RECEIVED

MAY 20 2021 12:03 PM

FLORIDA HOUSING
FINANCE CORPORATION

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

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

Petitioner,

vs.

FLORIDA HOUSING FINANCE CORPORATION,

Respondent.

CASE NO. 2021-028VW

Application No. 2018-507C

PETITION FOR WAIVER OF RULE 67-21.002(9), (85), F.A.C. (2018) AND BOARD APPROVAL PURSUANT TO RULE 67-21.003(1)(b), (8)(b), AND THE NON-COMPETITIVE APPLICATION INSTRUCTIONS (2018)

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@envolvellc.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: bmcdonough@stearnsweaver.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@stearnsweaver.com

B. THE DEVELOPMENT

3. The following information pertains to the Development:

- Development Name: Desert Winds and Silver Creek

- Developer: Envolve Community Management, LLC[1]
- 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 Rule 67-21.003(1)(b), F.A.C. (2018), which incorporates by reference the Non-Competitive 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.
>
> ***
>
> (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

[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:
> ***
> (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."
>
> ***
>
> (85) "Principal" means:
>
> (a) With respect to an Applicant that is:
>
> ***
>
> 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:
>
> ***
>
> 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 . . . .

See Rule 67-21.002(9) and (85)(a)3., F.A.C. (2018) (emphasis added).

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

8. Rules 67-21.002 and 67-21.003, F.A.C. (2018), implement, among other sections of the Florida Housing Finance Corporation Act (the "Act"):

- 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: Camile 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.

Brian J. McDonough, Esq.
Bridget Smitha, Esq.
150 West Flagler Street, Suite 150
Miami, Florida 33131
Tel: (305) 789-3350

Fax: (305) 789-3395
E-mail: bmcdonough@swmwas.com

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

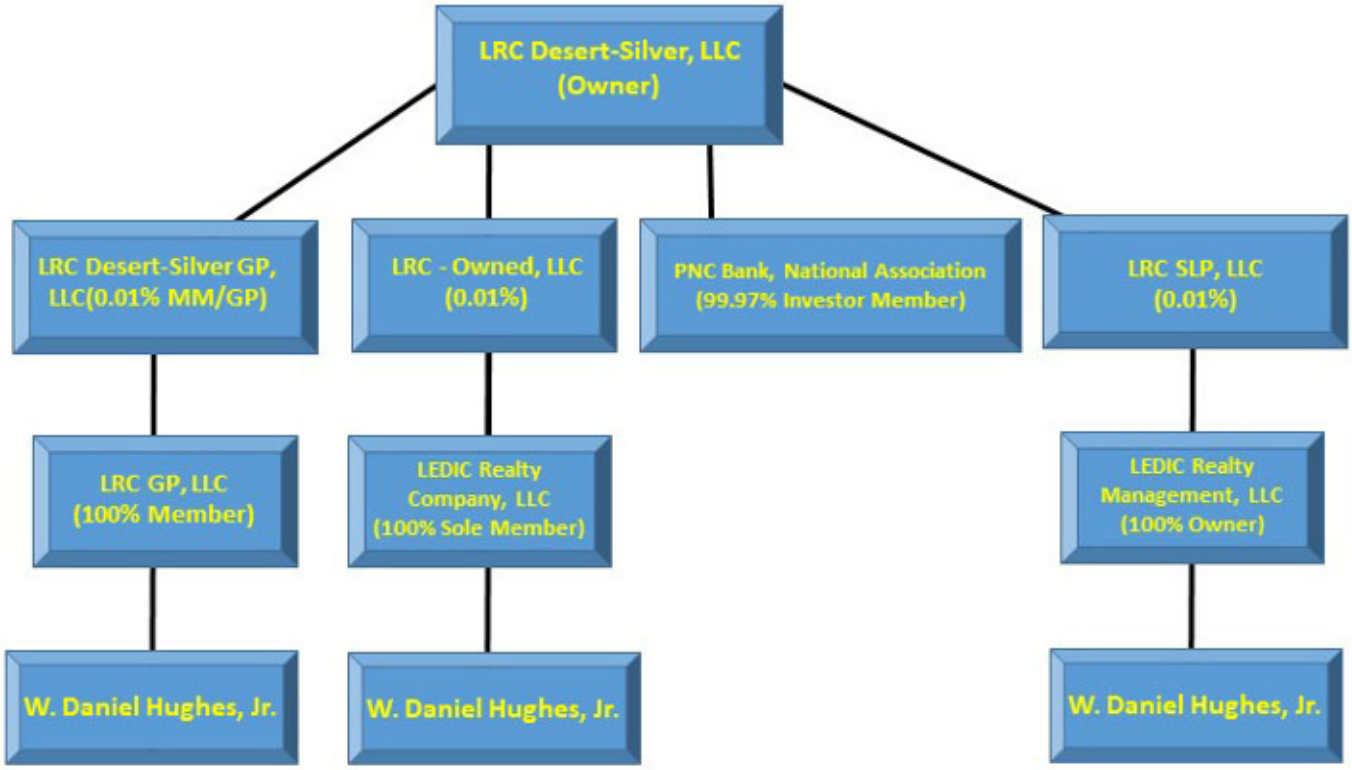
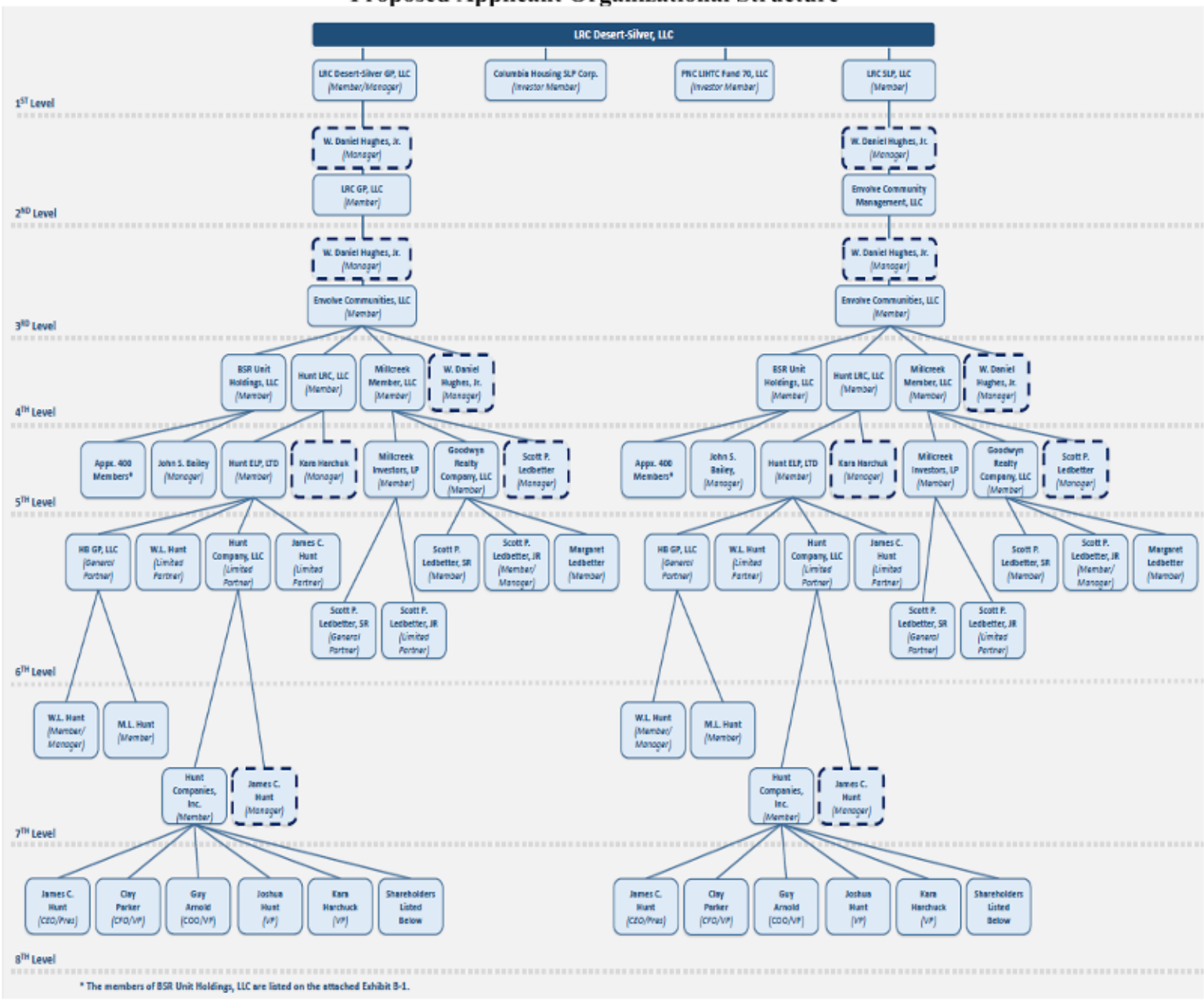


EXHIBIT B
Proposed Applicant Organizational Structure



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 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: Camile 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).*

EXHIBIT B-1
BSR Unit Holdings LLC's Members

A. FREEMAN WRIGHT & PAMELA J. WRIGHT
ADOLPH WEIL III
ADOLPH WEIL IV
ALAN S. FARRIOR
ALGIE NEILL MCCORVEY
ALICE K. VAN PATTEN
ALLISON B. HART
ALLYSON NOBLE
ALYCE S. BUTNER
AMANDA BAIM WEIL
AMY MADELINE BAILEY
ANDREA JORDAN
Andrew Collins
ANGELA BENREY
ANN M. GUTHRIE
ANN W. HOLMAN
ANNA GRACE MIDDLETON
ANNE B. PAYNE
ANNE BLAKE M. BROOKS
ARTHUR MEAD BRITTON
B. STEPHEN SCHLOSS
BARBARA JAN WILKINS
BARBARA T. KROPA
BARRETT BANKS BAILEY
BARRIE H. HARMON, III
BENJAMIN A. BAILEY
BENJAMIN J. CUMBUS
Benton Hughes
Bill Tedford
BLAKE EDWARD MIDDLETON
BOLLING P. STARKE III
BRADLEY KATZ
BRENDA M. HACKNEY
BRIDGET COX HAMMETT
BROCK A. & AMANDA G. HILL
BRYAN APPLEFIELD
BRYAN K. TUCKER
Byron M. Eisemon
C. BARNETT GRACE
C.C. TORBERT, JR.
CARLTON STOREY JR.
CARLTON W. SHEETS
Carrie Miller
CATHERINE M. COOPER
CELIA A. JONES
Chappell Hill
CHARLES A. STAKELY
CHARLES B. PATERSON
CHARLES E. COMMANDER III AND VICKY C. COMMANDER
CHARLES L. STAFFORD
CHARLES W. FARRELL
CHARLES W. JINRIGHT
CHARLES W. LOGAN
CHERYL CRANE
CHRIS BIRDSONG
CHRIS WILLIAMS
Clarence Pouncey
Clay Torbert
COURTNEY K TAYLOR
Craig Barrow
CRAIG BARROW, III
D. GREGORY LUCE
D. HUGH FRAZER JR.
DANIEL AND SLOAN POWELL
DANIEL M. OBERSTE AND RACHAEL B. OBERSTE
DANIEL MCKINNEY
DANIEL W. ROSE MD
DAVID BARROW, III
DAVID D. LARSON & HAL SHEPHERD
DAVID HERRICK
DAVID M. THOMAS
DAVID P HERRICK
DAVID TANKERSLEY
DAVID WILKIE MASON
DAVIDSON C. TANKERSLEY
DeAnn Totta
DEBORAH M. & GARDNER W. CANNON
DEDERIA DEMOUEY
DIANA DEAS BARROW
DIANE J. MUNROE, JR.
DICK TOLL
DOLORES S. LAND
Don Brown
DONALD S. BOHANNON, M.D.
DONNA LEE KNOX & WILLIAM J. KNOX
DORA JANE FLESHER
DOUG C. SELLERS
Dr. James Kyser
DR. JOHN C. STEPHENS & RHONDA O. STEPHENS
DR. P. BRUCE BARTON
DR. STEPHEN LEE DAVIDSON & SUZANNE B. DAVIDSON
DURHAM F. PEARSON
DWIGHT JENNINGS & JAN B. JENNINGS
E. HAM WILSON JR. & CYNTHIA WILSON
EDITH J. CROOK
EDWARD W. BAILEY
EDWIN L. MINGES, JR.
ELISE W. NEELAND
ELIZABETH BURFORD CRUMP
ELIZABETH K. BLAKE
ELIZABETH M. MCCRAY
ELIZABETH R. HOBBS
ELIZABETH WELLS
ELLIANNA MCCRAY TEMPLE
EMERY KYLE KYSER
EMILY MAUDE MCCRAY
ERIC AND JANA STOIBER
ERNEST HORNSBY & MARIANNE HORNSBY
EUGENE C. CRANE
EVELYN M. TURNER
F. Blake Brazeal
FLORENCE R. DEER
FRANCES H. HILL
FRANK J. JEHLE & LUCY S. JEHLE
FRANK M. WILSON
Frank Stakely
FRED R. WELLS
FREDERICK W. ULBRICHT, JR. & PATRICIA A. ULBRICHT
GAIL GLOVER AND MICHAEL W. SHOCKLEY
GEORGE H. WAKEFIELD, III
GEORGE M. DICKENS, JR.
GEORGE W. BRAIN
GEORGIA S. HOLMES
GERALD D. SULLIVAN, JR.
GLENN A. GUILLOT
GORDON G. MARTIN
H. E. CAUTHEN, JR.
H.A. TED BAILEY III
H.A. TED BAILEY, IV
H.A. TED BAILEY, M.D.
HAMP H. GREENE
HAROLD D. BOWDEN
HAROLD W. HAMLIN AND TIFANY M. HAMLIN
HARRY W. STAKELY
HARTWELL DAVIS, JR.
HELEN CRUMP WELLS
HENRY C. HEWLETT
HENRY C. KELLEY, JR.
HENRY D. COBB
HENRY H. HUTCHINSON
HERBERT V. STEVENSON
HOWARD B. NELSON, JR.
INNES T. MCINTYRE III
J ALLEN BROWN III
J. ALLEN BROWN, III
J. CLIFFORD MCCURRY & KATHRYN H. MCCURRY
J. DANIEL FALLIGANT
J.A. Brown III
J.R. PHILLIP SHAFER
JACK RAINER
JAKE MENDEL
JAMES A. ALESSI
JAMES A. THRASH
JAMES C. MORRIS
JAMES C.J. MCCRAY
JAMES EDWIN BECK, JR.
JAMES F. BISHOP, SR.
JAMES F. GLASS
JAMES H. SANFORD
JAMES L. PANNELL
JAMES W. EARLEY, JR. & GEORGIA P. EARLEY
JAMES ZEMLYAK
JAN BAILEY
JANE D. MOORE
JANE E. FOX
JANIE Y. HOUCK
JASON K. MCCRAY
JEFFREY D. MASTERS & DIANE MASTERS
JEHLE MCCLINTON & DOCKERY
JEILA G. KERSHAW
JENNIFER M. GULLEDGE
Jennifer VanArken
JERE L. BEASLEY, SR.
JERRY K. SETON, JR.
JESSE P. STUTTS, JR.
JESSE W. AUSTIN, JR. AND DOCKERY P. AUSTIN
JIM BISHOP, JR.
Jim Inscoe
JIM L. RIDLING & CATHERINE S. RIDLING
Jim Scott
JOAN BARTON
JOANN H. HARRIS
JOE FINE
JOHN A. VIRDEN
JOHN ANZALONE
John B. Rucker
JOHN B. WALLACE & JANE G. WALLACE
JOHN D. YELVERTON, III
JOHN DAVID B. HENRY
JOHN DOUGLAS ROBERTSON & CATHRYN M. ROBERTSON
JOHN E. CAY III
JOHN E. HACKMAN
JOHN E. HALL, JR.
JOHN ERIK BAILEY
JOHN FLAKE
JOHN H.K. SHANNAHAN AND JANE H. SHANNAHAN
JOHN Q. ADAMS, III & KIMBERLY H. ADAMS
John S. Bailey

JOHN WINSLOW SULLIVAN
JONATHAN KILLOUGH
JOSEPH C. GILL
JOSEPH H. ROBINSON, JR.
JOSEPH MURPHY
JOSH MANDELL
JULIA M. TRAIN
JULIA SULLIVAN ALLEN
JULIUS EDEL
JUNIE J. PIERCE, III
K. ROGER TEEL, JR.
KAREN K. JACKSON-PAVEY
KAREN L. KARP
KARI RIDOUT ROCKWELL
KATHERINE H OSTRANDER
KATHRYN B. DRAPER
Ken Funderburk
KEN WILLIAMS
KENNETH C. FUNDERBURK
KEVIN D. & VIRGINIA JO B. MCCRAY
Kevin Webber
KIMBERLY H. ADAMS
KJELL F. FLANAGAN
L. Dickson Flake
Larry Bloomberg
Larry D. Kiem
LARRY D. PUCKETT
LAURA SHAFER SANDERS
LAURIE JEAN WEIL
LEE BARTON
LEE CASTLE
LEE HILL BECK
Lee Sellers
LEROY MCENTIRE
LESA L. BOWEN
LESLIE M. HUCKABY
LIDA I. HILL
LINDA R. MCINTYRE
LISA B. WEIL
LONA L. PETERSON
M. CLARK SAHLIE
MABLE L. JOHNSON
MAKEBA A. JASON
MANDY KNOX SWEENEY
MARGARET G. LIVINGSTON
MARGARET HART VIRDEN
MARION HURLEY
MARK D. FROEMMING
MARSHA 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 PAULUS
Mary Margret Dunn
MARY MAUDE SHAFER
MATTHEW FINLEY VIRDEN
MAX A. LUTHER, III
MELISSA GRACE MCCRAY
MERRILY BURGOS
MICHAEL P. DUNN
MICHAEL P. MASSEY
MICHELLE HUGHES
Mike Dunn
MILES L DEMOTT
MITCHELL M. MCCRAY
Morris Hackney
MRS. ELMORE B. INSCOE
NAN LAVIN
NANCY J HESS
NANCY S. SHEETS
NETTIE T. HARRIS
NICKOLAY STEFANOV
NIMROD T. FRAZER JR.
NOBLE YELVERTON
PAMELA B. PHAGAN
PATRICIA L. RONNING
PATRICIA STOIBER
PAUL B. BROWN
PAUL J. ROBERTSON, SR.
PENDLETON P. WHITE
PENELOPE TEEL
PHILIP J. DEER, JR.
PHILIP S. CRANE
PHILIP W. FLETCHER
PHILLIP DEER IV
Phillip Fletcher
PHILLIP JAMES DEER, III
PHILLIP W. ANDERS
PRICE GREGORY BISHOP
PRISCILLA H STEWART AND BRUCE F HOLDING III
PURSER L. MCLEOD, JR.
R. VINCENT MARTIN, III
RANDAL BROWN
RANDALL J. TURNER
RANDALL L. PATTERSON
RANDY O. JACKSON
RAY B. PETTY
REBECCA JO BAILEY
RENE' CRABB
RICHARD AKEL
Richard Borowy
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 E. THURBER AND ELEANOR B. THURBER
ROBERT EARLY & DIANE ELIZABETH EARLEY
ROBERT M. DIXON
ROBERT O. BURTON
ROBERT S. SHAFER
ROBERT W. MCCORKLE, JR.
ROBIN M. KROMIS
ROCKY BARNES
RODNEY L. BELL
ROGER TEEL, SR.
ROLAND A. HESTER
RON ALRED
RON DRINKARD
RONALD A. BLOOM
RONALD C. BROWN, JR.
RONALD C. BROWN, SR.
ROY T. HAGER
S. ADAM SCHLOSS
SALLY BEESON
SAMUEL ADAMS
SAMUEL F. HOBBS
SARA P. BIRDSONG
SARAH E. SHAFER
SCOTT A. RAY
SCOTT E. TABOR
Scott R. Crossfield
SCOTT TISDELL
SETH MIDDLETON
SHARON BAILEY
SHARON S. BAILEY
Shelby Johnson
SHELLEY M. VENABLE
SIMUEL SIPPIAL JR.
STEVEN J. SUSKI
STEVEN K. TEMPLIN
Steven Kyser
Stever Schloss
SUSAN B. CONNER
SUSAN JONES LUCE
SUSAN M. BOYD
SUSANNA SHERMER
SUZANNE VONGAL STEVENSON
T. BOWEN HILL, III
TED BAILEY
TERESA E. REARDON
Teresa Murphy
TERESA THOMPSON
TERRY L. CARLISLE
THEDA B. TANKERSLEY
Thomas A. Harris
THOMAS F. MCCOY, JR.
THOMAS J. CURTIN
THOMAS T. DONALD
TODD STRANGE
TONY PARDEW
TRANUM FITZPATRICK
TRUMAN M. HOBBS, III
TRUMAN M. HOBBS, JR.
TY HOWARD
VERNON LEE COLLINS, JR.
VIRGINA JO MITCHELL MCCRAY
VIRGINIA B. ADAIR
VIRGINIA MCCRAY MUSSELLMAN
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. RHETT
WALKER G. MARTIN
WALTER L. OVERBY
WALTER MORELAND DUNN
WALTON FLEMING HALL
WATKINS C. JOHNSTON, JR.
Watkins Johnston
WILL HILL TANKERSLEY JR
WILLIAM A. HALTER
WILLIAM A. LEGG, JR.
WILLIAM B. ARMAGOST
WILLIAM B. SELLERS & LEE G. SELLERS
WILLIAM CHADWICK JONES JR.
WILLIAM D. DAILEY
WILLIAM H. RUE, JR.
WILLIAM HANSELL RUE, III
WILLIAM I. HILL, II
WILLIAM J. EARLEY & ELIZABETH C. EARLEY
WILLIAM KNIGHT HOLBROOK
WILLIAM N. ALESSI
WILLIAM S. CAWOOD
WILLIAM S. HAYNES
WILLIAM SCOTT BOWEN
WILLIAM T. HUDGENS
WINIFRED L. STAKELY
YOUNG J. BOOZER, III
YOUNG STEVENSON, JR.
YOUNG W. STEVENSON, SR.

EXHIBIT C
Current Developer Organizational Chart

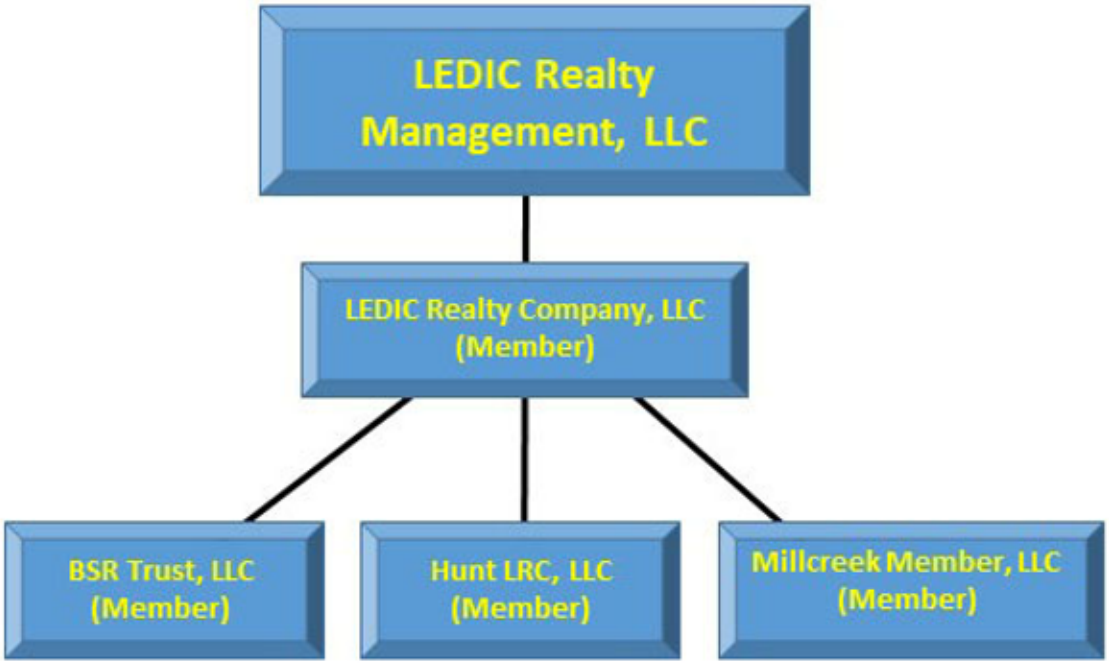


EXHIBIT D
Proposed Developer Organizational Chart

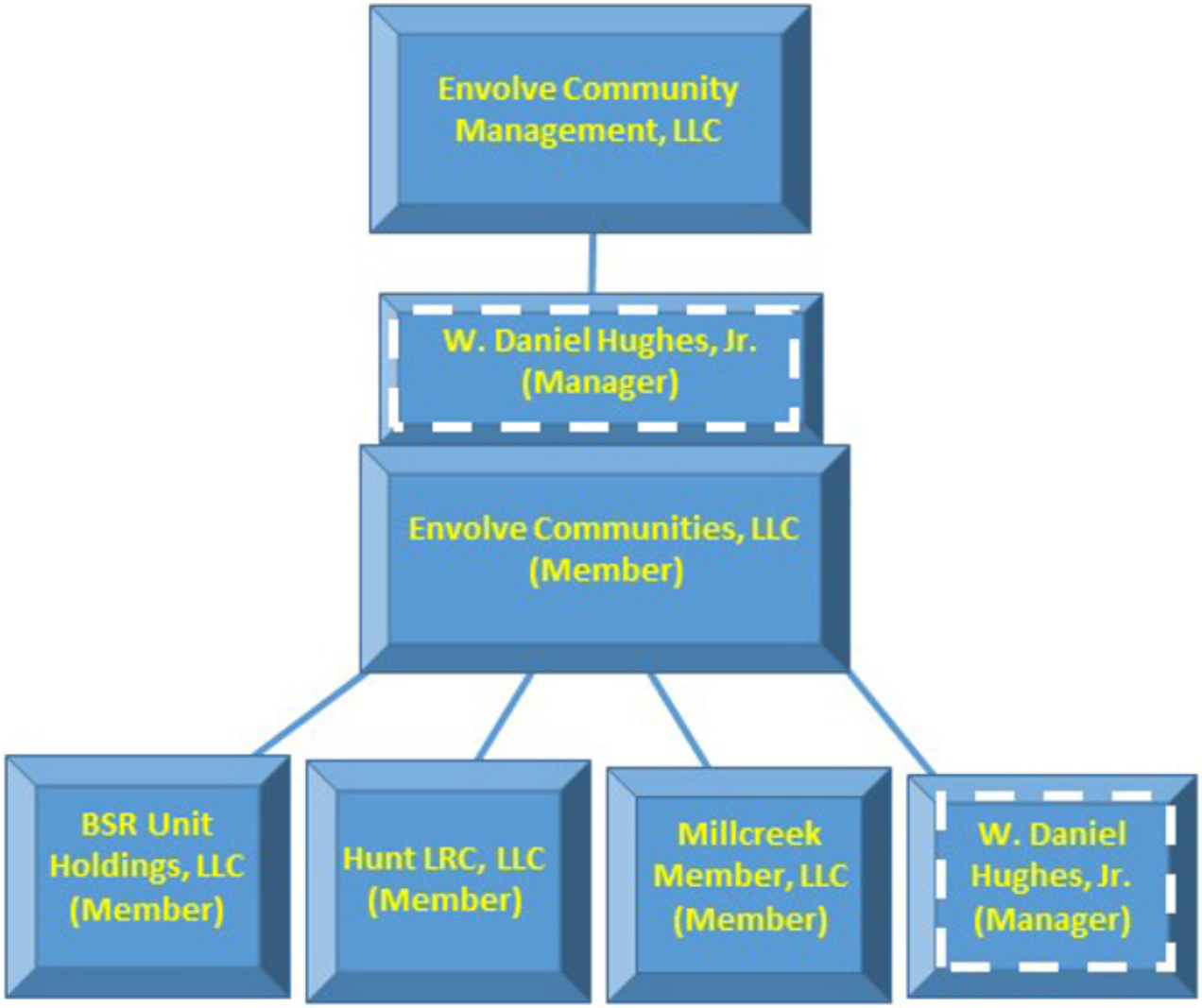


EXHIBIT E
Lender Denial Letter

HIGHLAND
COMMERCIAL MORTGAGE

February 18, 2021

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

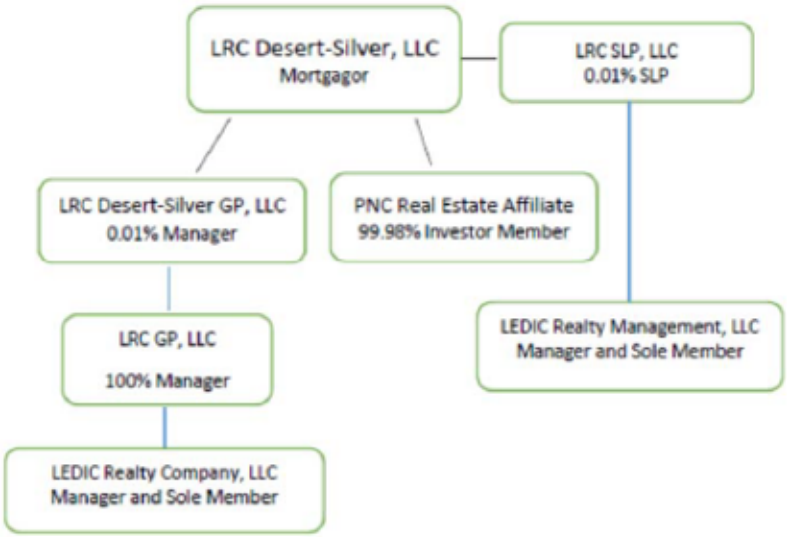
Subject Desert Wind-Silver Creek Apartments
Jacksonville, FL
FHA # 063-11138
304-Unit Affordable Housing

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.



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 LEDIC 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@hcmd4.com if you have questions or concerns in this matter.

Kindest Regards,



Jennifer R. Massey
Chief Operating Officer
Highland Commercial Mortgage