |
| CARLTON STOREY JR. | FLORENCE R. DEER  |
| CARLTON W. SHEETS | FRANCES H. HILL  |
| Carrie Miller | FRANK J. JENEI & LUCY S. JENEI  |
| CATHERINE M. COOPER | FRANK M. WILSON  |
| CELIA A. JONES | Frank Staley  |
| Chappell Hill | FRED R. WELLS  |
| CHARLES A. STAIKEY | FREDERICK W. UBICHT, JR. & PATRICIA A. UBICHT  |
| CHARLES B. PATTERSON | GAIL GLOVER & MICHAEL W. SHOCKLEY  |
| CHARLES E. COMMANDER III & VICKY C. COMMANDER | GEORGE H. WAKEFIELD II  |
| CHARLES L. STAFFORD | GEORGE M. DICKENS, JR.  |
| CHARLES W. FARRELL | GEORGE W. BRAIN  |
| CHARLES W. JINNIGHT | GEORGINA S. HOLMES  |
| CHARLES W. LOGAN | GERALD D. SULLIVAN, JR.  |
| CHERYL CRANE | GLENNA A. GULLOT  |
| CHRIS BRIDGSON | GORDON G. MARTIN  |
| CHRIS WILLIAMS | H. E. CAUTHEN, JR.  |
| Clarence Pooncoy | H.A. TED BAILEY III  |
| Clay Torbert | H.A. TED BAILEY IV  |
| COURTNEY I. TAYLOR | H.A. TED BAILEY, MD  |
| Craig Barrow | HANP H. GREENE  |
| CRAIG BARROW, III | HAROLD D. BOWDEN  |
| D. DICKSON HILL | HAROLD W. HAMIN AND TIFFANY J. HAMIN  |
| D. HUGH FRASER JR. | HARRY W. STAKELY  |
| DANIEL AND SLOAN POWELL | HARTWELL DAVIS, JR.  |
| DANIEL M. OBSTHE IDE AND RACHEL B. OBERSTE | HENRY C. CRUMP WELLS  |
| DANIEL MCKINNEY | HENRY C. HEWLETT  |
| HAROLD W. HAMAN AND TIFFANY J. HAMAN | HENRY T. KELLEY, JR.  |
| HARRY W. STAKELEY | HENRY D. COBB  |
| HARTWELL DAVIS, JR. | HENRY H. HUTCHINSON  |
| HENRY C. CRUMP WELLS | HERBERT V. STEVENSON  |
| HERBERT V. STEVENSON | HOWARD E. NELSON, JR.  |
| HOWARD E. NELSON, JR. | INNES T. MINTYR III  |
| I. ALLEN BROWN III | J. ALLEN BROWN III  |
| J. ALLEN BROWN III | J. CLIFFORD MCCURRY & KATHRYN M. MCCURRY  |
| J. CLIFFORD MCCURRY & KATHRYN M. MCCURRY | J. DANIEL FALUGANT  |
| J. DANIEL FALUGANT | J.A. Brown III  |
| J. R. PHILLIP SHAPER | JACK RAYNER  |
| J. R. PHILLIP SHAPER | JAKE MENDLEL  |
| JAMES A. ALEVI | JAMES A. THRASH  |
| JAMES C. ALEXANDER | JAMES C. MORRIS  |
| JAMES C. MOORAY | JAMES EDWIN BECK, JR.  |
| JAMES EDWIN BECK, JR. | JAMES F. BISHOP, SR.  |
| JAMES F. BISHOP, SR. | JAMES F. GLASS  |
| JAMES H. SANFORD | JAMES H. SANFORD  |
| JAMES L. RANNE | JAMES W. EARLEY, JR. & GEORGO P. EARLEY  |
| JAMES W. EARLEY, JR. & GEORGO P. EARLEY | JAMES ZEVAIAK  |
| JAN BAILEY | JANET J. MOORE  |
| JANET J. MOORE | JANE E. FOK  |
| JANIE Y. MOUCK | JASON K. MCCRAY  |
| JASON K. MCCRAY | JEFFREY D. MASTERS & JANE MASTERS  |
| JEFFREY D. MASTERS & JANE MASTERS | JEHLE MCCLINTON & DOKERY  |
| JEHLE MCCLINTON & DOKERY | JELLA G. KERSHAW  |
| JELLA G. KERSHAW | JENNIFER M. GUILLEDGE  |
| JENNIFER M. GUILLEDGE | Jennifer VanArtan  |
| JEFFREY D. MASTERS & JANE MASTERS | JERRY L. BRADY, SR.  |
| JERRY L. BRADY, SR. | JERRY K. SETON, JR.  |
| JESSE P. STUTTLE, JR. | JESSE W. AUSTIN, JR. AND DOKERY P. AUSTIN  |
| JESSE W. AUSTIN, JR. AND DOKERY P. AUSTIN | JIM BISHOP, JR.  |
| JIM BISHOP, JR. | Jim Inseco  |
| JIM L. RIDING & CATHERINE S. RIDING | JIM McDermott  |
| JIM McDermott | JOHN B. RUKER  |
| JOHN B. RUKER | JOHN B. WALLACE & JANE G. WALLACE  |
| JOHN B. WALLACE & JANE G. WALLACE | JOHN H. YELVERTON, III  |
| JOHN D. YELVERTON, III | JOHN DAVID B. HENDRY  |
| JOHN DAVID B. HENDRY | JOHN DOUGLAS ROBERTSON & CATHRIN M. ROBERTSON  |
| JOHN H. YELVERTON, III | JOHN E. GAY II  |
| JOHN E. GAY II | JOHN E. MACHAM  |
| JOHN E. MACHAM | JOHN E. NALL, JR.  |
| JOHN E. NALL, JR. | JOHN ERIC BAILEY  |
| JOHN ERIC BAILEY | JOHN FRANKLIN  |
| JOHN FRANKLIN | JOHN H. SHANNANHAN AND JANE M. SHANNANHAN  |
| JOHN H. SHANNANHAN AND JANE M. SHANNANHAN | JOHN G. ADAMS, III & KIMBERLY H. ADAMS  |
| JOHN G. ADAMS, III & KIMBERLY H. ADAMS | John S. Bailey  |
John W. Sullivan
Jonathan Kilough
Josh Pyke-Call
Joseph H. Robinson, Jr.
Joseph Murphy
Josh Mandell
Julia M. Train
Julia Sullivan Allen
Julius Ehle
June J. Pierce, III
K. Roger Tel, Jr.
Karen N. Jackson-Pavey
Karen L. Karp
Karidout Rockwell
Katherine H. Ostrander
Kathryn B. Drape
Ken Funderburk
Ken Williams
Kenneth C. Funderburk
Kevin D. & Virginia Jo B. McCray
Kevin Webber
Kimberly H. Adams
Kuehl, P. Pflugrath
L. Dickson Fuke
Larry Bloomberg
Larry D. Kien
Larry D. Glick
Laura Shaker Sanders
Laurel Jean Well
Lee Barton
Lee Castle
Lee Hill Beck
Lee Sellers
Leroy McKenzie
Lesa L. Bowen
Leslie M. Huckaby
Lida L. Hill
Linda K. McIntyre
Lisa B. Weil
Lona L. Peterson
M. Clark Sahlie
Mable L. Johnson
Maceda A. Jason
Mandy Knox Sweeney
Margaret G. Livingston
Margaret Mardigian
Marion Hurley
Mark D. Froehlich
Mary W. Erickson
Martha H. Macintosh
Martha T. Demere
Martha T. Moore
Martin L. Karp
Martin L. Karp
Mary A. Williamson
Mary Ashley A. Henry
Mary Catherine Paull
Mary Margaret Dunn
Mary Maloue Shaffer
Matthew Finley Virsten
May A. Luther, III
Melissa Grace McCray
Merily Burgos
Michael P. Dunn
Michael M. Magley
Micelle Hughes
Mike Dunn
Mill C. Denott
Mitchell M. McCray
Moriah Hackney
Mrs. E. M. Elmore & Inscoe
Nan Lavin
Nancy J. Hess
Nancy C. Sheets
Nettie T. Harris
Nickolay Stefanov
Nimrod T. Frazer Jr.
Noelle Yelverton
Pamela B. Phagan
Patricia L. Ronning
Patricia Stoiber
Paul B. Brown
Paul J. Robertson, Sr.
Pendleton P. White
Penelope Tel
Philip J. Deer, Jr.
Philip S. Cramer
Philip W. Fletcher
Philip Deer IV
Philip J. Deer
Philip James Deer, III
Philip W. Anderson
Price Gregory Bishop
Priscilla H. Stewart and Bruce F. Holding III
Purser L. McLeod, Jr.
R. Vincent Martin, III
Randall Brown
Randall J. Turner
Randall L. Patterson
Randy O. Jackson
Ray D. Petri
Rebecca J. Bailey
Renee Crade
Richard Akel
Richard Borowky
Richard Gill
Richard O. Mitchell
Robby Ridout
Robert A. Cannon & Grace V. Cannon
Robert B. Geddie Jr.
Robert B. Kohn
Robert E. Falligant, Jr.
Robert L. Thuer and Eleanor B. Thuer
Robert Early & Diane Elizabeth Early
Robert M. Dixon
Robert O. Burton
Robert S. Shafer
Robert W. McCollum, Jr.
Robin M. Kroms
Rocky Barnes
Rodney J. Bell
Roger Teel, Sr.
Roland A. Hester
Ronald A.
Ronald Barber
Ronald B. Bloom
Ronald C. Brown, Jr.
Ronald C. Brown, Sr.
Roy T. Hager
S. Adam Schloss
Sally Beeby
Samuel Adams
Samuel F. Hobbs
Sara P. Bursong
Sarah E. Shafer
Scott A. Ray
Scott E. Tabor
Scott R. Crossfield
Scott Tisdell
Seth Middelton
Sharon Bailey
Sharon S. Bailey
Shelley Johnson
Shelley M. Venable
Samuel Gallup, Jr.
Steven J. Suski
Steven K. Tempi
Steven King
Steven Schloss
Susan B. Conner
Susan Jones Luke
Susan M. Boyd
Susanna Shimer
Susanne Vongal Stevenson
T. Bowen Miller, III
Ted Bailey
Teresa E. Reardon
Teresa Murphy
Terisa Thompson
Terry L. Carisse
Theda T. Tankersley
Thomas A. Harris
Thomas F. McCray, Jr.
Thomas J. Curnow
Thomas T. Donald
Todd Strange
Tony Pardee
Tranum Fitzpatrick
Truman M. Hobbs, III
Truman M. Hobbs Jr.
Ty Howard
Vernon L. Collins, Jr.
Virginia Jo Mitchell McCray
Virginia B. Adair
Virginia McCray Musselman
Virginia Miller Virden
W. Daniel Hughes, III
W. Daniel Hughes, Jr.
W. Daniel Hughes, Sr.
W. Inge Hill
W. Inge Hill, Jr.
W. Warren B. Hett
Walker G. Martin
Walter L. Overby
Walter Moreland Dunn
Walton Fleming Hall
Watson G. Johnston, Jr.
Watkins Johnston
William J. Earley & Elizabeth C. Earley
William J. Knolmalk
William J. Knolmalk
William N. Alessi
William S. Canwood
William S. Haynes
William Scott Bowen
William T. Hughes
William F. Starks
Young J. Bozler, III
Young Stevenson, Jr.
Young W. Stevenson, Sr.
EXHIBIT C
Current Developer Organizational Chart

LEDIC Realty Management, LLC

LEDIC Realty Company, LLC (Member)

BSR Trust, LLC (Member)
Hunt IRC, LLC (Member)
Millcreek Member, LLC (Member)
EXHIBIT D
Proposed Developer Organizational Chart

Envolve Community Management, LLC

W. Daniel Hughes, Jr. (Manager)

Envolve Communities, LLC (Member)

BSR Unit Holdings, LLC (Member)

Hunt LRC, LLC (Member)

Millcreek Member, LLC (Member)

W. Daniel Hughes, Jr. (Manager)
February 18, 2021

Tyler Hunt
Enovo Communities
105 Tallapoosa Street, Suite 300
Montgomery, AL 36104

Subject Desert Wind-Silver Creek Apartments
Jacksonville, FL
FHA #063-11138
304 Unit Affordable Housing

Dear Mr. Hunt,

Regarding your recent inquiry related to changing the organizational structure for the above referenced project, Highland Commercial Mortgage, LLC (“HCM” or “Lender”) is unable to grant your request. HCM underwrote the subject loan in accordance with the requirements set forth by HUD’s MAP Guide and currently holds a first mortgage that is securitized with FHA insurance and a Ginnie Mae Mortgage Backed Security.

Neither HUD nor the Lender will allow changes in ownership structure after FHA endorsement due to lack of certainty that HUD/HCM would reach the same underwriting conclusions if the transaction were underwritten with individuals as the guarantors on the loan.

The Owner/Mortgagor of the subject site is LRC Desert-Silver, LLC, a single asset entity, formed under the laws of the State of Florida. The principals/sponsors are noted in the organizational chart below.

![Organizational Chart]

LRC Desert-Silver, LLC
Mortgagor

LRC Desert-Silver GP, LLC
0.01% Manager

LRC GP, LLC
100% Manager

PNC Real Estate Affiliate
99.98% Investor Member

LEDIC Realty Company, LLC
Manager and Sole Member

LRC SLF, LLC
0.01% SLF

LEDIC Realty Management, LLC
Manager and Sole Member

EXHIBIT E
Lender Denial Letter
Desert Wind-Silver Creek Apartments

February 18, 2021

The key/active principals and/or primary decision makers for the Mortgagor Entity are:

1. LRC Desert-Silver, LLC (Mortgagor)
2. Envolve Realty Company, LLC

Section 50 of the recorded Regulatory Agreement was executed by LRC Desert-Silver, LLC and Envolve Realty Company, LLC (f/k/a LEDC Realty Company, LLC), which is governed by a Board of Directors. As such, there is no individual in this transaction with sole control and authority over the project. Any change to the key principal structure is a violation of the current loan covenants. Furthermore, Lender finds that the proposed change in structure would increase risk of default in the transaction.

Please feel free to contact me at (205) 427-8124 or jennifer@hcml4.com if you have questions or concerns in this matter.

Kindest Regards,

[Signature]

Jennifer R. Massey
Chief Operating Officer
Highland Commercial Mortgage