

SELTZER MANAGEMENT GROUP, INC.

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October 18, 2022

VIA EMAIL

Mr. Todd Fowler
Director of Special Assets
Florida Housing Finance Corporation
227 North Bronough Street
Tallahassee, Florida 32301

Re: Intent to Transfer Florida Community Land Trust Portfolio – Inverness, FL – (CLT05-04-1)

Dear Mr. Fowler:

On your behalf, Seltzer Management Group, Inc. (“SMG”, “Seltzer” or “Servicer”) has reviewed a request dated July 28, 2022, from a representative of Community Housing Partners Corporation (“CHP” or “Current Owner”), requesting Florida Housing Finance Corporation (“FHFC” or “Florida Housing”) to consent to the transfer of the ownership of ten single family homes in Inverness, Florida that are in a Community Land Trust (“CLT”) to Homes in Partnership, Inc. (“HIP” or “New Owner”). CHP also intends to transfer all assets related to the CLT as well as the remainder of CHP’s unrelated vacant lot inventory within the state of Florida. Specifically, SMG has been requested to determine that the New Owner has the prerequisite financial strength and experience to successfully own and operate the CLT.

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

1. Correspondence seeking Florida Housing’s consent of the request outlined above
2. Final Credit Underwriting Report dated August 24, 2006
3. Demonstration Loan Agreement and First Amendment to the Demonstration Loan Agreement both dated October 31, 2006
4. Draft Agreement for Transfer of Ownership and Rights
5. Current Owner Florida Lot Inventory
6. Current Owner Balance Sheet dated May 31, 2022
7. For the New Owner, Homes in Partnership, Inc.
 - Audited Financial Statements, prepared by Moss, Krusick & Associates, LLC, for the year ending December 31, 2021
 - State of Florida Registration
 - Resume

In addition, SMG has had various conversations with FHFC Staff and representatives of the New Owner regarding the requests described above.

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Our findings are as follows:

Background

The Subject Development is a family development located in scattered sites in the Inverness Highlands Subdivision, Inverness, Citrus County, Florida, consisting of ten single family homes.

The original owner of the Subject Development is Florida Low Income Housing Associates, Inc. (“FLIHA”). FLIHA is a non-profit Florida Corporation and also a Community Housing Development Organization. FLIHA was the 100% owner and developer. The Subject Development originally received a FHFC Community Land Trust (“CLT”) Demonstration loan in the amount of \$1,549,000. On November 21, 2013, FLIHA changed their name to CHP. The Demonstration loan has been satisfied.

Operation of the Subject Development is restricted by terms and conditions detailed in various loan documents, including but not limited to the Demonstration Loan Agreement (“DLA”). The DLA requires the development provided all ground leases and improvement sales are restricted to five individuals and/or families whose income does not exceed 50% of the Area Median Incomes (“AMI”) and five individuals and/or families whose income does not exceed 65% of the AMI and that the interest rate offered to these individuals does not exceed 4%.

The FHFC Past Due Report reflects no past due items.

The data reflected in the latest Asset Management Noncompliance Report (June 9, 2020) is being updated by FHFC staff and the credit underwriter will rely on the updated report for purposes of this analysis/recommendation.

Ownership Transfer

The undated and unexecuted Draft Agreement for Transfer of Ownership and Rights is between Current Owner, as Seller, and HIP, as Purchaser/New Owner, for the transfer of the CLT and all of the Current Owner’s vacant lot inventory. The transfer of ownership does not include a purchase price, only the interest and CLT is being assumed. HIP agrees to assume all liability for payments under the Note and Loan Agreement. HIP agrees to pay the settlement fee, title search report, title insurance, documentary stamp taxes, preparation of the transfer documents related to the CLT and vacant lots and wiring and delivery charges attributed to HIP. Current Owner agrees to pay all FHFC fees, documentary stamp tax and ineligible tax for the transfer of the loan wiring and delivery chares attributed to Current Owner. Both Current Owner and HIP will pay their respective attorney fees. The closing date has not been set yet, and will be set before the document is executed.

The New Owner is a Florida Not for Profit Corporation registered on November 26, 1975. The New Owner provided audited financial statements for the year ending December 31, 2021 which shows a significant amount of assets owned and less than \$400,000 in liabilities. HIP has been active in the affordable housing industry for over 40 years, and during that time frame they have helped provide thousands of affordable homes to very low through moderate income families, as well as helping families find apartments in Orange and Lake counties. HIP has also owned and managed a 19 unit apartment complex in Apopka, Florida. The audited financial statements for HIP ending December 31, 2021 reflect Assets in the high nine figures and Net Assets in the high nine figures. The New Owner is a CHDO.

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Summary and Recommendation

Seltzer's review indicates that the New Owner through its principal owners and affiliated companies has the prerequisite financial strength and experience to successfully own and operate the Subject Development.

Therefore, SMG recommends that FHFC consent to and approve the transfer of ownership to the New Owner, and modification of any other loan documents required to effectuate the transaction, subject to the following:

- Executed Agreement for Transfer of Ownership and Rights
- New Owner and its entities and principals (if applicable) as well as the withdrawing entities to execute any assignment and assumption documents and any other documents that FHFC and its Legal Counsel deems necessary to effectuate the ownership change
- Transfer of existing tax, insurance, replacement reserve and debt service reserve escrow accounts or establishment of new accounts in like or greater amounts satisfactory to FHFC prior to closing, if applicable
- 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 Rule 67-48.0075 (5) F.A.C., of an Applicant or a Developer)
- 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.



Justin Coles
Credit Underwriter