



To: Jan Rayboun, Loan Closing Coordinator
Florida Housing Finance Corporation

From: William J. Metler, Asst. Vice President
First Housing Development Corporation

Date: October 16, 2008

Subject: **Oakwood Villa** (2000-031S)
Transfer and Assumption of the SAIL Loan

At the request of the Florida Housing Finance Corporation ("FHFC"), First Housing has reviewed the request to consent to a transfer and assumption of the State Apartment Incentive Loan ("SAIL") in the principal amount of \$778,633.71 to Sawgrass Partners, Inc. The Development has been owned by Oakwood Project, Inc. an affiliate of Greater Miami Neighborhoods, Inc.

The terms of the existing SAIL Loan includes, but is not limited to, a principal balance of \$778,633.71, a maturity date of June 1, 2029, a note rate of 9.0%, and payments based upon the actual Development Cash Flow as defined under Chapter 67-48, FAC.

Specifically, First Housing has been requested to determine if the proposed Borrower has the prerequisite financial strength and experience to successfully operate the subject property under the Rule Chapter 67-48 F.A.C.

Overview

The Development, known as Oakwood Villa Apartments is located at 8201 Kona Avenue in Jacksonville, Duval County, Florida.

The property was originally constructed in 1972. The Development was acquired and rehabilitated by the current owner in 2001. Oakwood Project, Inc. initially financed the 2001 acquisition/rehab with County Bonds, an FHFC SAIL Loan, an FHLB AHP Loan and an implied charitable contribution of \$1,020,000 in the form of a reduction on the contracted selling price. Oakwood Villa Apartments consists of 200 units and is designated to target the Family demographic with 15% of the units (30 units) at 28% AMI or less, 5% of the units (10 units) at 50% or less, and 80% of the units (remaining units) at 60% AMI or less for 50 years.

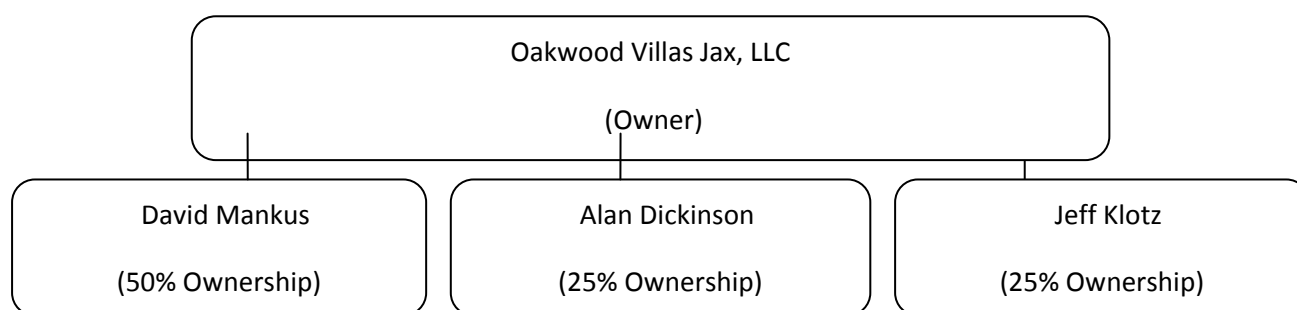
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Subsequent to the current Borrower filing with the United States Bankruptcy Court Southern District of Florida for liquidation, the Bankruptcy Court issued an order approving the Sale of Oakwood Villa Apartments to the prevailing bidder Sawgrass Partners, Inc.

The current request is to allow Sawgrass Partners, Inc. to assume the existing outstanding SAIL Loan.

Proposed Ownership Structure

Oakwood Villa Apartments Organizational Chart:



As a part of this transaction Oakwood Villas Jax, LLC, David Mankus, Alan Dickinson, and Jeff Klotz will be assuming all existing and continuing guarantees and/or indemnity obligations associated with the current SAIL Loan, or will execute replacement guarantees, arising from and after the transfer.

Purchase Contract:

First Housing has reviewed an unexecuted purchase agreement for this transaction dated July 16, 2008. The agreement is by and between Oakwood Project, Inc. ("SELLER" and "DEBTOR"), a Florida non-profit corporation and Sawgrass Partners, Inc. ("BUYER"), a Florida for profit corporation. The purchase agreement encompasses Real Property, Personal Property, Trade Name rights, and certain listed intangibles, all subject to certain existing leases. The Purchase Price is the sum of the necessary cash to pay off the outstanding principal balance of the First Mortgage Loan (an approximate amount of \$3,100,000), an "Overbid" to the Bankruptcy Court of approximately \$821,000 as a result of the competitive bidding, the assumed balance of the SAIL Loan of approximately \$778,634, and certain subordinate obligations totaling approximately \$350,675. The total of which is approximately \$5,050,309.

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Proposed Ownership Background

The purchaser, Oakwood Villas Jax, LLC is a "newly formed" Limited Liability Company owned by the three principals of the Development Company. Mr. David Mankus will hold 50% ownership, Alan Dickinson will hold 25% ownership, and Jeff Klotz will own the remaining 25% ownership interest.

David Mankus, Alan Dickinson, and Jeff Klotz are affiliates/principals of Sawgrass Partners, Inc. ("Sawgrass"). Sawgrass has operated as a real estate investment and management firm in the Jacksonville, Florida market for over twenty (20) years. In recent years Sawgrass has specialized in affordable housing developments in that they acquire, operate, stabilize, and dispose of troubled affordable housing developments. Sawgrass has successfully turned no less than 7 HUD developments in the Jacksonville area in this manner.

Mr. Dickinson holds a BS degree in Finance from Florida State University. He has been the owner of Dickinson Commercial Real Estate Services, LLC since 1999. His company has specialized in Real Estate Brokerage, Investments, Development, and Asset Management. Mr. Dickinson has also been the Vice President and 50% owner in Dickinson and Morris Construction, LLC since 2000 and the Vice President of Walter Dickinson, Inc. since 1992 which is involved in Office Management, Real Estate Leasing, and Sales.

Mr. Mankus holds a Bachelors Degree in Business Administration and a Masters Degree in Business Administration from the University of North Florida. He is the President and owner of Mankus Properties, Inc. As such he has sold over 600 single family, multifamily, and commercial properties throughout Florida. Mankus Properties has managed properties financed with FHFC SAIL and HUD financing.

Mr. Klotz is the owner of over a dozen companies that specialize in real estate development, investments, construction, brokerage, property management, and real estate consulting. His companies have sold over 150 properties including low income multifamily, commercial, retail, and residential throughout Florida. The Klotz companies have experience in compliance and management of FHFC SAIL, HUD, and LIHTC financed developments.

The contact person for the proposed ownership is as follows:

Jeff Klotz, Principal

Telephone: (904) 246-5333

Sawgrass Partners, Inc.

jeffklotz@sawgrasspartnersinc.com

416 3rd Street South

Jacksonville, Beach, Fl. 32250

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Proposed Management/Leasing Company

The proposed management company is Services-Taylor Made, Inc. ("STM"), which is a regionally recognized multifamily property management firm based in Fort Myers, Florida. The Principals of STM offer over 60 years combined experience in property management including HUD 202, 236, and Section 8 based developments. STM is currently an approved Florida Housing Finance Corporation management company and manages six developments supported with FHFC SAIL Loan financing. STM has managed over 48 properties representing almost 6,000 units ranging in size from 8 unit developments to 320 unit developments. STM has specialized in revitalizing troubled developments through unique marketing techniques, rigid resident documentation, and frequent property inspections. STM is currently on the list of approved Housing and Urban Development managing agents allowed to manage "troubled" properties for HUD clients.

The management agreement between Oakwood Villa Jax, LLC and Services-Taylor Made, Inc is dated September 1, 2008 and indicates a management fee of 7.0% of gross collections with a cap of \$32.50 per unit/per month.

The management company is currently an FHFC approved management company. Continued approval is contingent upon ongoing satisfactory performance.

The management company contact person, as of the date of this draft, is:

Robert A. Mosley

Telephone: (239) 936-0412

Services-Taylor Made, Inc.

8359 Beacon Blvd., Suite 518

Fort Myers, Fl. 33907

Email: wildcatmo57@aol.com

Financial Capability of Purchaser

The proposed Borrower is a new single-purpose entity expressly formed to own and operate the subject property. Therefore, we must look to the Principals to ascertain the financial and credit capacity of the Borrower.

Alan Dickinson

Mr. Dickinson provided a personally prepared financial statement dated August 25, 2008, personal tax returns for 2005 and 2006, and an extension request for 2007.

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At 8/25/2008 (un-audited)

Cash and Cash Equivalents: [REDACTED]

Total Assets: [REDACTED]

Total Liabilities: [REDACTED]

Total Equity: [REDACTED]

An October 2, 2008 tri-merged credit report was obtained for Mr. Dickinson. Credit Reports indicate [REDACTED] trade lines of open and/or closed accounts for Mr. Dickinson. High Credit is reported in the [REDACTED] figures. No significant adverse credit comments were noted.

Bank and business references for Mr. Dickinson report satisfactory relationships.

David Mankus

Mr. Mankus provided a personally prepared financial statement dated August 30, 2008 and personal tax returns for 2005, 2006, and 2007.

At 8/30/2008 (un-audited)

Cash and Cash Equivalents: [REDACTED]

Total Assets: [REDACTED]

Total Liabilities: [REDACTED]

Total Equity: [REDACTED]

In addition to the personal financial statement above Mr. Mankus claims [REDACTED] in net equity from holdings in his solely owned companies.

An October 2, 2008 tri-merged credit report was obtained for Mr. Mankus. Credit Reports indicate [REDACTED] trade lines of open and/or closed accounts for Mr. Mankus. High Credit is reported in the [REDACTED] figures. No adverse credit comments were noted.

Bank and business references for Mr. Mankus report satisfactory relationships.

Jeff Klotz

Mr. Klotz provided a personally prepared financial statement dated October 1, 2008 and personal tax returns for 2006 and 2007.

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At 10/01/2008 (un-audited)

Cash and Cash Equivalents: [REDACTED]

Total Assets: [REDACTED]

Total Liabilities: [REDACTED]

Total Equity: [REDACTED]

An October 2, 2008 tri-merged credit report was obtained for Mr. Klotz. Credit Reports indicate [REDACTED] trade lines of open and/or closed accounts for Mr. Klotz. High Credit is reported in the [REDACTED] figures. There are [REDACTED] credit comments.

[REDACTED]

[REDACTED] Bank and business references for Mr. Klotz report satisfactory relationships.

Status of Property Compliance

First Housing is currently the Compliance Monitoring Agent for the referenced property. Based on the most recent Program Reports received by the Monitoring Agent and Florida Housing, the property is not currently in compliance with the Land Use Restriction Agreement requirements.

A July 30, 2008 Annual Management Review of the Development by First Housing's Compliance Department and a review of the September 12, 2008 Noncompliance Report and the September 16, 2008 Past Due Report found the Development continues to remain in unsatisfactory physical condition as well as not in compliance with record keeping and financial monitoring requirements. These discrepancies are considered to be a result of the current borrower filing for bankruptcy.

The Borrower has provided First Housing with the most recent HUD REAC property inspection report as well as a subsequent internal inspection report that indicates additional rehabilitation to be completed once ownership is acquired. The Borrower has indicated that their immediate plan is to correct and resolve all exigent health and safety issues listed in the inspection reports and any uncovered during the rehabilitation of the Development. The anticipated cost to complete rehabilitation and bring the Development into compliance is expected to be approximately \$500,000 and is estimated to be complete within a 6 to 12 month timeframe.

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Conclusions:

Based upon the information provided by the Principals involved in this transaction, it appears that the proposed new Borrower has the financial strength and the experience to successfully own and operate the development.

Recommendation

Based upon the review of the information submitted by the principals, and within the scope of this analysis as described herein, First Housing recommends that FHFC approve the requested transfer and assumption of the State Apartment Incentive Loan, subject to the following:

Conditions

The following is a summary of conditions outlined in this report:

1. Receipt and satisfactory review of an executed Purchase Agreement.
2. Assumption of all liabilities and obligations of the existing borrower to Florida Housing, as outlined in the transfer loan documents, arising from and after the effective date of the transfer.
3. A Guarantee of recourse Obligations and an Environmental Indemnity will be executed by the new applicant entity and its Principals individually, in a form satisfactory to Florida Housing, the Underwriter, and Florida Housing's Counsel in their sole discretion.
4. Evidence of general liability, flood (if applicable), builder's risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting Florida Housing as Loss Payee/Mortgagee, with coverages, deductibles and amounts satisfactory to Florida Housing.
5. Confirmation at closing that all outstanding costs, interest and fees due to FHFC, its legal counsel, and Servicer are current.
6. Resolution of any outstanding past due and/or non-compliance items prior to closing.
7. Review, approval, and execution of all loan documents consistent with the terms as outlined herein and required by Florida Housing and its legal counsel including, but not

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limited to, assignment and assumption agreement, land use restriction agreement, environmental indemnity, guaranty of recourse obligations and other existing guarantees.

8. All set-asides and other requirements of the SAIL Loan shall be maintained for the period originally specified in accordance with the SAIL Loan documents.
9. Proposed Owner shall agree that through the Compliance Period Florida Housing and its compliance monitoring agent shall have access to the property to perform its compliance audit.
10. All other due diligence required by FHFC or its counsel.
11. Receipt of updated Financial Statements dated within 90 days of closing as required by Florida Housing Program Rules.