

FHFC III, INC.

Action Supplement

I. FHFC III, INC.

A. Ratification of the Execution of the Purchase and Sale Agreement for Landings at Boot Ranch Apartments

1. Background

- a) Boot Ranch West, Ltd. d/b/a Landings at Boot Ranch Apartments (“Boot Ranch”) is a 232 unit multifamily development located in Palm Harbor, approximately 20 miles northwest of Tampa in Pinellas County. The property was financed with FHFC bonds, 1995 Series K, an allocation of 4% housing credits and SAIL. The Guarantee Program and HUD (through a Risk-Sharing agreement) guaranteed the first mortgage.
- b) On March 16, 2009, the Guarantee Program filed an Application for Initial Claim Payment with HUD and on May 7, 2009, filed for foreclosure in the 6th Circuit Court in Pinellas County, case number 2009-008285-CI-007.
- c) On August 27, 2009, Boot Ranch filed their consent to summary judgment and final summary judgment was granted on September 4, 2009. A foreclosure sale date was set for October 6, 2009. FHFC was the winning bidder at the foreclosure sale and a certificate of title was issued on October 19, 2009 in the name of FHFC III, Inc.
- d) Following established protocol, Boot Ranch was listed for sale via competitive bid process with C.B. Richard Ellis (CBRE). The deadline for submitting bids was April 13, 2010. A total of 31 bids were received. On April 19, 2010, after CBRE vetted the offerors, CBRE submitted the best and final offers from the following offerors:
 - (1) Aspen Square Management
 - (2) BH Equities
 - (3) Blue Rock Partners LLC
 - (4) Carter-Haston Holdings LLC
 - (5) Commerce Park Management
 - (6) Douglas Partners
 - (7) ELCO Landmark Acquisitions LLC
 - (8) Fundamental Advisors
 - (9) Hawthorne Residential Partners
 - (10) Henderson Global Investors
 - (11) JLC Southeast

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- (12) Midland Property Group
 - (13) Milestone Investments, LLC
 - (14) Prospect Property Group
 - (15) Simon Konover Development
 - (16) Southeast Capital
 - (17) Stoneleigh Companies
 - (18) WRH
- e) Staff met April 22, 2010 to select top bidders and formulate a recommendation for approval of the sale.

2. Present Situation

- a) Pursuant to Board Resolution 2010-003 dated January 22, 2010, the Board delegated authority to the Chair or Vice Chair, with the advice of Florida Housing's financial advisor, to select and approve an offeror for the sale of any property held by FHFC III. Based upon Hawthorne Residential Partner's \$11.7 million offer including a total of \$400,000 upfront in an earnest money deposit, 20 day deadline for due diligence and projected closing 20 days thereafter, with no extensions, cash on hand to close the transaction without financing, CBRE's and Florida Housing's financial advisor's favorable recommendation, staff requested approval to negotiate a purchase and sale agreement for the sale of Boot Ranch to Hawthorne Residential Partners.
- b) The net claim is approximately \$10 million. Adding accrued HUD debenture interest projected through closing and final settlement (just under \$1 million) as well as legal costs, collateral projection expenses, broker fees and disposition-related costs (together totaling approximately \$500,000), the aggregate monetary exposure will be approximately \$11.5 million. In light of the recommended offer of \$11.7 million (not excluding disposition fees/expense), the Guarantee Program's recovery of capital on disposition of the asset should closely approach breakeven.
- c) On April 23, 2010, the Board Chair authorized staff to proceed with the purchase and sale agreement for the sale of Boot Ranch to Hawthorne Residential Partners.
- d) FHFC II, Inc., Resolution No. 2010-004 ([Exhibit A](#))

3. Recommendation

Ratify the purchase and sale agreement for the sale of Landings at Boot Ranch Apartments to Hawthorne Residential Partners, and direct staff to proceed with the closing on the sale.