

**SELTZER MANAGEMENT GROUP, INC.**

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January 11, 2016

*VIA EMAIL*

Mr. Brantley Henderson  
Florida Housing Finance Corporation  
227 North Bronough Street  
Tallahassee, Florida 32301

Re: Grande Court at Boggy Creek Apartments  
FHFC MMRB 2002 Series G / 4% HC 2002-521C  
Transfer of Ownership / Assumption and Subordination of the Multifamily Mortgage Revenue  
Bond Loan Land Use Restriction Agreement ("LURA"), and the Extended Low-Income Housing  
Agreement ("ELIHA")

Dear Mr. Henderson:

On your behalf, Seltzer Management Group, Inc. ("SMG", "Seltzer" or "Servicer") has reviewed a request dated November 11, 2015, from Grande Court Kissimmee Associates Ltd. ("Current Borrower," "GCKA" or "Seller") for Florida Housing Finance Corporation ("FHFC" or "Florida Housing") to consent to the sale of Grande Court at Boggy Creek Apartments ("Grande Court") from GCKA to RST Development, LLC, which will be assigned to Autumn Lakes Associates, L.P. ("Autumn") with a 62% ownership interest and Weaver Drive Associates, L.P. ("Weaver") with a 38% ownership interest, Tenants in Common ("New Borrower" or "TIC"). Specifically, SMG has been requested to determine that TIC has the prerequisite financial strength and experience to successfully own and operate Grande Court. The letter also requested the assumption and subordination of the existing MMRB LURA and the ELIHA.

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

1. Correspondence seeking Florida Housing's consent for the purchase of Grande Court
2. Draft Agreement Among TIC To Own Real Property Known as Grande Court
3. Florida Housing MMRB Credit Underwriting Report dated April 18, 2002
4. MMRB documentation including the MMRB LURA, dated July 16, 2002; First Amendment to LURA dated October 9, 2003 and Second Amendment to LURA dated May 1, 2013
5. ELIHA, dated November 12, 2004 and recorded on January 6, 2005
6. Current Borrower Audited Financial Statements for years ended December 31, 2013 and December 31, 2014
7. FHFC Occupancy Reports
8. Annual Management Review and Physical Inspection dated August 11, 2015
9. FHFC Past Due Report dated November 12, 2015
10. FHFC Noncompliance Report dated November 13, 2015
11. Purchase and Sale Agreement
12. RST Development, L.L.C.
  - o State of Florida Foreign Filing
  - o Certified Statement of Multifamily Ownership and Loan History

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- Statement of Financial / Credit Affairs with cash flow and contingent liabilities
- Independent Accountant's Review Report for RST Development, L.L.C. and Affiliates Combined Financial Statements and Supplementary Information for the Years Ended December 31, 2014 and 2013

13. For Autumn:

- State of Florida Foreign Filing
- Commonwealth of Virginia State Corporation Commission Certificate of Fact
- Certified Statement of Multifamily Ownership and Loan History
- Audited Financial Statements for the years ended December 31, 2014 and 2013
- Statement of Financial / Credit Affairs with explanation of pending legal action
- Amended and Restated Limited Partnership Agreement, First Amendment to Amended and Restate Partnership Agreement and Second Amendment to Amended and Restated Partnership Agreement
- RST Autumn, L.L.C. (0.01% General Partner of Autumn)
  - State of Florida Foreign Filing
  - Commonwealth of Virginia State Corporation Commission Certificate of Fact
  - Certified Statement of Multifamily Ownership and Loan History
  - Statement of Financial / Credit Affairs
- RST Autumn Limited Partner, L.L.C. (97.99% Limited Partner of Autumn)
  - Commonwealth of Virginia State Corporation Filing
  - Articles of Organization
  - Certified Statement of Multifamily Ownership and Loan History
  - Statement of Financial / Credit Affairs
- Hercules Properties V, L.L.C. (2% Limited Partner of Autumn)
  - Virginia Filing or State of Florida Foreign Filing
  - Articles of Organization
  - Certified Statement of Multifamily Ownership and Loan History
  - Statement of Financial / Credit Affairs
- Hercules Real Estate Services, Inc.
  - State of Florida Foreign Filing
  - Certified Statement of Multifamily Ownership and Loan History
  - Statement of Financial / Credit Affairs, cash flow and explanation of litigation

14. For Weaver:

- State of Florida Foreign Filing
- Commonwealth of Virginia State Corporation Commission Certificate of Fact
- Certified Statement of Multifamily Ownership and Loan History including Schedules A and B
- Statement of Financial / Credit Affairs

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- Amended and Restated Limited Partnership Agreement, First Amendment to the Amended and Restated Limited Partnership Agreement and Second Amendment to the Amended and Restated Limited Partnership Agreement
  - RST Weaver, L.L.C. (0.01% General Partner of Weaver)
    - State of Florida Foreign Filing
    - Commonwealth of Virginia State Corporation Commission Certificate of Fact
    - Certified Statement of Multifamily Ownership and Loan History including Schedules A and B
    - Statement of Financial / Credit Affairs
  - RST Weaver Drive Limited Partner, L.L.C. (97.99% Limited Partner of Weaver)
    - State of Florida Foreign Filing
    - Commonwealth of Virginia State Corporation Commission Certificate of Fact
    - Articles of Organization
    - Certified Statement of Multifamily Ownership and Loan History includes Schedules A and B
    - Statement of Financial / Credit Affairs
  - Hercules Properties VI, LLC (2% Limited Partner of Weaver)
    - Commonwealth of Virginia State Corporation Commission Filing
    - Articles of Organization
    - Certified Statement of Multifamily Ownership and Loan History including Schedules A and B
    - Statement of Financial / Credit Affairs
15. Todd Copeland, the member/manager with 12.55% ownership in RST Development, L.L.C.
- Independent Accountant's Compilation Report for the period ended March 31, 2015 including contingent liabilities
  - Certified Statement of Multifamily Ownership and Loan History including Schedules A and B
  - Statement of Financial / Credit Affairs with cash flow statement and contingent liabilities
  - 2013 and 2014 Federal Tax Returns
  - September 2015 and October 2015 bank statements
  - Tri-merged credit report dated September 29, 2015
16. Michael Scott Copeland, the member/manager with 12.55% ownership in RST Development, L.L.C.
- Independent Accountant's Compilation Report for the period ended March 31, 2015 including contingent liabilities
  - Certified Statement of Multifamily Ownership and Loan History including Schedules A and B
  - Statement of Financial / Credit Affairs with cash flow statement and contingent liabilities
  - 2013 and 2014 Federal Income Taxes
  - September 2015 and October 2015 Bank Statements
  - Tri-merged credit report dated September 29, 2015

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In addition, SMG has had various conversations with FHFC staff and the Borrower's representative concerning the requests described above.

Our findings are as follows:

Background

- Grande Court is a family development located at 1401 Grande Boulevard, Kissimmee, Osceola County, Florida, consisting of 394 one-, two-, and three-bedroom rental apartment units located in sixteen (16) garden style residential buildings plus one (1) one-story accessory building.
- The Partnership was formed September 8, 2000 to own and operate Grande Court. The Current General Partner ("GP") with a 0.10% partnership interest is Grande Court Kissimmee, Inc., a Florida Corporation. The Current Limited Partner ("LP") with a 99.90% partnership interest is Wachovia Guaranteed Tax Credit Fund – WF/CA-2, L.L.C.
- The Subject Development originally received MMRB first mortgage financing on July 1, 2002 through a FHFC bond issue consisting of Tax-Exempt Housing Revenue Bonds Series 2002 Series G in the amount of \$13,535,000. Proceeds from the sale of the bonds funded the first mortgage loan in the amount of \$13,535,000. On April 30, 2013, the Partnership redeemed the Bonds with the proceeds of a mortgage note from Citibank, N.A. ("Citibank") in the amount of \$13,800,000. The note is guaranteed by Fannie Mae and is collateralized by a first mortgage lien on the rental property. Under the terms of the mortgage note, interest accrues at 4.32% per annum and was payable beginning on June 1, 2013 with monthly installments of interest in the amount of \$49,680. Beginning January 1, 2019, monthly principal and interest payments in the amount of \$77,053 are due through maturity on May 2, 2023. Any unpaid principal and accrued interest is due and payable at the maturity date.
- In addition, on December 1, 2004, the Partnership entered into a mortgage note with GMAC Commercial Mortgage Corporation in the amount of \$5,200,000. Under the terms of the mortgage note, interest accrues at 6.84% per annum and was payable beginning on January 1, 2005 with monthly installments of principal and interest in the amount of \$48,184.
- Other funding sources included "in-kind" 4% Housing Credits ("HC") in the amount of \$7,571,887. All capital contributions have been made.
- Operation of the subject is restricted by terms and conditions detailed in various loan documents, including but not limited to the MMRB LURA and ELIHA. The set aside for the MMRB is 40% of units (158 units) for residents earning 60% or less of the area median income ("AMI") for a QPP beginning on the later of the first day on which at least ten percent (10%) of the units are first occupied or the date the MMRB are issued and ending on the later of (i) the date which is fifteen (15) years after the date on which at least fifty percent (50%) are first occupied, or (ii) the first day on which no MMRB remain outstanding; or (iii) the date on which any assistance under Section 8 of the United States Housing Act of 1937, as amended, terminates. The Borrower has expressly agreed to extend the QPP for a minimum of ten (10) years beyond the period of time provided in the Code. The set aside for the 4% HC is 100% of the units at 60% of AMI for thirty (30) years.
- As of October, 2015, the development reported occupancy at a rate of 98.73%. Average occupancy for the first ten (10) months of 2015 was 98.43%. Average occupancy for 2014 was 98.56%.
- The most recent annual Management Review and Physical Inspection for Grande Court was performed by SMG on August 11, 2015. The property was in compliance with MMRB and HC program requirements. The review was subsequently closed out on September 3, 2015.
- FHFC Past Due Report dated November 12, 2015 does not include any past due items for the Current GP or its principals or the proposed owners or their principals. FHFC Noncompliance Report dated November 13, 2015, lists no noncompliance items for the Current GP or its principals, the proposed owners or their principals or for the current or proposed management company.

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Closing of the purchase and sale is contingent upon verification that any outstanding past due, and/or noncompliance items noted at the time of the closing have been satisfied.

Ownership Transfer

- Seltzer is in receipt of a letter request dated November 11, 2015 from the Current Borrower advising that the property is currently under contract to RST Development, LLC (“RST-Dev”). Seltzer’s recommendation is contingent upon receipt and satisfactory review, prior to closing, of an assignment and assumption of the Purchase and Sale Agreement (the “Agreement”) from RST-Dev to TIC.
- Autumn is a Foreign Limited Partnership registered with the State of Florida November 18, 2015. Seltzer has reviewed the Florida foreign filing documentation for Autumn, the amended and restated limited partnership agreement and amendments one and two thereto. Autumn’s general partner (0.01% ownership) is RST Autumn, L.L.C. (“RST-Autumn”). RST-Autumn is a Florida Foreign Limited Liability Company registered with the State of Florida November 18, 2015. Autumn’s co-limited partners are RST Autumn Limited Partner, LLC (“RSTALP”) with a 97.99% ownership interest and Hercules Properties V, LLC (“HPV”) with a 2.0% ownership interest. RSTALP is a Virginia Limited Liability Company registered August 18, 2015. The sole owner of RST-Autumn and RSTALP is RST-Dev. The Florida foreign limited liability company registration for RST-Dev was filed October 6, 1999 and revoked September 28, 2001. Seltzer’s recommendation is contingent upon receipt and satisfactory review, prior to closing of evidence that RST-Dev is a registered limited liability company. The manager/members of RST-Dev are Todd Copeland (12.55% ownership) and Michael Scott Copeland (12.55% ownership). The sole owner of Hercules Properties V, LLC (“HPV”) is Hercules Real Estate Services, Inc. (“HRESI”). HPV is a Virginia Limited Liability Company registered in Virginia August 18, 2015. HRESI is a Florida foreign profit corporation registered in the State of Florida October 18, 2013.
- Weaver is a Foreign Limited Partnership registered with the State of Florida November 19, 2015. Seltzer has reviewed the Weaver Florida foreign filing documentation, Amended and Restated Limited Partnership Agreement and amendments one and two to that agreement. RST Weaver, L.L.C. (“RST-Weaver”) is the general partner of Weaver (0.01% ownership). RST-Weaver is a Florida foreign limited liability company registered in the State of Florida November 19, 2015. The co-limited partners of Weaver are RST Weaver Drive Limited Partner, LLC (“RSTWDLP”) with a 97.99% ownership interest and Hercules Properties VI, LLC (“HPVI”) with a 2.0% ownership interest. RSTWDLP is a Florida foreign limited liability company registered with the State of Florida on December 15, 2015. The sole owner of RST-Weaver and RSTWDLP is RST-Dev. The sole owner of HPVI is HRESI. HPVI is a Virginia Limited Liability Company registered in Virginia on December 16, 2015.
- RST-Dev was founded in 1996 by Robert, Michael Scott and Todd Copeland. With over 7,000 units in its portfolio and another 1,000 units in various stages of development in communities from Pennsylvania to Florida, RST-Dev has successfully utilized federal, state and local financing vehicles as well as conventional financing programs to create long term value in both ground-up construction developments and acquisition / rehabilitation developments. The majority of RST-Dev’s portfolio has been financed utilizing Section 42 Low Income Housing Tax Credits. Based in Virginia Beach, Virginia with a satellite office in Rockville, Maryland, RST-Dev and affiliate companies employ over 250 professionals. The principals of RST-Dev are Michael Scott Copeland and Todd Copeland. RST-Dev and Affiliates Combined Financial Statements and Supplementary Information for the years ended December 31, 2014 and 2013 is a review report prepared by Zukerman & Associates, Ltd. August 13, 2015. Cash and cash equivalents is in the mid-eight figures, total assets is in the low nine figures, total liabilities is in the low nine figures and members equity is in the low-seven figures. Assets are primarily comprised of marketable securities, escrows and reserves, advances to affiliates, notes receivable from affiliates, deferred developer fees receivable, property and equipment, deferred financing costs, other receivables and other investments. Liabilities are primarily comprised of accounts payable, accrued expenses, notes

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payable under lines of credit, advances from affiliates; notes payable, mortgages payable and losses in excess of investments in affiliates. Equity is comprised of controlling interests (80%) and non-controlling interests (20%). RST-Dev reports cash flow in the low-eight figures. The RST-Dev financial statements reflect \$7,630,000 in contingent liabilities via guarantees for one (1) mortgage loan and three (3) lines-of-credit by its members. An Experian credit report dated December 23, 2015 does not report any credit but does reflect numerous UCC filings with one or more of the following collateral: accounts, accounts receivable, contracts, hereafter acquired inventory, leases, notes receivable, real property and proceeds.

- Michael Scott Copeland is a 1988 graduate of the University of Maryland and has participated in several roles in the real estate and construction industry. He began his career with the management and ultimate conversion to condominiums (both residential and office) of a small portfolio of assets in Washington D.C. His experience continued in the District of Columbia as a leasing broker at a downtown commercial firm. Since the inception of RST-Dev in 1996, he has been actively involved in the acquisition of existing properties and the entitlement process of several sites. He shares the oversight responsibilities of RST-Dev and related companies with his brother, Todd A. Copeland. Michael Scott Copeland is a member of the Children's National Medical Center Foundation Board and the Jewish Community Center of Greater Washington D.C. Board. He is also the co-founder with his wife, of the Diener School, an elementary school servicing students with special needs. Seltzer has reviewed Michael Scott Copeland's financials and finds them to be satisfactory. Michael Scott Copeland also owns a 16.67% interest in HRESI. Mr. Copeland currently has forty-seven (47) community developments in his Real Estate Owned ("REO") schedule with a portfolio average occupancy of 95% and an estimated annual cash flow of approximately \$9,750,000. Three (3) of these properties operate at a deficit which totals about \$150,000 per year. All loans and other financial commitments at these properties are current. An Experian credit report dated December 23, 2015 for Michael Scott Copeland reported a satisfactory credit history with no collection or public record information reported.
- Todd A. Copeland is a 1990 graduate of the University of Maryland and earned his MBA from George Washington University in 1993. He began his real estate career as an analyst with a commercial real estate firm specializing in complex financing structures of commercial and multifamily assets. Shortly after joining his current employer, he transferred his attention to the management of the RST-Dev. His responsibilities included the renovations, marketing and re-tenanting plans of distressed apartment complexes. Currently, he continues to be intimately involved in the oversight of RST-Dev and related companies with his brother, Michael Scott Copeland. Todd A. Copeland is on the Board of Directors of Children's Hospital of the King's Daughters and the Virginia Housing Development Authority and is an officer at the JCC of Tidewater. Seltzer has reviewed Todd A. Copeland's financials and finds them to be satisfactory. Michael Scott Copeland also owns a 16.67% interest in HRESI. Mr. Copeland currently has forty-seven (47) community developments in his REO schedule with a portfolio average occupancy of 95% and an estimated annual cash flow of approximately \$9,750,000. Three (3) of these properties operate at a deficit which totals about \$150,000 per year. All loans and other financial commitments at these properties are current. An Experian credit report for Todd A. Copeland dated December 23, 2015 reported a satisfactory credit history with no collection or public record information reported.
- Autumn reports prior ownership of another development, Autumn Lakes Apartments located at 360 Roseman Court, #1-c, Newport News, VA 23608. Autumn is named as a defendant in a liability claim that allegedly occurred on August 23, 2013 on the premises of Autumn Lakes Apartments. A demand for trial by jury was received and forwarded to the insurance company which has filed a response to Plaintiff's discovery. The case is still pending. However, Autumn denies any negligence or wrongdoing and the matter is being handled by Autumn's liability insurance carrier. HRESI has also been named as a defendant in the liability claim. Seltzer notes that no Florida Housing loans are being assumed by the New Borrower.

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- The New Borrower has selected Autumn to manage Grande Court. Seltzer's recommendation is conditioned upon receipt, prior to closing, of Florida Housing's Asset Management Department approval of the selection of the management company Autumn for Grande Court.

Summary and Recommendation

Seltzer's review indicates that Autumn and Weaver through its principals, Michael Scott Copeland and Todd A. Copeland have the requisite experience and financial strength to own and operate Grande Court.

Therefore, SMG recommends that FHFC consent to and approve the transfer of the ownership interest to TIC and the assumption and subordination of the MMRB LURA and the ELIHA and modification of any other documents required to effectuate the purchase and assumption, subject to the following:

- Receipt and satisfactory review, prior to closing, of an assignment and assumption of the Agreement from RST-Dev to TIC.
- Receipt and satisfactory review by Seltzer, prior to closing of evidence that RST-Dev is a registered limited liability company
- Receipt by Seltzer, prior to closing, of Florida Housing's Asset Management Department approval of the selection of the management company Autumn, for Grande Court
- The New Borrowers as well as the withdrawing entities to execute any assignment and assumption documents FHFC deems necessary to effectuate the ownership change
- Review and approval of all loan documents by Florida Housing and its legal counsel
- Payment of any outstanding arrearages to the Corporation, its legal counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-48.0075 (5) F.A.C., of an Applicant or a Developer)
- Receipt by Florida Housing of a non-refundable transfer and assumption fee in the amount of \$2,500
- Consent of all other lenders to the proposed purchase and assumption, as applicable
- Prepayment of any required compliance monitoring fees and servicing fees, as applicable
- Satisfactory resolution of any noncompliance or past due items
- Any other requirement of FHFC, its legal counsel and servicer

I hope this correspondence has been helpful and please do not hesitate to contact me if I can be of further assistance.

Sincerely,

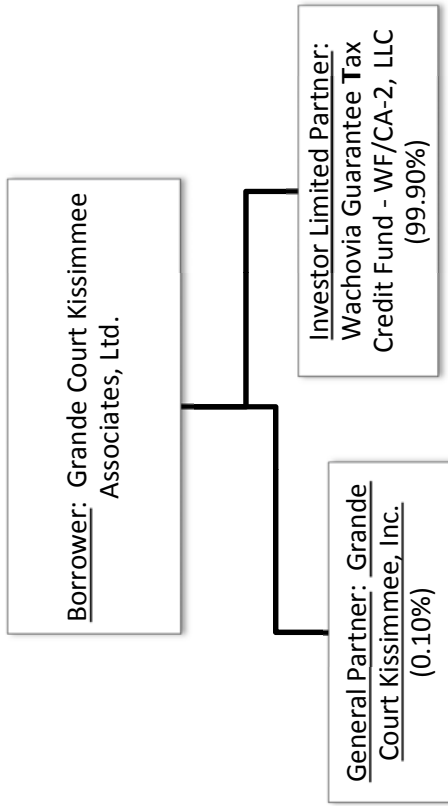
SELTZER MANAGEMENT GROUP, INC.



Wanda C. Greggo  
Credit Underwriter

**EXHIBIT A**

**Current Ownership Structure**



**Proposed Ownership Structure:**

